

REPORT.

proper to conduct it under an order of reference carefully prepared and drawn as to include all branches of the subject.

All which we humbly submit for Your Majesty's gracious consideration.

(Signed)	IDDESLEIGH.	W. H. HOULDSWORTH.
	DUNRAVEN.	W. L. JACKSON.
	G. SOLATER BOOTH.	GEO. A. JAMIESON.
	JOHN AIRD.	N. LUBBOCK.
	JAMES J. ALLPORT.	P. ALBERT MUNTZ.
	THOS. BIRTWISTLE.	R. H. INGLIS PALGRAVE.
	LIONEL L. COHEN.	CHAS. M. PALMER.
	JAMES P. CORRY.	WM. PEARCE.
	DAVID DALE.	B. PRICE.
	C. J. DRUMMOND.	SAMUEL STOREY.
	W. FARRER ECROYD.	
	HENRY HUCKS GIBBS.	

18th June 1886.

H. MURRAY,
Secretary.

I regret to find myself unable to concur in the recommendation which is the object of the above Report.

It is therein suggested that in the disturbance of the relation of the precious metals to other commodities and to each other there is to be found a cause of depression affecting the commerce of the world generally, and that the increased and increasing value of gold as compared with other commodities, silver included, constitutes such a disturbance; secondly, that the fluctuations in the relative value of the precious metals have tended to divert the course of trade as regards transactions in gold-using and silver-using countries, and to aggravate the depression which is now gold-using of; thirdly, that this alteration in relative value has stimulated industry in complaining countries and prejudicially affected countries having a gold standard.

Whether these propositions or any of them be true appears to me to be a question proper for the consideration of this Commission, which ought not to be eliminated from our inquiry.

But to report that the relations of the precious metals to other commodities as well as *inter se* should "apart from their general connection with the depression of trade be referred to some other body as a matter urgently calling for inquiry with reference to our currency as a whole and to our monetary system at home and in its relations to the colonies, India, and foreign countries," appears to me to be going altogether outside the scope of this Commission.

If, upon the strength of such recommendation, we are not to inquire "whether the fall in prices has been confined to particular commodities and whether it has extended uniformly or even generally to all classes of products;"—if we are to hand over to others the duty of considering "whether such fall in prices is due simply to an appreciation of the standard, or whether there have been special forces at work besides;"—if we are not even to examine "whether silver prices have risen or not;" it seems to me we are scarcely discharging the commission intrusted to us.

Moreover, no examination of the industrial and commercial position can be complete which does not take into account the appreciation of the standard, in so far as it affects all who have to pay and all who receive fixed sums on mortgages, leases, royalties, annuities, and other payments of a like kind.

It is also to be borne in mind that we have not had before us a single witness whose evidence was directed to the question of the standard of value. We have indeed received printed answers to a number of questions sent out in the name of the Commission; but neither the questions themselves nor the names of the gentlemen to whom they were addressed were communicated to all the members of the Commission until after they had been issued; while of the replies to those questions some had not been received at the time the above Report was discussed.

For these, among other reasons, I consider that all the matters referred to in the above Report, in so far as they may appear to bear upon trade depression, should be left with by the present Commission, and could not be handed over to any other body without unduly narrowing the scope of our inquiries and defeating the purpose for which our Commissions were issued.

LIST OF WITNESSES.

FOR ANALYSIS OF THE EVIDENCE, see p. 491.

Mr. C. ALLHUSEN.
 „ JOHN BURKE.
 „ R. CATTARNS.
 „ GEORGE CHAMBERS.
 „ R. CLARK.
 „ J. COLEMAN.
 „ C. E. COLLYER.
 „ T. L. DEVITT.
 „ S. B. L. DRUCE.
 „ JAMES DUNCAN.
 „ T. O. EASTON.
 „ J. FLINN.
 „ G. B. FORSTER.
 „ J. FOX.
 „ W. J. HARRIS.
 „ A. HEWLETT.
 „ A. HICKMAN.
 Sir JOSEPH C. LEE.
 Mr. E. J. LLOYD.
 „ P. MALKIN.

Mr. J. MARTIN.
 „ G. MARTINEAU.
 „ T. NEILL.
 „ M. O'BRIEN.
 „ M. OLDROYD.
 „ JOHN PRICE.
 „ W. R. PRICE.
 „ G. REA.
 „ G. RENWICK.
 „ S. RICHMOND.
 „ A. SCHOLEFIELD.
 „ JOHN SCOTT.
 „ J. B. SIMPSON.
 „ E. SMITH.
 „ D. STEPHENS.
 „ MARSHALL STEVENS.
 „ J. E. TINNE.
 „ J. TWEMLOW.
 „ J. WILLIAMSON.

labourer, or putting any restriction on the way in which work is to be done?—Yes.

8002. Could you mention any?—I am not prepared to mention any; but I know that they exist.

8003. What sort of restrictions do you refer to?—A man, for instance, is not allowed to earn more than a certain wage per day, and he is not allowed to do more than a certain amount of work.

8004. If he wished to make an hour or two overtime, he would not be allowed to do it?—No, and he must not work at a greater rate than the others.

8005. Have you formed any kind of scheme in your own mind as to how you would divide the different classes of labour of which some seem to be more skilful than others?—No, I think that that has to be done by the men themselves, because of the fact that these three classes of labour which I have mentioned overlap each other. When a youth gets out of his apprenticeship he becomes a third class workman, and he gradually works up to the top.

8006. Could you say what proportion of the present labourers might be called skilled, and what might be called unskilled?—The first-class labour I put down at 10 per cent.; the second class at about 15 per cent. and the third class at about 25 per cent.; and then about 40 per cent. may be considered as unskilled; that is to say, people who can fetch and carry, who have not brain sufficient for anything else; and then there is about 10 per cent. of people who are useless.

8007. Do you consider that the tendency of trade combinations is to discourage the superior and more highly skilled class?—Yes.

8008. And to encourage the medium class?—I am not prepared to say that that is their object, but it is the effect of their combinations.

8009. Do you suppose that on the whole a man is paid more wages in any given establishment than was paid formerly, say 20 years ago?—Yes.

8010. Is that in consequence of the rise in the rate of payment, or in consequence of the restrictions, it being necessary to employ a larger number of people?—I think it comes from various causes; gradually the wages have crept up. When food has been dear, strikes have occurred, and the masters have conceded a greater rate of wages; and when food has become cheap they have not been able to reduce it.

8011. What is your opinion with regard to the limited liability companies upon the industries in your neighbourhood?—I think they have been very prejudicial.

8012. Would you kindly say in what respects you think they have been prejudicial?—Because I think the law is not sufficiently strict with regard to them in the first place; and in the next place, because they are the great competitors against private enterprise; and, in fact, in many cases they completely swamp private enterprise, and their tendency is to force quantity on the market regardless of quality. I only made out a memorandum on that subject this morning, and I may say that I placed this memorandum before two or three very competent men who quite agree with me that the competition of limited liability companies is unfair to private firms. Several limited liability companies in our district have all their share capital paid up; they have no money to work their businesses but what is borrowed on debentures or what is called loan money. Several companies have been established in our district, the share capital of which in the first instance has been very small, and it has been taken up by the public. Then it has been found that they have no working capital, and that necessitates a preference loan, which has been taken up by interested parties; this loan is made into share capital at about 10 per cent. interest, and the shares to rank on profit after that interest is paid; so that the original shareholders do not get anything at all. That is a very common system with us, and consequently they can almost destroy a private firm. I think that when the Limited Liability Act was passed, this was not the intention of

the framers of the Act at all, and I think that should be some restriction upon this loan capital.

8013. With regard to the limited liability companies with which you are acquainted, should you say that the greater proportion of the new companies start the purpose of carrying on a particular business, and that they are private partnerships which have been turned into limited liability companies?—They have been turned into limited liability companies. The concerns that I refer to are concerns that have failed and have been made into limited liability companies in order to get out some of the creditors in the first instance, and also to find employment in the district.

8014. And the effect has been to bring in an unnatural competition?—Yes.

8015. Are there any limitations which you would propose to put upon the action of limited liability companies?—I think the question of loan capital wants seeing to. I think that a limited liability company, when its capital has gone, ought to be wound up.

8016. Do you know much about the French companies, *en commandite*?—No.

8017. Have you any suggestions or remarks to make upon our system of distribution of goods?—Yes; we have suffered very much during the last six or seven years from the destruction of commission houses in Manchester. They were destroyed by the decision in the case of *Williamson v. Barbour*, before Sir George Jessel, about the year 1875.

8018. Would you just mention what the nature of that case was?—I thought it probable that you would ask me that question, and therefore I have prepared a statement, and I might as well put that statement in. I may say that it has been examined by a solicitor, and it explains the whole case; and it says: “In the cases of *Williamson v. Barbour*, *Edleston v. Jones Brothers*, and *Ebrard v. Gassier*, the broad principle laid down and upon which the cases have been decided was that because ‘commission’ is charged, the relation of ‘principal and agent’ is established.

“The agency being once established, former precedents have been followed by which the law has been laid down that the agent is not entitled to make any profit out of or in connexion with his principal’s business beyond his commission, unless some agreement to the contrary can be proved. The onus of proof is laid on the agent.

“No matter how well a custom of trade may be known in this country, a foreigner may come here and trade, and it is not considered necessary or incumbent upon him to make any inquiry what the local custom is, and if he chooses at any time to deny knowledge of it, the onus of proving his knowledge is thrown upon the agent.

“The late Master of the Rolls, in *Williamson v. Barbour*, declined to acknowledge any custom by which the commission agent may make profits beyond his commission; and, therefore, in *Ebrard v. Gassier* no attempt was made to bring in trade evidence, or plead the custom of the trade.

“It has been laid down that one or two instances of profit beyond the commission made by the agent will justify the opening of accounts which have been settled by the parties for 20 years back.

“The commission agents in Manchester have often to finance their foreign principals, and find the money for purchase of the goods, and are put to heavy expenses and serious risks, all of which are inconsistent with ‘agency’ as defined by law (see *Campbell on Sale of Goods and Commercial Agency*). The foreign customer does not accept the risks of various kinds during the purchase and making of the goods, and sometimes he refuses delivery of goods purchased by the commission agent by his orders.

“Where the agent has speculated on his own account and with his own money in goods before receipts of orders from his principal, and has applied those goods to the orders of his principals, at less than the current market price, he has been re-

the principal the whole benefit of the transaction. If the speculation has resulted in a loss, the agent bears it.

If the agent has added to his ordinary business other business such as that of packer, he has not been allowed to pack his principal's goods at the same price at which other packers would pack them, but has in the above-mentioned cases been allowed to charge only the actual cost, although he has been out to very heavy expense and trouble. The fact that the commission agent has acted in the interests of his principal is no defence. If he had charged his principal half the sum other people would have charged he is not entitled to keep any profit. He must return that profit to his principal.

"Of course it may be said that all these matters should be made the subject of a distinct written agreement between the commission house and the foreign customer, but as those who have to deal with these matters know, it would be impossible to carry on business if every matter had to be reduced to writing and clearly defined. What is commonly done in the trade and well known in that business community might be recognised as binding upon the parties, and it should be incumbent upon foreigners who come here to transact business to inform themselves what the custom of dealing is.

"In fact, the composite character of a 'Manchester commission agent,' partaking as it does largely of the character of principal as well as agent, has never been thoroughly understood by the Courts, and therefore never recognised.

"The Courts have declined to admit that a man can at the same time act in some respects as an agent and in other respects as a principal."

I may observe that the business had been governed entirely by customary law, that is, they charged a small commission for doing the business, and sometimes charged a profit on certain goods on the packing business which enhanced it in some way or other, and which made a little more profit for the commission house. This was brought in question by Mr. Williamson, and the whole case was argued before the Master of the Rolls, and he decided that he would not allow custom to enter into the question at all; it must be decided entirely by law, and therefore, the whole case broke down, so far as Barbour was concerned, and it has been so in every case. Every case that has been brought forward since has been decided on this case of "Williamson v. Barbour." Many of our commission houses have had to liquidate, and many of them have removed to the continent, where they carry on their business; and others have got a new system, that is to say, they charge 10 per cent. interest per annum, for the money that is used by their clients, and others have become merchants. But taking it altogether it has been very prejudicial to the trade of the town, because naturally our commission merchants brought in their customers or their clients to the manufacturer, and there was constant intercourse between them. The foreign buyer explained to the manufacturer the class of goods that were most desirable for his market, and a very lucrative and a very agreeable business was carried on under those conditions.

but now we never see the foreign customer at all. We manufacturers have to take all our orders from the merchant, as he is now called; the commission agent has gone, and the consequence is that we have not anything like the amount of information as to the requirements of the foreign markets that we previously had, and the result is that the French, who are still under the old system, and the Germans, who are still under the old system, have a better opportunity than we have of making themselves better acquainted with the foreign trade.

8019. (*Mr. Jackson.*) Did the commission agents guarantee the debt?—To the manufacturer they were principals.

8020. (*Chairman.*) You have had a good deal of experience with regard to the manner in which business is carried on abroad, and you have been em-

ployed, I think, in some of the tariff negotiations?—Yes.

8021. Should you say that our manufacturers and merchants are so well posted up in business, to use the common expression, as their foreign competitors?—No, they are not; they have relied entirely upon the merchants instead of going to the markets themselves and making their own connexions.

8022. Is that partly because we have not that amount of knowledge of the markets or of knowledge of the geographical conditions which foreigners often have?—Yes; there are several reasons; our insular position accounts for a good deal; and each individual manufacturer is employed on one article; he makes one thing and it would hardly be profitable for him to go to the expense of sending abroad one person to sell the one thing that he produces. For instance, if a man makes shirtings—and a single market is very soon full of shirtings—this man would have to travel all over the world. Therefore the system has grown up that the merchants and these commission houses have been the distributing agents, and the manufacturer relied upon them. Of course there are firms like my own who go everywhere all over the world, but it is generally the case that they rely upon merchants.

8023. Do you think that our manufacturers and merchants get as much assistance from the consular system as they ought to get?—No.

8024. What do you think that the consuls or any of the persons attached to the consular staff might do to improve our position?—I think that is a very great question. I think that the whole system wants changing. I do not know that I am in favour of a Minister of Commerce. I do not see that he would do any good; he would be another official.

8025. It is no use having a Minister of Commerce unless you knew what he was to do when you got him?—Precisely so. I think that the various chambers of commerce throughout the country should be divided into first, second, and third classes. The first-class should be in such towns as Manchester, Leeds, Bradford, Birmingham, Glasgow, London, and Bristol, and I think that those should have, and in fact all chambers of commerce should have, an official recognition.

8026. How would you constitute them in the first place; would it be a system of election?—Yes, by election; and then I think that the chambers of commerce of the first class should elect one of their members to a board in London, in connexion either with the Board of Trade or the Foreign Office.

8027. You would keep the organisation outside the Government or political organisation; you would keep the organisation on foot for commercial purposes?—Yes; this organisation which I am speaking of I should make into a board, and upon this board would sit representatives from the various departments, such as one from the Colonial Office, another from the Foreign Office, another from the Board of Trade, and so on; and I would also empower one department of the Foreign Office to add to this board some half-dozen other gentlemen, who, would be necessary to represent the general commercial interests of the country; and I would bring all questions relating to trade before this board.

8027a. Do you think that they could be of use in conducting negotiations in foreign countries for the modification of tariffs?—They would be of use in advising—I do not say in conducting—they. That would have to be done by the officials.

8028. They must be independent of the actual details of commerce and of all political considerations, which must be left to the political administrations, that is to the legations and to the embassies; but with regard to the consular staff, do you think that that would be superseded by such an organisation as you propose?—No; I think it would be a very great advantage to the consular staff, and it would bring them into more prominence, and the reports

8091. Will you explain how you are bound to

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increased?—No.

8032. You look upon
matter of over production,
Yes; cost has nothing whatever
present; we are making more goods
distribute.

8033. Do you not think that if they could be made
at a less price you would be able to distribute them?
—No.

8034. With reference to the question of foreign
competition, the goods manufactured in this country,
of course, are subject to considerable taxation and
charges affecting the cost of production, and those
goods are sold to a merchant who places your goods
in competition with others coming from abroad, where
no such charges exist; do you think that it would be
any use to recommend that any modification of those
arrangements should be carried out which would
throw upon the sellers of those articles many of the
charges that at present fall upon the manufacturer?—
I am of opinion that it is better not to interfere at all
between such parties by legislative action.

8035. Would not it be an advantage to the manu-
facturer of this country if such an arrangement were
effected?—That is to say, if he were charged less
taxes, and if there was less burthen upon the pro-
duction.

8036. Although charges are thrown upon the
merchant who bought equally from the foreigner and
in our own country?—I do not think it would
make any difference, because the charges that are paid
by the producer go on to the cost of his goods;
whatever charges are incident to the production go on
to the cost.

8037. You do not think that if any such re-arrange-
ment was made there would be any permanent benefit
to trade?—Not the slightest. Many of the articles
imported are used in the production of some class of
goods, silk linings for instance are used in the manu-
facture of hats, and hats and head gear are a large
exportation.

8038. With regard to art schools and technical
education, do I gather from your remarks that while
you think that a great move should be made in that
direction, you think that the State should do more in
the future than they have done in the past for the
encouragement and the support of those schools?—
Yes.

8039. In the industry with which you are associated,
do not you believe that if the question of chemistry
were considered much more carefully than it has been
it would be more advantageous?—Yes.

8040. With regard to the question of trade com-
binations, do the workmen who are connected with
themselves work permanently throughout the week for
days in the week?—Five and a half days.

8041. Are they generally fully employed that
out of time?—In my own businesses, yes.

8042. As regards the trades unions and their
upon the industries, I suppose that the great
the union has upon the workman is by the
that he would not be allowed to work with
if he disobeyed their orders?—Yes.

become the
late now to do
their action shall not be
employer or the employed?
be very much better if we could
that without legislative action.

8047. And you would give to a workman, who has
greater abilities than another, and who has more
industry about him, an opportunity of putting himself
forward in the world, which at the present time he
cannot have?—Yes; that is what we want.

8048. Because I take it that, as regards technical
schools, that they are of very little advantage to the
workman; a man must be an accomplished workman
if he is allowed when he resumes his work in the shop
to do any more work than another man, or to
receiving any more pay?—Yes; technical schools are
valuable to persons who want to acquire a knowledge
of some other industry besides their own, that is to
say, a man who may be an engineer, and is a
capable mechanic, may want to get a knowledge of
cotton spinning so that he may become a better
mechanic, or that he may get a knowledge of
manufacturing, or of various other industries. He
can acquire that knowledge in a technical school
without throwing up his employment, and going into
a mill to acquire it from the bottom.

8049. Would it be also a benefit in this respect,
that during the time of attending his trade and
business, the technical knowledge that a man would
get in those schools would enable him to adapt himself
more to the altered circumstances which the require-
ments of the trade might necessitate?—Quite so.

8050. With regard to the question of limited li-
ability companies, are you aware that in Germany every
company constituting themselves a limited liability
company are bound to publish in the newspapers a full
statement of their accounts, showing the amount of
their indebtedness and all the circumstances associated
with their work?—Yes.

8051. Do you not think that such a regulation
would be very beneficial for the control of limited
liability companies in this country who take advantage
of the Act lessening their liability, and who practically
control trade?—That is a great question, because a
great many private firms work under the Limited
Liability Act, not that they have any public money
in their firms, but the business has become so very
extensive the original partners are not able to get
their money out, and consequently they make them-
selves into a sort of a family limited liability company,
and by that means none of the members can withdraw
the capital from the concern, because if the capital
were withdrawn from the concern that must inevitably
be the ruin of it.

8091. Will you explain how you are bound to secrecy?—I can only explain what I have just said, that I cannot state any cases. I know that it exists. I know that some firms make special arrangements for freight.

8092. I thought that was prevented by the Railway Act. My question does not allude to any arrangement specially with any firm, for which there is a remedy by going before the Railway Commissioners, but as to publicly advertising different rates between Manchester and London, as between goods intended for shipment and goods intended for home use in small bulk?—There is that, of course. The rate between London and Manchester for alizarin is 27s. 6d. a ton. We asked the railway companies for a rate between London and Church—it is about the same distance from London as Manchester. Their reply was 60s. per ton. The rate for freight of alizarin from Mayence by rail to Rotterdam, thence by steamer and rail to Glasgow, is 50s. per ton. The rate by rail from London to Glasgow is 50s. per ton.

8093. And it is with respect to that that you make complaint?—It is with regard to the different rates of charges. We have frequently made representations regarding the charges from Manchester to Liverpool. Since the Ship Canal Bill was brought before the House those charges have been very much reduced. It is most probable that it is on account of that Act, but it may not be so.

8094. Is your objection to the actual rate of charge being too high, or to the rate for home goods being higher than that for goods from Germany; is it to its being too high, absolutely?—It is too high altogether.

8095. It is too high absolutely, and too high as compared with the foreign rate?—It is too high as compared with the foreign rate, and the rates are not equitable.

8096. (Sir J. P. Corry.) From your great experience as a manufacturer would you say that the Factory Acts at all interfere with your operations?—They do interfere, because men are allowed to work any time they like; but a portion of the work must cease according to law at a given time, consequently most of these works stop at the time defined by the law.

8097. You think that if there were elasticity as to the hours in which certain labourers could work it would be an advantage to the manufacturers who are now bound to work between a certain hour and a certain hour; do you think that if in certain trades they were allowed to vary those hours it would be an advantage?—If they are persons under age, or women, they are so restricted; but if they are full grown, they can work as long as they like. Print-work machines, for instance, you can work as long as you like, but you cannot work the women and children that are employed in those works.

8098. Have you ever had any complaints as to the restriction upon their services?—No. I may say that in Switzerland they have a little advantage over us, because, when they are very busy the Act is relaxed. They have certain seasons of the year when there are a great many orders in the market, and then it is necessary to get the goods out in order to catch the market; they are then allowed a relaxation of those orders.

8099. But ours are hard-and-fast lines, so that no relaxation can take place?—We have got to stop.

8100. Do you think there would be any advantage in having a similar law to what they have in Switzerland?—I think so, but it would have to be very carefully guarded, because in Switzerland it is constantly evaded the masters do as they like in the country districts. In our cotton mills we are regulated by the Textile Factory Act, no overtime is allowed. In some of our works we are regulated by the Non-Textile Factory Act, although we work textile in them. Under this Act we have the "Exception" of working overtime 48 times during the year, two hours per day. I am in favour of applying the "Exception" to the textile factories. A person working a sewing

machine by treadle can work overtime; but not so if the treadle be driven by power. The foot labour is of course the most exhausting.

8101. With regard to the Limited Liability Companies, I would like to ask you if you think that the publishing of the accounts, which has been suggested would operate prejudicially to some concerns?—Undoubtedly it would, because it would expose their business entirely, and give their opponents every advantage.

8102. Do you think the publishing of the accounts of some of the limited liability companies already has been disadvantageous to the trade in which they are engaged?—Yes.

8103. You spoke of Preference loan capital; does not that sometimes also disappear when the company gets into difficulties?—Yes.

8104. So that those who hold that stock are no better off than the original shareholders?—No, except when they have the security of the works.

8105. (Mr. Jackson.) Mr. Cohen asked you some questions about the railway rates, and you spoke about this alizarin. I did not quite understand your answer. Was it that the rate from Germany to the Thames was less than the rate from the Thames to Manchester?—No, that the rate from the seat of manufacture in Germany is less to Glasgow than it is from the English seat of manufacture on the banks of the Thames to Glasgow.

8106. Do you mean by water?—By rail.

8107. But does the German article go by rail to Glasgow?—It goes partly by rail and partly by water. It goes by rail to the first port, Rotterdam, and then by water to Leith, and then by rail to Glasgow.

8108. What I wanted to make clear was that so far as this article was concerned there is no difference between the rate upon German manufactured alizarin and English manufactured alizarin; that is to say, supposing the German manufactured article comes by the Thames into London?—It would not come by the Thames into London.

8109. But supposing that it did come by the Thames into London, there is no difference between the rate which would be charged by the railway companies for the German alizarin and for the English?—The Germans could get their alizarin to London a great deal cheaper than we could get ours from London to Germany. There is no duty on alizarin into Germany; but the railway charges are so great on their side that we should not be able to compete with them in their own market.

8110. How does that arise?—Because many of these industries in Germany, when they are competing with a foreign nation, get some relaxation in the railway dues.

8111. The answer is that it costs less to bring alizarin from Germany to the Thames than it would cost to take the same article from the Thames to Germany, but does not it go by the same route?—Yes.

8112. Then how is it that one is charged less than the other. Is the rate to England less than it is to Germany, by the steamship for instance?—By through rate.

8113. Do you know the rates at all?—I do not know what they are upon that route.

8114. You do not know the amount paid?—No, but they can bring iron girders to Sheffield from Belgium for 15s. a ton, while it costs you 20s. a ton to take them to Grimsby from Sheffield.

8115. You can bring them *via* Grimsby to Sheffield at 15s. a ton from Belgium; is that so?—I do not say *via* Grimsby, but they can bring them from Belgium to Sheffield at 15s. a ton where it would cost you to take them from Sheffield to Grimsby 20s.

8116. By what route do the rails come from Belgium to Sheffield *via* Goole?—I do not know that.

8117. You spoke about the question of the lower rate for goods for shipping from Manchester to

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heard?—I

union.

that trades unions

ers either out of work

on strike?—Yes, generally;

you name one single society that loses assistance, either a certain amount for each out-of-work pay?—I am speaking of what is my impression.

8079. What trade do you refer to when you say that the rules restrict the amount of labour that a man turns out?—It is done by the brickmakers.

8080. You are not engaged in brickmaking, I presume?—I am not.

8081. Is there anything of that sort in the cotton trade?—It cannot possibly affect the cotton weaving and spinning, because there you are dealing with machinery and piece work; the machine has to go on, and a person has to stand by and watch it, but even in the preparation for those processes, I know that men have had to work by "stint," that is they must not earn more than a certain amount of money agreed upon between them. That action is to protect the inefficient.

8082. Is there any other trade except the brick trade to which your observation would apply?—Yes, I believe so.

8083. To what trades would you refer?—I am prepared to say at the moment.

8084. (Mr. L. L. Cohen.) Have you given attention at all to any questions connected with pressure of railway charges upon goods to Manchester that is to say, whether you find them add in any way to the depression of trade?—Yes, it costs us as much money to take our alizarin from the banks of the Thames to Manchester as it costs us to bring it Germany to Manchester.

8085. Have you ever made any representation on that subject?—Yes.

8086. To what body?—To our Chamber of Commerce and to the railway companies themselves.

8087. No case before the Railway Commission has arisen, I suppose?—I have not personally brought it up myself, but it has gone through our Chamber of Commerce; we make our representations to the Chamber of Commerce, and they take the matter in hand.

8088. Do you consider such difference of rate you speak of, as between Germany and the Thames, has operated in favour or promotion of the sale of German goods in competition with our own?—Yes, undoubtedly; they can land the goods and bring them right into our own market at a rate in fact.

8089. Have you ever found any pressure or restriction from the different rates upon goods in itself; for example, we have been told that there are two different rates between Manchester and London as respects goods intended for abroad, and goods intended for our home market?—Yes, I have found that it is so, and I know it to be the case, I give particular instances because I am not bound to secrecy.

8090. How are you not allowed?—Because

as are
practised they are.
trades do you refer?—I

any real knowledge; have you come into contact at all with any of those trades unions?—No, merely from experience and observation.

8057. If you have not come in contact, how is it from experience; it is from what you have heard, probably?—I am a large manufacturer.

8058. But you have never been interfered with in your arrangements by trades unions, have you?—No, many of our people are not connected with trades unions.

8059. And is it only from what you hear, not from experience?—I have had experience.

8060. How has that experience been acquired if you have not come in contact with them?—Merchants are constantly speaking upon these questions, and we are constantly comparing notes, and we know pretty well as much about the trades organisations as the people connected with them.

8061. It is only what you hear; it is not what you come in contact with yourself?—I am certainly not a member of any trades organisation; my evidence goes to show the effect upon our industries of trade combinations, I do not speak authoritatively as to their organisation.

8062. Your workpeople have never interfered with you at all with their rates of wages or anything else? Trades organisations have tried to interfere with us, but fortunately we have been able to withstand them.

8063. What special trade do you refer to?—The cotton trade.

8064. Upon what occasion have they interfered with you?—I cannot tax my memory at all.

8065. If they have interfered with you, you have an idea of the time and the place, have you not?—I should think it was within the last 10 or 15 years.

8066. Surely you can come nearer than that?—When you consider that I have seven different sets of mills, I cannot be expected to remember everything relating to them; I am one of 13 partners.

8067. I think you said that you give considerably more wages now than you did 20 years ago?—Yes.

8068. Do your men do the same amount of labour as they did 20 years ago?—Yes.

8069. Are you not aware that in the cotton trade wages are considerably lower than they were 20 years ago?—No, I am not.

8070. Then if Mr. Rawlinson, who is the Secretary of the Employers' Association, told us so a few weeks ago, that is untrue?—I do not say that he has been untrue; I am expressing my own opinion from my own knowledge.

Sir J. C. Lee. London as against the rate for the home trade; do you remember when those rates were reduced?—I do not.

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8118. You do not remember the reason for those rates being reduced?—I do not.

8119. (*Chairman.*) I wish to ask you before you leave this subject this question. There was an expression that you used just now in answer to Mr. Cohen that you were not allowed to answer certain questions. Could you tell the Commission what you meant by not being allowed to do so: is there any regulation or any obligation of secrecy in the matter?—That was in reference to the railway rates. I know certain things, but I know them under secrecy.

8120. (*Mr. A. O'Connor.*) They are things that are done?—Yes, they are things that are done, but I am bound to secrecy. They have been told me in confidence, and I am not at liberty to reveal them. I say it openly at once, because it is no use fencing with the question.

8121. (*Chairman.*) The matter is one of considerable importance, and it is a matter of importance to us to know whether we get full information or whether the information we get is given under such reserve as to make it of little value?—I am not reserving anything. I am obliged to make that answer.

8122. (*Mr. Jackson.*) I understand you to be referring to the cases of special charges being made to individuals by railway companies, but you are not at liberty to state what those are?—That is so.

8123. With regard to an answer you gave about the limited liability companies, if I understand you rightly, you rather recommended that the Board of Trade or some Government Department should examine, before it was issued, the prospectus of a limited liability company for instance?—I think I did.

8124. Do not you think that would be rather a dangerous thing to do. Would not that be in some sense leading the public to imagine that the prospectus went out with Government sanction, and Government approval of all the statements contained in it?—Not necessarily so.

8125. If it does not go out with that approval, what would be the advantage of the Government having examined the prospectus and certified it. I can understand your desire that the statements of fact should be, as far as possible, fact; but do not you think, there is another danger beyond that, if you introduce, what must be to a greater or less extent, a Government sanction or Government responsibility for a statement which has been so examined?—I do not think that there would be any responsibility attaching to the Government in the examination of a document to see that it was in conformity with the law.

8126. But what would the Government certificate be worth if it did not mean, upon the authority of a Government department, that the statements contained in that prospectus were accurate statements of fact?—I think we are talking about two different things. What I mean is that the powers contained in the prospectus should be examined by some authority at the Board of Trade, because a great many of these prospectuses are worded in such a way that the parties can practically do anything they like.

8127. You mean as to the limits of the trade which they shall carry on, or the form in which they shall carry it on?—Yes. Under some articles of association you will find that a company, such as a shipping company, is empowered to build bridges, to put up works, and to do every conceivable thing that they choose to do without capital sufficient for their powers.

8128. Would it be possible for a Government department even to define what business shall be carried on within the articles of association drawn by a clever lawyer?—I think so. They can issue preference capital, they can raise money on debentures, they can sacrifice the interests of preference shareholders; in fact, they can do anything; you can drive a coach

and six through the Limited Liability Act if you choose to do so.

8129. Would you recommend, then, that the Government should restrict the power which is given by the articles of association of the particular company?—Yes, I think the Limited Liability Act is too wide altogether. It wants revision.

8130. Then, coming back to what I said before, after you have restricted it by a Government department, would not the business which was permitted by the Government department be a business carried on with the sanction of the department, and would this Government sanction or approval be in itself a good thing or a bad thing?—It has practically now the sanction of the Government.

8131. Then what advantage would the other be if it gives you no more than you have now?—My point is that I would revise the Act.

8132. Not the prospectus?—No, I would revise the Act, and give the Board of Trade some power over the issuing of prospectuses. The State gives a trading charter to certain persons on conditions set forth in the Act. I contend that the conditions are too wide in their operation. The State having established a position which imperils the interests of private firms should revise the law relating to limited liability companies.

8133. Do you know anything about the trade with Zanzibar; is that a part of the world with which Manchester trades largely?—Yes, very largely.

8134. Do you happen to remember Mr. Holmwood, the British consul at Zanzibar, being at Manchester and speaking upon that question. I think, if I remember rightly, he addressed a meeting of the Chamber of Commerce?—I was not in England at the time.

8135. Is the trade with that district growing?—I think so.

8136. Has there been anything further done with reference to the proposed railway which it was contemplated to make?—I do not know. I am not myself individually interested in that part of the coast; that is the east coast. I am concerned upon the west coast.

8137. You spoke about the absence of workmen with a knowledge of design, and stated that the British workman was rather the inferior of his foreign competitor in that respect. Manchester has done a good deal, has it not, towards technical education?—It has done a great deal.

8138. There is Owen's College; is not that a valuable institution?—Yes.

8139. Workmen are not restricted from attending the classes, are they?—No one is restricted, still workmen cannot attend Owen's College.

8140. Still, I suppose, students who have passed through Owen's College may become workmen or foremen?—The students at Owen's College generally expect to be something a little better.

8141. However, if a man got a knowledge of business at all, either at college or within the walls of the workshop, I take it it is an advantage whether it is possessed by the head of the department or by ordinary workmen?—Yes.

8142. Have you no schools at Manchester where technical knowledge is taught?—We have a technical school.

8143. What branches of industry are taught there?—Joining, carpentering, engineering, science, architectural drawing, drawing for calico printers, and all the usual technical studies.

8144. Not weaving and dyeing?—Yes, weaving and dyeing. I am one of the Council of that school.

8145. Is that school doing good work do you think?—Yes.

8146. Work which is having a real practical value?—Yes.

8147. How long has that school been in existence?—It was the old Mechanic's Institution of Manchester, and we reformed it, and made it into a technical school. That was about three or four years ago.

8148. Are the classes well attended by the people?—Yes, they are very well attended.

8149. And by whom are they attended; by the boys of the working class?—No, they are attended mostly by the middle class.

8150. Do you mean by the sons of shopkeepers?—Yes.

8151. Do they attend the classes there during the day or in the evening?—They attend the classes in the evening mostly.

8152. Are they able to attend those classes and carry on their education in other departments or in conjunction with any other work which they may be doing?—I think so.

8153. You think it is doing, really satisfactory work?—It is doing a great deal of good.

8154. But the school has not been long enough in existence to enable you to give any examples showing that boys having attended these classes are able to do better work than others or that it has had a real practical value?—It is of great value in this respect, young men or youths employed in the various warehouses of Manchester, can acquire a knowledge of the production of those things they have to sell which they could not acquire except through the mill, and consequently they become better servants.

8155. By a knowledge of the method of producing them, you mean the system of manufacture?—Yes, I believe the School Board of Manchester is now teaching some branches of technical knowledge. The classes are attended by the children of workmen.

8156. Does Owen's College do nothing for you in the way of its chemistry department?—Yes, it does help us in that way.

8157. Has that been of service to you in your dyeing?—Yes, of very great service.

8158. Do you think you could point to examples of men who have passed through that college who are now occupying prominent positions?—Yes, as managers of chemical, dyeing, and printing works, and also as foremen.

8159. (*Mr. Jamieson.*) When you referred to the case of Williamson against Barbour, how did you attribute any effect upon the depression of trade to the operation of that judgment?—Because it destroyed the medium of distribution for the time being.

8160. In what manner?—The bulk of the business in Manchester was done through what we call commission houses or shippers who charged a commission for buying for foreign parties. They brought their customers and introduced them to the manufacturers who sold the goods which were delivered to the commission warehouse, and then the goods were packed by the commission agent and despatched abroad. The very fact of the commission agent having charged a commission for forwarding or buying those goods enables the foreign merchant to demand that all the accounts may be opened, and the onus of proof rests with the commission agent, that is to say, he must prove that he is innocent.

8161. Of what?—Of having made a charge beyond his commission.

8162. But if he had informed his employer that he had made such a charge was there anything in that judgment which affected his right to make it?—It was not known at the time that there was any necessity for him to inform his client.

8163. But if now the employer were informed that such a charge was made for packing or otherwise, in addition to the commission, is there anything to prevent that charge being now made. Was the judgment anything more than this, that there was to be no surreptitious charges made by the commission agent against his employer. If it be so, then I desiderate again to know what effect that can have upon the depression?—It is in this way. It is utterly impossible for a commission merchant to know what his charge will be. He is supposed to charge the cost of the article. What he pays he must charge to his customer.

8164. And nothing more?—Nothing more. But he cannot tell what the cost is. Supposing him to be a

commission merchant despatching in the course of the year we will say 100,000 bales, he has an establishment capable of dealing with 100,000 bales, and the cost is a permanent cost to him, because he has his warehouses and his presses. But supposing that trade is bad, and that instead of sending out 100,000 bales he sends out 50,000 bales, the cost of his packing is consequently very much greater.

8165. What I want to know is in what respect that judgment prejudicially affects a commission merchant of Manchester and does not affect the commission agent in Bremen or any foreign part?—For the very reason I have stated, that if he were to charge more than the costs of the article he would be liable at any moment to have his accounts opened and be brought before a court of law.

8166. Would he be so if he had informed his employer that that was his course of business?—It is impossible for him to know the exact cost of handling and packing, and a custom had obtained which was tacitly assented to by the clients, of charging a small profit to cover those expenses.

8167. Are you familiar with the judgment?—I am.

8168. I think you will find that the judgment proceeded upon the footing of the ignorance of the employer?—It did; that is the difficulty of the case because the judge and all the parties concerned in the judgment had no knowledge of the custom of doing business, and I think that that paper which I have handed in will show that.

8169. With regard to the influence of limited liability companies, taking you back again to the point that is before us, as to their effect upon the depression of trade, I do not quite understand how you attributed the depression of trade to the power which limited liability companies have to borrow money?—I do not think I did attribute the depression of trade to any such thing.

8170. You wish, I understand, the law to be altered in that respect, because it prejudicially affects the trade?—I said that it was an unfair competition with private firms.

8171. And therefore they prejudicially affected their trade?—It stimulates production unduly, and also a class of production which was rather in the direction of quantity than quality.

8172. But that would give employment to more workmen, would it not?—Not necessarily so, because the work is done by speeding the machinery to such an enormous rate that no greater amount of labour is required.

8173. Did I understand you aright in saying that you attribute the evil which limited liability companies do to their trading beyond the extent of their original capital?—Yes.

8174. What you desired to have was an enactment that there should be some relation between the borrowed money of the limited liability company and its original capital?—Yes.

8175. So that it should not go beyond a certain limited extent of its limited liability?—That is so.

8176. (*Mr. Muntz.*) I do not think we have quite got that question of the commission clear at present. Was not it in this manner, that prior to the decision of which you have handed us a copy the agency-business was carried on partly under commission and partly under charges for certain work done by the agents; that is to say, the remuneration of the agents consisted of commission and a portion of the charges which accrued to them?—That is what I referred to as the packing charges.

8177. And that decision prohibited those charges?—Yes.

8178. Consequently the business became unremunerative to the agents upon the old lines?—It prohibited those charges unless everything was disclosed. The cost must be disclosed. The commission agent could not charge any profit even upon any single material that he used; he must disclose everything.

8179. His remuneration before that decision had consisted partly of commission and partly of what we

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Sir J. C. Lee. may call excessive charges?—Yes, of excessive charges, but not always so, there were many agents who charged only what they believed to be the cost.
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8180. When that decision was given it prohibited them from taking excessive charges, and the consequence is that business upon the old lines became unremunerative, and they had to adopt new lines which would enable them to make new charges to their employers?—But the decision was retrospective; it ripped up everything which had gone before.

8181. The point I want to raise is why the system of agency business was changed in Manchester which consequently caused a depression of trade there, because you, as a manufacturer in Manchester, do not come in direct contact with the consumer; was not that the sum of your evidence?—Yes.

8182. The cause of that depression was the change made by this decision in altering the relation of the commission merchants charges to his employer?—Yes. It altered the conditions upon which trade had been done. The commission agents became merchants.

8183. In regard to the question of the limited liability companies, you surely would not suggest that any Government department should go through the articles of association of every company that was promoted to see if they were taking excessive powers for the construction of any works or anything of that description?—I do not see why not.

8184. Surely it would be an enormous undertaking for any Government; they would require to possess a very varied knowledge, would they not?—But I would revise the Act.

8185. Would it not be taking rather the form of a paternal Government to undertake that duty of supervision of the articles of association?—I do not see it.

8186. Now, with regard to the freight question, that does not appear to me to be quite clear. Did I understand you that the freight from Manchester to London was greater than the freight from Manchester to Germany?—No, I said the freight of alizarin from London to Germany was greater than from Germany to London: that is the question that was asked.

8187. And nothing in connexion with the Manchester freights?—No.

8188. Is it merely a question of freights between London and Germany?—And also to Glasgow; I said that the railway freight from London to Glasgow was greater on alizarin than from Mayence, in Germany, to Glasgow.

8189. But I do not see how that affects the question of railway rates in the country?—I am not speaking of railway rates at all. I am speaking of the question of competition.

8190. Are you speaking of foreign competition simply?—Yes, of foreign competition simply.

8191. Not as regards the rates from different points in this country, and comparing them?—No, I do not propose to go into that question.

8192. You stated that the Factory Acts interfered with the interest of manufacturers. Will you tell the Commission what hours the adult employes work under the Factory Acts in your county?—They are 9½ hours; the usual hours.

8193. And what hours do the children work?—After age they work the same hours as the others.

8194. And under age what hours do they work?—They are half timers.

8195. What is that age?—Fourteen.

8196. So that two children working half time would make up the time of one adult; is not that so?—Yes.

8197. (*Mr. A. O'Connor.*) Is there any association of masters in the cotton trade?—I believe there is.

8198. What do you think is the effect of having such associations; are they advantageous, or the reverse?—There are associations in connexion with trade; there is the Bleacher's Association, the Dyer's Association, and so on, but those have nothing to do with labour; they are merely to protect the trade from various political or commercial disadvantages that may arise.

8199. They are associations of masters, are they not?—In contradistinction to the association of workpeople.

8200. You think, then, that associations of masters having the object of self-defence in a commercial point of view, or in a political point of view, are advantageous?—I do not belong to any such association myself, nor does my firm.

8201. But do you think that such associations are generally advantageous or disadvantageous; is their effect good or bad upon the interests of the country?—It is bad; the effect of all these trade combinations either of masters or men I consider to be bad, they are antagonistic to each other and hence detrimental to good fellowship.

8202. Even if they are of a protective character?—Yes, even of a protective character.

8203. What are the evils against which those associations of the masters are intended to guard?—They are intended to guard against the evils of the associations of the workmen.

8204. While the masters organise, I suppose it is perfectly fair for the labourers also to organise?—Quite so.

8205. Now, with regard to the cases of Williamson v. Barbour, and similar cases which you have referred to; were not they cases in which the principals objected to certain profits over and above commission, which their agents claimed?—Yes, they were.

8206. And did the decisions go beyond enforcing the recognised rule of common law that a commission agent is restricted to his commission, and is not entitled to make a profit over and above his commission at the expense of his principal. They did not go beyond that, did they?—In common law a man is innocent till proved guilty; by the decision a man is guilty till he proves himself innocent.

8207. (*Mr. Muntz.*) I did not quite follow your reason as to why you thought the Factory Acts interfered with the interests of manufacturers?—I did not say that they do interfere.

8208. I understood you to say that you thought they did?—I said they were no doubt a restriction upon manufacturing; they are also a restriction upon the labourers or employes.

8209. (*Mr. Pearce.*) You told the Commission that you did not approve either of association on the part of the masters or on the part of the men; do not you think that associations on the part of the masters would be a benefit and a service in bringing about conciliation with the associations on the part of the men; if the associations on the part of the men were to make any extraordinary demands for instance?—I think that associations on the part of masters beget associations on the part of men; if the masters combine the men combine, and I think they are quite right.

8210. And if the men combine the masters combine?—Yes.

8211. Allowing that both parties have combined, do not you think, seeing that they have combined, that conciliations may be brought about between the two associations in times of difficulties and strikes?—There is no doubt about it, that conciliations might be brought about.

8212. Do not you think they would have a beneficial tendency in that direction rather than allowing one master to reduce his wages when he has very little to do, and on the other hand probably the men demanding higher wages from an employer who has a great deal to do?—That, I think, is a question for each individual manufacturer to decide. I think if a manufacturer's trade is bad, the workmen ought to join with him in endeavouring to make the trade better, and that might be done by reducing the cost of production. But by the system now adopted of each side combining against the other, those who are busy and are well to do reap an advantage from the reduction of wages which would assist the man who is not busy or so fully employed.

8213. But what I want to ascertain from you is this: I want to know your opinion as to whether it is not better to deal with the heads of the Workmen's Association rather than with bodies of workmen who are not responsible for the position they are in?—No; I consider each manufactory should regulate its own affairs; it is so in one of our largest mills, where 3,000 or 4,000 people are employed. Our managers and foreman make an arrangement with the workpeople.

8214. And you follow what they decide?—What they decide is quite right to us.

8215. And you get the advantage in that respect; though you do not belong to any association you derive the benefits of the association?—We do not belong to any association, because we say we will not combine against you, and you will not combine against us, so that we get the difficulties settled between us.

8216. You would have union people working for you?—I have no doubt that half the men are union men. We do not ask any questions.

8217. But they will not work for a lower rate for you than for other masters?—We do not want them to work for a lower rate.

8218. So that it comes back to what I have said, that you derive the benefits of the Employers' Association without belonging to the association?—We do not derive any benefit from it at all.

8219. (*Mr. Eeroyd.*) In a case like that you have been speaking of, if after a protective strike at Oldham or Blackburn a reduction took place in the wages spinners or weavers, I suppose your concern would follow it?—We have not done so yet.

8220. You would not be able to sustain a higher rate of wages for the same work than that which had become prevalent throughout the trade?—In some instances I have no doubt that is so, but in others not so; it would not affect us.

8221. It might not affect you as a firm, but it would affect any firm manufacturing staple goods, would it not?—There is no doubt that it would affect any limited liability company.

8222. So that in the bulk of the trade this state of things would be brought about, that any firm adopting the policy you spoke of and settling their affairs with their own workpeople without the existence of an association upon either side would really have had their battles fought for them by the great associations of employers and workmen who fight their pitched battles in places like Oldham and Blackburn, and they would quietly take advantage of the result whatever it might be?—You may say that. I have stated that I do not approve of rival combination of masters and men, and I have tried to show that masters and men ought to belong to one association and settle their differences among themselves, and thus prevent these battles you refer to.

8223. In the beginning of your evidence, in reply to the noble Chairman, you attributed the present depressed condition of trade to over production; you thought we were making too many goods?—Yes.

8224. Is not that the chief point at issue between the associations of employers and the associations of workmen, the associations of employers believing that the remedy is to cheapen production, the associations of workmen believing that the remedy is to restrict production?—No; I do not think so.

8225. You do not believe that that is the essential matter in dispute between the Lancashire trade societies and the masters' associations?—I do not belong to any trade society, so I am rather at a loss to express an opinion upon the question.

8226. I am rather asking your observations as a man of business. Now you have said that the over production was an over production taking place in this country arising from a great extension of the cotton trade in England, and you did not attribute it to an inordinate extension of the cotton trade in other countries?—I said I thought that the cotton trade had increased in France and Germany.

8227. But you said you thought that there had been

a great increase in this country?—There has been a great increase in the cotton trade of this country.

8228. I do not know whether your attention has been directed to the Report already issued by this Commission. At page 142 you will find a table of the consumption of raw cotton in the United Kingdom and the continental countries, and in the United States respectively. Now I want to ask if the facts therein stated would corroborate your view that the over extension of production has been in this country and not in other countries?—I have not the facts before me, therefore I cannot tell; but I can say this, that there is a greater yardage of cotton—

8229. I am speaking of the consumption of raw cotton?—I am going to answer your question. There is a greater yardage of cotton cloth now manufactured in proportion to cotton imported than there has been hitherto.

8230. That may be so, but the broad facts upon which I want to have your opinion may be stated to be these: That in the periods to which the inquiries of this Commission have been specially directed, beginning with the quinquennial period from 1866 to 1870, and ending with the last quinquennial period, it appears from these tables that from 1866 to 1870, and from 1880 to 1884, the consumption of raw cotton in the United Kingdom has increased 53 per cent., and that during the same period the consumption of raw cotton upon the Continent has increased 102 per cent., and that in the same period the consumption of raw cotton in the United States of America has increased 130 per cent. I want to ask whether those facts at all bear out your view that the increase of manufacture which has led to over production has been specially on the part of this country?—That is a question which wants a little consideration, because there are many things operating. The quantity of cotton goods now manufactured has more yardage to the pound than has been the case hitherto, that is to say, lighter goods are being made—more yardage. If you look at the Board of Trade Returns for the period you name, I think you said from 1866 to 1870, I think you will find (I am speaking from memory) that the yardage exported was about 3,000,000,000; and in 1884 and 1885, somewhere about that time, you will find it was 4,750,000,000; I would ask how do you account for that; that is an increase of 50 per cent.

8231. In 1870 the export of yards was 3,253,000,000?—And what would the average be in the five years.

8232. We have not got the average?—I think you will find that from 1866 to 1870 the average export is under 3,000,000,000 yards, and in 1884, if my memory serves me, it was 4,750,000,000.

8233. And 4,417,000,000?—That would be for 1883.

8234. But that yardage is not even in proportion to the increase of the raw material imported into the United Kingdom, which is 53 per cent.; it is a smaller increase of yardage than the increase of the raw material?—The yardage is over 50 per cent., from 3,000,000,000 to 4,500,000,000 on the average of years.

8235. From 3,200,000,000 to 4,700,000,000 is what I am taking?—If you take the five years it is 4,500,000,000 on the average.

8236. That is less than 53 per cent., which is the increase of raw cotton, so that the yardage of cotton goods exported has increased still less in proportion than the increase of 53 per cent. upon the consumption of raw cotton in this country. But what I am asking is whether in the face of the fact that the increase of consumption upon the continent has been twice as large, and that the increase of consumption in the United States has been two and a half times as large, this country can be specially accused of having contributed to the over production?—There is no question about it that our distribution, as I said at first, is not equal to our production. I said the yardage had increased beyond the proportion of the amount of cotton consumed, this goes to show that goods of a more expensive character have been produced, and I have throughout contended that quantity is no evidence

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of prosperity. I have put in some figures which prove this point, and show the advantage of skilled labour. Cotton at 5d. per lb. is sold a yarn at 7½d. to 8½d. per lb., and in cloth at 12d. per lb., leaving a margin of only 7d. for wages, expenses, and profits; and another class, cotton 5d., yarn 9½d., cloth 1s. 2d., margin 9d.; another cotton 6d., yarn 12d., cloth 1s. 6d., margin 1s.; another cotton 6d., yarn 1s. 6d., cloth 2s. 4d., margin 1s. 10d. All this shows that the better the class of goods made the higher the percentage of margin left in the country. It is well known that large quantities of low class heavy goods formerly shipped to India go there no longer, as they are made in the Bombay mills, and all I have said during the inquiry is to show the importance to the country of making fabric of a better class, and consequently of finer yarns, thus consuming less cotton.

8237. That is to say the operation of foreign tariffs has restricted your distribution, so that you appear to be suffering from over production?—That is so.

8238. Is it not wrong to use the term over production when what you complain of is really the closing of the markets for the goods?—Over production is supplying a thing which is not wanted.

8239. If we can suppose India to be conquered by Russia; an event which God forbid! but suppose that such an event happened, and that Russia placed a duty of 100 per cent. upon English calicoes and stopped the import, there would be serious over production in Lancashire, would there not?—Yes; there would be serious over production in Lancashire in that case, because there would be no demand for the goods.

8240. But you would not attribute the stoppage to over production?—There would be no demand.

8241. So that you would say that what we are complaining of is not over production but under-demand?—I never said so.

8242. Can you point out what you believe to be the chief causes either of the falling off in the demand for our goods, or the want of a steady uniform increase in the demand?—There is no falling off in our exports to the East, that is to say to India and China; those are steadily increasing. There has been a falling off in our exports to South America, and that is affected very much, not by the tariffs, but by the condition of exchange. It has not been considered advisable to ship to those markets. If you take Rio, for instance, you sell your goods for paper currency and you pay for them in gold, and the consequence is that merchants have been very careful about increasing their exports to those markets, because they cannot get the money back; and it is so in other places. Many parts, like Venezuela and Colombia, have been affected very much by yellow fever and also by wars, and in those places trade has decreased enormously. That is so in Peru and in Chili. All those causes operate very much upon the demand for British goods.

8243. Those countries of which you have been speaking are all non-manufacturing countries, that is to say, countries which do not manufacture for themselves, is not that so?—Yes, they do; Rio is beginning to manufacture for itself, but only to a small extent.

8244. Can you tell the Commission what has been the history of the demand for our cotton manufactures in the United States and on the Continent of Europe during the past 20 years?—I know the United States very well. My trade alone with the United States, 12 years ago amounted to about 700,000l. to 800,000l. a year has fallen to under 200,000l.

8245. How is the trade as regards the Continent of Europe?—That is decreasing also. But then we do not look to those people, the Germans and the French, to supply them with our goods; they can make their own.

8246. Could they make them themselves in fair and open competition against them?—Certainly.

8247. Without any tariff?—Without any tariff.

8248. On what ground do you say so?—Because I know from competition. If you take the French

tariff, the French tariff is about from 15 to 22½ per cent. on cotton goods.

8249. But you would consider 15 per cent. a very serious burden to put upon our Lancashire manufacturer against another in competition, would you not?—It is really more than 15 per cent., because you have to add 5 per cent. to get the goods there, which makes it from 20 to 27 per cent.

8250. Would you not say that a 5 per cent. tariff as between two firms or nations manufacturing was completely prohibitory in cotton goods?—I should say that the French supplying their own market upon the ground would have an advantage of from 5 to 10 per cent. over us, because we have to take our goods to their market, and that it would cost us 5 per cent. to do so.

8251. Do you think that in open competition they could compete with us?—Quite so; I have said so.

8252. Do their goods ever appear in the Indian or American market in competition with us?—Yes, they do; and in a very peculiar way. The book I have before me was sent to me by the United States Treasury, and is a record of the way in which goods are distributed in the United States by the Swiss, the French, and the Germans.

8253. What is the title of the book?—It is entitled "Under Valuation," and it commences with a message from the President of the United States in answer to Mr. Foulger, the secretary; it is a record of the system of doing business now adopted by the nations I have mentioned with the United States. I pointed out to the American Consul, about the year 1881, that the British goods were very much handicapped by the mode of declaration adopted by the French, Germans, Swiss, &c.; and I subsequently gave him information respecting how it was done. This led to a thorough examination into all the invoices which went into the United States, and the consequence was that in the year 1883 there was a difference between the imported value as given by the importers, and the appraisement of the United States Government, on a single class of goods of two million four hundred thousand dollars—making a difference of duty at 50 per cent.—of a million and a quarter dollars. Taking the article of linens, linens are a very large Irish production; and the linen manufactures of Ireland pay an *ad valorem* tax. As regards Bohemia and also Germany, the linens from those markets are shipped to the United States, to some house or agent there and declared—there is a false declaration made; goods worth, we will say, 2s. a yard, are declared to be worth 1s. 6d. or 1s. 4d. a yard, and the consequence is that they pay a duty probably, we will say, whatever it may be, 25 or 50 per cent. upon the 1s. 4d. or 1s. 6d. whilst we English exporters pay duty upon 2s., and the consequence is that they can undersell us completely in the American market. It is so in silk and it is so in everything. I noticed in this book to-day in the case of one article, varnish, that the difference of one declaration was 33 per cent. between the cost of the article and the declared value, and that had been going on for the last 15 years.

8254. (Mr. Jackson.) Are not those declaration, made on oath as they are here, in France, Germany and Switzerland?—Yes.

8255. They are made on oath before the American consul, are they not?—Yes.

8256. (Mr. Eckroyd.) We are too painfully aware that we are beaten in competition by fraudulent under declarations of value, but my question was rather this; whether upon a fair field, supposing that in all respects our continental competitors are equal with us, they could succeed in introducing cotton goods against our competition into the United States?—They could not.

8257. Then I do not understand your previous answer that they can produce as cheaply as we can; and that it is their having acquired the power of producing as cheaply as we can, and not the tariffs they have imposed to prevent fair competition on our part which has excluded us from the continental market?

—They can produce as cheaply for their own requirements. The class of goods they use are somewhat different to our makes. But when they meet us in neutral markets they cannot compete with us on our lines. As regards the tariff they have a tariff in Germany, much higher than it is in France, and they have a high tariff in Spain, but practically as regards Spain it does not very much matter, because the goods go in there all the same; the goods are smuggled into the country or they go through Portugal. As regards France, I should like to add that I think the French are doing all they possibly can beyond their tariff to discourage British importations; that is to say by imposing all sorts of impediments in the way of introduction of our goods. They take goods out of their cases and do all sorts of things in order to discourage British importation.

8258. Now passing from this question of the effect of tariffs, you spoke of the competition of the hand labour of some continental countries with us in certain varieties of manufacture. I did not clearly understand your answer, but I thought it implied that there was a merit of execution in that hand labour which gave a preference to those goods?—Undoubtedly.

8259. The hand labour produces superior results?—Undoubtedly it does. Certain hand-worked machines they use cannot be adapted to power, and the class of goods they send us are made by these intricate machines.

8260. Has your attention been directed to any cases in which the effect of the use of hand labour upon the Continent, in France particularly, is to produce goods at a cheaper rate than that at which we can produce them without their being any merit of execution at all in those goods?—I have not seen them.

8261. Are you aware of the enormous business done by the French in Japan in an article called *mousseline de laine*, a light plain cloth made entirely of wool?—I believe that is so, but I am not in the trade, and I cannot speak with regard to that.

8262. Are you not aware that those goods are very badly made, but that they are produced at such a low cost as regards the weaving, which is done in the cottages and homes of the small French cultivators, that it is absolutely impossible to compete with them by any power-loom manufacture?—I think it is quite possibly so; it was the same in this country a very short time ago.

8263. Then as regards the hours of labour, you do not consider that the restrictions of our own factory law, as compared with the greater elasticity allowed in France, Germany, and Belgium, handicap the manufacturer of this country very seriously in competition?—On the contrary I think they do.

8264. Then what do you consider to be the remedy for that increasing evil?—I think there comes in another question there. If you work a man, woman, or boy beyond a certain time, you damage them, and it is so in Switzerland. At the suggestion of the Foreign Office I went through a great many mills in Switzerland, and made a report upon my visit. The creatures that I saw there were the most extraordinary little deformed people; they looked like the imps in a pantomime more than anything else. They were most dreadful-looking creatures, and that was entirely, as it was owned to me by the head of the industry, caused by overwork.

8265. What remedy do you suggest for the inordinate competition which we have to sustain against this system?—I am not prepared with any remedy.

8266. Would you like to see some elasticity in regard to the regulations for the employment of adult female labour, such as were suggested by a witness the other day?—Yes, as I have stated.

8267. Do you think that the English working people and the trade societies particularly would assent to any loosening of the provisions of the Factory Act in that respect?—In female labour I should not think so.

8268. But I suppose you do not disapprove of the present regulations?—I do not think I do in reference to women, because for a woman to stand for eight or nine hours is as much as I think she ought to do.

8269. And as regards children and young persons?—I quite agree with the Act.

8270. You do not think that the hours have been too much shortened in this country, either as regards children or women or young persons?—I do not think the hours should be shortened—I think that they are short enough.

8271. Do you think that we can compete with our neighbours, who are working without limitation to fixed hours, for 72 hours a week?—I think that system will be changed. I do not think that these men will continue to work that length of time; but you must bear in mind that there is a great deal of work even up to as high as 60 hours a week amongst men in this country, though not amongst the women. In calico printing shops, for example, men will work from six in the morning till nine at night when they are busy.

8272. I was rather speaking of general factory labour?—It is the case in engineering shops, but not in factory labour, because when the women go, of course the mill must stop; the men cannot go on alone. It would not pay.

8273. Then as your remedy for this evil of inordinate competition in that respect, you continue still to cherish the hope which has been cherished now for the last 40 years, that those people will some time or other approach our restrictions upon the hours of labour?—I suppose we must cherish the hope, but you must bear in mind that the Chinese will be the next people who will go into manufacturing.

8274. You think that is likely?—I think that is very likely.

8275. What do you expect from the competition of the Chinese in trades like the cotton spinning and the weaving trade?—I think it will destroy all our trade with China.

8276. And with India?—With India no, because labour is so cheap.

8277. Have you no remedy to suggest for that evil?—None whatever.

8278. You do not think that an import duty would be necessary either in India or China or in the Colonies?—No.

8279. You would be content to see the trade destroyed rather?—I do not think there is the slightest chance of its affecting us in this country at present, but our trade with China is very great.

8280. But our trade with India you have said might be destroyed by the same means?—No. India is our great competitor in certain classes of goods.

8281. I understand you to say that we ought to peacefully submit to that?—I have no remedy.

8282. You think that the day is distant, but that it will come?—I have not the slightest doubt that the Chinese will become great producers by power; they are now by hand loom.

8283. You think that we should be safe in going on without any power, in our fiscal system, to combat such an evil if it came upon our working population?—Certainly; because I think if we meddled with it in the way of tariff, we should increase the cost of our own productions and be less able to produce.

8284. Do you think you would increase the cost of our productions by putting a duty upon foreign textiles?—You cannot put a duty upon foreign textiles alone. You must make things pleasant all round. If you begin to tax you must tax everything; if you only tax textiles you only raise the price of textiles in this country.

8285. I want you to tell the Commission how it would come about?—With regard to cotton fabrics and woollen fabrics I do not think it would make much difference, because the importation is small.

8286. It is very large in woollen fabrics?—That is a question of taste in a great measure. We are very deficient as a nation in our silk industry. We simply

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do not produce the goods that the French do, and we do not attempt it.

8287. I was rather wishing you to explain by what process the imposition of our import duty upon textile fabrics, for example, could operate to raise the price of products in this country?—That is going into an argument which would be rather an elaborate affair, and I could not state it off-hand at the moment. I should have to think about it, and should have to put my case before you.

8288. But you have told the Commission that that would be the effect?—That, I believe, would be the effect.

8289. You have spoken of Chambers of Commerce, and said that you would like to see an elected Chamber of Commerce with greater powers than those possessed by the present Chambers?—I should like to see the Chambers of Commerce given an official position by the Government, the same as they are in France and Germany.

8290. You said you would like to see them elected?—Yes; I said I would allow them to elect a member from each first-class Chamber of Commerce, to be a Board of Advice to the Foreign Office.

8291. But in giving the additional powers to the Chambers of Commerce, do not you think the equal interest of labour with capital in the trade of the country ought to be recognised by giving a representation to labour upon the Chambers of Commerce?—I assume that labour is represented upon the Chambers of Commerce.

8292. I think not?—There is no reason why it should not be; there is no restriction as to labour representation.

8293. But the moment you proceed to give the Chambers of Commerce either a legal power or a status they have not at present, it would be necessary that you should have regard to the regularity of their constitution and election, would it not?—I do not think it is necessary. I think that that might fairly be left to themselves.

8294. I will put the question in another way. Would it not be right in that view that the members of Chambers of Commerce should be elected in equal proportions by capitalists and by the working classes?—I do not think there is a necessity for it.

8295. Do not you think that the interests of labour are quite as great relatively as the interests of capital in any industry?—Quite so.

8296. Would it not be therefore right and just to give a representation to labour?—But I think the interests of the manufacturer and the interests of his employé are identical.

8297. But would not that be a reason for giving an equal representation to labour and capital upon this reconstituted Chamber of Commerce which had to deal with the questions seriously affecting the interests of labour as well as the interests of capital?—It would be a reason.

8298. Now I should like further to ask whether you think that any power for preventing the deterioration of productions and the fraudulent marking of manufactures could well be given to such reconstituted Chamber of Commerce?—I think that that involves a very great question, because I think the commercial law of this country is in a most defective state altogether. A Chamber of Commerce and a Chamber of Reference should be instituted in all the chief centres of trade, and powers should be given to those Chambers of Reference something like those they have in France and in Germany, where many of these commercial questions are decided by the Chambers.

8299. I was going to put the further question whether you did not think that this reconstituted chamber could be intrusted with the settlement, under certain conditions, of trade disputes?—I think so, but it is such a large question that I do not go into it.

8300. I do not wish to lead you into details regarding it, but I have your general opinion as to there being a field open in that direction?—I quite think so. I think the trading community is the best judge.

8301. I would ask you the further question whether you do not think a Chamber of Commerce reconstituted as I have described, and elected half by labour and half by capital, would be a very valuable instrument for the settlement of disputes between capital and labour?—It might be so.

8302. You have spoken about the part which such reconstituted Chamber of Commerce might play in negotiations with foreign nations in the settlement of questions of tariff. Those negotiations are, however, essentially political, are they not; that is to say, the adoption of a protective system by any country is a question of the policy of that country. It is a political question in that country, therefore the moment you raise it upon an international negotiation, you raise what is essentially a political question?—Yes, that is so.

8303. Then the influence of the Chamber of Commerce could not in any degree be brought to bear upon a field like that?—No, but they could advise. I prefaced my statement by saying that I did not think a minister of commerce would be of any use; he would be only one official more, but what was required was a board of advice, and I suggested how that board should be constituted.

8304. But would you not agree that in our past experience of negotiations of this kind, for instance, in regard to the negotiations for the renewal of the French treaty a few years ago, we had plenty of technical information. It was not the want of information which prevented the negotiation of that treaty; it was the fact that we had no inducement, no bargaining power, as I may call it, to bring to bear?—We had plenty of information, but the information we had in Paris (I was there at the time) was not focussed; it was not brought to bear upon any one point, one man came up and he said one thing, and another man said another thing, and those who had the control of the negotiations were very much puzzled at times; they did not know what to do; they were completely hampered. One trade in Yorkshire would say, Now you must insist upon having *ad valorem* tariffs; another would say, We do not want *ad valorem* tariffs. Now I think if all these things had been settled by a board of advice, it would have been very much better for those who had to negotiate the treaty.

8305. This is the question I would ask you. In the case of a nation whose object it was to exclude Yorkshire manufacturers any amount of information you could give as to the Yorkshire manufactures would not enable you to get better terms from that nation?—I do not think it would.

8306. Therefore the thing you want is a bargaining power to enable you to bring more pressure to bear upon foreign Governments, which brings us back to the same thing, that these negotiations are essentially political?—There is no doubt that the negotiators of the French treaty made an important variation in the treaty from the manner in which it was first proposed to us; they changed it very much indeed in the interests of Great Britain; it was not only in cotton goods but in several other descriptions of goods; they got concessions and they made arrangements; how it was done I do not profess to say, but it was done.

8307. But they did not get the treaty at all?—We did not want the treaty as it was accepted by other nations.

8308. I wish to ask you one question in regard to what you said as to the effect of local taxation upon the cost of goods. I understood you to say that any re-arrangement which should place the burden quite equally upon those who engage in a lucrative trade of importing foreign manufactures, and to that extent relieve the native manufacturer would not you thought be of any advantage to him, because you said you thought such charges were added on by him to the cost of his goods?—If I remember rightly, I think I was asked whether a tax should not be placed upon the man who distributed the goods, because he distributed foreign manufacture as well as British

manufacture, and I said I thought it was not desirable; that I believed the charges were in the goods; that all the manufacturer paid in charges he placed upon the cost of his goods.

8309. You said that local taxation formed part of the items in the cost of his goods?—Yes, taxes and rates of whatever kind.

8310. But does not that handicap him in competition with his foreign competitor?—Certainly not, in my opinion, because the distributor has the same charges to bear.

8311. Would not a reduction in the cost of local taxation which forms part of the cost of his goods be *pro tanto* a help to him in meeting foreign competition?—I do not think so.

8312. For instance, if all the charge for local expenditure in Lancashire were taken off, that is to say, the taxation upon land, factories, works, and houses, and supposing it were re-imposed in the shape of octroi, such as they have in France, however bad the alternative might be, it would have the effect of decreasing the cost of production, would it not?—But what would you put it on; imports generally? Because of all our imports, I suppose three-fourths are in the raw materials which we use.

8313. You misunderstand me. I am not in the least alluding to any question of that kind; I am only alluding to the fact of the local taxation which is imposed solely upon land and buildings (which are the chief material of productive industry in this or any other country) as being an element increasing *pro tanto* the costs of production; and that if you were competing with some other country in which the requirements of local taxation were met in a different manner, and not by taxing the producer's industry, your local producers would be seriously handicapped; would you not say so?—No, all manufactured articles we import are in some way used in our productions. If you lighten local taxation as you describe, and place the burden upon imports, one class of the population are taxed twice. They pay their own local taxes and a tax upon their purchases.

8314. You spoke as many witnesses have done of the fact of the railway rates being too high in many cases and favouring the import trade at the expense of the home trade. Upon that I would ask you whether what you consider to be required in the interests of trade is a general and positive reduction of the rates charged by the railway companies, or a reduction of those rates which press unequally upon the inland trade and a corresponding advance of those rates which are at present inordinately favourable to the import and export trade?—You ask me whether I am in favour of an equitable rate all over the country of so much a ton.

8315. An equalisation of rates?—I should think so.

8316. I ask whether you want an equalisation or a general reduction?—We want both.

8317. I would ask you whether supposing the rates upon imported goods were raised by so much as amounted to a reduction upon the internal traffic that would be satisfactory, or would you consider a general reduction is required in the whole basis of railway rates?—I think an equalisation of rates in the sense in which you state; that is, that foreign goods entering into this country should not have an advantage over goods being exported from this country. Of course I quite agree that a general lowering of the rates would be a very good thing.

8318. When the general demand for our goods is inadequate we are apt to think that rates, wages, taxation, and everything of that nature which enters into the cost of production, are too high?—That is a matter of opinion.

8319. I have only one more question to ask you, and that is in regard to the interesting matter of the decision in the case of the commission agents. Would it not have been possible for those commission houses to have charged a commission adequate to cover the expenses which they had before charged separately?—Yes, if they had known.

8320. But could they not do so now rather than abandon the trade?—They are now making a different arrangement. I think very few houses are now selling on commission pure and simple, and from that very cause they are becoming merchants, and in that way they are driving some of the large manufacturers into the export trade themselves; the trade is changing very much. Formerly, you must know, the entire business of Manchester and of Lancashire and Yorkshire generally was done through those foreign merchants. When I say entirely, at least seven eighths or three fourths of it was done in that way. This decision has had the effect of driving some of the principal manufacturers into these markets themselves and a very good thing too; it has done away with the middlemen; it has enabled the manufacturers to compete against many of the tariffs which have been placed against them; but for a time it has destroyed a certain means of distribution.

8321. But that is not the point of my question. I do not understand why it should have destroyed these commission houses, because it left them perfectly at liberty to charge by way of an increased commission all those expenses which they had formerly charged in an illegal manner?—The decision was retrospective, and the consequence was that a great many houses, in order to escape from what they considered to be black mail, went out of the business; they went out of existence as commission merchants, and they formed new combinations.

8322. Passing to another subject; do you know any cases in which limited liability companies have practically mortgaged their uncalled capital?—I do not know that I understand the question, because if a limited liability company, say with 3*l.* to call up, goes to a bank and gets an advance equal to the amount of the call, you may call that a mortgage.

8323. (Mr. Houldsworth.) Are you in a position to say whether the comparative cost of spinning cotton per lb. in France is greater or less, as far as the labour part of it is concerned, than it is in England?—I could not give a positive answer to that question.

8324. You know something of it. Would your impression be that the cost per lb. comes out for labour more in France than it does in England?—I should hardly think so.

8325. You think that the long hours and the low rate of wages would operate to make it less?—I should think so.

8326. Have you any evidence, or are you of opinion that the hours of labour abroad upon the continent are being gradually lessened; is there any tendency in that direction?—I have seen no tendency yet in that direction.

8327. Has there been no diminution in the hours in the last 10 or 15 years?—I believe there has; but the executive in many places is rather weak, and they do not take any notice of it.

8328. You think there has not been any diminution of the hours of labour?—I do not think there has.

8329. Have wages been increased?—I think in some kinds of manufacture they have undoubtedly, but latterly, within the last two years, in France the wages have been very much decreased.

8330. Assuming that the cost of labour on the continent is less than it is here, do you feel that there is an approximation taking place between England and the continent upon that point, or that it is remaining perfectly stationary; that the divergence, whatever it is, is remaining fixed?—I could not answer that question without going into details.

8331. There is only one other point upon which I wish to ask you. You are aware that in factories it is possible for a man to work 60 hours, and for a woman and child to work only 56, and that that is done to some extent?—It is not done to a large extent.

8332. Will you tell me why it is not done to a large extent?—Because it is too costly to keep the engines and other machinery going, to keep the manufacture

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8333. Are you aware that there is a distinct way in which it is done, that is to say, working the engines for half an hour before or after the women and children have come or left?—But not three or four hours a day.

8334. I was alluding to the extent of half an hour twice a day, which would give you 60 hours a week against 56 hours?—I am aware that it is done.

8335. You do not know of any other cause which prevents that system being extended except the expense?—No.

8336. You are not aware, are you, that the Trade Union very strongly oppose it, notwithstanding the willingness of the men to undertake it?—I understand so but I do not know of my own knowledge.

8337. (Mr. Jackson.) Do you happen to know anything about whether English merchants suffer any disadvantage in the foreign markets by reason of the absence of assistance by the Government or by the consuls in the country as compared with the Germans, for example?—I think that the British consuls throughout the world are a very efficient body of men, and they are very desirous always to do everything they possibly can to promote trade. They are also constantly making reports, as I understand, to the Foreign Office, though I do not know that those reports are always published.

8338. My question rather was whether the Germans take a more active interest on behalf of their own people than do our Government?—Yes, more active interest. The German consuls become almost commercial representatives on behalf of the German manufacturers.

8339. Could you tell the Commission what you know about the North-Western African Company that was referred to in our earlier evidence?—The North-Western African Company is a company which was formed as a pioneer company by a number of gentlemen seven or eight years ago. It was formed for the almost exclusive distribution of British goods in Africa.

8340. (Chairman.) Do you mean in Africa generally, or in one particular part?—At Turfaya, Cape Juby, opposite to the Canary Islands. It is situated between the Wady Draa and Cape Bojador. The company obtained the cession of some territory seven years ago. They built a castle on a reef in the harbour, and a factory on shore. The object of the company was to tap the great trade route, which starts at Timbuctoo, passes through Adrar, Tendouf, Wadnoon, and ends in the towns in Morocco, also to find a nearer route to the head of the Niger without going round by the Bight of Benin.

8341. Is that the route Commander Cameron travelled by?—No, he has not been in that country. Of course the operations of the company have not been extensive, and they have been seeking a trading charter now for seven or eight years, but it seems to be against the principle of Her Majesty's Government or of the Administration generally to admit trading charters, or to give any protection to trading companies who have for their object the furtherance of British trade; and I think that, as this question has been brought before the Foreign Office now for the last seven or eight years, it is a question which this Commission would do well to consider whether these trading companies should not have some protection in foreign parts, because in law my company are nothing but pirates as things stand at present. We fly the British flag, but we are told by the Foreign Office that we have no right to fly the British flag; at the same time we are to be protected from foreign interference.

8342. Then you have had no concessions I suppose?—We have had a concession of the territory.

8343. Who from?—From the Sheikh of the tribe

of the Jamil, and this concession has been agreed to by all the various chiefs in the country.

8344. (Mr. Muntz.) Who are the authorities there?—The authorities there are the various tribes.

8345. But it must be difficult to get a concession from a variety of tribes?—You will understand that that part of the country belongs to the tribe of Jamil, and it is a very extensive tribe, which has five or six different clans or sections; we treated with the chief of the master tribe, we got this concession from him, and it has been confirmed by the others. Therefore we say we are perfectly justified in claiming from the British Government a trading charter, in order that we may administer British law. We cannot take out Englishmen there without governing them.

8346. May I ask what consideration you gave for this concession?—It cost us about 6,000*l*.

8347. You made a money payment for it, did you?—No, we are making a money payment for it yearly; there is a treaty drawn up, a copy of which, has been before the Foreign Office for six or seven years. We now pay a certain amount upon the trade to the Chief of the tribe of Jamil.

8348. (Mr. Jamieson.) Do the Foreign Office allege any reason for the delay in granting the charter?—No, we are sent from one to the other on grounds which have nothing to do with the question.

8349. The Government have issued a charter, I believe, to a company trading in North Borneo?—Yes.

8350. How do they discriminate between your company and that company?—I was told that there was so much objection to the Borneo charter that they did not see their way to granting more. Then we went also to the Oro river, which had not been previously explored; we explored it in 1880 and placed the whole question before Her Majesty's Government, and we also had an offer of a treaty from the Chief of Adrar, who stated to us, "If you will come and settle here and get the consent of your own Government, I will then open trading operations with you, and from this point we will attract the trade for more than 300 miles inland, which at the present time goes to Senegal." We came home and placed our plans before the Government, but we could not get a charter, although we fought it very hard for about three years, and then we went out again in the year 1884 to make another arrangement with the Chief of Adrar. We decided to go there on our own account; but the Spanish Government got to hear about it, and they immediately gave notice to annex the whole coast from the Bay of Arquin to Cape Bojador. The first expedition they sent out by the Spaniards was massacred. I would say that we could open up the country at Cape Juby, where there is a trade to be done, if we could only employ British labour, but at present we are employing Lanzarotti men, a feeble kind of folk, who will not go 50 yards from the shore. Of course we do a large trade in British goods. It would be very much to the advantage of this country if these trading charters were issued to responsible companies in order to enable them to open up new markets.

8351. (Mr. Houldsworth.) Seeing that the Government could not issue charters to every company seeking one, have you ever thought what might be fair general conditions for the Foreign Office to lay down for trading charters in foreign countries, leaving out details, but judging each upon its own merits?—I have.

8352. Could you suggest them to the Commission?—I could supply that information to the Commission.

8353. Stating what it would be fair and reasonable to expect the Foreign Office to do?—Their case is this. They say we cannot recognise you, because if we recognise you we must protect you.

8354. But you think they ought to do so?—I think so.

The witness withdrew.

Mr. MURROUGH O'BRIEN examined.

8355. (Chairman.) Would you kindly state to the Commission what is your official position in Ireland?—I am employed by the Land Commission as superintendent of the department which carried out the sales of the tenants under the Land Act of 1881.

8356. Had you been in Government employ before or was this the beginning of your official connexion?—I had been employed in the same capacity in the Church Temporalities Commission, conducting the sale of lands under the purchase clauses of the Church Act for 9 or 10 years.

8357. During how long a period has your attention been directed to the state of agriculture and the general condition of the land in Ireland?—Since the year 1867. Before that I was resident out of the country.

8358. What would now be your general description of the condition of agriculture in Ireland. Would you call it prosperous or the reverse?—The condition of the farmers in Ireland is now one of very great depression; it extends to all classes, but, in my opinion, particularly to the small farmers, that is to say, to the small farmers during the last five or six years. The large farmers have also been severely hit during the last two years, and especially this year.

8359. About what point do you draw the line between the large and small farmers?—We have very few large farmers in Ireland. The number of farms of over 100 acres is not more than about 10 per cent. of the whole number of farms in Ireland.

8360. And what would be the other proportions?—The farms under 50 acres form about 80 per cent.

8361. Then, in fact, in farms under 50 acres, the great bulk of the land in Ireland is let?—Yes, under 50 acres.

8362. Have you the proportions divided?—Perhaps I may give you the figures which will explain the distribution of the farms in Ireland. There are in round numbers 500,000 agricultural holdings in Ireland; of those 348,000 do not exceed 30 acres, 283,000 are under 20 acres, 226,000 are under 15 acres, 161,000 are under 10 acres, and 79,000 are under 5 acres.

8363. (Mr. Aird.) Have you any farms under three acres?—There are many farms under three acres but I have not got the figures to show that.

8364. Could you give the Commission the details of the 152,000 farms which are over 30 acres, that is to say, the difference between the 348,000 and the 500,000?—I could not.

8365. (Chairman.) Speaking of agriculture generally, you describe it as in a depressed condition, especially as it affects small farmers. For how long a period would you say that the condition of that class had been a depressed one?—The present very great depression set in in 1878, and has continued with oscillations to the present time.

8366. Has it become worse or better?—I think it has become rather worse.

8367. Are you able to form any estimate of the loss sustained in recent years by the classes connected with the land, either as landowners or farmers, either in the aggregate or per acre of land?—I do not think it is possible to give any reliable estimate of the loss sustained in Ireland. The only materials from which to form such an opinion are the agricultural statistics, and those agricultural statistics are, in my opinion, so unreliable that it would be unwise to found any reasoning or estimate in figures on them; but I may give you some general figures disclosed by those statistics. The harvest for the past year is estimated in the agricultural statistics as being 2,500,000*l*. less in value than the harvest of 1881, but it is not less than the average of the four preceding years, that for 1882 being a very low estimate. But in explanation of the comparative values of the harvest shown by the agricultural statistics, it must be understood that the values are calculated each year at the same prices, and therefore the fall in prices has not been taken into consideration. Now, since the year 1881, I may say

that generally the prices of produce have fallen from 18 to 20 per cent.

8368. (Mr. Muntz.) Surely the fall in grain has been very much greater than that?—I am taking it all round. The fall in the price of wheat, of which there is a very small production in Ireland, has been very great, as great or greater than in England, because their wheat is not so good. The principal grain crop in Ireland is oats; that has not fallen so much; in fact, it has fallen very little in price, but the area under oat cultivation has very much decreased. It has decreased by 170,000 acres in the last ten years.

8369. (Chairman.) In what respect do you think that the agricultural returns are untrustworthy or unsatisfactory?—They are unreliable in my opinion, for this reason, that they are collected by the constabulary. The enumerators appointed in the different districts are very competent men, but the mode of ascertaining the number of acres under crops, and the number of cattle is by inquiring from the farmers. Now the farmer does not know what the value of those statistics is and does not care, and it is a very common practice within my own knowledge to give absolutely untrue statements. The constable who may be taking the returns inquires perhaps of one man in a townland; that man may not be acquainted with all the particulars of the cultivation of his neighbour's farm. At other times he inquires at places where people meet together, such as at chapel, and it has come within my own knowledge that, out of mere mischief, men have said that they have a number of stock which they have not, and others who have stock perhaps have made a smaller return. There is also a great difficulty in ascertaining the facts even from those who are willing and anxious to give correct information, because a small farmer who cultivates patches of land here and there upon his farm really does not know the quantity that he actually has under cultivation, and can make but a very bad guess at the produce. In fact things not being done in the systematic way in which they are done upon a large farm, the farmer himself is unable to give as correct an estimate in Ireland as he would be in England.

8370. You are not able to give the Commission, from the sources of information open to you anything in the nature of an estimate of the gross amount lost, whether within a single year or during five or six years by the agricultural classes?—I am afraid I could not give you any estimate of that kind. The loss by the depression as it affects small farmers is very different from that which affects the position of large farmers. In Ireland a large part of the population is farming for subsistence, they are not farming for profit; in years of depression they are worse clad and worse fed. They do not renew their farming implements, and they may have to part with some of the stock which they should keep for the proper cultivation of their farms.

8371. I suppose the loss, whatever it may be which, has been suffered has been partly due to the fall in the prices of produce and partly due to the bad seasons, and the shortening of the harvest. Could you say at all in what proportions those causes would have operated?—I do not think it is possible to discriminate between the effects of the low prices and the decreased yield. There have been a number of unpropitious years since 1879, but their effect has been very various. In 1882 there was a very large failure of the potato crop; in fact the agricultural returns estimate the value of the crop that year at 5,000,000*l*. instead of 10,000,000*l*., but farmers with land suitable for potato growing that year made very large profits.

8372. You consider that the loss which has been sustained by the agricultural community has diminished its purchasing power so much as to have influenced the general depression of the country?—Very much so;

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it has affected the traders in small towns in Ireland to a great extent.

8373. What has been the effect of this loss upon the rent of land?—The rent of land has fallen very much in Ireland. Of course when I say that it has fallen, it is within the knowledge of every one that one of the functions of the Land Commission was to revise and fix fair rents in Ireland. The only reliable estimate of the reduction effected in rents is of course that to be found in the returns of the Land Commission, but outside that there is no doubt that in many places the rent has not been paid, nor has it been earned. In many cases, even where fair rents have been fixed, it has been found necessary for the landlords to still further reduce them; they could not get them. The reduction effected by the Land Commission up to the 1st January 1886 has amounted to 18·13 per cent. upon the rental treated by them; that rental was paid by 172,449 farmers. The former rent was 3,138,791*l.*; the judicial rents fixed amounted to 2,568,494*l.* The reduction thus effected amounted to 570,297*l.* between 1881 and the end of 1885.

8374. (Mr. A. O'Connor.) That is to say, since the appointment of the Land Commission?—Yes, since the appointment of the Land Commission.

8375. (Sir J. P. Corry.) I beg to ask, does that include the reductions that were voluntarily made between the landlords and tenants, not going through the Land Commission?—It includes both agreements and rents judicially fixed.

8376. (Chairman.) Has any change taken place in the system of agriculture in Ireland in consequence of the fall in prices of late years?—I do not know that any change has taken place in consequence of the reduction of rent, but there has been a change observed in Ireland for the last 10 or 12 years in the way of decline of the area under crops.

8377. You mean that the land has been thrown out of cultivation altogether?—It has either been thrown out altogether, or it has been laid down in grass, or it has been allowed, as it frequently has by small farmers, to grow grass and weeds; that is to say, natural grass if it will grow. According to the agricultural returns, the area under oats has decreased in 10 years 170,000 acres; potatoes have fallen off since 1875, 100,000 acres.

8378. Do you see any prospects of recovery of prices either of agricultural produce, or of dairy produce in Ireland?—I do not see any prospect of an increase in the price of cattle; the sale of cattle in Ireland is very much affected by the condition of England, our largest market is England, especially the populous districts of the north. From all we hear in Ireland there is a great deal of distress there; at the same time the importations of dead meat from America and New Zealand no doubt affect the price of cattle and meat in Ireland. Even in Dublin American meat is sold at a very low price compared to that which existed a year or two ago. There is no reason why the price of butter should not increase, because our butter is capable of very great improvement; but there must be certain conditions in existence before that is possible. Small farmers, with bad houses and bad dairies, cannot possibly make good butter, and until they are better housed, and have better houses for their cattle, they will find it difficult to make such first-class butter as will command a good price.

8379. The production of butter comes mainly from the larger farms, does it not?—No, it comes from all classes of farms.

8380. You find it difficult to anticipate an improvement in the quality of the butter that will be produced from the smaller farms?—I see no reason why they should not make good butter upon small farms, but they must be first provided with the implements for doing so in the shape of good clean dairies and cow-houses.

8381. And that would involve some considerable expense in the way of buildings and other things?—It would involve considerable expense.

8382. Do you see any reason why the agricultural

industry of Ireland under fair conditions should not be remunerative?—I do not quite understand what is meant by fair conditions.

8383. That is to say by being relieved of any burdens that at present fall upon it and keep it back?—The burdens in the way of money that fall upon land at present are the rent, the taxes, and the rates; the local taxation in Ireland has increased considerably; the poor rate has increased in the last 20 years about 60 per cent. The rate all over Ireland in 1866 was 1*s.* 2*d.* in the pound, in the year 1884 it was 1*s.* 9½*d.* in the pound.

8384. (Mr. Jamieson.) Is that divided between the landlord and tenant, or is it paid exclusively by one or the other?—It is generally paid half and half. In the case of farms under 4*l.* valuation it should be, and I believe generally is, paid by the landlord.

8385. (Chairman.) Now, going back to the question I put asking you if you saw any reason why the agricultural industry of Ireland should not be remunerative under fair conditions, I would point out that the country is not fit to grow certain produce; it will never be a very large wheat-growing country, will it?—I do not suppose that as long as the price of wheat is as low as it is, it is likely to be a large wheat-growing country, but there is no doubt that when wheat was at a high price it was largely grown in Ireland.

8386. At what price could wheat be grown in Ireland to be remunerative?—I am afraid I could not answer that question.

8387. (Mr. Slater Booth.) You have spoken of the impossibility of improving the butter making in Ireland without some considerable outlay being made upon building and dairies. Are you acquainted with the circumstances of the Brittany and Normandy small farmers who supply so much butter to England?—No, I have not visited the farmers in that district.

8388. You are aware that they are great competitors with Irish butter in the English market?—Yes.

8389. Are you aware whether they have had any special facilities afforded them for the prosecution of their industry?—I understand that the difference between the farmers in that district and in Ireland is that they have had greater security of tenure, and the consequence has been that for many generations more money has been spent upon the farms by the owners. I have not paid any attention to the condition of the farmers of that district, but I have in some parts of France and in Switzerland.

8390. But I am speaking particularly of the butter made in Brittany and Normandy, because that is where it more particularly comes from?—I am not able to speak as to their conditions.

8391. Do you know anything about the flax cultivation in Ireland?—Flax cultivation was a very remunerative crop for a great many years, but now flax has fallen to a very low price; in 1884 I believe it touched a lower price than it had reached since 1851.

8392. Has the cultivation of flax increased or diminished during the last year?—It has increased in the last year considerably, and that may possibly be due to a rise of price which occurred in 1885. It appears to have touched the price of 5*s.* 10½*d.* in 1884, and in 1885 it went up during part of the year to 7*s.* 3*d.* The area under cultivation in 1884 was 39,000 acres, and in 1885 it was 108,000 acres.

8393. Has Ireland ever been self-supporting in the matter of flax?—I should think not; I understand that the flax grown in Ireland is not one tenth of the amount that is manufactured.

8394. Has not there been in that way a great stimulus for the extension of flax cultivation?—A stimulus arising from what, may I ask.

8395. From the demand of manufacturers in Belfast?—That has been the cause of the flax cultivation in Ireland, but I think that what has kept the price down has been the importation of foreign flax; it naturally would lower the price by increasing the supplies.

8396. But we have been told that flax is a very remunerative crop under any circumstances?—I do not think it is a very remunerative crop, except in the way of giving employment to the small farmers and their families; the whole family work at the flax, and it affords them a means of occupation. It is an exhausting crop to the land, and one cause of the decline has often been alleged to be that the land has been, as they say in the north of Ireland, flaxed out. I cannot say whether that is so or not, but it is generally said to be so by the farmers.

8397. The greater part of Ireland is well adapted for the cultivation of flax, is it not?—I should not have thought so; the cultivation has been chiefly in the north of Ireland, and the geological formation is entirely different there from what it is in the south.

8398. (Mr. Aird.) In reference to the question about the competition that Ireland is under as regards cheese and butter from Brittany and Normandy, is it not the fact that they suffer under this disadvantage; that in Ireland the cost of producing those articles has to bear taxes and charges of all kinds, whereas the produce which comes to this country from Brittany and Normandy has to bear nothing of the sort?—I am not aware of what the charges are which come upon the butter from Brittany and Norway.

8399. I was speaking about the sale of the produce to the consumer in this country; as I understand, the produce, if it is grown in our own country, pay certain taxes to our country, but if it is from abroad it pays nothing in the way of the burdens and charges I have referred to?—Do you refer to the charges upon land?—

8400. I refer to the general charges, whatever they may be?—There is the rent of the land and the cost of labour, and the land is not valueless in Brittany, and if the farmer has not purchased or inherited the land he must rent it.

8401. But there is the income tax, and other taxes for the support of the State?—The income tax does not generally touch the tenant in Ireland, it is not paid by anyone whose income is under 150*l.*

8402. You do not think it would have any effect in causing that depression to which reference has been made?—No.

8403. I would ask whether you think anything could be done in the way of help for the farmers by giving them more readily monetary aid in case of absolute need, so as to avoid the necessity that would otherwise arise of their obtaining the money actually necessarily required at very high rates?—I do not think that the system of lending money on bad security is one to be encouraged; if a farmer had good security to offer, I think it is very desirable that he should be in a position to get loans at a low rate of interest. My attention has been frequently called to the high rate of interest paid by farmers borrowing in Ireland, borrowing sometimes to pay their rent, sometimes to pay their current expenses, from moneylenders at 20 or 30 per cent.; and from the bank, if they have sufficient security to offer, at six, and seven, and eight per cent. Now my attention has been called to one of the cantons in Switzerland, which has an institution which seems to me to meet the wants of an agricultural community exactly: there there is a State Land Bank; a bank has been instituted in the canton de Vaud for the purpose of making loans to agriculturists at a low rate of interest. The funds used are the deposits in the savings bank. Money is also raised by the issue of debentures, and there is a small amount of share capital, part of which is held by the Government of the State. That bank lends at four per cent. interest, and loans are effected with ease, rapidity, and cheapness owing to the excellent system of land transfer, and the registry of charges which exists there. If it will be of any use to the Commission, I have written a description of this land bank, and I can put it in, or I can put in the circular of the bank showing the terms upon which they lend money and upon which they raise money by debentures.

8404. (Chairman.) The Commission would be glad

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if you would put that description in (*the paper was handed in*).

8405. (Mr. Aird.) May we take it that it would be your opinion that it would be a benefit to the farmers and tenants living upon the land in Ireland, if some such institution were organised and assisted by the State?—The organisation of such an institution would not be possible in Ireland until there is such a security in the hands of the farmer as would be a marketable security upon which loans could be made. If a tenant is now under excessive rent, if his position is in any way insecure, he has no security to offer. The condition of the Swiss peasant is entirely different; every man is the owner of his farm, and the state of the title can be ascertained in a moment, so that there is no difficulty in getting a loan; the rate of the bank has a tendency to keep the rate of interest low. In the neighbouring cantons some banks charge a little higher interest, but they earn a dividend of 5*l.* per cent. and do not make any losses as far as I have ascertained. In fact, during the worst years, 1879 and 1880, which have affected Switzerland though the banks have had to sell lands they did not, I believe, make losses.

8406. Have not the farmers in Ireland now got fixity of tenure and fair rents upon which to give security?—I do not think that though the tenants in Ireland have legally fixity of tenure they have it in a way which gives them a secure tenure. What they have now got is a 15 years' term, at the end of which, according to the law, the rents are revisable, but on absolutely uncertain principles. The effect of that tenure in my opinion is to make tenants cultivate their land badly; it is a tenure upon which no sensible man would lay out money upon permanent improvements; and I cannot imagine that under that tenure there could be any possibility of prosperity or progress in Ireland.

8407. Your notion is that it is the tenure which controls the expenditure of the money advanced, and not the difficulty of obtaining the necessary advances?—I think there would be a great deal of improvement in Ireland independently of advances. If we ever have again a succession of good years, I think the farmers will be only too ready to lay out money upon the land themselves. The farmers in Ireland feel very much the want of good houses and good buildings, and also drainage and reclamation. There is a great deal of land only half cultivated in Ireland because it is not in a position to be cultivated; it requires drainage or reclamation or clearance of heather or furze, and with proper security I think the tenants would vastly improve the land with their labour, and at the same time they would be more ready to borrow money and lay it out in improvements.

8408. If any scheme could be devised which would enable the already impoverished farmer to borrow money at a low rate, that would be advisable, instead of having to borrow at 20 or 30 per cent., and I gather from you that there have been farmers who have borrowed at that rate?—There have been farmers who have borrowed at that rate; not I think for improvements, but when they have been in a state of destitution, and when they have no security to give. For example, one man borrowed, seven or eight years ago, 13*l.* to pay a half-year's rent; he borrowed that at 20 per cent.; he pays the interest half-yearly, and he pays off a pound or so at a time if he can do it. Since he borrowed the 13*l.* he has paid off 6*l.* and reduced his debt of 13*l.* to 7*l.*, but he is still paying 20 per cent. upon the 7*l.*

8409. At what time was the Land Commission appointed to revise the rents generally in Ireland?—In 1881.

8410. Do you think that at all prior to the reduction of the rents those small farmers had become very much impoverished in consequence of the pull upon them by paying a rent in excess of the actual value?—At the time the Land Act was passed there was a very great amount of destitution owing to the position of the farmers in Ireland and to their not having accumulated capital.

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The year 1879, which was preceded by a partially bad year, 1878, gave them a most tremendous blow, from which I think they have not yet recovered. In many cases it swept away all the savings that a man had. During the prosperous years that preceded 1878 a great deal of improvement had been effected in Ireland, but of course it had been effected under the continually recurring complaint that there was no security for the expenditure by farmers upon their land.

8411. At that time if farmers placed themselves in the position of borrowing money at anything like usurious rates they were in very great difficulty in continuing to work their farms, although their rent was lowered; was not that so?—They were.

8412. Do you think that any material good would be done to the agricultural industry in Ireland if a light railway system were carried round the country, lessening the rates of bringing the produce to and fro?—I do not think it would be desirable to make railways in places where there is no prospect of their paying. The system has been attempted in Ireland, of making railways upon the guarantees of local rates, but I think it is a very dangerous system, and that until the conditions of prosperity in other ways exist, and there is some prospect of improvement, it would be unwise to spend money upon the security of local taxes in making these railways; in fact, it would add to the burdens upon land.

8413. But if others were willing to benefit Ireland by assisting in the construction of these small, inexpensive lines, would it not be of great benefit in lessening the cost of production to the farmer?—Certainly, if some beneficent Government made these light railways, not at the expense of the districts through which they passed, it would be a material advantage to those districts.

8414. And materially help them at the present time if consideration were given to the question?—It would be an advantage, but I am not prepared to say that it would be a wise thing for any Government to do.

8415. When a district is very poor and the farmers are suffering in the way in which, as I gather from your remarks, they are suffering in Ireland, and are unable to produce articles which are necessary to give vitality to trade, would it not be judicious on the part of the Government to give the country that assistance, in your opinion?—I am not prepared to give an opinion upon that particular point.

8416. I gather from the figures you have given that they prove that the small farmer is the man who suffers most?—I am of opinion that the small farmer suffers most, but not in such a manifest manner as the large farmer. The large farmer is in imminent danger of going into the Bankruptcy Court, whereas the way in which it affects the small farmer is that it increases his indebtedness to the local shop where he deals; he lives more hardly, is worse fed, and worse clad, and is in great distress generally.

8417. When you said there was great distress amongst the small farmers, and, as I gathered, less distress amongst the large farmers, you did not mean to intimate that it was less productive to work a small farm than a larger one?—I do not think it is less productive.

8418. (Sir J. Allport.) You spoke of loans and you gave one instance of a loan of 13*l.* for half a year's rent at 20 per cent. Was that from a bank?—It was from a moneylender, not from a bank.

8419. Do I understand that that rate of interest is exceptional, applying to a few cases, or is it general?—I think that the rate of interest charged by moneylenders varies very much. I have known higher interest charged, and I have known lower interest. It very much depends upon the district, and the security offered.

8420. Are the Commission to understand that these heavy rates of interest are paid generally throughout Ireland?—I do not think they are general, because I do not think there are a great number of private

moneylenders. The banks are the natural lenders of money, and they lend to the farmers generally at 6 per cent., but there are additional expenses attendant on a loan from a bank.

8421. What security would the man you spoke of give to the moneylender for the 13*l.*?—I could not say what the security would be.

8422. Then it is not a guiding case at all, is it?—It is a common case.

8423. Is it a very common case?—I did not say it was a very common case. I said it was common.

8424. Still we can hardly deal with an exceptional case like that where the rate of interest was 20 per cent., it is a fearful rate to contemplate, but if a man cannot give security and must therefore go to the moneylender, or the usurer, that can scarcely be brought within the ordinary condition of Ireland can it?—When I say it is not common, that is within my own observation, but I am informed generally that such rates of interest are not uncommon. Though I have not myself met with a great number of such cases, yet I have met with a good many. But contrasting the interest so charged with the interest charged by the bank I may say that there are many additional expenses connected with a loan at five or six per cent. The borrower has to bring, as a rule, two securities, who back the bill for him, and that bill has to be renewed every three months, and the consequence is that he has to bear the expense of going into the country town to renew his bill and bringing his bailsmen there, and that in itself every three months will come to a large amount upon a small loan.

8425. Is that in the case of a loan from the bank?—Yes, from the bank.

8426. (Sir J. P. Corry.) Can you give the Commission any information as to the position of tenants who purchased under the Church Commission with which you were connected?—I cannot give you any recent information, because for the last three or four years I have not had an opportunity of visiting them, and my information about them is therefore only hearsay, and through an occasional correspondence with some of them. But their position is this, as far as I know, stating it generally. Many of those who bought from the Church Commission paid out of their own money one quarter of the price at what they bought. In those cases they are only paying interest upon the remaining three fourths. Some of them elected to pay off in a shorter time than the longest time which was possible for them, that is to say, in 10 years instead of 32 years. Some of them have nearly paid off their loans altogether. Some of them continue paying interest upon the three fourths; but there were a good many others who borrowed the one fourth from moneylenders and banks, and are therefore paying a heavy interest upon the one quarter so borrowed, as well as the interest and instalments upon the money credited to them under the Church Act. The position of these people I believe to be very bad; they bought at the top price prevailing in the good times between 1873 and 1878, and the great fall in the price of land which has occurred since then has not only hit them very much, but has made them very much dissatisfied.

8427. Would you tell the Commission what the average price that was paid was?—The average price that was paid was 23 years' purchase.

8428. Upon the then rent?—Yes, upon the then rent, which in many cases was a high rent. I may say that the business of the Church Commission was not to sell at a fair price, but to get the best price they could in the market, and the measure of that was, what they thought they could sell the same land to somebody else for.

8429. Am I right in thinking that very little advantage had been taken of the purchase clauses of the Land Act of 1881 up to last year?—Very little. About 700 farms have been sold under the purchase clause of the Land Act of 1881.

8430. How do these prices correspond with the prices paid to the Church Commissioners?—The prices realised under the purchase clauses of the Land Act of 1881 were about 19 years' purchase.

8431. Was that upon the judicial rent?—It does not appear from the agreements made or from the records of the Land Court whether they were judicial rents or not; in some cases they were, and in some they were not, because sales were made in some cases to avoid the expenses of a rent suit, which would have been annoying to both parties as well as expensive.

8432. You have spoken of the high rate of interest paid to moneylenders by farmers, but was not that the ordinary practice prior to 1881?—To charge high rates of interest? I think it has been always the case that moneylenders exist in every district, and in some cases they drove a very thriving trade, and they also in some cases made heavy losses.

8433. When the bad years of 1878 and 1879 set in, is it your opinion that those moneylenders pressed the tenants very heavily for the payment of their interest and principal?—I am not aware that they did so.

8434. You have told the Commission that the north of Ireland is more favourable for the growth of flax geologically than other parts of Ireland, but does the reason that flax is not grown in other parts of Ireland arise from there not being a market for the flax?—I do not think that that would affect the question of flax production. Attempts were made to introduce flax cultivation into Cork, and it was grown for some years, but I am not aware that it was successful, nor could I say what the cause of the failure was, that is to say, whether it was owing to the absence of a flax market or not.

8435. Are you aware that flax requires more manipulation than other farm produce, so as to make it fit for being put into the market?—Certainly, very much more.

8436. Are you aware that of late years there has been a great demand for agricultural implements in Ireland?—I am not aware that there has been a great demand, but I gather that there is a growing demand, because I see in country towns a greater display of implements than I saw 10 and 20 years ago, but beyond that I have no knowledge of it.

8437. I have been told that Ireland, even at the present time, is one of the best markets for agricultural implement makers?—Except that the display was sufficient to attract my attention in country towns, I cannot speak of the reality.

8438. Would you say that you cannot give any opinion as to where you would look for any improvement in the agricultural state of Ireland?—I look for improvement to the establishment of more secure tenure. I think it is very important in a country which is wholly dependent upon agriculture and where the farms are small that the tenure shall be as secure as possible that is to say either in the shape of absolute ownership or some tenure which will equally ensure to the cultivator the entire fruits of any improvements he may make upon the land and involving no such uncertainty as the periodical revision of rents would do. Under such a tenure as that I should look for better cultivation; there is room for a great deal of improvement in the cultivation of the land.

8439. Is it not the fact that an improvement has taken place in the butter manufacture of late years?—Creameries have been set up in some parts of the south of Ireland, but I do not think they have been long enough at work to show how far advantage can be taken of them. I do not know that there has been an improvement in the way of price in the butter trade, because even this year the price of butter to the small farmers is exceptionally low. Of course the small farmer and those who are in a needy condition cannot wait for a rise in the market, and must sell their produce when it is made, therefore they probably sell during the butter harvest when the price is very low, so that the all-round price for the year would be rather deceptive as to the price obtained

by small farmers for the butter in that year, they having probably disposed of it at the lowest rate.

8440. With regard to the price of cattle, I think you said you did not anticipate any great change in the price of cattle in the way of rise owing to the great importation of dead meat from New Zealand and America. Are you aware whether the price of cattle in Ireland is lower now than it was 20 years ago?—I could not give you any precise information as to the last two years, but it is my belief that this year the price has been lower than it was 20 years ago; it has been unusually low, and especially for inferior classes of stock. I have known many cases of cattle being driven into a fair and no offer even received for them by the seller.

8441. (Mr. Ecroyd.) You spoke of the butter farmers of Normandy and Brittany as being serious competitors with the Irish butter producer; are those farms freehold almost universally?—I have no personal knowledge of Normandy and Brittany, and therefore I am unable to speak as to their tenure, but I have read that a good number of them are so.

8442. Have you any idea of the quality and value of land in Normandy and Brittany as compared with that in Ireland?—I have not, the only comparison I have made between land in France and in Ireland, was in a southern district, the department of Isere. In that district the price of land appeared to me astonishingly high.

8443. But there probably the conditions of soil and climate would allow of a different method of cultivation?—The principal product in that department is wheat; there is every variety of soil and climate because there are mountains 6,000, 7,000, and 8,000 feet high, and upon the slopes of those mountains you have every variety of soil and climate; it is very similar in some ways to the Swiss valleys.

8444. You spoke of the desirability of absolute security of tenure, such as can only exist where the peasant is really the proprietor of his own holding, and you thought that that in Ireland would lead to greater cultivation, and to the bringing of a larger amount of uncultivated land under cultivation, would that not depend upon the question as to whether the quality of the land and the climate in those districts of Ireland are such as to make it profitable to invest that amount of labour or capital upon them?—I think there is no doubt about it that it pays a small farmer to improve the land which he occupies, and that if he is going to stay there it is to his advantage to make the farm as good as possible, and therefore there would be no hesitation with the farmers in Ireland in engaging in improvement operations.

8445. Would you say that the increased pressure of foreign competition has been the greatest cause of the distress of the Irish cultivator during the last 10 or 15 years?—I am unable to distinguish between the effect of distress arising from competition and the failure of crops.

8446. But assuming a much reduced scale of prices to be the result of foreign competition, would you say that the reduction in the price of his productions has been a chief agent in lowering the condition of the Irish cultivator?—It has been a large agent; but when you speak of lowering the condition of the Irish cultivator you must remember that from time immemorial his condition has been very low and very miserable. I am speaking of the poorer class of cultivators to whom you are referring, I presume.

8447. Suppose the available land in Canada suitable for the growth of oats and other cereals upon a large scale were such as to enable oats to be very much more cheaply grown there than in Ireland upon any possible system of culture, it follows that both large and small cultivators in Ireland must submit to the coercion of circumstances?—Certainly they must accept the lower price if the lower price exists in the market.

8448. And if the price has been reduced by foreign competition to such a point that they can no longer exist by their industry, they must give it up?—I do

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not think that prices would reach a point at which it would be impossible any longer to subsist. The Irish farmer of the small class subsists very largely upon the produce of his farm. The oats are sometimes entirely consumed upon the farm, and potatoes in the same way, the rent being paid by other produce which is more saleable, such as butter or cattle.

8449. Suppose that foreign competition presses upon these farmers so as to prevent them from obtaining a price for the articles they have to sell which would satisfy the necessary conditions of life, their position would then become untenable, would it not?—I suppose the first effect would be that the rent would vanish.

8450. Do you draw any distinction between the small farmer in Ireland pressed out of existence to a large extent by foreign competition, and by better soil and climate, and the position of the small domestic hand-loom weavers in this country who were pressed out of existence by competition which they could not meet?—I cannot imagine the Irish small farmer being pressed out of existence, because in most districts a farm produces most of the things necessary to life. The condition of the Irish small farmer is very nearly at the lowest point. If he raises on his farm potatoes, corn, and milk, he has the necessities of life. His clothing costs him very little, and beyond that his outlay is merely rents and taxes. The small weaver, I imagine, if he cannot make a subsistence by his trade, has nothing for it but to starve.

8451. The Irish tenant farmer having rent and taxes and clothing, and some amount of furniture, to provide out of what he sells, besides that which he consumes of the produce of his farm; if the price of what he sells should fall to a price below what would satisfy the interest upon the purchase of his farm, the purchase of clothing, and so on; he must then be pressed out of existence, must he not?—If it were possible for prices to fall to such an extent, yes; but I imagine the first result of such a state of things would be the disappearance of rent, that being the result that remains after he has been paid for his labour and outlay.

8452. But I am now assuming that he has become the owner of his holding, having purchased his land, either for himself or having it purchased for him by some national operation?—Then the interest upon the purchase money would be in the nature of rent.

8453. Supposing he were pressed out of his farm by foreign competition, could you draw a distinction between the Irish farmer and any other small trader who is pressed out of existence by the pressure of circumstances?—Certainly. I consider that the occupier of land has all the necessities of life at his door. He has more than the savage has, and the savage is able to subsist.

8454. Then you think they would not be obliged as the small weaver or trader was, to become servants to others when they could no longer carry on their independent industry?—I think his lot under the circumstances you suppose would be very different from that of the small trader. Of course there are numbers of small farmers and their children who have, as you say the trader would have to do, to become servants or to emigrate. That has gone on perpetually. In the last 35 years there have been 3,000,000 of persons emigrating from Ireland.

8455. The cultivation of flax has this great merit in the circumstances of Ireland, that it employs an exceptional amount of labour?—It has; it is an advantageous crop for a small farmer, not only in the way of giving him occupation, and occupation for his family, but it has a good moral effect; it keeps them busy. In other parts of the country, where there is nothing of the kind done, there is not such industry.

8456. Do not you think it possible that anything could be done to encourage the growth of flax in the more impoverished districts of Ireland?—I think it has been tried and failed, but there are other industries which might be encouraged, and are being encouraged: the woollen industry is being encouraged. I see in a

fashionable street in London woollen knitted goods of Donegal sold at what seem to me very good prices, but still they are being sold, and the business of knitting is one that prevails in one of the most thickly populated districts in the west of Donegal. As you go along the road you see little children, every one with needles, knitting.

8457. My questions have been rather directed to this point, to inquire whether it would be desirable that the Irish producer should be artificially retained in circumstances which have become degraded and untenable through the operation of external competition, that is to say, whether the present depression of the industry of agriculture in Ireland amongst the small cultivators must not be regarded as permanent, chronic, and the result of inherent circumstances?—I do not think that the depressed condition of the Irish small cultivator is one which need be permanent. A country cannot be said to be overpopulated until it is fully cultivated. It cannot be said to be fully cultivated until the soil has been so cultivated and the people have become so numerous that they cannot live upon it; then such a state of things as that which you are supposing might arise.

8458. Are you aware that a quantity of very valuable wheat land in England has gone out of cultivation; and may it not be still more difficult to bring into cultivation land now out of cultivation, covered with gorse and heather in Ireland?—I think the reason that wheat land has gone out of cultivation in England is, that the large farmer is farming for profit; whereas in Ireland the farmer is farming for subsistence; he is not in the position at all of a large capitalist farmer in England.

8459. You are aware, perhaps, that the small freeholders, yeomen, who are growing wheat in the Isle of Axholme, have suffered in the same way as the large farmers?—I have read many accounts of the position of the freeholders in the Isle of Axholme, but I could not come to any conclusion, as they were such contradictory accounts.

8460. (Mr. Jackson.) You spoke of the industries being encouraged, and you spoke of the sale of Donegal goods in the shops in London; is there any evidence in Donegal itself that that industry is extending, or do you only speak from what you see here?—I have seen it in Donegal for the last 10 or 12 years; and in other parts of Ireland there are a number of people employed and helping to make a living by knitting. I notice that the goods are more sold now than they were in large centres like Dublin, and possibly also in London, to judge from the sample I saw yesterday; therefore I have no reason to think it is not a remunerative industry to the people in Ireland.

8461. Would you propose to encourage that by any artificial means, or would you leave it to the ordinary law of trade?—I would leave it to the ordinary law of trade, except as far as people may enter into it from motives of benevolence, carrying out their operations at the same time on business principles.

8462. You do not seem to be very confident about the extension of the growth of flax in Ireland, judging from your previous answers?—No; it has been in a very depressed state, and has been considered to be an exhausting crop; but there are signs now of the breadth of land under flax increasing.

8463. I rather gathered from your statement that it was an unprofitable crop?—It is a profitable crop to the farmer if he has a good year; it is somewhat of a lottery.

8464. You spoke about other industries which might be encouraged in Ireland, mentioning knitting as one of them; are there any others that you have in mind?—The woollen trade is increasing in Ireland and is profitable to those who are engaged in it. I should hope that it will go on increasing.

8465. In what parts of Ireland is the woollen trade carried on principally?—Cork, Dublin, Navan, Athlone, and there are a few other small mills which

have sprung into existence in the course of the last few years.

8466. Was not there something of that sort done in Dublin by the help of Mr. Pim?—Mr. Pim is a large manufacturer, but he has been a manufacturer for years. The firm of Pim Brothers and Company manufacture linens, and, I believe, woollens, poplins, and silk, but the impulse that was given to the Irish woollen trade arose from an exhibition which was held in Dublin in the year 1881. I think attention was then drawn to the fact of excellent woollens being made in Ireland, and since then the woollen trade has shown signs of increasing, although it is very small compared to anything of the kind in England.

8467. Did not the Guinness's do something in that way; did not they start a mill?—The Guinness's have a woollen factory in Dublin. It has been established within the last four or five years, but I am not aware whether it is a remunerative business or not.

8468. I think it was not, but you say you do not know?—I do not know, because it is said to be carried on in connexion with the brewery business; it affords employment for people connected with the brewery when they are out of work.

8469. (Mr. Jamieson.) You told the Commission that the reduction by the fixing of judicial rents between the year 1881, when the Act commenced, and 1886 had been about 18·13 per cent., that represents therefore the reduction applicable to the whole of those five years during which the Act had been in operation?—It does.

8470. You said that the conditions of the last two years especially had been very prejudicial to agriculture in Ireland?—Yes, they have.

8471. Is it the fact that we cannot measure the abatement from the original rent to the judicial rent extending over the whole of that period by the 18 per cent. of abatement, but that there has been a further abatement since then?—Any further abatement since then has been done extra-judicially.

8472. It has been done voluntarily, you mean?—I should hardly call it voluntarily, because it has been necessitated by the circumstances of the case.

8473. It has not been promoted by any judicial operation?—No.

8474. Have you any idea of how much abatement has been allowed from the judicial rent down to the present time in the last two years?—I do not think any general answer would answer that question, because the abatement has varied.

8475. But has there been any considerable abatement made?—There have been cases within my own knowledge where 20 per cent. has been taken off the judicial rents.

8476. That would bring it to about 25 per cent. upon the original rent?—It would bring it to more than that, I think.

8477. Would it then fairly represent the position of matters in 1886 as contrasted with 1881, to say that there had been an abatement of rent of from 20 to 30 per cent.?—I do not know that I could give any general answer to such a question that would be correct, because even the average reduction of 18 per cent. is compounded of deductions which were merely nominal and of others which amounted to 50, 60, and 70 per cent.; therefore I do not think that any general answer would correctly reply to your question.

8478. Would it be impossible to say what have been the average reductions of rent in Ireland from 1881 or 1878, or any year down to the present year? We have had it in evidence what has been the reduction in Great Britain; would it be impossible or very difficult to give a similar answer to a similar question as to what had been the average abatement of rent in Ireland during the last five or six years?—I think it would be impossible to give any answer to such a question. The struggle for a further reduction of the judicial rent, I may say, has only commenced this year, and remains to some extent undecided.

The effect of requiring the judicial rents when they have not been earned will have to be seen in the coming year, because it is quite evident that if farmers borrowed or entrenched upon their capital to pay the rent which they have not earned last year, their position this year would be very much worse. In many cases they have asked their landlords to give them large reductions of 20, 30, and sometimes 50 per cent. off the judicial rents, but I do not think those requests have been generally complied with.

8479. Then, excluding the year 1885, and going back another year, excluding excessive claims for the reductions of 1885, what would you say would have been the average reduction of rent this time last year?—I do not think there was any reduction beyond the judicial rent this time last year; but contrasting the statement as to the reductions of rent in England with those in Ireland, and taking also a few cases within my own knowledge of farms which I am acquainted with, I should say that the reductions in England were very much larger than those in Ireland.

8480. So that the effect of the compulsion introduced by Irish legislation has been less efficacious in favour of the tenant than the voluntary abatements of the English landlords?—That is my impression.

8481. I do not think that sheep are a very large element of production in Ireland; it is not a very extensive cultivation in Ireland, is it, as contrasted with cattle?—There are more cattle than sheep in Ireland.

8482. Therefore the effect of foreign competition would be more speedily felt in the case of cattle in Ireland, would it not?—There are about 3,500,000 sheep in Ireland according to the official returns.

8483. As compared with what number of cattle?—There are 4,250,000 cattle according to the same authority.

8484. At what date was that?—1885.

8485. Could you give me the number of cattle in 1878, or any year that you have a record of before then?—There were 3,900,000 cattle in 1878.

8486. And now what is the number?—There are 4,250,000.

8487. What is the number of sheep in Ireland now?—There are 3,500,000.

8488. And in 1878 it was over 3,500,000?—Yes.

8489. Do those statistics come in under your previous remarks as to the inaccuracy of the agricultural statistics, because they were collected by the constabulary?—Yes, but it may be that the error is tolerably constant from year to year.

8490. Have you any knowledge of the prices of cattle during those periods?—I am not a buyer and seller of cattle myself, but I make it my business to converse with farmers; beyond a general idea I have not any knowledge on the point.

8491. What is your general idea of the fluctuation of prices between 1880 and 1885, taking lean stock, for example?—With regard to store cattle, I think that within the past year they might be said to be very nearly 50 per cent. below the prices in 1877 and 1878. At that time any kind of animal was saleable at a fair, whereas last year it was difficult to sell at any price.

8492. Would it be wrong to say that the exporters of store cattle from Ireland had an extremely good time of it between 1877 and 1884?—I do not know that the exporter had, because the oscillations in price from time to time generally ended lower than he anticipated; he bought and sold in a falling market.

8493. I did not mean to draw a distinction between the exporter and the grower, but that the Irish cattle exporter had been favourably situated as between the years 1878 and 1884?—On the contrary, I think he has been very unfavourably situated.

8494. But was not there a very large price for cattle?—The price has been continually falling; the farms have been stocked with a view to selling at a certain price which has not been attained when they came to realise their stock as fat.

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8495. But I am speaking only of store cattle which were not fattened in Ireland?—I understand you to refer to people who bought the cattle to put them upon grass.

8496. No, I am referring to the export of store cattle from Ireland to Great Britain to fatten in Great Britain?—I think the exporter has also suffered there, because we understand that during these years there has been a great deficiency of grass in England, and that has lowered the price upon this side of the water, and, what is worse, has made the market very uncertain.

8497. I think you said that prices had fallen about 50 per cent. between those years?—I think that would be true of the worst class of stock, taking the past year 1885 and going back to 1878.

8498. Yet the farmers, who were getting 50 per cent. more in 1878 for their stock than they are now, were not, in your opinion, favourably situated?—They were very favourably situated in the years preceding 1878 compared with their position since then. There was a time of prosperity from 1870 to 1876, when there were very great prices realised for cattle.

8499. In reply to a question you said that you could not distinguish between the effect of the failure of crops and the effect of foreign competition in the prejudicial results of 1885; is it not the fact that the growth of the crops and the return per acre was considerably higher in most of the material crops in 1885 than in most of the preceding years?—The return is probably higher as it appears in the agricultural statistics for 1885, that is to say, the return per acre; but the value being calculated at a constant figure does not take into account the fall in price.

8500. (Mr. Jackson.) You have spoken several times about the error (which you say is probably constant), with regard to agricultural returns; have you yourself any decided opinion as to on which side the error lies, that is to say, whether the quantities stated in the statistics are above or below the actual quantities?—I could not say at all. All I said was that the error was possibly a constant from year to year. Many people think so, and I would prefer not reasoning from these agricultural statistics which are not, in my opinion, sufficiently reliable to enable one to found any arguments upon them. I explained that the reason I consider them inaccurate is that I know the way in which they are collected.

8501. I only wanted to know whether, in your opinion, the figures were above or below the actual facts?—I could not at all say.

8502. (Mr. Jamieson.) On the last page these figures show a marked increase in all the cereal crops, and also notably in potatoes and turnips for that year; does that accord with your experience?—I cannot speak, except with reference to the potatoes; it has been an abundant year for potatoes, though the price has been unusually low. But though it has been an abundant year for potatoes throughout most of Ireland, yet, upon the west coast and the islands around there, the crop has been a great failure and the people are said to be in a state of starvation.

8503. But if there had been a favourable crop of cereals, would not the diminished return be attributable to a fall in price?—In potatoes it would be entirely attributable to the price.

8504. And with regard to oats?—There has been no material fall in the price of oats, but I am not aware that the produce of the oat crop was very much greater than usual. The corn crop was very badly saved this year; a dry summer was followed by a wet autumn.

8505. You still adhere to your answer that you cannot distinguish between the effect of competition and the failure of the crop last year?—I cannot.

8506. In speaking of the drawbacks under which agriculture is conducted in Ireland, you referred to the tenure under which land is held in Ireland; in what way would you anticipate an increased production of produce by the alteration in the tenure of land?—I should expect better cultivation and more

money to be sunk in permanent improvements. The tendency of the present tenure, I should say, would be to make men cultivate badly. It is uncertain upon what principle the rents will be fixed when they come to be revised 15 years after they have been fixed judicially. I am quite sure the temptation would be for a man to make his farm look badly as the time for revision approached.

8507. There are 348,000 holdings, you told us, under 30 acres?—Yes.

8508. Have those tenants been successful of late?—The depression in agriculture has extended to all classes.

8509. You ascribed the reason why agriculture would survive as compared with manufactures, to the fact that the farmers are cultivating for subsistence?—I imagine that land, under the most unfavourable circumstances, would yield enough for subsistence with the possibility of something over for exchange to procure the things required by the farmer.

8510. In the last eight years, agriculture has been conducted under circumstances unfavourable to the agriculturist in Ireland, has it not?—Certainly.

8511. Can you give us any idea how a tenantry on 33 acres of land, who have for 30 years been conducting operations unsuccessfully, and who have been farming, not for profit, but for bare subsistence, are to provide the capital necessary for the improvement of the cultivation which you expect to follow from the alteration of their tenure?—So far as they applied their labour (which is all they have), to the reclamation of land, they might expect a very large return for it. But it is also not to be anticipated that all the seasons are to be bad; we may very fairly expect a recurrence of prosperous seasons and good crops, and I would expect that even in the most depressed times there are some men, who by excessive industry and thrift, manage to save a little.

8512. But your observation at first was general. I understand you now to say that the capital of such tenants is virtually their labour. They now hold for 15 years, and I would ask you, do you believe that they would abstain from labouring their holdings properly because they have not a tenure beyond 15 years?—I think the tendency of uncertain tenure is to paralyse industry.

8513. But in the case I have put it must paralyse them in the ordinary cultivation of their holdings; is it so?—I do not quite understand the question. What I said was that the tendency of uncertain tenure is to paralyse industry and deter farmers from making improvements.

8514. I can quite understand that it would paralyse the industry bestowed on improvement, but what effect would it have upon industry as applied to cultivation, that is to say, what effect will the fact of a man's tenure expiring in 1895 have upon the industry necessary to cultivate his crop of 1880?—I do not say that the anticipation of a revision of the rent at that remote period will paralyse his industry as applied to his crops now, but that as the period for revising his rent approaches, he would be very likely, if not certain, to let his farm get into bad order.

8515. (Mr. Muntz.) You stated that the official reduction of the rent was equal to about 18 per cent.; have you any knowledge of the extent of the voluntary reductions?—I have not, except in a very few cases which have come under my notice, where it amounted to 20 per cent. below the judicial rent.

8516. I see there have been voluntary reductions, but you could not give the Commission any information as to the general reduction?—No, not generally.

8517. You also stated that the small farmers had felt the depression more than the large ones?—Yes, in a different way, inasmuch as they feel it with regard to the necessities of life; they must live more hardily, be less well clothed, and have fewer luxuries, if they have any.

8518. You stated in reply to previous questions, that the small farmer farms for existence and the large farmer for profit, and therefore you thought the

small farmer would feel it more?—He feels privation more than the larger farmer, who, if he meets with very bad seasons and reverses goes into the bankruptcy court. He may after that experience privation; but the first step with him is not to suffer extreme privation such as now particularly affects the very small farmers in the west of Ireland, who are at the present moment generally said to be in a state verging upon starvation.

8519. But if the large farmer farms for a profit and the small farmer can only farm for a bare subsistence, surely it must be a more profitable system of farming to farm upon the larger scale?—I do not know quite what you mean by "profit."

8520. I did not myself use the term; you introduced it when you said that the large farmer farms for profit and the small farmer farms for subsistence?—The large farmer has a certain definite amount of capital embarked in his business, and he expects to make a profit upon that of 5 or 6 per cent. In bad years, such as the last two years, I have known of farmers who did not make any profit upon their capital.

8521. But every farmer must have capital embarked in his business whether it is large or small?—But the capital of the small farmer will consist largely of his own labour, whereas the capital of the large farmer will consist partly of his labour bill; for that is an outgoing he has to get back before he can consider he has made any profit.

8522. But the labour bill would be outlay and not capital, would it not?—I should consider that all outlay was capital until it was returned, and that the labour bill, which is very high upon a tillage farm, would require to be returned to him before he could calculate his profit. The labour expended upon a tillage farm in England would be reckoned as one of the subjects of compensation.

8523. But would a small farmer suffer because he was short of capital?—My answer was meant to convey that he suffered actual bodily privation in a bad year.

8524. You are not of opinion that large farming is more profitable than small farming?—No.

8525. A small farm you think can be farmed as economically as a large one?—Yes, I think so; it depends very much upon the nature of the land.

Adjourned to to-morrow at 11 o'clock.

8526. With regard to the rate of interest you mentioned, it was a very exceptional rate, was it not?—That would apply to a case where a man had deficient security; if he had good security he could go to the bank and borrow at a less rate.

8527. And there he would pay 8 per cent. I think you said?—I think I said 6 per cent.

8528. With regard to the very depressed condition of agriculture in Ireland, how do you account for the fact that Irish agriculturists are willing to purchase the tenant right at the very high rate that we have it reported in this country that they do?—It is the case that the tenant right interests are often sold at very high rates, but it is not the case that the tenants interest in every farm is a saleable interest; it frequently happens that the tenant's interest in a farm is put up for sale without any offer being received for it; but that they are sold at high prices does happen sometimes.

8529. But you do not think the fact that high prices are paid for tenant rights in Ireland indicates that there is not the same depression existing in Ireland as there is in this country?—Tenant right interests are now much less saleable than they were a few years ago. The tenant right interest in some parts of Ireland is a well-known subject of sale, and has a market value which can be estimated, and which has depreciated very much of late years.

8530. You were saying that if fixity of tenure were given, great improvements would be effected in the land. Now fixity of tenure has, I take it, to a certain extent been given; can you give the Commission any information as to what amount of improvement has been effected by tenants since that fixity of tenure has been given?—Many persons, and I among them, do not consider that fixity of tenure exists in Ireland. What exists now is a very uncertain tenure; it is a 15 years' tenure, renewable upon uncertain principles, a very unsatisfactory tenure, and one which is not calculated to encourage occupants to lay out money.

8531. Then I may take your reply to be that no great improvement has been effected in consequence of no fixity of tenure existing?—My answer to your question is that I do not consider fixity of tenure exists in a practical sense.

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TWENTY-SECOND DAY.

Thursday, 11th March 1886.

PRESENT:

THE RIGHT HON. THE EARL OF IDDESLEIGH, G.C.B., IN THE CHAIR.

RIGHT HON. G. SCLATER-BOOTH, M.P.
MR. J. AIRD.
SIR J. ALLPORT.
MR. T. BIRTWHISTLE.
MR. L. L. COHEN, M.P.
SIR J. P. CORRY, M.P.
MR. W. F. ECROYD.
MR. H. H. GIBBS.

MR. W. H. HOULDSWORTH, M.P.
MR. W. L. JACKSON, M.P.
MR. G. A. JAMIESON.
MR. N. LUBBOCK.
MR. P. A. MUNTZ, M.P.
MR. A. O'CONNOR, M.P.
MR. W. PEARCE, M.P.

MR. G. H. MURRAY, *Secretary*.
MR. T. H. ELLIOTT, *Assistant Secretary*.

MR. MURROUGH O'BRIEN further examined.

Mr.
M. O'Brien.
1 March 1886

8532. (*Chairman*.) Is there any point you wish to add to your evidence of yesterday?—May I be permitted to put in a tabular statement, showing the reduction of rents, in order to put more plainly than I could do in my answer the actual effect of the

operations of the Land Commission during the last five years in the way of reducing rent.

8533. What period does that cover?—From August 1881 to the 31st of December 1885.

The following Table was handed in:

RETURN of the NUMBER of JUDICIAL RENTS fixed under the provisions of Land Law (Ireland) Act, 1881, from commencement of proceedings to 31st December 1885.

Provinces.	Number of Cases.	Acreage.			Tenement Valuation.			Former Rent.			Judicial Rent.		
		A.	R.	P.	£.	s.	d.	£.	s.	d.	£.	s.	d.
Ulster	82,167	1,883,905	0	7	1,083,081	9	1	1,264,377	19	10	1,031,646	17	5
Leinster	20,513	761,861	3	23	461,251	10	5	625,872	19	4	520,935	9	6
Connaught	43,949	934,763	1	3	337,540	19	5	470,127	1	3	378,182	2	4
Munster	25,820	1,156,697	1	21	515,075	13	7	778,413	10	10	637,730	10	2
Ireland	172,449	4,737,227	2	14	2,396,949	12	6	3,138,791	11	3	2,568,494	19	5

Reduction £570,297 = 18·13 per cent. on the rental treated.

8534. (*Mr. A. O'Connor*.) With respect to the question of the reduction of rents under the Land Commission, you told the Commission that there had been, I think, 172,000 cases disposed of, that is to say, cases in which the rent had been settled?—That is the number of cases disposed of.

8535. You also told the Commission that the total number of tenants was over 500,000?—It is about 500,000.

8536. Then the number of tenants who have had their rents settled under the Land Courts is scarcely one third of the whole?—It is about one third of the whole.

8537. Are they, as a rule, tenants of the smallest classes?—I think that the cases settled have embraced all classes of farmers who came within the operation of the Land Act. In many of the poorer districts the tenants have not gone into the Land Court. In many cases they have abstained from doing so, because of the expense which would be involved in engaging in a rent suit.

8538. Could you give the Commission any idea of the proportion of the land dealt with by the Land Commission to the whole of the land in Ireland under rent?—The quantity of land which has been treated by the Land Commission amounts to 4,737,000 acres.

8539. And what is the area under rent in Ireland?—It would be difficult to say exactly what the area under rent is, because there is no means of separating the land which is occupied by owners from the agricultural holdings which are paying rent to the landlords.

8540. You cannot even give an approximate estimate?—I am afraid I could not.

8541. Would you say that the Land Commission has dealt with anything like half the farmers' rental or the area under rental?—I should think it had not dealt with more than a third of the tenancies in Ireland.

8542. It has not dealt with the great majority of those who hold under leases, for example?—They are practically excluded from the Land Act, because, although the Act enabled leaseholders to bring their cases into Court, the provision which enabled them to do so has proved almost inoperative.

8543. And those who hold under lease as a rule are those who have the largest farms, are they not?—In area probably, but not in numbers.

8544. As a rule they have some of the best land in the country, have they not?—I think it is probable that the large farms that are held under lease are generally of the better class of lands.

8545. I suppose that the agricultural depression in Ireland is in its character much the same as it is in England, and affected by the same causes?—I think it is affected by the same causes, but my impression is that the depression is more severely felt in Ireland among the small farmers than it could be in England.

8546. I think you said that that was to a great extent connected with the increase of local taxation?—I think it is more severely felt by the small farmers in Ireland, because it is felt in the way of actual bodily privation.

8547. Would you say that the condition of farmers in Ireland, as compared with the farmers in England, is such as to enable them to bear the depression or the loss consequent upon bad seasons and low prices as well as or less well than the farmers in England?—My opportunities of observing the condition of farmers in England have been rather limited. I have, in some parts of England, had an opportunity of seeing the condition of the farms and the mode of cultivation, and forming an idea as to their general condition; but I think the farmers in Ireland have had to bear a loss which is distributed in England between both landlord and tenant, because it is not the practice in Ireland for landlords to make improvements extensively; there are exceptions, of course; nor is it the rule that they should maintain the permanent equipment of the farm in the way of buildings, fences, and draining; and as that falls altogether upon the occupant in Ireland, he has a greater burden to bear than the English farmer.

8548. Then would you say, in respect of his holding, as far as his buildings and improvements go, that there is a greater drain upon the capital of the tenant in Ireland than there is upon the capital of the tenant in England?—It is very much greater.

8549. With regard to the capital of the farming class in Ireland, I suppose the bad years we have had and the low prices have done a great deal, not only to prevent the accumulation of capital, but to drain away such capital as existed?—I think that is the case.

8550. You told the Commission also that the prices of butter and cattle had fallen very much; on the other hand, what have you to say about the price of labour; has it risen or fallen?—I do not think that during the last 10 years the price of labour has materially increased.

8551. Is labour, do you think, as efficient in Ireland as it used to be?—I do not think that labour in Ireland is as efficient as it ought to be, for this reason: that there has been for the last 35 years an enormous emigration from Ireland: that has been the emigration usually of the best and most energetic and most enterprising of the labouring class. It is a common practice for farmers to save money to send their children to America. It is not altogether with the object of providing for their children, but incidentally to provide for themselves also, because the children who go to America and do well there, send remittances to their friends in Ireland. Various estimates have been made of the amount remitted from America and other foreign countries to people in Ireland; of course it is impossible to obtain an accurate estimate of the amount remitted, but I think it may very reasonably be placed at a million a year.

8552. (*Chairman*.) When you say "other foreign countries," I suppose you mean the colonies?—The colonies and South America.

8553. (*Mr. A. O'Connor*.) Then you would say that, having regards to its quality and the deterioration which has taken place in labour consequent upon this emigration of the able-bodied, labour is practically dearer, though nominally the rate of wages may remain very much the same?—That is the common complaint with all employers, that the efficiency of the labour has deteriorated or is not as good as it ought to be, because the best men have a tendency to go away.

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8554. Now, of that money which comes from America to those in the rural districts, is it not a matter accepted generally that a large portion goes to pay rent?—I think there can be no doubt that a great deal of what comes is applied to the payment of rent.

8555. During the last 25 years—I think you referred to that period just now—has there not been a considerable amount of capital sunk in improvements by the tenants?—There is a continual process of improvement going on, as a general rule, on small farms in districts where the land in occupation is capable of reclamation; that is to say, upon the mountains and in moory districts, a very great deal of reclamation has been done in the last 25 years. There is also a quantity of very poor land which requires to be constantly reclaimed over again, that is to say, furze and heather grow upon it, and unless it is continually broken up at great expense, it reverts to its natural condition.

8556. A great deal of land, I think you told the Commission yesterday, has gone out of cultivation of late years in Ireland, and again a great deal has deteriorated in quality from the want of capital and of people to keep it in cultivation?—The tendency of agriculture in Ireland has been to abandon cultivation and to lay down land to grass, or to let it grow grass of itself. The proportion between the cultivated land and the grass land in Ireland, I believe, is about 60 per cent. in grass and pasture.

8557. Are there any other reasons, besides the fall in prices and the bad seasons, that have prevented the accumulation of capital in the hands of the agriculturists in Ireland?—It is generally supposed that there is a very large drain from Ireland in the shape of taxation for imperial purposes, and also in the way of absentee rents. The contribution of Ireland to the Imperial taxes is estimated at about 7,750,000*l.* The absentee rental, from a return presented to the House of Commons in 1872, is over 2,500,000*l.*; but in addition to that there is a large quantity of English money lent on mortgage in Ireland. Of course the payment of interest upon that constitutes a drain similar to the absentee rental, and goes out of the country without any return. Absenteeism has prevailed during the whole time of the Irish connexion with England, more or less, and has probably increased during the last few years.

8558. It is only, I think, since the year 1870 or 1871 that the appropriation of improvements by the landlord has been checked by legislation?—I do not think it can be said to have been checked since 1870, because the Land Act of 1870 was admitted, and was reported by the Bessborough Commission, to have failed in its object.

8559. Then it would be true to say that even the interest on the capital which has been spent on improvements by the tenants since 1870 is still taken in rent instead of being kept in the pockets of the tenants who sunk it?—I think it is very difficult to give a general answer to that question, because the circumstances of estates vary very much in Ireland; but there is no doubt that there was a great deal of rent-raising, and also a great deal of eviction in Ireland before 1870.

8560. I suppose the rents have been considerably raised in Ireland since 1870; between 1870 and 1878, or 1879?—I think there was a great deal of rent-raising between those two dates.

8561. From your observation, would you say that the rents in Ireland are higher than the rents in England, having regard to the quality of the land and the convenience of markets and things of that kind?—As far as I have had an opportunity of comparing land of similar qualities in England and in Ireland, and having regard to the proximity of English farms to large markets, and to the amount of produce raised, my impression is that rents have been higher in Ireland—that is to say, that a smaller amount of the produce remained with the cultivators in Ireland than in England.

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Mr.
M. O'Brien.
11 March 1886.

34 THIRD REPORT OF THE ROYAL COMMISSION ON DEPRESSION OF TRADE AND INDUSTRY:

Mr.
M. O'Brien.
11 March 1886.

8562. I suppose that under the circumstances of Ireland, that being principally an agricultural country, we may regard agriculture as the chief industry of the people?—The agricultural industry is the only great industry we have; any other industries that exist are of a very trifling nature.

8563. Would you say that depression in agriculture would necessarily cause depression in every other branch of industry in Ireland?—There are so very few manufacturing industries, that I do not know that I could say that it has caused depression in manufacture.

8564. I will put it universally. Suppose agriculture was prosperous in Ireland, would it not almost certainly result in prosperity in other branches of industry?—I think it would tend to promote prosperity in other directions, but I do not know that it would affect such industries as the linen trade, the woollen trade, or the porter and whisky trade; because the linen trade is dependent not merely on the Irish demand; the woollen trade, though Irish wool is manufactured, is not dependent altogether on Irish wool; and with regard to the whisky and porter trade, I really could not say exactly how that would be affected. In bad years it has been remarked,—such as the famine of 1848–89, and during the recent years of distress,—that there has been always a tendency to an increase in the consumption of liquor in those times of distress.

8565. Is that because there is a larger amount manufactured in consequence of the lowering of the rate of wages, labour being very cheap?—I refer to the increased consumption; I do not know how the amount manufactured for export is affected. I should think it was independent of the agricultural industry, because the material for the manufacture of whisky and porter is, I believe, largely imported.

8566. But in times of distress is not there a larger exportation of beer and whisky from Ireland to Great Britain?—I could not say how that might be.

8567. Now with regard to these foreign countries that you were speaking of yesterday as having visited them, could you compare any one of them, or any portion of any one of them with any district in Ireland which at all corresponds?—I have made a comparison between the distribution of land in Connaught and in Berne, in Switzerland.

8568. What is the result of your observations with regard to that?—The result is best shown by a table which, if I may be allowed I will put in, showing the area in Connaught and in Berne, the population in each place, the capital value of real property,—estimating that in Connaught at a high number of years' purchase,—the number of holdings, the number of landowners, the average selling value of the holdings, and the proportion of landowners to the population in each place. (*The following table was handed in.*)

Particulars to which the figures refer.	Connaught.	Berne.
1. Area, exclusive of waste and unproductive land	2,800,000 acres	1,346,000 acres
2. Population	817,000	530,000
3. Capital value of real property. Assessment of Berne in 1870. Rateable value of Connaught at 20 1-3rd years' purchase	£30,000,000	£38,000,000
4. Number of holdings, chiefly occupied by tenants in Connaught, by owners in Berne	123,000	95,000
5. Number of landowners	5,206	95,000
6. Average selling value of holdings	£243	£400
7. Proportion of landowners to population	1 to 157	1 to 5½

It is to be observed that the holdings in Connaught do not belong, as in Berne, to the occupants, but to landlords, of whom a large proportion are absentees.

8569. Do these districts correspond in all essential particulars?—There is no great similarity except that both countries contain a great deal of waste and uncultivated land; the prosperity in Berne, as far as it came under my observation, and as far as is shown by the official figures, is infinitely greater than in Connaught.

8570. What is the difference between the position of a cultivator in Connaught and the position of a cultivator in Berne?—The almost universal rule in Berne and other parts of Switzerland is that the occupant is also the owner, and the distribution of the land-ownership is very great. It is apparently the object of the Government there to have the land as widely distributed as possible; and it seems to me that it is essential to the prosperity of a purely agricultural country and to the happiness of the population that the land should be as widely distributed as possible.

8571. Has a sense of depression extended to Switzerland as well as to Ireland?—I think they have felt the fall in the prices of cattle and dairy produce very much; but as far as it affected the selling value of the land, the depreciation has been little or nothing in comparison to the depreciation in Ireland and in England.

8572. You would say that they are better able to stand the strain of a period of depression in Berne than they are in Ireland?—Very much better. The position of a cultivator in Ireland is similar to and worse than that of a proprietor who is under a perpetual mortgage to the full value of his land. In countries where the occupants are also owners, they have been enabled, as far as my observation goes, to accumulate a much greater amount of capital and reserve funds, and consequently they stand the strain of bad seasons far better than we are able to do in Ireland.

8573. But have you not in Connaught a class of men whom you have not in Berne, namely, the migratory labourers?—There is a large class of migratory labourers in Connaught.

8574. Would you tell the Commission their numbers and their position?—I cannot give the number of migratory labourers in Ireland, because although there are statistics gathered every year, they do seem to me to be very reliable. It is very difficult to say who are migratory labourers and who are not migratory labourers; but if I may give statistics from a parish in Mayo, where the population is almost exclusively composed of migratory labourers, they would throw some light on the subject. The parish of Kilcolman consists of 10,800 acres; it includes the town of Ballaghaderreen, which is entirely dependent upon the agricultural population. The total number of houses is 629, the population of the parish in 188 was 2,687, and of the town 1,598, making a total of 4,285. The valuation of land and houses is 3,622½; that is to say, the rateable value of that parish is about 17s. per head or 4l. 5s. per family of five persons. The rental has been chiefly paid by absentees, and it is a matter of very great difficulty to know how in the world the people live in that parish. A large part of the able-bodied population goes every year to England, probably one at least from every house, and sometimes two or three. They remain in England three months, or sometimes more than that, some of them for more than a year, making remittances from time to time to their families. I have met with cases where men have been in America for four, five, and six years, sending remittances occasionally, without which their families could not have lived.

8575. Then the rent of this land is made out of Ireland and paid to the landlords who are also out of Ireland?—I should say the whole of it.

8576. You spoke of the reduction of rent by some landlords in Ireland beyond the reduction which the Land Commissioners had settled beyond the judicial rent; is it not the fact that the land judges and the judges of the Chancery division in cases where a receiver has been appointed, have also directed reduc-

tions of a considerable amount in many cases from the judicial rent?—I am not able to speak precisely upon that point.

8577. But as regards the tenants generally, do they recognise the judicial rents so fixed as fair rents?—I do not think they do. I think that when the Land Commission was instituted in 1881, neither the landlords nor the tenants anticipated that the depression which then prevailed would continue and go on increasing.

8578. And some owners have recognised, have they not, the necessity of making further abatements?—I cannot say to what extent, but it is a matter of notoriety that some landlords have made reductions upon the judicial rents amounting to from 10 to 20 per cent.; in some cases it may be more, but I am not able to give you any precise figures.

8579. From the knowledge which you must have of the condition of things in Ireland, would you say that it is correct to state that many agreements were entered into by tenants for judicial rents because they could not afford the expenses of rent suits, or because, being in arrears with their landlords, they were afraid to meet them?—I have been informed so by tenants and people representing them, and it has also come under my notice in the way of correspondence, and also as a matter of public notoriety in the newspapers.

8580. In those cases are the rents regarded as excessive?—I could not say generally, because there is every variety of agreement. There are agreements which have been entered into voluntarily for rents, which both parties now admit are too high, to be paid, at any rate this year. There are other cases where the tenants did not enter into those agreements so willingly, and they complain that they were not free agents in consequence of the existence of previous arrears.

8581. I think you said yesterday that you could not recognise the tenure under the Act of 1881 as giving security to the farmers?—It is not a tenure on which I should like myself to embark capital in permanent improvements on land, nor can I imagine that any reasonable person would like to do so either.

8582. Would you say that under the circumstances it is not to be expected that agricultural capital should accumulate in Ireland?—I think that the tenure is one which is calculated to deter people from investing money in permanent improvements in land.

8583. Without the accumulation of capital in Ireland can you look forward to any material improvement in the condition of the agricultural classes?—I may say, with regard to your last question, that I think it is calculated to deter both landlords and tenants from investing their capital in the improvement of land. I do not think that the farmers in Ireland can prosper nor permanently improve their condition until some more satisfactory form of tenure is established in Ireland.

8584. I may gather from your previous answers that this tenure, which is, in your opinion, calculated to militate against the accumulation of capital, is also assisted in the same direction by the payment of rents to absentees, and by the excessive drain for Imperial taxation; is not that so?—I think that is a great cause of the poverty in Ireland.

8585. (*Chairman.*) Which is? Do you mean both those causes together?—Mr. O'Connor put two questions, the drain of mortgages and the drain of Imperial taxation?—I should say both together.

8586. (*Mr. A. O'Connor.*) And besides the drain of mortgages you would say absentee rent?—Yes, absentee rents also.

8587. I suppose Ireland has to depend upon agriculture, and the depression of agriculture means distress for the population of Ireland generally?—The whole of Ireland is dependent upon its agricultural prosperity.

8588. Now, I think you said something yesterday with regard to agricultural loans in foreign countries,

could you state to the Commission what it was you referred to?—I referred as an example of a successful institution for making loans to agriculturists to the State Land Bank of the Canton de Vaud. I have put in a description of it, with two circulars of the bank, explaining the terms on which they make loans, and the mode in which they raise money by debentures from the people of the canton, who are invited to invest in the bank small savings, such as 10l., on which they receive 4 per cent. interest.

8589. That plan has been successful, has it not?—It has been successful, in fact, as it earns a dividend of 5 per cent for the shareholders.

8590. Was there anything in the shape of a government loan in Switzerland for agriculture?—There is a government loan; part of the shares in the bank must be held by the government, the funds, in what corresponds to our Post Office Savings Bank, are also utilised by this land bank.

8591. (*Chairman.*) Is that under government guarantee?—There is a government guarantee.

8592. (*Mr. A. O'Connor.*) Would you think that under present conditions the output from land is sufficient to defray the existing charges in the shape of rent, rates, and taxes, and also to provide for the subsistence of the population in Ireland?—I do not think, as long as prices are so very low, that the existing rents, taxes, and the subsistence of the population, can be provided as they ought to be, that is to say, the existing rents, I do not think, can be maintained under the depression if it continues. If they are maintained it means that some of the population must go, or live in a very much poorer way than they do already.

8593. I think you said that the harvest of 1885 was less in value than that of 1881 by 2,500,000l.?—It is so estimated in the agricultural returns, but, as I explained, I do not think that those returns are very reliable; but the harvest in 1885 was considerably less, according to that estimate, than the harvest in 1881.

8594. Now would you suggest any remedy for the present agricultural depression?—There are a number of very manifest wants in Ireland. For the present depression of course it is evident that lower rents must be accepted to tide over the depression if the people are to remain upon the land. I think that for the future what is wanted is a better form of tenure, that land should be made more marketable, a better security for loans, and more easily transferable. Improved methods of distribution to consumers are needed. I think we also want a better system of education, including technical instruction as applied to agriculture; very little at present is done in Ireland in that way. I think we also might expect and hope to have diminished taxation if local government is reorganised and rendered more reasonable, less expensive, and more efficient than it is at present.

8595. That is to say, if the local government were improved, it would be less expensive?—It would be less expensive and more efficient. I think in Ireland we want very much a revision of our mode of assessment for the purpose of securing equality of taxation. The present system of assessment was established 34 years ago, that assessment remains as then fixed, notwithstanding that there have been very great changes in the value of land, some districts having improved in value, others having diminished very much.

8596. Are you referring to the Poor Law valuation?—Yes, I am.

8597. (*Chairman.*) To Sir Richard Griffith's valuation?—Yes.

8598. (*Mr. A. O'Connor.*) Do you say that it is too high?—I say that it is inapplicable to the present value altogether.

8599. Did that valuation comprise the valuation of the farm, or the property, whatever it was, including the buildings, or had it merely regard to the value of the land as land?—It includes everything, land and buildings; it was meant to show the net annual value

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of the holding according to a scale of prices which was prescribed by the Act.

8600. Then it took in all the tenant's improvements, including the house which, perhaps, the tenant had built?—It took the farms as they stood, including everything. Of course it would have been impossible for the persons who made the assessment to enter into a judicial inquiry as to what part of the land value belonged to the landlord and what to the tenant.

8601. Then the valuation would include all the landlord had furnished to the tenant, and also the valuation of that which the tenant himself had created?—It included everything.

8602. Supposing that a tenant held 50 acres worth 1*l.* an acre, and that he built a house worth 20*l.* a year, would the valuation cover the value of the house as well as the value of the land?—The valuation includes both land, buildings, and houses.

8603. (*Sir J. P. Corry.*) Is that the case in all parts of Ireland?—Yes, in all parts of Ireland the assessment is made upon the same principle.

8604. I thought there was a separate valuation of buildings in Ulster?—The houses are set out in a separate column from the land upon the valuation lists all over Ireland, but the annual value, whether we are referring to Ireland generally, or to any tenement, is given as a total representing the amount upon which the taxation is levied.

8605. (*Mr. A. O'Connor.*) May I take it as the result of your evidence, first, that there is great agricultural depression, and secondly, that that agricultural depression is due to a considerable extent to causes which are removable. There is a great depression existing, the causes of which are to some extent removable.

8606. (*Mr. Pearce.*) Do you think that if the land in Ireland, were not burdened with any rent, you could grow corn there at the present prices of corn?—Ireland is not adapted to the growth of wheat; I think it is better adapted to the growth of oats. I see no reason why oats should not be grown profitably at the present prices. At the same time it is to be remembered that the cultivation of oats has greatly decreased; but I think the quality of the oats raised is as good as ever it was, although, owing to the unfavourable seasons which have occurred intermittently during the last ten years, the yield has not been always satisfactory, nor has it always been satisfactorily harvested.

8607. The price of oats relatively with wheat at the present time is higher, is it not?—It is higher, there has not been much fall in the price of oats.

8608. (*Mr. Muntz.*) You stated a moment ago that the rateable value per acre was arrived at by valuing the land in one column, and valuing the houses in another column, and adding the two together to make the total valuation for the rating?—Yes.

8609. Was that throughout Ireland?—Yes, throughout Ireland.

8610. You told the Commission yesterday that the rates and taxes were paid partly by the landlord and partly by the tenant?—The whole county rate is paid as a rule by the tenant, the poor rate is divided between the landlord and the occupier, except in the cases where the valuation is under 4*l.*; in that case, according to law, the landlord is bound to bear the whole of the poor rate; but the county rate is usually paid by the occupier.

8611. Then by a division of the rates between the landlord and tenant, I presume that actually and really the rates are paid by the landlord on that portion on which he might fairly expect to pay considering the outlay which had taken place upon the part of the tenant, that being an outlay for the construction of a great part of the property?—If the rental is under the valuation, the landlord only pays half the poor-rate on his rental, and the excess that is due to any cause whatever would be paid by the tenant.

8612. (*Mr. Aird.*) With regard to the action of the Land Commissioners, when a case comes before them, and the rent is reduced, how do they deal with

any unpaid rent which may have accumulated up to that period?—They have no power to deal with arrears of rent.

8613. And it remains an open debt between the landlord and tenant?—Yes.

8614. (*Sir J. P. Corry.*) I think you stated that there was considerable rent-raising between 1870 and 1879?—I think I said up to 1878.

8615. Could you give the Commission any reason for that rent-raising between those two periods; what was the cause of it?—They were years of comparative, if not of great, prosperity in Ireland.

8616. Was not there any other reason?—I am not aware of any other reason.

8617. Was not there a great desire on the part of the tenants to obtain possession of land?—That has always existed. I do not think it was peculiar to those few years; the interest in the occupancy of the land, no doubt, was more valuable in those years, as also was the value of the fee.

8618. Have you any idea what the tenant-right in Ulster was selling at, as a rule, in 1877 and 1878?—I have gathered a great many statistics of the value of the tenant-right interest in Ulster and other parts of Ireland; it varies very much. I have known farms in which the interest could not be sold, and others which have sold for 40 years' purchase upon the rental. To give you the average rate would be, I think, only misleading, and I am not at the moment able to do it.

8619. Since the Act of 1881 have you had any instances of tenants selling the interest in their farms in the south and west of Ireland?—Yes. I have met with cases where tenants have sold the interest in their farms.

8620. Could you give the Commission any information as to the rate at which they were sold?—I am not prepared to give you any figures at present. Those I have would show rates varying from five to possibly 20 years' value of the rent, but those are exceptional cases. I have been only able to note cases where sales took place; there have been many cases where farms have been offered but bidders could not be found.

8621. But prior to 1881 was it possible in the south and west of Ireland for the tenant to sell his tenant-right?—Certainly; it has been the custom for the tenants since the Devon Commission of 1842 to sell their interests in their farms on certain estates.

8622. But it was not legal, was it?—It was not legal; and one of the causes of agricultural discontent in Ireland arose from the custom of sale being interfered with. The attention of the public was drawn to the fact of those customs existing by the Devon Commission, and it is generally supposed that in consequence of that the owners saw that it was a dangerous thing to their interest to allow this custom to continue, and therefore in many cases they took measures to abolish it or restrict it.

8623. I think you have told the Commission that since the Act of 1881 neither landlords nor tenants were disposed to invest money in the improvement of land?—I think that there is less inducement for them to do so.

8624. You told the Commission yesterday of the great depression which exists in the prices of agricultural produce in Ireland; could you tell us the prices of the various staples, such as oats, wheat, and cattle, in 1851, 1861, and 1885, because it would be very useful for the Commission to know the comparative prices in those years; and also a comparison of the rent at the same time, because it would then enable the Commission to form some idea of the state of matters in Ireland now compared to what it was at that time?—I do not think it would be possible to furnish you with a comparison of that kind, because, though the prices have varied, rents have not always varied. There have been many estates where the rents have not been raised since the beginning of the century, there are others where the rents have been raised every 21 years.

8625. But I think it would be very useful for the Commission in making up their minds upon this question if we had a comparison of the prices and the rents and also the cost of labour; because my information goes to show that the prices of cattle were very much higher in 1851 than they were in 1861, though they were a very great deal less than from 1870 to 1880. Now you have told the Commission that half the poor rate is paid by the landlord and half by the tenant, except in cases where the valuation is under 4*l.*; could you give me the number of tenants under the 4*l.* valuation?—I gave the number yesterday under 5*l.* valuation, namely, 78,000. Although the number is large, yet the amount and value of the land held in those very small holdings is very small in the south and west as compared to the rest of Ireland; but I have not got the figures.

8626. Do you think that until we have lower rents, diminished taxation and increased agricultural education, there is very little hope for the tenantry of Ireland?—I think there is not much prospect of progress and prosperity under present conditions.

8627. Are you aware that the National Board of Education established agricultural schools through the country, and were obliged to give them up?—I have seen the agricultural schools that they had in different places, but I do not know the reason why they were abandoned; still, I think generally there is a great deal of room for technical instruction as applied to farming. That is being done with great success on a very small scale in two places. At Glasnevin Model Farm, near Dublin, instruction is given in dairying to dairy maids selected from different parts of the country, and there is also a school of dairying in Cork which is doing in a small way and as far as its influence extends, a great deal of good.

8628. (*Chairman.*) May I ask with regard to this comparison between Connaught and Berne, why you selected the canton of Berne more particularly as an appropriate locality to compare with Connaught?—I selected it for two reasons; one was that in some letters which appeared in the "Times," Berne was described as the "Connaught of Switzerland, inhabited 'by paupers.'" I also selected it because I happened to have the official printed assessment of the canton of Berne.

8629. I observe that this paper gives the area of Connaught. You say the productive land in Connaught is somewhat more than double the amount of the area of Berne, but that Connaught only supports a population of 800,000 while Berne supports a population of more than 500,000; that is a very much larger population to the acreage in Berne than in Connaught. I observe, too, that the capital value of real property is stated in Connaught to be 30,000,000*l.* only, whereas in Berne it is 38,000,000*l.*, and the number of holdings chiefly occupied by tenants in Connaught and by owners in Berne is in the one case 123,000 and in the other 95,000; and I observe that attention is drawn to the fact that the proportion of landowners to population is in Connaught 1 to 157, whereas in Berne it is only 1 to 5½; that there are in fact very few landowners in Connaught. But what I wish to ask you is, do you consider that the circumstances of those two districts are at all to be held similar? Are there any industries pursued in Connaught which at all correspond with the industries pursued in Berne?—No.

8630. Are you aware that in Berne and in other parts of Switzerland there are in fact a number of very large prosperous manufactures carried on, and that at present Switzerland competes very severely with all other manufacturing countries, including this country, in some of the most profitable branches of manufacture?—I am not aware that Berne competes in anything except watches and silk.

8631. In those two articles the competition is severe, and there is considerable employment given, is there not, to the population besides the merely agricultural employment?—As far as my knowledge goes, the manufactures are confined to one part of

Berne, and that is the Jura and French side of the canton. The mountainous and pastoral parts of Berne are in some ways like Connaught.

8632. Do not you think that Berne derives considerable advantage from its connexion with the manufacturing portions of Switzerland?—I think it derives advantages from the fact of the existing manufactories within the canton.

8633. You do not think it does from the general employment which is given by manufactories throughout Switzerland?—No.

8634. With regard to the question of the taxation for Imperial purposes, have you paid any special attention to that question?—I have referred to the published returns which are available to everyone, and the figures which are given in Mr. Giffen's recent essay in the "Nineteenth Century." The amount stated there, though perhaps not precisely accurate, is, I think, admittedly about the correct amount.

8635. Of course taxation for Imperial purposes weighs upon all parts of the kingdom, but have you any special reason for saying that it falls unduly upon Ireland?—My reason for saying so is that the assessment for the income tax in Ireland is about one-twentieth of that of the United Kingdom, while our contribution to the Imperial taxation is about one-ninth, I believe.

8636. In what form is that contribution made?—The reason it is higher is because the taxes fall upon the luxuries which are largely used by the poor, tea, tobacco, and whiskey. I do not think that burden has been laid on Ireland with *malice prepense*, but that it results from the system of levying taxes upon those articles of consumption.

8637. That is to say, you think we ought to alter our system of Imperial taxation, and lay lighter taxes upon such articles as tea, tobacco, and whiskey throughout the kingdom, and that Ireland would thereby relatively get a larger amount of relief than other parts of the country?—I am not prepared to say that I would like to see the duty on spirits reduced. I certainly should like to see the duty altogether abolished, or largely reduced, upon tea, and possibly reduced upon tobacco.

8638. If it is the case that the duty upon spirits is the same throughout the United Kingdom, and that the consumption is accidentally larger in Ireland than in some other parts, is it fair to say that Ireland is taxed beyond her means because her population consumes a larger proportion of that commodity?—I think so, because if beer were taxed according to its alcoholic strength there would be a larger tax upon beer than there is at present.

8639. Therefore, it is not that Ireland should be taxed less, but that England should be taxed more?—If England was taxed more the contribution required from Ireland to make up the necessary revenue would be less.

8640. And that would involve a reduction upon those articles upon which the duties fall, including spirits?—Yes. I think the reduction should be made so that Ireland should not be made to contribute more than her fair share to the Imperial revenue, which is about one-twentieth; in fact I think it might be fairly argued that it should be less because Ireland is poorer than England. I may observe that it was long ago remarked by Mr. Senior, the eminent economist, that Ireland was much more heavily taxed than England in proportion to her resources.

8641. Do you think the same argument might be applied to the poorer parts of England and Scotland?—I think there would be a difficulty in splitting up the country into a number of infinitesimal areas.

8642. Then with regard to the repayment of money lent upon mortgages held in England, you call that a drain upon Ireland; is that fair without considering what purpose the money may have been applied to?—I have taken into consideration what the money may have been applied to. Many of the charges are charges created by family settlements; in those cases if half the rental goes to members of the

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family resident in England it is just the same in effect as a payment to an absentee landlord.

8643. I quite understand the argument with regard to absentee landlords; but when you speak of interest on money lent on mortgage, is not that a very broad way of dealing with what may have been lent, and which, to a certain extent, has been lent for improvements in Ireland for the benefit of the country?—I am not aware that much money in that way has been lent and used for the improvement of the land in Ireland. Government has set aside a certain portion of money for loans to landowners for the purpose of improvements, and that money has been availed of to some extent, and in view of the favourable terms on which that was procurable, it was not usual for Irish landowners to borrow for the purpose of making improvements in the open market, where they have to pay a higher rate. I think that the mortgage money lent has been lent for quite other purposes.

8644. You spoke a little while ago of the capital which has been sunk by tenants on improvements; do you think the process of tenants sinking capital on improvements has been checked at all of recent years, or does it still continue to a considerable extent?—I think it has been to a considerable extent checked since 1879.

8645. Have you any figures upon that point?—I am merely speaking from my observations in travelling through the country and from conversations with the tenant farmers.

8646. You spoke of the loss which had been felt in consequence of the period of agricultural depression, and you stated that it was more severely felt by the small farmers in Ireland than in England, because it involved more personal suffering; that is to say, that the small farmer in Ireland was nearer the margin of actual suffering than the small farmer in England. What you meant, I suppose, was that any little depression had a more severe effect upon the one than upon the other?—Yes, that was what I meant.

8647. Then you also stated that in England the loss was divided between the landlord and the tenant, but that in Ireland the loss fell upon the tenant; but does not it also fall upon the landlord through the tenant if the tenant is unable to pay his rent?—Certainly the landlords have suffered very severely; but as far as the tenants have embarked money in improving their farms, their expenditure over a long period of years has served to maintain the rent in Ireland up to whatever level it keeps at. Now in England, where the landowner has to do most of the

The witness withdrew.

Mr. GEORGE REA examined.

8655. (Chairman.) I think you are a tenant farmer, occupying land in Northumberland?—Yes.

8656. Will you kindly mention to the Commission what amount of land you are farming?—It is somewhere about in all 15,000 acres.

8657. Of that, what proportion is arable and what proportion is pasture?—About 4,000 acres are arable, 600 acres pasture, and 10,000 acres, or over, are hill pasture.

8658. By hill pasture you mean the natural grass, without any cultivation?—Yes, the natural grass upon the higher hills towards the north of the Cheviots.

8659. What does the stock of cattle and sheep that you keep consist of?—Sheep of various breeds, from Cheviots to half-breeds and Border Leicesters, black-faced and the breeds usual in the country, and suitable for the mountains and hills, to the number of 10,000 to 12,000; and, perhaps, from 200 to 300 cattle, according to the season of the year.

8660. What breed of cattle have you?—I have both black Galloways and Short-horns.

8661. What is the character of the arable land; what sort of soil is it?—It is generally a light free

permanent improvements upon the farm, all the loss there seems to me to fall upon him; and I should imagine that in many instances in the case of English estates the money spent in the last 50 years now returns no interest at all.

8648. It was not your intention to show that in Ireland the landlords had not suffered, and suffered severely, during the late depression?—Certainly they have suffered, and are suffering, very severely indeed.

8649. Then with regard to the price of labour, you said that in the last 10 years the price of labour had not much increased; it has not decreased, has it?—I have not been able to observe any decrease in the price of labour.

8650. But has there been any decrease?—I do not not think there has been. I would add, that when I say there has been no decrease, I think there are many cases where there is less employment, and that there are a number of men out of work, but that the rate of wages is very much governed by custom, and remains much the same for a long period of years.

8651. And that redundancy of labour has been, to a certain extent, met by emigration, has it not?—During the last 35 years the emigration has amounted to very nearly 3,000,000.

8652. (Mr. A. O'Connor.) I should like to ask you a question with regard to the comparison you instituted between Berne and Connaught; would you say that if the conditions of agricultural tenure, and the accumulation of capital in Berne, were introduced in Connaught, industries would be developed in Connaught just as they have been developed in Berne? I should think so. I think the foundation in any agricultural country like Ireland for the installation of any industry whatever must be the accumulation of capital.

8653. The next question is with regard to the payment of the rates, or a portion of the rates, by the landlord. I suppose the rates paid by the landlord are really covered by the rent he recovers from tenant; he gets it first out of the rent, and then he pays it?—The tenant, in the first instance, pays the whole rate, and when he comes to pay his rent to his landlord, he deducts from his payment the amount which the landlord has to bear; in fact, the tenant advances the tax which the landlord is liable to, and gets repaid whenever he pays his rent.

8654. And whenever the rent is fixed, it is perfectly well known that the rate is to come out of it?—Certainly.

soil—what we call a turnip and barley growing soil—fairly easily worked.

8662. What has been the condition of agriculture in your part of the country of late years; how far has it been prosperous or the reverse?—It is like every place else; it has been very much the reverse of prosperous.

8663. Can you form any estimate of the loss which has been sustained in recent years by landowners and farmers?—In the part of the country I represent, Northumberland, it was formerly our custom to let farms upon a long lease of 19 or 21 years, as the case may be, and in cases where farms were taken from 10 to 14 or 15 years ago on lease, and where the landlord has made no abatement for the last eight or nine years, if he has secured his rent, he has not suffered; but the tenant, unhappily, I think, is in the way of being ruined if he is being held to his lease. In other cases, where the landlord has made a suitable abatement of from 15 to 20 or 25 per cent., as they have done in some cases, he has not therefore secured the full rent, and the tenant has thus been able to hold on in some way or the other, but, of course, the land has not been so well cultivated

as it ought to have been, and therefore has not been so productive.

8664. Has the loss been pretty uniform over the whole district, or has it been more severe in some parts than in others?—I think it has been more severe during the last year or two, since the price of wool diminished in value so much, and also in the wheat growing districts, and the soils which are more difficult to cultivate.

8665. Do you grow much wheat?—I do not.

8666. The price of barley has not been so much affected as the price of wheat, I believe?—Not quite so much. I may point out, however, with regard to the depression that where landlords have let their farms, subject to one year's agreement, during last year or two, they have made a re-arrangement or abatement, of from 10 to 15 per cent., and that this year the tenants are quite ready to have as much more given to them; the case has been much worse this year and last year, than it was before.

8667. This depression has been partly due to the fall in prices and partly due to bad seasons, has it not?—I think it is due in a great measure to the fall in prices; we have had bad and good seasons from time immemorial, so that one will equalise the other; but the general and continued downcome of prices and the great increase of expenses and taxation has been the chief cause of the depression.

8668. What should you say has been the general run of the seasons in the last ten years, have they been very much the same as in any other ten years?—Yes, I should think so; they run in cycles very much. If you have a bad crop one year, you hope for a better one the next year; you try to equalise them, one with another.

8669. You do not think there is much to be said about the bad seasons then?—I do not think there is so much as has been represented sometimes. I think the great cause is the extreme lowering of the prices.

8670. And that that has affected the average value per acre of the agricultural produce?—Yes.

8671. Can you say at all in what proportion the reduction has taken place?—I think I am within the mark in stating that the average reduction in the value is from 30 to 40 per cent. In the article of wool it is much more; it is more than 50 per cent. Some 10 or 15 years ago, wool was estimated on a farm to be worth something like about 20 pence a lb., now it is down to 9d., and with no great prospect I fear of its rising.

8672. When was wool 20 pence a lb.?—About 15 to 20 years ago. I think in the year 1865 or 1866 it was a good deal more; it was then at an extreme price. But about the period I have previously alluded to it might be fairly estimated at 20 pence, and the stock farms would be taken upon that estimate.

8673. (Mr. Eeroyd.) May I ask you for what term of years would you say the average price might be reckoned at 20 pence per lb.; for how many years would you say?—I should think, speaking advisedly, from 1865 or 1866 up to 1873 or 1874, or something like that. I speak with diffidence in mentioning the years, but I know that in taking farms so long ago as that I would estimate the value of the wool to be something like from 18 to 20 pence per lb., and would take them upon that basis.

8674. (Chairman.) Was there much loss of sheep two or three years ago when there were bad years; did Northumberland sustain much loss then?—There was a very bad season three years ago, but it was not nearly so bad as this appears likely to be, which to all appearance will be one of the most fatal years of the century. I refer to the loss of sheep from storms.

8675. And not from disease?—No, not from disease. I do not think we have been subject to disease much in Northumberland, for the reason that we, in a great measure, try as much as possible to rear our own stock; and since the passing of the recent Cattle Diseases Act of course we have been much less subject to it; there has been scarcely a case of disease

in Northumberland since the passing of that Act, and more than that, people have become more careful about what they buy. But if you allude to the present year, I think the prospect is the most gloomy that I ever saw. Owing to the storms in the north and the snow on the hills at this moment, the sheep which are not already removed, will be found impossible to remove; the snow is so deep and the food is almost exhausted. At the present moment I am sending out 10 or 20 horses a day carrying trusses of hay on their backs over the hills in places where no cart can go to sustain the lives of these sheep; and before the season is over I anticipate that there will be a very great loss from poverty, and not only an immediate loss, but that it will continue, owing to the weakening of the constitution of the animals.

8676. Has there been much loss among the lambs?—It is too early; they have not begun to lamb yet on our hills.

8677. (Mr. Muntz.) I would ask whether you did not lose a great number of sheep through what we term liver rot a number of years ago?—I have no farm subject to that. In Northumberland we do not think much about that; in the western part of the county they are subject to it and other diseases, but the Cheviots we look upon as such sound and good hills that we do not calculate upon much loss from the rot.

8678. But it completely cleared the Midlands of sheep, did it not?—Yes, but it is quite different with us. I could, however, give you an instance of it. During the great prevalence of disease amongst cattle in 1866, sheep became excessively high in price owing to their being purchased to supply the place of cattle; they were brought in large numbers to Cheshire and into some of the midland counties and put on to land which was too rich for them, which had never been grazed by sheep before, and I believe the loss by the liver rot there was almost as bad as from the cattle disease, but that was owing to their being put on unsuitable land.

8679. (Chairman.) Do not you think that such a season as this is an exceptional matter, and one which cannot be passed over by simply saying, "We must take one season with another"; do you not consider that a season such as the present is an actual cause of depression. I refer to the loss of your stock which you have just been referring to?—That we have not realised yet.

8680. I would ask you whether it is fair to say that you put down nothing for the loss by bad seasons when you have to take into account such a season as the present?—Yes, in exceptional cases you would; but, taking the run of the seasons, one, I think, counteracts the other to a certain extent. We have not had what I call a thoroughly good harvest since 1864; last year was a fairly good, perhaps an average harvest.

8681. Have you observed any effect that this diminution of value and depression has had upon the rent of land, or in bringing about changes in the system of agriculture; has it affected rent in the first place?—No doubt it has affected, and is affecting, the rent in a very material way, which is shown by the difficulty that there is now in letting farms, excepting in the most favoured cases. The rents of farms have been reduced, particularly of solely corn farms; and that would no doubt equally apply to pasture farms, because the price of wool has been reduced from 30 to 40 per cent., and in some cases more.

8682. Have many farms been thrown up?—A great many farms have been thrown up.

8683. Are they in the hands of landlords or of other tenants?—They have been let occasionally, and some are in the hands of the landlords; but I have remarked that wherever farms have been thrown up and offered to the public, they have been relet at much lower rents than farms which have been re-arranged and re-adjusted between the landlord and tenant, but that in some measure arises from the wish of the

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tenant, who gets localised, to remain, where he has been accustomed to live and to keep his stock together. There is one thing I may remark. Our usual time for entering or leaving is upon the 12th of May, and this year the prospect for anyone leaving a farm and not getting another to put his stock upon would be, that he would subject himself to very great loss of capital, as I do not apprehend that at the price of stock, if he were obliged to turn them into money, he would realize half what he would have estimated them at when he entered the farm 10 or 20 years ago; so that to leave his farm now is a dead loss of from 50 to 60 per cent. to the tenant farmer.

8684. Has any change taken place in the system of agriculture?—I think there has been a greater tendency to save the expense of tillage, and to lay down land in permanent grass, and also where land would not go to grass under a long course of years, in the place of adopting the ordinary course of tillage it has been allowed to lie two or three years longer than it would naturally have done; but that has been in a great measure due to the low price of corn, and to the great expense of labour; that is also now put aside, you may say, by the prospect of a low price for beef, mutton, cattle, sheep, and wool.

8685. Has any land been simply abandoned and allowed to grow natural grass, just as it might happen?—I do not think there has been much of that in the district to which I allude; there are certain fields, of course, which have been neglected and have gone to natural grass, but that is the exception.

8686. Do you see any prospect of recovery in the prices of either agricultural or dairy produce?—I am not very much versed in dairy produce. I think that is perhaps too limited to be considered as of much importance in my county, but I certainly see no prospect of agriculture rising just now, but everything, on the contrary, is tending to bring us down to the level of the world. I think we are not down to the level of the world yet. The prospect is that as regards our workmen in towns who are not employed, and without the prospect of being employed that I can see, and in order to enable them to spend any money, naturally the produce of the land will have to be at a lower rate than it is now. I do not think that we are at the lowest ebb yet.

8687. Has there been any alteration in the rate of wages?—Not yet. Last week, as it happened, was the week with us for engaging servants for the year, and they have gone on much at the same rate as they were last year. It is a difficult thing to lower wages; you have a good man, and you want to keep him; if you lower his wages, he will not stay, he will go to market and he will get better wages if he can. Moreover, giving one man good wages may oblige you to raise the wages to the others, as otherwise they would be envious, they would say, "why should they not have the same rate of pay."

8688. Take, for instance, 20, or even 10 years ago, was the rate of wages much the same as it is now, or was it higher or lower?—About 20 years ago wages were much more easily paid by the tenant than they are now, for this reason, that the custom in my part was that the men were paid in kind, a man received so much corn, or he had so much oats free and his potatoes planted, and his pig or his cow, his wool and corn, and everything he required, and, of course, a smaller proportion of money. That all tended to relieve the tenant farmer from marketing so much, and being at extra expense over it, and I think the labourer was better off too. But since the great inflation in the manufacturing world, and the rise in the price of coal and iron, which took place 15 or 16 years ago, he became tired of this old system (though it was the best system, I think,) and would have all money. The men had a very high wages paid in some places at that time, but since then they have been reduced from 20 to 25 per cent., which is equivalent to being reduced from 20s. to 15s. a week, and that they are now standing at for men.

8689. Has there not been much work done by machines which 20 years ago was done by hand labour?—It is much the same; it is longer ago than that that they were introduced.

8690. Is there the same number of men employed per acre as there formerly were?—I do not think there is; the farmers cannot afford to do it, consequently the land has suffered; it has not been cultivated in the way it ought to be.

8691. Do you think that the present tendency of agriculture is towards larger or smaller holdings, or is there any change at all?—Of course we hear a good deal now about cutting up land into small holdings, but in my opinion, for the good of the country, no tillage farm which employs less than, say, five or six teams, is so economically and so well managed as those which exceed it, for this reason, that with a farm occupying five or six or more teams of horses, you can carry on the work in proper rotation without the expense and waste of time in changing the labourers' operations. When you come to have less than that, the labour becomes more subdivided, and there is a waste of time, just in the same way as a manufacturer employing 100 hands would produce more in proportion than a man employing 10 hands, I take it. But of course there are always certain small holdings, and I may mention with regard to that that I think it is very desirable that there should be some small holdings in order that the industrious and careful man may try to raise himself by taking land. In two or three instances within my own knowledge I can point to servants who have been with me for a number of years who have taken small farms and struggled on into improved positions. I do not know that they are so well off as when they were servants. In fact, I do not think that they are. I rather think they are not. I may also point out with regard to small farms that in the times I have alluded to, when the servants were paid in "kind," that is to say, when a servant had his corn, cow, potatoes, and everything found for him, he participated in the cultivation and produce of the land, he had an interest in looking to the crops being properly cultivated and properly stored. Now, when he is paid in money he has not the same interest, and it is not so good for him or his family.

8692. When you speak of small holdings, what do you call "a small holding"?—I can point out instances where there are small holdings of 8, 10, and 12 acres; and as a poor law guardian, I can adduce many instances where the tenants of those small holdings have come and applied for parochial relief. In fact, it is not a fortnight ago since we had an application to our board of guardians for relief from a person who was a tenant farmer, occupying I do not remember how many acres, 10 or 12 perhaps. On principle, I said, "no; you must go and get your rent reduced like other people."

8693. I suppose that a small farmer has the same advantages, though his work may be harder than even, say, a labourer, but he has the advantage of being able to cultivate his small holding by the aid of his own family and his own labour, and with very little or no assistance of hired labour; that gives a man a great advantage, does it not?—Of course it does, but I think the man is worse off than the labourers; he does not get the three profits; he gets hard work, but he gets no wages if he gets any interest for his money. If you take into account the hard work, and the man's wages, it will be harder work for him than if he were a servant. I do not at all go in for what we hear so much about, namely, "the three acres and a cow"; I look upon it as all clap trap nonsense, and I have never heard any sensible labourer in my district who did not take the same view.

8694. (Mr. Muntz.) You stated that you thought a farm employing from five to six teams would be more profitably farmed than any other sized farm; how many acres would that represent?—For six teams I should allow a farm of 500 acres of tillage, to enable the farmer to go in for the proper rotation of crops; that would be allowing 17 or 18 acres of fallow land

every year, under the five-course shift, for each pair of horses.

8695. Five hundred acres of tillage?—Yes; it is divided in this way: one-fifth green crops, turnips, or fallow; two-fifths grain, and two years in grass; that is the usual custom in my neighbourhood.

8696. That would be a 500-acre tillage farm?—Yes, a 500-acre tillage farm; a farm that it would require, in easily cultivated land, six pair of horses to work it properly.

8697. (Mr. Aird.) May I ask if you think that anything could be done to improve the condition of the farmer in the direction of reorganising in some way the market system which is adopted; that is, as regards the disposal of the produce?—You are alluding to middlemen, I presume. I do not think they could be done away with altogether. I think that if the system of selling cattle, and perhaps sheep also, by live weight were adopted, it might assist us in some degree; but it would be nothing very material. A farmer, when he has to sell his stock, ought to be a very fair judge of the value of them by weight. The only thing the middleman is of use for, if the farmer does not market them at home, is to take them to the market, and whether it is a good market or a bad market, he takes his chance. The man selling them at home sells them at a fixed price, and there is an end of the matter. If he is not satisfied with the price offered him by the butcher, he is at liberty to keep them; but if he sends them to the market under the middleman, he runs the risk of the market.

8698. But if a farmer by bad seasons has been reduced in circumstances, and his only opportunity for selling his stock is through the middleman, is he not obliged to accept the price of the day, which may be very low indeed?—Certainly; he is obliged to conform to the markets, and to take whatever he can get.

8699. Can anything be done to relieve the pressure?—I do not think it can. Most of my barley, speaking of grain from the north, goes to Leeds and Wakefield. I could not go to Leeds and Wakefield every week to attend a market to sell 50 or 100 quarters of corn. The middleman comes to our market every week and buys the corn, and of course he must have a little profit; but I do not think, on the whole, that there is much stress to be laid upon that.

8700. Would the middleman who makes this profit be also a purchaser of grain and cattle from abroad?—No, not generally; if he is a maltster, he might. This year a maltster whom I have done much business with, and sold many hundred quarters of barley to for many years back, showed me a sample of barley far surpassing anything that we can grow in England; and he said, "you must be content to take a low price for your barley this year, because your barley will not at all compete with what we can buy abroad for making malt."

8701. What description of barley was that?—Saal, was what they called it.

8702. You do not anticipate that you will get any benefit by the alteration of the system?—No; I may say there has been a system of public auction marts established in my district; but there is a great deal of expense incurred for the auctioneer and the staff he is obliged to keep, and all this paraphernalia is to be paid for by the sellers. I do not like it. In excited times prices become much too dear, and at panic times much too cheap. I much prefer the old-fashioned plan.

8703. Do you think there is anything to be done in the way of enabling advances to be made to farmers under great pressure, instead of their being obliged to gain money by loan upon large or even usurious rates, if, for instance, the Government would aid in the establishment of such a means?—Of course when Government provided the drainage money, it was done at a less interest than you can now get it from the Lands Improvement Company, there was a little relief in that; but I have always been an advocate for farmers and tenants making their own financial arrangements. I think the less legislation we have the better in regard to private business; there

are points which the legislature may take notice of, such as taxation, and these are matters which the legislature is entitled to deal with; but in private bargains between landlord and tenant, I am opposed to interference.

8704. Assuming the case of a tenant, a hardworking man, with whom things have gone wrong for several years, and to whom it is essentially necessary that he should borrow 500*l.* or 1,000*l.*, if any scheme should be devised by which he having sufficient security should be able to raise that 500*l.* or 1,000*l.* at 3 or 4 per cent., it would help him enormously, would it not, as compared with having to go to a money lender who would charge him 6 per cent.?—I do not think landlords would like that.

8705. But I am not referring to the landlord now?—But you must have security, and that security, I apprehend, must come from the landlord.

8706. Could not it come from the tenant's stock?—If you put it in that way, it might be of some benefit.

8707. But little benefits sometimes make a large one; but, besides the improved system of marketing, if you also got a system of obtaining advances in case of need, these "littles," if they were continued, would become large?—Yes, if the farmer has anything coming against him now, and has stock not ready for the market, it would be a relief and advantage to him to be able to get an advance to enable him to keep his stock back until they were properly marketable; beyond that I would not facilitate advances, because there is always interest to pay and charges to pay; it is not desirable to encourage it.

8708. You would suggest that advances should be of a permanent character?—Yes; I think a man labouring under borrowed capital in farming generally goes from bad to worse. There are exceptional cases, as when a man is obliged to sell stock before it is fit for the market, when if he could save it till it was fit for the market it would be of great advantage to him.

8709. Do you think that the agricultural industry would be benefited if a light railway system were laid down to bring produce from outlying points to the main lines, and take manure back, if they could be worked at economical rates?—Yes, but you are subject there to the nature of the land very much, and it requires experience to deal with those things. I think the best way of cultivating a farm is in having things so well organized and so handy, as I may call it, that a man and a pair of horses can do the work most economically, because machines to which you refer require extra labour. If you take a steam threshing machine, it does a deal more work, but it takes three times the amount of workmen to keep it employed that it does to do the work in the ordinary way of threshing with water or fixed horse power. The larger these things are the more expense there is with them.

8710. With regard to the workmen, do you find that they do as much work per man per day as they did twenty years ago?—I do not think they do; nor do I think they take the same interest in their work.

8711. There is not the same feeling that there was formerly between the masters and the men?—Certainly not. I am sorry to say that there is rather a feeling on the part of the man to do as little as he can and get as much as possible for doing it; the good old feeling has been very much stamped out.

8712. (Sir J. Allport.) I gather from your remarks that the bulk of your produce is cattle and sheep?—Wool is a very important part of my produce.

8713. You grow a little grain, but your marketable commodities are chiefly cattle and sheep?—Sheep more particularly, but I grow a good deal of grain; I keep 25 pairs of horses cultivating the land.

8714. How much land have you in tillage?—I have nearly 500 acres in tillage, *i.e.*, green crop; corn and grass lying several years makes up acreage as Question 8657, and 600 acres in lowland pasture; I grow a great deal of barley, but this year at its present price I think we are consuming it mostly for stock.

8715. Can you account for this; that whereas the price of meat to the consumer has advanced so much

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during the last 25 to 30 years, the price of stock is so low as you say?—I think it is the want of the consuming power; the labourers are not employed. When the manufacturers were well employed meat was, at a higher price, and people then were able to live; it is the want of employment and the great working population remaining unemployed that is doing the harm.

8716. You misunderstand my question, I think; is it not the fact that the price of meat now is very much higher than it was 20 years ago?—It certainly is.

8717. And yet you say that the price of cattle and sheep has gone down very much?—I should say that it has gone down very much.

8718. How can you account for that; is not there more meat consumed now than there was 25 years ago by the population?—Yes, I should say that there is more meat consumed.

8719. Would you say a great deal more?—Yes, a great deal more.

8720. From 30 to 40 per cent. more, probably?—I think it arises from the high wages the workman received about 14 years ago, and from his getting into the custom of eating butcher's meat, which he never did before, and he naturally now will have it if he can get it; but the price of butcher's meat has been going down very much in the last two or three months.

8721. Do you think the consumers find it so?—I think so. I see meat in butchers' shops ticketed lower than it was.

8722. Is it so in Newcastle?—It is so in Newcastle. I should think the price of beef is reduced from 2d. to 3d. a pound.

8723. But even with that reduction you do not come down to the level of the price of from 25 to 30 years ago?—It would not be very far from it.

8724. Do you think not?—I do.

8725. Can you give me the butchers' prices of meat in Newcastle?—Last Tuesday was market day in Newcastle, and live beef (estimated weight to kill) was sold at 7s. a stone of 14 lbs.; that is, 6d. a pound.

8726. But my question is, what is the price of meat to the consumer in Newcastle at the present day in a butcher's shop?—It varies according to the cut of the beef. I should say from 4d. to 9d. or 10d.

8727. (Mr. Houldsworth.) What is the price of mutton?—The price of mutton is from 6d. to 9d. a pound.

8728. (Sir J. Allport.) Is it not within your own knowledge that at the time I speak of, from 25 to 30 years ago, meat was very much below that price, and that families were paying an average of from 6d. to 7d. a pound for both beef and mutton?—But that was for a very short period. I could point to a certain three years in my experience when both beef and mutton were lower than they are now by 1d. and 2d. a pound, but that did not last long.

8729. I am speaking of the average run of prices at the time in our large towns; but there seems to be an inconsistency in what we observe in all our large towns, between the retail price of meat in the butchers' shops and the prices which you state are so much reduced on the sale of the beasts and of the sheep. I want to know how that is to be accounted for; is it the middleman, is it the butcher, or is it the cattle salesman who gets the money?—I think just now the price of meat in the butcher's shop is not so low as it ought to be in comparison to the price of the live animal, for this reason, that the butcher wants a little more time to come down. When the live animal was going up he did not rise in proportion for some time, and now it is going down he wants to save what he lost before.

8730. (Mr. Cohen.) Do you connect the depression in agriculture at all with the want of a market for your produce, or have you good railways?—I attribute the depression altogether to the want of consumption in the country.

8731. (Sir J. Allport.) How far are you from a railway?—Just now I am about 11 miles from the railway, but we have a branch railway, which will be opened in another 12 months, which will be within a mile and a half of me.

8732. What branch is that?—The Alnwick and Cornhill branch upon the North-Eastern Railway. My farm is about midway between those places, upon the Cheviot side.

8733. (Mr. Cohen.) Will that be a single or a double line?—It will be a single line, with power to double it, I believe, in the hands of the North-Eastern Company.

8734. Have you any remark to make about the railway charges?—Of course, I think that the railway charges are excessive upon agricultural produce; they are more than they ought to be; but how you can remedy that I do not know. It will cost me more to send cattle to Liverpool than it will cost to send them from Chicago or New York.

8735. Have you any farmers' associations in your country?—We only have local associations.

8736. Then your only remedy would be by addressing the railway companies individually?—That could be done.

8737. Has that been done?—Yes, but they have no opposition; they have it all their own way.

8738. Have you tried?—Yes, I have said, If I send you so much, will you carry it at so much? But they know that they have it all their own way; and if I say I will send it another way, they know I cannot do so; they have it all in their own hands.

8739. Where do you send your produce?—It all goes south; cattle and sheep generally go to Newcastle in the first instance, and if they are not wanted locally, where there is a small quantity only required, they then go on to Leeds and Manchester, and other markets. A great deal of barley and other corn goes to Leeds and Wakefield.

8740. Do you think that if the railway charges were lowered, you would be able to do better than than you can at present; would it make a sufficient difference to your business to be worth speaking of?—It would make a difference, but it would be comparatively trifling.

8741. (Sir J. P. Corry.) I do not know whether you told the Commission the average rent of land in your neighbourhood?—In tillage farms there is a great variety of rents, and a great variety of soil, but I should say that what you would call a good tillage farm is worth, say, 25s. to 30s. an acre.

8742. And a pasturage farm?—It would depend upon the nature of the pasture; good fattening pastures would bring a much higher rent, even double.

8743. And mountain land?—As regards mountain land, I have mountain land which varies in rent from 2s. to 10s. an acre.

8744. Is the Hill in your neighbourhood let by the acre?—The acreage is given, but it is generally taken according to the number of sheep it will keep. Speaking of letting of land, I may mention that within the last week or two, what I may call one of the most favoured farms in Northumberland, and what I consider just about the nicest self-contained and self-supporting farm in Northumberland (a Hill and Half-Hill Farm) was let the other day at about 28 per cent. reduction from its last letting, 10 or 11 years ago, and that was after being thrown open to public competition; and this was one of the most desirable farms in the county.

8745. (Mr. Muntz.) What rent did that farm let for?—This is a farm consisting of 1,000 acres of hill and about 800 acres of lower land, and I should think the hill is estimated to be taken at, say, 8s. 6d. an acre, and the remainder of it, which is mixed tillage and fairly good pasturage, would be taken at about 22s. an acre.

8746. And the arable?—The arable and the good pasture together; the arable would not be quite worth so much, but it is made up by some good old pasture.

8747. (Mr. Ecroyd.) You stated that the depression in agriculture in your district was very great; has that depression evidently produced a serious effect upon the condition of the trades and handicrafts of the district?—Most of the district depends chiefly upon agriculture; but the tradesmen affected by agriculture have not suffered much because the agricultural labouring population have not been reduced in their wages; they have been employed, and thus they are not reduced in proportion to other classes in the country.

8748. I was rather speaking of the very serious reduction of income derived by landlords and tenant-farmers, and of the decreased circulation of money which that must produce in the district?—I have no doubt about it; but, of course, the tenant-farmer is obliged to economise in every way he can; he is not employing sufficient labour; he is not using as much artificial food and artificial manure as he would have done; and that money is thus thrown out of circulation as regards trade. To the labourer, I dare say, it does not make so much difference, because he has not felt it so much.

8749. Has the diminution of the money circulation of which you have just spoken exercised a depressing effect upon the tradesmen and handicraftsmen in the district?—No doubt it will have done so.

8750. It will have a depressing effect upon what we commonly call the home trade?—Certainly.

8751. You have spoken of the effect of unfavourable seasons being trifling as compared with the very great effect of the fall in prices; a farm, I suppose, is generally taken upon the estimate of average seasons?—Yes.

8752. No prudent farmer would take a farm upon the expectation of much better seasons than ordinary?—Certainly not.

8753. But upon the expectation of average seasons?—Yes.

8754. But I suppose no farmer could have taken a farm 10 or 12 years ago in the expectation of the immense decrease in prices which has taken place?—No one could have believed it.

8755. Can you suggest any possible relief, or any practical remedy for this great evil which has so oppressed the condition of landlords and tenant farmers?—I think only in the better employment of the whole population, and if I may make the remark, by a barrier being placed against foreign manufactured goods, so that our workmen may be employed to make them at home. While the foreigner can beat our workmen out of the market in anything they undertake to do, and send their goods over here, there can be no work for our working people at home; that can be remedied; but it is certain that there can be no prosperity for our people until they are employed.

8756. Do you think that the effect of foreign competition upon agriculture has not only tended to depress agricultural prices, but to throw the workmen out of employment?—Certainly.

8757. You would say that the full employment of our population in various industries is the foundation of the grazier's prosperity?—Certainly.

8758. Do you think from your observation that the present fiscal system in this country is likely to secure full employment for our industrial populations?—Until our population can be employed, and produce as cheaply as the foreigner who competes with them, what chance is there? I see no chance until our population can compete upon as favourable terms as the foreigner can do. If people prefer to buy foreign stuff, as they will do if it is cheaper than our manufacture, then our people cannot be employed.

8759. Do you think, from what you know of the populations who are chiefly successful in competition with our industry, such as those of France and Germany, that they are in the habit of using animal food, and living in the liberal manner that our workmen do?—No, they are not accustomed to it, and they live much cheaper; I dare say at the present

moment there is a staff of German workmen doing work in the docks here, and the Englishmen looking on.

8760. Supposing the English workman to continue his employment by accepting the same style of living and the same hours of labour as are now accepted by the Belgian and the German workmen, would the English workmen then be as good a customer for the productions of farmers as he has been hitherto?—He could not be if he had not the money.

8761. Then even if the problem were solved in that manner it would not assist the agricultural question?—No; I say the labour question is the great question of the hour, and we must come to the starting point with the labourer, for he is the consumer, but we must all again come down to the level of the world. Look at the perpetual strikes that there are going on. It was only the other day that I heard of a large ship-builder being obliged to turn away an order because the men would not work at the price he could afford to build the vessel at, and the order consequently went, I suppose, to a foreign country. How is that to be remedied? They must be content with less, and be more willing to do the work when they have got it.

8762. Do you think that strikes and things of that kind are an inevitable incident of that condition of things, which is practically pressing the English workman either to accept the lower style of living, and the lower pay of foreign populations, or to lose his employment?—I think they ought to have some reason and to conclude that they had better take a lower rate of wages than do nothing at all, being supported, as they are just now, upon charity in a great measure; but they have not realised it, and they do not seem to me as if they would realise it. If a man gets an order for anything and goes to his people to try and carry it out, they say, "No, we will not do it at that price"; so the order goes somewhere else, and his men are left out of work.

8763. Would your judgment point for the solution of this difficulty to a general lowering of the habits of life on the part of the English working population or to some defence against the introduction of foreign competition?—If you ask them, they say they cannot live upon less than they are getting; but that has been brought about by the expensive habits contracted under the high wages which prevailed a few years ago. They then acquired these expensive habits, and do not like to go back to their former habits; but they will be either obliged to go back to them, or something worse will follow; for it is all tending towards the lower level of the whole world, which is competing against them now. But the first step would be to allow the British workman to live as cheaply as he can, by accepting such wages as you can afford to give him; and at the same time to put some check upon the foreign manufactured articles which now comes in and deprives him of his labour.

8764. What do you mean by some check?—Do not allow the manufactured article to come in from foreign countries without a tax, but encourage our British workmen.

8765. You mean by a protective duty?—Yes, on manufactured goods, not on food, or on raw material.

8766. As far as that admission went, it would be tending, would it not, to defend the superior condition of the English workman against that of the foreigner?—Yes, and why should not England protect her workmen against the foreigner; we do not have much reciprocity to meet us.

8767. As regards local taxation, do you observe much oppression on agriculture arising from local taxation?—Yes, I think land is very unduly taxed; I think the assumption of income-tax representing one-half of the tenant's rental is very absurd. I think most people would agree that it might be stated at a third; but certainly a half is out of the question altogether. In Scotland, where it is a third, no one can complain. You may say that the farmer has a remedy; he might appeal; but in nine cases out of ten he does not like to show his books; he does not

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keep them so correctly as to care to show them, and in the next place he may not be in the position he is generally represented or believed to be in, and would rather pay than disclose his affairs.

8768. Have you found much disadvantage from the cost of the repair of the main roads being thrown upon the land?—Speaking personally, it is an advantage to me, because we are surrounded by former turnpike roads. I could not move a few years ago without having turnpikes to pay, and the change has effected a considerable advantage to me. The little return that we get upon main roads from the county tends to help us a bit, but I think in all fairness I can see no reason why men who are knocking about in gigs and carriages should not pay some portion of the tax towards the roads; the man who comes out from Dundee, a hundred miles away, and knocks the road to pieces, might well pay something towards that. I do not agree to the local men and farmers keeping up the roads entirely, for the benefit of outside men.

8769. Still in your district you do not think it has operated injuriously to the interests of the tenant farmer?—I do not think it has; we have better roads, and it is a better institution altogether than the turnpike gates were. There was the man and his family to pay, and the cottage for every turnpike gate, and that all now comes upon the establishment expenses, which are not so great.

8770. (Mr. Gibbs.) You spoke of the diminution of the rent of the land and of the profits of the tenant farmer as affecting injuriously other trades; but I think you limited that, did you not, to the trades connected with agriculture?—No, I should put it upon trade generally.

8771. It affects all trades?—It affects all trades; it must do so.

8772. There is less money to spend?—There is.

8773. I wish to ask whether much land has been turned from tillage into grass in your district?—I could not tell you the proportion, but there has been a considerable acreage turned to grass.

8774. Does not that diminish considerably the number of men to be employed?—Undoubtedly it does.

8775. Consequently though there is no diminution, or little diminution, in the rate of the wages of the labourer, yet, inasmuch as fewer labourers are employed, there is a general diminution in the wages paid to labour?—Certainly.

8776. In point of fact the corn that is grown in other countries for English consumption is produced by wages which we pay to labourers there instead of by wages for growing corn at home, paid to English labourers as far as that goes?—Yes, I have no doubt of it.

8777. You spoke of some excellent barley which competed with our English barley, whence did it come?—From Saal in Germany, I think it is, but I do not know the locality sufficiently to be able to say.

8778. (Mr. Houldsworth.) Do you advocate an import duty on food coming from abroad?—No.

8779. You are opposed to that?—I think the cheaper the workman can live the cheaper he can work and the more easily compete with the foreigner.

8780. Do you feel in agriculture and in all that you produce, both grain and cattle, the effect of foreign competition; have you felt it the last few years?—Very much.

8781. Have you felt it in all the articles you produce?—In everything I think, and perhaps in wool more than anything else. As I stated, the reduction in wool would be over 50 per cent.

8782. You feel it in wool and in grain?—Yes, and in beef and mutton. Take the Newcastle Market, I should think just now that every week from one third to half the animals that come to it come from Canada and other foreign countries.

8783. I want to ask you this question: at the present prices do you think that that foreign competition will continue?—That is a very difficult question to answer; some people say that they are rather getting

short of animals, but if it is so that will tend to this, that by the colonisation and emigration which is going on, they will continue to increase their breeding stock; and supposing it is checked now in some degree by themselves requiring to stock up other lands, so soon as those lands are stocked and become remunerative, and they are able to export again, we shall have a still greater output.

8784. What I wanted more to ask you was this: taking the present price of wheat, do you think it can be grown in India and America at a price that would remunerate them so as to enable them to continue to extend it?—I say it will not, that it is not paying them.

8785. What opinion have you yourself formed upon that point?—I have formed this opinion: that if emigration goes on, people must work, and they must be employed, and that ten men will produce as much perhaps as 100 men will consume; consequently the produce for the 90 will come here and to other places where it is wanted, and that it will be an increasing importation. No doubt there will be some check for the present, because the ground is not in proper order to produce, but it soon will be.

8786. You look forward to the competition from abroad increasing?—Certainly, unless our colonies establish manufactories and so have a larger population to consume their surplus, it must necessarily be so.

8787. (Mr. Muntz.) Can you tell me what the fall in the price of barley has been per quarter?—Barley has fallen less almost I think than any other grain, perhaps oats would be about the same.

8788. What would it be taking the prices during the last 5 years?—I would say 8s. a quarter.

8789. Has not the fall been more than 8s. a quarter?—Not within the last five years.

8790. How many quarters per acre do you consider a fair production?—According to the return from 3½ to 5 quarters per acre.

8791. That would be equal to a fall of about 2l. per acre, from 30s. to 2l.?—Yes.

8792. Out of the 4,000 arable acres that you cultivate, what extent of that would be barley annually?—I may state that that 4,000 acres that I mentioned contains a good deal of land that I may plough, but which I prefer to let lie for a few years, and I have accordingly reduced the breadth of corn in order to reduce the labour. Every year I have been trying to lessen the expense by keeping fewer labourers and fewer horses, and allowing inferior or medium land to go in grass or to remain in grass for a longer period, and thus reducing the extent of corn.

8793. What fall has there been in rents in your district; what is the per-centage?—As I stated, within the last 12 or 14 years it will average, where it has been thrown open to the public, from 30 to 40 per cent., and in some cases more.

8794. And what fall has there been in the profit of farming?—This year there is no profit at all, there ought to be a third of the rent profit, but I believe for the last few years there have been very few farmers who have not required to take a portion of their rent out of capital.

8795. Taking the last five years?—It is a question whether there has been any profit at all. If a farmer has saved himself from absolute loss, he has done very well, but this year I am confident there will be a very large portion of the rent to come out of capital.

8796. Can arable farming be carried on upon clay land at a profit, even without paying rent?—I do not know; some people say in the Midland counties they can hire land if they will pay the rates for it, and it has been even reduced on those terms.

8797. Do you think, speaking of Northumberland, that arable farming could be carried on upon clay land, even without paying rent?—Certainly, the land is worth something, it may be more or less, but it is worth something.

8798. But it would be carried on at a better profit upon light land?—Yes, upon good productive light land; clay land requires a large amount of labour, and it is more difficult to till.

8799. If you were taking an arable farm, what amount of rent would you like to pay for it?—For a purely clay farm suitable for wheat, I would not give by 50 per cent. what I would have given 20 years ago.

8800. But how much an acre would you give?—It would be very poor land indeed if it was not worth from 12s. to 15s. an acre; it would not be worth cultivating.

8801. You have just told the Commission that one of the best farms in Northumberland was let at 22s. an acre?—A most desirable farm; but you must divide that. If you go into that, I should put the tillage part at less, and the old grazing pasture near the river at more.

8802. Shall we take the tillage at 20s.?—No, not so much as that. I should say, take the tillage portion at 18s. and the grass at 50s., or something like that.

8803. Surely, if light tillage land is only worth 15s. an acre, clay land cannot be worth 12s.?—The place you are speaking of is not all good land; some of it is light topped land, and it does not produce very heavily.

8804. What I want to get at is the rental of fair clay arable farming land at the present time. You give me now the price as from 12s. to 15s. an acre?—If you want to analyse it, I should say that good or first rate light land is better worth 25s. an acre; but when you speak of this particular farm, there is a portion of it not worth more than 12s.; but it is light and easily worked, and has been laid down three years in grass.

8805. You told the Commission that there had been a reduction in the value of the production of land amounting to 50 per cent. in the last few years?—I think I said from 30 to 40 per cent., and upon the price of wool over 50 per cent.

8806. Therefore, in those cases where a farmer has his land upon lease, that farmer, unless he has an abatement from his landlord notwithstanding his holding a lease, has been suffering to the extent of a reduction of 40 or 50 per cent. or whatever it may be?—I think so.

8807. Taking the reduction at 40 per cent. in value during the last few years, what margin of per-centage do you consider represented the profits on farming prior to that reduction on the value?—The profits were estimated at about one-third of the rent, it might be a little more or a little less, people were content with that.

8808. Do you consider that the tenant cleared as profit to himself 40 per cent. prior to the reduction in value?—No.

8809. Then surely if there has been a reduction of 40 per cent. in values, the tenant must be making a loss at the present time?—Yes, there is no doubt he is.

8810. The whole of his profit upon farming is gone?—I have not a doubt that there is not a farmer in the country who, taking his capital into account, is not 40 per cent. poorer than he was 12 years ago. His capital is reduced 40 per cent. in consequence of the reduction in the value of animals and stock in general.

8811. To what extent do you think rent has been paid during the last five years out of capital?—Of course one cannot answer for other people; they do not tell you exactly what they are losing, but from my own experience I think every tenant farmer for the last few years has been losing a portion of his rental; he has been paying it out of capital. I do not know and I cannot say to what extent, of course.

8812. During the last year to what extent do you think the farmer has been paying his rent out of capital?—I should not be at all surprised if from 15 to 20 per cent. of the rent had been paid out of capital.

8813. Notwithstanding any reduction or abatement in the rent which may have been made?—I refer to lands which have been taken, and which have not been re-taken; lands which have been re-taken at a

lower rental of 30 or 40 per cent. are another matter, and you have scarcely any business to deal with them, but, as regards land which has been upon lease for 10 or 15 years back, I am quite sure that last year the farmers would lose from 15 to 20 per cent. I am sure that is within the mark, and that this year it will be a great deal more; this year will be the worst year that the farmers have seen.

8814. There is a matter upon which I would like to have your opinion, and that is with regard to selling by live weight; do not you think that it would be a considerable advantage to the farmer in the case of animals sold at public auctions that they should all be weighed and their weight stated, and that everyone who is purchasing at the auction should know the weight of each animal as it is sold?—It would be much more satisfactory.

8815. Would it not fix the price per lb. of live weight at the auction markets, so that if the price were exceptionally low at any particular market, it would bring purchasers from a distance to that market to the next sale there?—To a certain extent it would act so, but you must bear in mind that an animal not quite prime is not worth so much either alive or dead as when he is prime; there might easily be a difference of 6d. a stone upon a half finished animal as against a prime animal.

8816. But it is generally stated prime beef or prime mutton at so much a stone; it would then be stated at live weight, and would have a tendency to benefit the farmer?—May be he would see his way more plainly then.

8817. Do you know Carlisle?—Yes, I do.

8818. Do you know that this system prevails there?—Yes.

8819. There is a weighing machine there which the beasts pass over?—Yes; I occasionally send beasts for sale to the Carlisle market, but not commonly.

8820. With regard to that question of rent which you say has been and is being paid out of capital, and also upon the question of rental and taxation which you stated bore very heavily you thought upon the agricultural industry, of course, rental and taxation are based upon rent, that is to say, the annual value of the land is the basis for the poor rate?—Yes, the annual rent.

8821. The income tax under schedule A. is based also upon the poor rate, and schedule B. upon the profits?—Yes.

8822. We have arrived at the conclusion, from your evidence, that a considerable per-centage of the rent which has been paid during the last few years is fictitious, that is to say, has been paid out of capital?—Yes.

8823. Therefore it is not legitimate rent?—No.

8824. The taxation being based upon that, is a fictitious taxation, and ought not to have been paid?—That is so.

8825. The Exchequer has been receiving money as taxation and as rental which ought not to have been collected?—Certainly.

8826. (Mr. A. O'Connor.) I wish to ask you what you understand by profits of farming; what are the farmers profits when they exist?—Looking at land, it has to bear three, you may call them rentals or rates or anything else; 1st, the value of the land to the landlord; 2nd, the interest of the capital employed by the tenant; and 3rdly, the support of the labourer; those are the three expenses which must come out of the land in one shape or another.

8827. That is to say, three classes of charges to come out of it; but there is no reason why they should, is there; supposing a man farms his own land he does not pay rent, does he?—Certainly, he must calculate rent.

8828. It is a mere matter of calculation?—A man is not going to farm his own land for nothing; he is as much entitled to rent paid by himself for his land, as he is to rent paid by a stranger.

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8829. That is to say, if capital is sunk in the purchase of land, the landowner has the right to loose to a certain per-centage of return?—Yes.

8830. When a man sinks a large sum of money in a railway company or any other company, has he equally a right to look for a per-centage of return, even if that company does not pay?—That is his risk I suppose; he will not go into it unless he sees a reasonable chance of getting interest for his money.

8831. Is there any reason why capital sunk in the purchase of land should always be secured in a dividend, whereas capital sunk in any other industrial occupation may have to go without dividend if the thing does not pay?—It would be very unfair if it did not, for this reason, that to take railways which are paying five to six or seven per cent., if it does not pay in one year you can afford to lose that, but in the case of land, which is now at the best making two or two and a half per cent., no man can afford to lose that interest; very likely a shareholder is making in one year more interest for his capital than the landlord is making in three; it would be very unfair to say that there should be nothing paid.

8832. When a farmer does not make any profit, but pays his rent out of what you call his capital, the rent is practically a transfer of property in money from the tenant to the landlord, which the tenant himself has not been able to make out of the land; is not that so?—There is no doubt about it. If a tenant agrees to pay the landlord a certain sum, and the landlord presses and must have it, then the tenant has to pay it like any other burden.

8833. In the case of the small farmer you spoke of who came for outdoor relief, I suppose that if he received outdoor relief, the result would be that the union upon which he was a charge would indirectly be paying his rent to the landlord?—That is just exactly what I stated to our board the other day, that we were going to pay the man's rent.

8834. So that when a landlord is receiving rent from a farmer who has not made the rent, he is either taking from the capital of the industrial farmer himself, or he is drawing upon the funds of the community indirectly in the shape of union relief?—Yes, but that is an exceptional case. You would not think of giving relief to a man who had paid 100*l.* or 200*l.* or 1,000*l.* a year, while a person farming 10 or 12 acres and very poor, and working away, and getting neither interest nor capital, nor anything but a little payment for his labour, must not starve.

8835. I suppose a tenant does not pay the labourer any more than he believes that labourer to be worth, does he?—It is simply a matter of supply and demand. He must pay what the market rate justifies him in doing.

8836. Although there has not been any substantial reduction in the labourers' wages, yet when the labourers are out of work, their resources for the supply of the necessities of life are materially trenching upon, are they not?—I think that a labourer now with the wages he is getting can afford to live very much better than he did 10 or 15 years ago, on account of the reduction in the price of the necessities of life.

8837. But the income of the labourer has to go in supplying the necessities of life, keeping body and soul together, in a larger proportion than the income of the farmer or of the landlord, goes to the same purpose?—Yes, that is so.

8838. So that if you reduce the wages of the labourer, you are trenching to a greater extent upon the fund which supplies the necessities of life, than you are when you reduce the income of the landlord?—That may be so.

8839. Is it not the fact that if you reduce the wage of the labourer 50 per cent., you naturally diminish his supply of the necessities of life, whereas if you reduce the return to the landlord by 50 per cent., you, perhaps, curtail his luxuries, but leave his necessities of life intact?—No doubt that is so, but then I think that cuts both ways; if the landlord's rent is

reduced 50 per cent. the country loses the benefit of it, as it cannot be afterwards expended in the country. He cannot afford to employ other additional labour.

8840. But what labour does the landlord, who lets out his land, employ?—Gardeners, gamekeepers, and grooms; he must keep up a less establishment; he must reduce that to meet his expenses.

8841. But, I suppose, that the capital, which he so disseminates, could be equally well disseminated, if he were out of the way, by those who are now his tenants, so that as far as that goes, the removal of the landlord class would not have any effect?—Of course, the larger income the landlord has, the more people he can afford to pay; and so give more occupation for labour in the country.

8842. But if there were no landlords, could not the tenant give just the same amount of employment as the landlord now does; would not the tenant have the money to spend that the landlord now has?—But who would occupy the mansions and houses, and castles of the country.

8843. Do not you think the tenants could do so?—I do not think they could.

8844. Is it of importance to the community, do you think, that some of those castles should be occupied?—I should be very sorry to see them unoccupied.

8845. There is nothing in the law of England which prevents out-door relief being given to a farmer, if he is in need of it, is there?—If he is really in a state of starvation, of course, there is not; the rates are made to prevent destitution.

8846. The law in England is not the same as it is in Ireland, is it, that a man having a piece of land is obliged to give it up before he can get out-door relief?—He would not have out-door relief if he had land upon his own hands; he must show destitution. We should bring him into the house, and put him to the labour test.

8847. But he would still remain the legal tenant of the holding?—He might, or might not, but if he had any goods upon it they would, of course, be taken possession of by the board to pay for his maintenance.

8848. Supposing he has no goods at all, and that he is the tenant of an empty house, or a farm which is not being worked, but is actually starving, is he in England entitled to receive out-door relief?—If he is in actual destitution he is.

8849. Then your law is not the same as in Ireland—there he must first of all cease to be a tenant?—

The law provides for every person who is in a state of destitution, and it must be first shown that he is in a state of destitution, if he has any capital which can be turned into money that is supposed to be done. If he has applied for relief, it might be that he would get it, but the board would be entitled to take his effects.

8850. Is there anything to prevent boards of guardians giving out-door relief to a man who appears to be destitute, but who is in the occupation of a small farm of a few acres?—There is not.

8851. Then in that respect the law is different in Ireland from what it is in England?—I am not acquainted with the law of Ireland.

8852. There is this further question which I wish to ask you. The price of wool and other commodities raised by farmers is now much lower than it used to be. If then, instead of paying in cash, the farmer pays his rent in kind, he would have now to pay a very much larger amount of wool, or meat, or corn than he would have had to pay twenty years ago?—Yes.

8853. The landlord's rent remaining in sovereigns nominally the same, in reality a much larger proportion of the out-put of the farm has to go to the landlord than used to be the case?—Yes, that would be so.

8854. So that where a tenant is crippled by a fall in prices the landlord is receiving nominally the same but in reality a higher rent as measured in kind than he used to be?—He is receiving the produce of more

kind than he used to do, and that reduces what the farmer has to use or to dispose of.

8855. (Mr. Pearce.) What, in your opinion, is the price per acre at which wheat can be grown in this country, what is the cost per acre of producing wheat upon a fair soil?—In the first place, you have the rent to take into account—you have the seed, the labour, the harvesting, the marketing, and the preparation in every way.

8856. And the manure?—I should not like to mention the sum without going into the calculation, because I have to calculate the work and the wages for that.

8857. The only reason I have for asking the question is that I wanted to know whether it is possible to grow wheat in this country now to compete with wheat that is grown in America?—I do not think it is, unless under very favourable circumstances; indeed I do not believe it would pay to grow wheat in this country. You must have good bearing land, otherwise it will not pay at all.

8858. (Chairman.) I wish to ask you a question with regard to an expression you have used many times about "paying rent out of capital," what is the precise meaning of that phrase. I suppose we may look at it in this way: in the first place, a man has to incur all the expense that is necessary for the cultivation of his land and the raising of a certain amount of produce; then he has to sell that produce, and out of the price that he sells it for, he first has to meet all the expenses to which he has been put in the raising of it, and what remains is gross profit, out of which he has to provide the rent, and the profits on his capital, and, did you also say, the cost of labour when you talked of three rents?—You must have that of course, the cost of labour in every case must be paid from the produce of the land, and the rent and taxes also must be paid, and all the necessary outgoings that the land is subject to, after that the profit comes.

8859. When you say "must be paid," you mean ought to be paid?—Yes, they ought to be paid.

8860. But they might be paid out of capital, might they not; suppose that the expenses of cultivation were larger than the produce, the expenses must be paid somehow, and they must be paid out of the capital, must they not, if the produce has not been sufficient?—If the land does not produce as much as comes against it in the way of taxes, labour, rent, and all expenses, they must be paid out of capital or not at all.

8861. It may be either the rent which has to be paid out of capital or the labour?—The labour has to be paid in the first instance; people cannot live without being paid regularly.

8862. That you charge as part of the production and not as part of the profit, out of which the rent is subsequently paid?—It must be paid as part of the production.

8863. Then when you talk of three rents, what do you mean?—That a proprietor who has land is entitled to interest upon the money value of that land, whether more or less. If he is content with two per cent. for his outlay upon the price of the land he is entitled to two per cent., that is the rent, that is one profit. The next is that the tenant is entitled to interest upon the capital he has invested in the farm; the next is the wages to the labourers, that he must be entitled to in order that the land may be cultivated, that is the third; in any way you put it there must be three rents.

8864. But the third is not rent to be paid like the rent to the landlord at the end of the business, or like the profit to the tenant at the end of the year, but it is money which must be paid, and which is just as much an expense of cultivation as the purchase of seed, the purchase of machinery, and everything else?—Certainly, it must come out of the land.

8865. But you would count it twice over if you counted the pay of the labourers as part of the expense of cultivation first, and afterwards held it to be part of the profit?—No, I do not. I put the labourers' wage as part of the cost of cultivation.

8866. Then take the cost of living of the farmer himself, is that cost of cultivation or profit of the farm?—That is part of the profit of the farm, at the same time he is entitled to be paid for his labour.

8867. Do you suppose that the farmers throughout the country generally make a distinction between the cost of their own living and the cost of cultivation generally?—I do not know that they go into the matter so minutely as that. Of course the proper way to put it would be this, in the first instance, I should charge the land with the rental; that is to say, the interest of the proprietor's capital; in the second place, I should charge it with interest on the capital employed by the tenant, and in the third place, with the amount of wages and other contingent expenses necessary for the cultivation. After that, the remaining part, properly speaking, is profit, whatever is left, the man must live according to it.

8868. Now supposing that everything is prosperous, there will remain a good balance at the end of the year, which the farmer considers as fairly to be put to his profit; but supposing there is not sufficient balance to pay everything, it is obvious that you may take it in two or three different ways. Either the farmer may have property of another description, bank shares, or anything else which he realises, to make up his accounts, and that is distinctly taken out of capital, is it not?—Certainly.

8869. Or he may reduce the cost of cultivation by starving the land: then, I suppose, you would say he takes it out of his capital?—I have no doubt about it.

8870. Because he reduces the value of the capital he has sunk in his land?—Yes; or what is more usually done is, that he reduces the value of his capital by reducing the quantity of his stock; it all comes to the same thing.

8871. Or he may reduce the expenses of his own living?—Certainly he may. I always look upon it that the farmer is entitled to live in such a way as that in which the capital he has invested in the land would entitle him to live, if he had that invested in the funds, or any other safe investment; I consider he is really entitled to live in that proportion, but I suspect that very few now do think of such a thing.

8872. But I suppose very few farmers distinguish between the cost of living and what is the cost of cultivation?—No; I think it is exceptional to go into that.

8873. (Mr. Gibbs.) It must greatly depend, must it not, upon the size of the farmer's family; you may take it for granted that the farmer is entitled, as you say, to the cost of the labour of his superintendence as part of the cost of the production just as he is to the cost of the labour of the man who delves with his hands, but if he has a wife and a dozen children, and a large establishment of servants, clearly all that need not be necessarily cost of production, but really anticipation of profit; what they live upon really comes out, or should come out of the profit?—It should do so.

8874. If not, it comes out of the capital?—Certainly.

8875. And, as you say, farmers generally never take into account the cost of their establishment at all; they only consider what they have got as their banker's balance at the end of the year, to tell them whether it has been a profitable year or not?—I do not think that they keep their accounts as they might do; the farmer considers that he is entitled to live as he does, to keep poultry, and kill them and eat them. I do not suppose he counts every egg he uses or every fowl he kills, but that is the basis of it.

The witness withdrew.

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11 March 1886.

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Mr. J. Martin.

11 March 1886.

Mr. JOSEPH MARTIN examined.

8876. (*Chairman.*) You are a tenant farmer, I believe?—I am partly so.

8877. In what part of the country do you hold land?—In the Isle of Ely, in the Fen district.

8878. What extent of land do you hold?—I hold 2,300 acres, 500 of which are my own.

8879. What is the character of the land; is it agricultural?—It is all agricultural, and most of it arable; nearly the whole of it is fen land.

8880. What sort of soil is it?—The majority of it is peat soil, with a subsoil of clay.

8881. Is there much of it reclaimed land?—It was all reclaimed in the time of the Duke of Bedford, when he formed the Bedford Level Corporation.

8882. Do you keep any large quantity of cattle or sheep?—Yes, fairly; I send my milk to London.

8883. What proportion of your farm is suitable for wheat?—Generally, in the fen land, we calculate to grow two-fifths wheat.

8884. Now I need not, I think, ask you whether you find that the present is a period of depression, and have you formed any estimate of the loss which has been sustained of late years by landowners and farmers?—It is impossible to say what have been the losses to the farming interest during the last eight years, and to ascertain the proportionate loss by occupiers and owners. The tenants suffered the most severely in the years 1878–81; many were totally ruined, others crippled for life; all more or less experienced heavy losses, and it certainly shortened the days of several. I have no doubt that it caused three of my neighbours in this parish to commit suicide. During the last three or four years the landlords have made great reductions, even under the existence of leases, varying from 10 to 30 per cent., and frequently have only received the rent by instalments. I have known several instances in which receipts have been given in full for the year's rent when no rent has been paid, considering it wiser to keep a tenant without rent than have the land on hand. In this parish, consisting of 17,000 acres, I consider the loss to the landlords alone in the shape of rent is 20s. per acre.

8885. (*Mr. Slater-Booth.*) How much would that be per cent.?—50 per cent. if you take the land at 2l. an acre, but I shall show you a greater loss than 50 per cent. upon a great deal of land. Referring to the losses of occupiers, I might mention that I, with other trustees, was compelled to keep in hand a farm of 404 acres from Michaelmas 1879 to Michaelmas 1880, and when everything was settled, the loss on the occupation during the year was 800l. We had to find the money on personal security for 12 months, and when we realised at the expiration of the 12 months there was 800l. deficiency.

8886. (*Chairman.*) Upon how many acres?—Upon 400 acres. That was a very bad season. In this and adjoining parishes there are several thousands of acres occupied by landlords, not so much on the ground of rent, but because tenants cannot be found to hire. In the year 1874 the Earl of Hardwicke had a sale, at which a piece of land was sold for 600l., and a little more than three years since that land was re-sold for 300l. My father sold a farm to the late Archbishop Musgrove about 25 years ago at 23l. an acre, and last year it was sold for 5l. an acre. I have also a statement of a farm 300 acres near Ely, which one family had had in their possession since the year 1823; a few years since 16,000l. was offered for the property; for family purposes, however, it was mortgaged to the extent of 9,000l., one mortgage of 4,000l., and, I think, the other was 5,000l. A few years ago it was sold for the sum of 5,200l., and that was all that could be realised.

8887. Were those farms in as good a condition when they were sold as they were before, or had they been racked out?—I daresay the land had gone back a little, because it had been unoccupied for 12 months; that would make a little difference. Then there is

another instance of a farm near March, which was let in the year 1860 at 175l., it is now let for one or two years at 95l.; the estate has been in the market for the last 10 years, and they cannot find a customer for it.

8888. How far back should you say that these bad times begun?—They began 10 years since, but the last seven years have been the worst.

8889. In what proportion should you say that the loss which has been sustained has been due to the fall in prices, and in what proportion to bad seasons?—It is decidedly due more to low prices than anything else, because during the bad seasons the prices were very little higher than during the last three years, when the yield of corn was good. On the other hand, there is no doubt that the wet season inaugurated the depression, which has been very much increased by the great reduction in the price of cereals. In round numbers, you might, in my opinion, put down 10 per cent. as due to bad seasons, and 15 per cent. to low prices.

8890. (*Mr. Slater-Booth.*) Do you generalise the loss as 25 per cent.?—I wish I had not lost more.

8891. But you say 10 per cent. and 15 per cent.?—I take those as general terms.

8892. (*Chairman.*) What has been the effect of this loss upon the purchasing power of the agricultural community; do you think that is likely to have influenced the depression of trade?—To a very large extent by reduced rents, and the unremunerative returns of occupiers, thus checking the proper outlay of capital in draining and claying. The claying is a thing that is, perhaps, not well understood; it is a work specially called for in the fen land; it is done at an expense of from 70s. to 100s. per acre. This loss also checks other improvements, greatly restricting the employment of labour, and considerably lowering the wages of those employed. The confidence in land is so materially lost that no one is willing to invest in that once considered safe security, consequently money that ought to be used for the development of agriculture is otherwise invested. With regard to statistics, of course it is difficult to ascertain the figures, but when one of the largest industries in the country is paralysed it must cause depression in other branches, especially when every one feels the necessity to curtail expenses in every possible form and shape.

8893. Do you think that the depression in agriculture has caused depression in other industries, or that the depression in other industries has caused depression in agriculture?—I think that agriculture is the first moving cause, because all the money has to come from the land.

8894. I do not know about that; you can hardly say that all the money employed in the manufactures of this country comes from the land?—No, but if the land does not pay for cultivation there is no money to cultivate as far as the landed interest is concerned.

8895. Has any change taken place in the system of agriculture in consequence of the fall in prices of recent years?—A large acreage has been laid down either artificially or by natural grasses, although in my particular district this has not been carried out to any great extent, owing to the fact that fen land will not make permanent pasture. Perhaps the same quantity of wheat has not been sown, although it is an acknowledged fact that wheat is the staple corn of the fen. A large quantity of potatoes has been grown of late, and also other crops. Mustard, colseed, and buckwheat have been largely cultivated. A new trade has sprung up, namely, the sale of straw for making paper; this is very largely carried on, even in cases where the tenants are under lease not to sell; the landlords looking quietly on, not daring to cancel the lease, which the tenants would gladly agree to. The tenants are, in fact, entirely masters of the situation. Mangolds are likewise cultivated extensively

for sale. Garden produce has been attempted, but with indifferent success. I think there is a great deal with regard to the railway rates, and the expenses of getting produce to market, which has militated against the encouragement of garden produce.

8896. Has any land been thrown out of tillage and put into pasture?—As I said, the fen land will not make permanent pasture. No doubt, there has been some, but not to the same extent as elsewhere.

8897. Is there much dairy land?—Yes; I milk about 70 cows.

8898. How have the prices been for dairy produce?—They have been continually falling. I have just made a fresh contract at a penny a gallon reduction.

8899. What is the cause of that reduction?—I think every one has gone into the trade; they have thought it was more remunerative than other branches of agriculture, and they have competed with each other.

8900. It has been a home competition?—Yes.

8901. Has there been much competition in regard to the other products of the dairy?—I do not make butter; I send all the milk to town.

8902. Does not the sending up of milk pay?—It used to do; but all the gloss has been taken off because of the competition.

8903. Do you see any prospect of recovery of prices for our dairy products?—No, not the least; and I doubt if we are yet at the bottom of the ladder.

8904. In what direction do you look for any remedy?—I have not any remedy to offer.

8905. You think we must give it up altogether?—I have no remedy to suggest, I am sorry to say.

8906. You do not think that any duty upon foreign produce would do?—I cannot advocate that; I should be sorry to see a duty upon the manufactured article, and to let the raw material come in free. I think that would be detrimental to the agricultural interest.

8907. Do you think there is any tendency towards small holdings as compared with large ones?—In some cases the tendency is to larger occupations, where tenants cannot be found to cultivate the land, and the landlords have to keep the farms in their own hands; otherwise there is no doubt the tendency is to smaller holdings, and this owing to many reasons. Secondly, many farmers, owing to their capital being so much reduced, are obliged to curtail their occupation. Thirdly, a man taking a small farm, say from 50 to 100 acres, manages to do all the work with his family, without the employment of extra labour, and this is an immense saving, as labour at the present time is 20 per cent. higher, and the quantity done 30 per cent. less, than formerly, whereas a man working for himself will, with his family, work from sunrise to sunset. And there is another thing to be observed with regard to small holdings, that the quantity of beef and mutton produced is very trifling. I might, perhaps, mention here, that I have statistics taken from our rate book which show that the number of holdings in 1878 compared with 1885 is a little smaller, but not much. I have taken them from five acres up to 1,000. Of occupations of five acres there were 41 in 1878 and 52 in 1885. Of 20 acres there were 23 in 1878 and the same in 1885. Of 60 acres there were eight in 1878 and 14 in 1885. Of 100 acres there were 12 in 1878 and six in 1885. Then, when you come to 200 acres, there were six occupiers in the year 1878 and in 1885 there were only three. Of 250 acres there were four occupiers in 1878 and in 1885 there were eight; so that there is very little tendency to small occupations. There are rather more large occupations. I think there are two or three of 1,000 acres each now.

8908. What is the present rate of wages as compared with what it was 10 or 20 years ago?—In the year 1852, when I began business, we paid 8s. a week and we are now paying 10s.

8909. Has it not been higher than 10s.?—Yes, we have paid 14s. a week wages.

8910. How long has it been reduced from 14s.?—We paid 10s. a week last year and part of the time this winter as well.

8911. Is the supply of labour reduced?—It is abundant; there are a great many out of employment.

8912. Has there been any emigration?—Not of late years.

8913. But there is a great attractiveness in other employments in town, for example?—No doubt there is, but several are returning back to the village who went away in the times of prosperity.

8914. Have you any complaints to make of the burdens which have fallen upon agricultural industry?—Decidedly. The very fact of imposing on real property all its present burdens; say, School Board, Highway, Police, and Lunacy Rates, is to a certain extent a protection to the foreigner on his produce, as it naturally increases the expenses of growing corn in this country. My opinion is that all burdens ought to be borne in equal proportions by both real and personal property.

8915. Do you find that you have anything to complain of regarding the charges upon railway traffic?—Decidedly. I ascertained from my own station that two ton lots of grain to London are charged 11s. 2d. per ton, while two ton lots from London are charged 9s. 2d., that is 2s. a ton difference; four ton lots to London are charged 10s. per ton, and from London 9s. 2d.; 20 ton lots from London are charged 8s. 4d. a ton; there is a special rate for 20 ton lots from London, and then, added to that, these rates include ordinary sack hire if required, and those for four or 20 ton lots also include lighterage, if required, within the ordinary limits on the Thames, provided the traffic be collected in not less than a 10 ton lot from one ship or wharf at one time, consequently not only have they reduced rates from London, but they also have the privilege of fetching the corn from the side of the ship; that is simply putting it on shore from the river at less money than we can send our corn up to London for. Then from Lynn, which is 21 miles from our place, the rate is 5s. 6d. per ton, whereas from London to our station, which is 78 miles, they charge us 9s. 2d.

8916. (*Mr. Slater-Booth.*) You do not allege, do you, that the railway companies charge you more than the law authorises them to do?—I do not know what the law allows.

8917. Do they charge less to you than they do to the foreigner?—Yes, no doubt it is to induce the foreign traffic to come over their lines.

8918. Is there any importation of corn direct to Lynn without coming to London?—Yes, a large quantity of barley.

8919. Do you think that the evidence you have given would apply generally to the fen country?—I believe it would.

8920. You have said nothing about beans; it is a great bean-growing country, is it not?—Not particularly; we grow a quantity, but nothing like the quantity we do of wheat; wheat is the commodity for our land.

8921. You do not know whether the depression has affected the growth of beans as much as the growth of corn?—I do not think there would be much difference in that respect.

8922. (*Chairman.*) What effect has all this depression had upon the rent?—The fee-farm land is held under trust, the rents being utilised for the benefit of the poor parishioners; the land is generally let by auction in small lots, and yearly or on a lease of years, as it may be. In the year 1877 the 250 acres made 549l., in the year 1866 the sum realised was 352l., consequently there is a reduction there of 33 per cent., and I have the particulars, if the Commission desired to have them. Even there, I would observe that the allotment system is followed, because in the year 1877 there were only 53 tenants, and in the year 1886 there were 103. Then with regard to rent; I am the trustee of some property with my brother. In the year 1870, the farm was let for 14 years at 574l. 7s., that is a rent of 25s. an acre. The lease expired in 1884; we could not let, and we could not sell, and last of all we let the farm for

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three years at 10s. an acre, which is consequently a reduction of 344l. That is a most serious thing, because there are several annuitants left under the will, and they get nothing at all.

8923. Was the land in very good condition?—It was in a very good state when it was let. I know the case of a clergyman who bought a farm 15 years ago, and mortgaged it at 1,000l. more than he bought it for. He then sold the farm to certain trustees; it was let for 28s. an acre, on a lease for ten years. On the expiration of the lease, the trustees were compelled to farm it for 2½ years, then they let it for 2½ years for no rent, the tenants merely paying the outgoings; and last Michaelmas the tenants hired it again annually at 5s. an acre. I could give the Commission many other instances of that sort. There is an estate belonging to my sister, which was let at 30s. an acre in the year 1857, and was never altered all the lease. The lease expired in 1882; we could not let it except at 10s. an acre, and even then could not let one farm, and I have them all on hand now. I could tell you of innumerable instances where farms formerly let at about 30s. have now come down to 15s. and 10s. One farm that my father had for 50 years, and after his death I gave 30s. an acre for, is now let at 16s. an acre, and good land too; there are thousands of acres which the landlords are occupying because they cannot let them.

8924. How far are you affected by the price of stock; does that affect you?—Yes, it does materially.

8925. Can you give the Commission the average price of wheat for the last 15 years?—I have the average of my wheat from the year 1854.

8926. Is this of any particular farm?—It is from the whole of my occupation. I will give you the last 14 years. From the year 1871 to the year 1877, my average price for coomb, which is half a quarter, is 25s. 7½d. from 1878 to 1884, the next seven years, my average price is 19s. 11½d., which is just a difference of 5s. 6d. I cannot give the value for 1885 because I am only thrashing it now.

8927. (Mr. Jamieson.) What was the value in 1884?—It was 16s. 5d. per coomb.

8928. And it would be lower for 1885?—Yes, it would be lower for 1885. The monetary value for the first seven years was 9l. 10s. 2d. per acre; the monetary value for the last seven years was 7l. 4s. 10d., showing about 2l. 5s. an acre difference.

8929. (Mr. Aird.) You spoke about the labour question, and said that you were giving the men 10s. a week. You give them other things besides the 10s. a week, do you not?—Those that live upon the farms pay 6d. a week, for which they get cottages and gardens.

8930. Is there no produce of any sort or kind given to them in addition to the monetary payment?—Now and then they do piece work, and during harvest they earn a great deal more money.

8931. You mean that 10s. is the rate when there is very little to do; what opportunities do you offer for them to earn more money?—In the summer there are such; we generally pay more money in the summer.

8932. Do you think anything could be done for the benefit of your district if the market system were altered in any way?—There is one thing I should like to say with regard to the tithes which has struck me. I do not know whether it has struck the Commission. I find that in the week ending February 27th this year, when the average price of wheat at Ely was 26s. 3d. per quarter, the official return for the week was 29s. 3d. per quarter; that is 3s. a quarter difference.

8933. (Mr. Gibbs.) Does that relate to the same kinds of wheat?—Yes, there might be a little difference in the wheat, but 26s. 3d. is the average of the Ely market; and I consider the average of the locality ought to be the amount upon which the tithe is taken, and that it should not be based upon the general average; and I also think that the average should be taken yearly, and the tithe based upon that average.

8934. (Mr. Aird.) What I wished to know was whether the system of markets which exists in Lincolnshire could be improved in any way?—I do not think it can.

8935. You do not think the system which at present exists of produce being sold to a middleman is detrimental to the farmer?—I have no doubt it is to a certain extent, but I look upon the middleman as a necessary evil. I do not see how we are to do without him.

8936. You do not see that the farmer suffers detriment from him by the fact of his bringing him immediately into competition with the foreign producer?—I quite see that, but I do not see how that is to be obviated.

8937. If it could be obviated, would his abolition be of much value?—I do not attach much value to that.

8938. I would like to take your opinion as to the way in which the income-tax is now assessed upon the farmers; as I understand, they are assessed now at a moiety of their rent?—Are you speaking as to Schedule A. or Schedule B.?

8939. Schedule B.?—Schedule B., if I am correct, is taken at half the rent, I think before it is taken you have to add the tithe, and any other outgoings which are paid by the tenant.

8940. Do you think that that is the basis upon which the income-tax should be assessed upon the farmer?—I suppose in the absence of any return of our profits it must be so. I think it is very unfair. I have appealed in the last two years, and have had my income-tax returned under Schedule B.

8941. Would it not be the case that many men who have been suffering heavy losses would not be in a position to appeal under the Schedule, because it would disclose circumstances which would utterly ruin them?—I think it would.

8942. Has the district in which you live developed itself by branch lines from the railway system?—I do not think there is sufficient accommodation given to get to the line; we are a long way from the station, and the produce has to be brought over very bad roads.

8943. That adds to the expense of production?—Of course it does.

8944. If carried to excess it would practically amount to an increase of rent?—There can be no doubt of it.

8945. Do you think that any advantage would be gained by advances being more readily afforded to farmers who, suffering under the pressure of the time, want some immediate aid for which they have to pay if they seek to obtain it in outside quarters, usurious rates?—I think, as a rule, landlords and tenants are very unwilling to invest any more money in the land; to use a common expression, the wind having been taken out of their sails they have no confidence.

8946. The wind having been taken out of the farmer's sails, and he having no money to fly with, sells his produce; but is there any reason why he should sell it to a middleman at a lower rate than he would be otherwise justified in parting with it at?—I do not think it is so; he sends it to the market, and it will realise the market price.

8947. You do not think his sale is forced?—I do not think it is forced; he would realise the market price.

8948. With regard to labour, is it your belief that the labour is as good as it was in former years?—I have not the slightest hesitation in saying that you do not get anything like the work done that you did in days gone by; and that is where the man farming his own land with his children gains the advantage, he would do 50 per cent. more work than a hired labourer.

8949. (Mr. Jamieson.) You have been referring exclusively to wheat land, have you not?—Yes.

8950. Has the land been from a remote period devoted to the growth of wheat?—Yes, I should say it has during the last 60 or 70 years.

8951. If wheat growing became unprofitable, what other occupation could be resorted to, would it grow grass?—It would naturally grow grass, but it would have no feeding quality.

8952. Could it be laid down?—No, the fen-land will not carry grass.

8953. Is the cultivation of wheat the only thing you can use it for?—It is the principal thing.

8954. You said your acreage return from about 1870 to 1874, was about 9l. 5s.?—It was 9l. 4s. 2½d.

8955. And last year you say it was 7l. 4s. 10d.?—Yes.

8956. When the acreage return was 9l. 5s., what was the rental?—I farm my own land and that of my relatives, so I could scarcely go into that, except that on a farm I have on lease for 14 years from 1874, the rent was raised from 20s. to 29s.

8957. There is a diminution in the return of about 2l. 10s. per acre, and the rent of the land has fallen to 13s.?—Yes.

8958. Has there been any corresponding diminution of the labour?—Not to that extent.

8959. To any extent?—We are paying 20 per cent. less than we were eight or nine years ago.

8960. A very considerable expense must arise for artificial manure, must it not?—Yes; I should think that for cake and artificial manure I spend pretty nearly 1l. per acre per year.

8961. And there has been a reduction upon that, I suppose?—The price has fallen a little both for manure and cake, but not to any extent.

8962. Then in those articles you have not got any considerable compensation towards the fall in the produce of land?—Certainly not. In some years the entire rent has been paid out of capital, not every year, but some years.

8963. What I want information upon is whether anything but land has suffered in the same proportion, that is to say, whether the price of labour has come down, and whether the price of commodities the farmer consumes has come down in any respect corresponding to the fall in the value of produce?—I do not think that it has; I look upon it as entirely a landlord's question; I think at the present price, if he had the land for nothing, a man would barely pay the outgoings.

8964. When would you date that from?—I would date it from the last seven years, since the bad seasons came in the year 1878.

8965. Can you answer a very difficult question, what it would cost to grow a quarter of wheat in your country?—I cannot; the old idea was that you could not grow wheat under 10l. an acre if you were going to pay the landlord and yourself and everybody.

8966. That you must realise 10l. an acre?—Yes.

8967. (Mr. N. Lubbock.) Do you know of any wheat land in England which is suitable for growing sugar beet?—I have tried growing sugar beet, but I could not get rid of it when I had grown it; the ground is suitable for it in warm seasons. A few years ago it was tried in Suffolk, and had to be given up in two or three years because the soil and climate were not suitable.

8968. Can you say whether it was that the climate was not suitable, or that the price of sugar was very low?—It was tried two years ago when the price of sugar was very low.

8969. Do you know what weight of roots will grow to the acre?—I do not know; but one of my neighbours said he got 25 tons to the acre.

8970. Do you know that the Germans get only 14 tons of sugar beet to the acre?—I do not know; but you can get from 20 to 25 tons an acre upon our fen-land.

8971. Do you think you could grow such roots at from 8l. to 9l. an acre?—I should think you might.

8972. (Mr. Muntz.) With regard to a matter which has been raised a good deal before the Commission, that is to say, the weighing of cattle and selling them

by live weight; have you thought about it at all, or paid any attention to it?—I have thought of it.

8973. Do you think that it would be any protection as between the buyer and the farmer?—I have considered the matter, but it would appear to me to indicate that the man did not know his business if he wanted that assistance.

8974. Would it not fix the price of live stock sold; each animal passing into the auction room would be weighed, a quotation of the price per lb. live weight at every market would be published in the press, and buyers would attend the markets where the prices were reputed to be low?—To be candid, such a practice does not commend itself to me at all.

8975. With regard to your evidence as to the profits upon farming, you argue that arable farming cannot be now carried on, even free of rent, at a profit?—No, not in average years, but we have had exceptional years.

8976. You say that arable land cannot be farmed under rent except at a loss?—I think so.

8977. To what extent do you consider rent has been paid out of capital, taking the average of the past five years?—Last year I lost money, and two years before that I did not; so I think you may say that last year and the two first years out of five years the rent was paid out of capital; the two middle years I kept where I was, and did not lose anything.

8978. May we take it that during the last five years and a half the rent has been paid out of capital?—I have no doubt that in three out of the last five years the rent has been paid entirely out of capital; in the other two it may not; I consider my domestic expenditure has been partly paid out on other property.

8979. But irrespective of keeping your family, supposing a man were farming an arable farm in the last five years, without considering his living, would he be paying half his rent out of capital?—Certainly.

8980. During the last two years the rent has been paid entirely out of capital?—Yes.

8981. Now you have told the Commission that rent is being, and has been, paid out of capital, if that be so, the question of rental and taxation arises, because the poor rate, as you know, is based upon the rent. Upon the poor rate it is not of so much importance, because the amount of rating would merely affect the rate, whether it was a high rate or a low rate; but upon the question of taxation, that is to say, Schedule A., which is based practically upon poor rate, and Schedule B., which is the profit, if rent has been paid out of capital in the last few years, then these taxes ought not to have been collected from the landlord?—No, they certainly should not.

8982. Nor from the farmer?—No. The difficulty is this, that if a man farms his own land under Schedule A., he is generally assessed according to the rate book; consequently he has to pay property tax according to the rate book; but if you hire a farm you can put in what your rent is, and the landlord is charged upon a rent, that is Schedule A.

8983. But as far as regards that, whether you own your land or you do not, if that land has no annual value then there is no justification in collecting either the income tax under Schedule A. or B.?—Certainly not; but the real difficulty is in appealing; people do not like to go up and appeal.

8984. So that practically, the exchequer is receiving millions of money, to which it is not entitled?—Certainly it is not entitled to it.

8985. And more than that, the people do not like to go to the rate collector and say, my property is valueless?—And more than that, people do not dare to open the eyes of the public to the fact that they are so involved.

8986. (Mr. Gibbs.) A great many people do not actually know how they stand; that is to say, they do not keep books; they go from hand to mouth, and could not answer distinctly the question, have you made a profit this year or have you not, except where their

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11 March 1886. 8987. (*Mr. Muntz.*) In some counties there has been a dead set against Schedule B. by the whole of the tenantry; has that been the case in Cambridge, shire?—No, it has not, we thought it best to pay the tax.

8988. (*Mr. Jamieson.*) You have paid the tax under Schedule B.?—I have.
 8989. What have you reclaimed?—I have reclaimed it for two years.
 8990. (*Mr. N. Lubbock.*) Had you any trouble in reclaiming it?—I have not had any trouble in reclaiming it.

The witness withdrew.

Adjourned to Wednesday next at 11 o'clock.

TWENTY-THIRD DAY.

Wednesday, 17th March 1886.

PRESENT:

THE RIGHT HON. THE EARL OF IDDESLEIGH, G.C.B., IN THE CH.

RIGHT HON. G. SCLATER-BOOTH, M.P.
 MR. J. AIRD.
 SIR J. ALLPORT.
 MR. L. L. COHEN, M.P.
 SIR J. P. CORRY, M.P.
 MR. DAVID DALE.
 MR. C. J. DRUMMOND.
 MR. H. H. GIBBS.

MR. W. H. HOULDSWORTH, M.P.
 MR. W. L. JACKSON, M.P.
 MR. N. LUBBOCK.
 MR. P. A. MUNTZ, M.P.
 MR. A. O'CONNOR, M.P.
 MR. R. W. INGLIS PALGRAVE, F.R.S.
 MR. C. M. PALMER, M.P.

MR. G. H. MURRAY, *Secretary.*
 MR. T. H. ELLIOTT, *Assistant Secretary.*

Mr. JOHN COLEMAN examined.

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8991. (*Chairman.*) Perhaps you will kindly just mention what your connexion with agricultural questions has been?—I have had a large experience, both as a land agent and also as a practical farmer. I was educated at the college at Cirencester and took a diploma there. I afterwards managed estates in Berkshire, Surrey, and Northamptonshire, and during the last 20 years in Yorkshire.

8992. In what part of Yorkshire?—In the east riding of Yorkshire, the estates of Lord Wenlock lying about six miles due south of York; and during most of that time I was also practically engaged in the management of land. In 1876 I was sent out, as representing the Government, to the Centennial Exhibition at Philadelphia, as one of the judges of machinery, of which group I was chairman; and in 1879 the Duke of Richmond appointed me assistant commissioner for the seven northern counties of England, those would be Yorkshire, Northumberland, Durham, Cumberland, Westmoreland, Lancashire, and Cheshire. That inquiry extended from the autumn of 1879 until shortly before the date of the Duke of Richmond's Commission's report, in the spring of 1882.

8993. When you were in America had you an opportunity of studying the agricultural system of the United States?—Partially; I saw more of the eastern States than of the western States. I was not able to go beyond Chicago.

8994. Can you form any estimate of the loss which has been sustained in recent years by landowners and farmers in consequence of the bad times in this country?—When I commenced my investigations in 1879 the depression existed in those northern counties in very varying degrees, in fact, in the western counties, such as Cumberland, Westmoreland, and to a large extent Lancashire, and partially Cheshire, there was very little agricultural depression; it was principally in those more eastern counties, where arable land prevailed. At that time the main cause was attributed to a succession of wet unproductive seasons, coupled with the fact that our deficient produce met with

a low price owing to large foreign competition, which the Commission will remember did not exist in previous times. When we had bad crops we generally had high prices. The present condition of things is infinitely worse than it was then, because we have had two comparatively productive seasons, when the crops have been fairly average as to quantity and quality, and yet the prices of all descriptions of produce have ruled so low that few farmers have been able to hold their own. More especially in the last year, 1885, the drop in live stock affected breeding farms, which up to the last two years had done much better than tillage land, and in fact had suffered very little at all; rents had not gone down, competition was still as keen as before, and there was very little complaint. There is rather a curious fact, however, explain it how one can, that during the last autumn, at any rate in Yorkshire, there has been a better demand for farms than there had been during the last three or four years, and not only a better demand, but by a better class of tenants. The only way in which I can explain this is that there is an impression that we have reached the lowest abyss of our trouble, and that it is a good time for a farmer to come on to a farm, inasmuch as every portion of the stock is so low in price. Now with regard to the question, first, as affecting landlords, this varies according to the character of the farms. Where good grass land prevails, the effect has not been so severe or long continued, and in many of the dairy and breeding districts has actually only been felt seriously since the drop in the value of cattle and sheep, probably for two years past, and this to an extent of from 10 to 15 per cent. in the rentals. On good mixed farms with a large proportion of grass, say one-half grass and one-half tillage, the decline in rents, though considerable, has not exceeded from 15 to 25 per cent., with some additional outlay to help old tenants or to make the farms more attractive to new ones. The greatest diminution of income has been upon cold bad land, principally arable. Here the farms are either in hand because it has been impossible to let them,

or the rents have been reduced from 30 to 40 per cent. An additional outlay has in many cases been incurred which has brought the loss of income even to a higher point than that. I should say, as an average, 50 per cent. would include the outlay.

8995. Are those facts which you are giving the Commission confined to the district of Yorkshire, or do they apply to the whole district you have mentioned as having examined?—They apply to the seven northern counties which I have examined. The Commission will know how difficult it is to give any answer on agricultural points definitely, because so much depends upon particular circumstances, and it is partly for that reason and partly because I had not time, as the first intimation of your honourable Commission wishing to see me was about a fortnight ago, that I have not prepared much statistical information. I give you the result of my experience as far as I can generalise it. Now with regard to the tenant, it is much more difficult to form a correct estimate of the loss sustained, because as a rule farmers do not keep accurate accounts, and in too many cases the story that such accounts would tell is too terrible to make public. Numbers of originally weak men have succumbed. I need not tell the Commission that one of the greatest drawbacks to successful farming, even before the depression, was the fact that men occupied much more land than they had capital to farm properly. That, of course, has been very much intensified during the past years, and the weak men have therefore very much succumbed. The enormous increase in the number of bankruptcies and settlements with creditors is quite sufficient evidence of that; many more are hanging on whilst anything remains, taking all they can out of the land and living to a large extent upon what should be the landlord's capital, namely, the resources of the soil. Now, as an evidence of that I may just mention the large increase in the use of nitrate of soda as a top dressing. Nitrate of soda is valuable enough when land is in good condition, otherwise it is an exhausting manure, a whip, in fact, to extract mineral matter from the soil.

8996. (*Mr. A. O'Connor.*) That indicates the exhaustion of the land?—It increases the root development of the plant and enables it to obtain more of the resources of the soil. If you farm well, the more you take out of the soil the better, because it goes back again in some form or other; but if you do not farm well then you should not treat it in this manner, because you injure fertility.

8997. The object of my question is whether it is not the intention of those who so increasingly use the nitrate of soda to exhaust the land?—I should not say that they have that directly in their minds, but it is a sort of necessity to farmers, in order to meet the present times, to get as much as they possibly can out of the land.

8998. (*Chairman.*) They want to stimulate the production without caring whether they exhaust the productive resources of the land during their term or not?—That is so, and I am afraid there is not any means of stopping it.

8999. (*Mr. Jackson.*) Have you any figures to give the Commission with reference to the increase of the use of nitrate of soda?—I could furnish them by reference to the manufacturers. I have not got the facts here, but the use of nitrate of soda has largely increased as a fact, the object of it being to increase the crops.

9000. (*Mr. A. O'Connor.*) Is it used upon all lands?—I do not say upon all lands, but upon tillage land, for the top dressing of the cereal crops in the spring of the year. By the exercise of great economy and industry and by more careful management there are those who, notwithstanding the low prices, have not suffered materially in their capital. Those are the very best cases, but they have made no interest upon their money and nothing out of their labour or that of their families.

9001. (*Mr. Palmer.*) Are you speaking of any particular cultivation of the land?—I am coming to

that. Those who have suffered the least are the small stock-rearing and dairy farmers who work within themselves and who have no Saturday night to meet. 9002. (*Chairman.*) What do you call a "small farmer"?—A farmer who would be his own cowman and whose children would milk the cows.

9003. How many acres would that be?—A man who farms a farm of from 50 to 150 acres, principally grass. The largest losers have been the tillage farmers, either with cold strong land or weak light soils, such as the wolds of Yorkshire or the wolds of Lincolnshire, or the chalk down-lands of Hampshire, and all that district of country which once was in such good demand, when wool was high and prices were better. The following statement from a very practical, clever, and educated farmer, himself the son of a land agent in the north riding of Yorkshire as to the cost of working a limestone farm in the north riding of Yorkshire, principally arable, throws some light upon the subject. I might say that I should not introduce these figures to the Commission if I were not myself satisfied that they are reasonable and practical. The farm comprises 150 acres, one-third grass and two-thirds tillage. The income is as follows—

9004. (*Mr. Palmer.*) That would be up in Teesdale, would it not?—No, it is in the neighbourhood of Scarborough. 60 acres of corn at 6*l.* an acre, 360*l.* Value of the straw, chaff, and clover supplied to horses, 50*l.* 60 store lambs, at 2*s.* each, would be 75*l.* 10 fat ewes at 40*s.* each, 20*l.*; the wool, 10*l.* The butter from 10 cows at 10*l.* a cow, 100*l.* Eight store bullocks (they would be between one and two years old) at 10*l.* apiece, 80*l.* Two cows at 15*l.* apiece, 30*l.*; and the pigs and poultry, say 25*l.*, making a gross income of all products of 750*l.*, or 5*l.* per acre.

9005. (*Mr. A. O'Connor.*) With regard to pigs and poultry, you do not know how the figure is distributed?—I have not that information, there is very little to be made out of pigs, I cannot give you the division. Expenditure—Rent 150*l.*, 150 acres at 1*l.* per acre, which would be about the present reduced rent of that land, it would have ranged from 25*s.* to 28*s.* in old times. Rates, 15*l.*, that would be 2*s.* per acre. Labour, exclusive of threshing, 200*l.*, that is about 1*l.* 5*s.* per acre, or a little under that, say, 1*l.* 3*s.* 6*d.*

9006. (*Mr. Jackson.*) Would that be all money out of pocket?—It would be if it had all to be paid. Threshing expenses on 60 acres, 10*s.* an acre, 30*l.*; keep of five horses, including value of clover and straw, 150*l.*; seed corn for 60 acres 30*l.*; clover seed for 20 acres, 12*l.*; root seeds for 20 acres, 3*l.*; bone manure for roots, 30*l.*; implements, repairs, and removals, 25*l.*; tradesmen's accounts, 50*l.*; miscellaneous, 5*l.*; cake and meal purchased, 50*l.*; making a total of 750*l.* The question of the pigs would be very small, I was going to remark, because they eat a large quantity of this 6*l.*-an-acre grain, and therefore it would be only what profit remained after that, which I am afraid, at the present price of bacon, would be very small. The calculation is 6*l.* an acre upon tillage land and 2*l.* an acre upon grass, that is an expenditure which I think is reasonable. The income, as you will observe, covers expenditure, but leaves no margin to meet interest on capital, which, if the capital was 1,000*l.*, and I think a farm of that sort could not be worked with less, would at 5 per cent. be 50*l.* The farmer and his family get nothing beyond the house and garden rent free, and such food as the farm produces at the cost of production, unless they take a personal share not only in the management but also in the manual labour of the farm; and this also explains to a very large extent how it is that farmers have not, to a very much larger extent than appears, gone to the wall. It is that they have drudged in many cases more than any labouring man or a labouring woman to save the outlay in labour; and unless this is done, and done to a very large extent, the cost of living must come out of capital. Indeed if these figures represented the actual state of things, it would

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not be long before the capital was exhausted; but as a matter of fact farms of this class are occupied by men whose families work harder than hired labourers. They are thus enabled even in these hard times to meet the cost of living, and all household expenses without trenching on their capital. I am now quoting my correspondent's views. The sons while single rarely draw their wages to any great extent, and so capital accumulates, and when the son marries, the father is (I think myself "was" would be truer than "is") usually able to assist him to stock a small farm, or help in some other way. No doubt that was the fact that a man occupying a farm of this sort by great economy and thrift did in some way or other start a son or sons sometimes on farms, often as large as his own. Now this is a very truthful statement as to a well managed farm out in the country, say in the northern counties, too far from large centres of population to benefit by the demand for hay and straw, and lots of things that could be sold in towns. My correspondent adds, "where rents have not been reduced" (which I should say was quite an exceptional condition of things), "and where farms are worked entirely by hired labour, I can see no margin for interest on capital, and household expenses must be paid out of capital." He goes on to say that in his opinion "corn cannot be produced at 10d. a stone of 14lbs. (equal to 6l. 13s. 4d. a ton) unless rents are still further reduced. I would explain that 10d. a stone is 30s. a quarter for wheat, 26s. 8d. a quarter for barley, and 20s. a quarter for oats; but if one shilling a stone, which is equal to 8l. a ton all round for wheat, barley, oats, beans and peas (that is wheat 36s., barley 32s., oats 24s., and beans 40s.) could be realised either by selling in the corn market, or by the production of meat or milk on the farm, then the rents lately ruling could be maintained." I think he refers there to some reduction of rent having been obtained, and to some still further reduction of rent being obtained till things have improved. "Labourers would be fully employed, and farmers would obtain a fair return for their capital," that is what my correspondent says, and as he is a very practical and successful farmer himself, and the son of a land agent of considerable experience, his statement is entitled, I think, to some consideration as an important and truthful statement.

9007. (*Chairman.*) You spoke just now of there having been recently a better class of men taking farms than had been the case some years ago; do you mean men with more capital, or men with a better knowledge of the business?—I mean both; but more especially men with more capital. I do not refer now at all to large farms. In the course of my examination I shall be able to show, I think, that the tendency is very much to smaller farms than formerly, not entirely because those farms are more productive, but from the fact that capital has so shrunk, that there is not the same competition for larger farms; there is not the same amount of money required, nor is there the same amount of risk in taking a small farm as in taking a large farm.

9008. Do you consider that a smaller amount of capital per acre is necessary now than was necessary some years ago?—I think decidedly at the present moment that a very much smaller amount of capital is sufficient, because the price of everything is so much reduced, with the exception of labour; the price of labour is less reduced than anything else, but the prices of stock and cattle food are very much reduced.

9009. In olden times we used to talk of 10l. an acre as the capital that would be required; the reduction in the cost of many articles that are required would reduce that 10l., I suppose?—Yes, to 8l. or 7l.; but 10l. is a much larger amount than was ever at work; it was the standard we should have liked to reach to, but I am afraid it was very seldom attained for ordinary farms.

9010. (*Mr. Selater Booth.*) What was the sum you assumed just now?—6l. 12s. 6d., and that would be a very fair estimate for a farm one-third grass and two-

thirds arable. I think it will be evident to the honourable members of the Commission that it would be very difficult to give anything but a very general estimate of the losses of farmers during recent years. In many cases it has been total, that is, the whole of their working capital has been absorbed. In others, where circumstances were more favourable, either naturally or owing to skilful management, some considerable inroads have been made upon capital, and in the very best circumstances the farmer has barely held his own, while the 7 or 8 per cent. which he might justly look for as the interest on his capital and the return for his time and labour have been lost.

9011. (*Chairman.*) To what extent do you think the average value per acre of agricultural produce has been reduced?—In order to answer this question with any degree of accuracy, I must classify the farms under different headings, and I do it in this way. Firstly, farms chiefly arable, and those I sub-divide into strong soils and light sheep land. Secondly, mixed farms, half arable and half grass; and, thirdly, grazing, breeding, and dairy farms. Now, taking the first case, that of the strong arable soils, cereal produce is the main source of income, and some profit may be realised by wintering cattle, either fattening or growing. Wheat, oats, and beans will be principally grown, and a deficient yield owing to bad seasons up to 1883, and low prices, would probably reduce the value per acre from 5l. 10s. to 4l. 5s. I have calculated for a 200 acre farm of arable land yielding 120 acres of corn, 40 acres of seeds of first and second year's growth, that is 20 acres each, and 40 acres of fallow. The calculations are as follows:—40 acres of wheat at the present price would be 220l., calculating three-quarters to the acre, at 35s. a quarter, it is more than the present price, but I take the present price to be exceptional. The same yield at 45s. a quarter, which was the average price for some years previously to the depression, would be 270l. The value of the 40 acres of seeds of the first and second years growth as hay for stock, and as eatage, would be reduced by the less value of stock from 240l. to 180l., that is to say, 180l. now against 240l. in old times. The 20 acres of beans, chiefly from lower price and lower yield, would now produce 100l. as against 160l. formerly, and the remaining 80 acres of corn would be now, at 6l. an acre, 480l., as against, at 7l. per acre, 560l. This would give upon a 200 acre farm a gross produce now and before as follows:—

9012. (*Mr. Palmer.*) Within what period are you speaking of?—Simply before the depression commencing, say, in 1877. I do not think before 1877 we could say that there was very much depression. It became exceedingly bad in 1879 and 1880, but there was a little improvement in 1881 and 1882. In 1884 and 1885 the depression has been perhaps still greater. The gross amounts would be 980l. against 1,230l., and that divided by 200 acres will give us the proportion per acre, it is 4l. 9s. as against 6l. 3s.

9013. (*Chairman.*) Are you making your calculations simply upon the alteration in prices, or upon the decreased production as well?—I am making them in both ways. I have taken a quarter per acre as the decreased production of corn. Now in the case of light sheep land, all arable, the calculation is made supposing, what does not often exist perhaps, that a four course rotation is followed; but it is more easy to calculate. In this case the difference is nearly as great as it is in the strong land, and it comes out as 4l. 16s. against 6l. 10s., the produce being reduced about 1l. 14s. per acre. There is not very much difference, it is almost the same, whether you take a light sheep farm, or a strong arable farm, or a strong wheat growing farm, you will find the loss owing principally to the diminished value of the produce. I have worked out the calculation in the case of a light sheep farm, and if the Commission would like to have the figures I will state them. 50 acres of wheat producing three quarters at 35s., making 5l. 5s. per acre, or a total of 262l. 10s.; at 45s. a

quarter it would be 6l. 15s. an acre, and that would produce 337l. 10s. 50 acres of barley, producing four quarters to the acre, at 30s. a quarter, that is 6l. an acre, producing 300l., that at 40s. a quarter would be 8l. an acre, which would give 400l. 50 acres of root crops for sheep and cattle, and 50 acres of seeds for sheep and cattle, 110 lambs sold, being the produce of 100 ewes, at 25s. each would be 137l. 10s., at 40s. apiece it would be 220l. 20 fat ewes at 2l. each would be 40l., at 60s. it would be 60l. The wool would be 50l., and at the old price it would be 80l. 20 calves reared and sold at 6l. would give 120l., and at 8l. apiece, the former price, 160l. From five cows the butter produced would be worth 50l., both now and formerly. Those figures give a gross total of 960l. as compared with 1,307l. 10s.; and dividing those figures respectively by 200, the acreage, you get the result I have before stated of 4l. 16s. as against 6l. 10s. On mixed farms, half arable and half grass, the soil being fairly good, the value of the produce has not been so much reduced except during the last year, which may be regarded as to a great extent exceptional; that is what one hopes. It is perhaps rather a bold thing to say, but I think I shall be able to show that there are reasons why it may be considered exceptional. I should consider that on this class of farm the value of produce per acre was reduced about 20 per cent.

9014. (*Mr. Jackson.*) Is that due to the fall in price?—Yes. We now come upon the value of the stock, more especially upon the light sheep farm, it was the wool which affected the price very much. It is quite possible that in many cases the fall in the value of the produce would not be as much as 20 per cent., because a clever man with capital at command can often materially help his return by judicious purchase and sale of stock; but assuming that he rears, dairies, and feeds, I think the figures I have given are somewhere near an average. I take it very roughly in this way, that 100 acres of grass would carry 20 cows and rear the female calves, and that upon the average those 20 cows and calves would give 300l. in produce as against 400l. in former years, before the last two years; that the 100 acres of arable land would now give 5l. an acre as against 6l. an acre formerly. The Commission will see that we do not get so large a gross return from the pasturage land as we do from the arable, but of course the cost of cultivation is immensely reduced. Now I come to the third class of farms, namely, grazing, breeding, and dairy farms, which are principally grass farms, and from which the produce goes to market either on its legs or as animal produce. Up to two years ago there was no loss whatever. Indeed in 1884 I was one of the judges of prizes offered for farms by the Royal Agricultural Society in the districts of Shropshire, Staffordshire, and Warwickshire. I then saw the accounts of several dairy farms and they showed good profits, and I believe they were genuine so far as we could test them; but milk, cheese, and store animals have all dropped fully 25 per cent. since then; and during the last year these farms have lost heavily, but with the recovery of prices they will rally again. Referring to such farms, the correspondent already quoted as to the farm in the north riding of Yorkshire (and who I may mention took the first prize for a dairy farm in the competition for dairy farms in 1883 in Yorkshire) says, "A ton of milk can be produced at a lower price than a ton of corn, and a ton of milk is worth more than a ton of corn; at 7½d. per gallon a ton of milk comes to exactly 7l." And he goes on to say, "An average short-horn cow will produce three tons of milk in the year, say 672 gallons." I think it would be rather a good short-horn cow to do that, but still I think many instances could be obtained of larger produce even than that.

9015. (*Mr. A. O'Connor.*) Do you accept that statement?—I was going to qualify it by saying that I thought it rather a large estimate. I think that if due care were paid to the hereditary tendencies in the selection of cows you might get it; but I do not

think that the whole country would realise it. This 672 gallons at an average price of 7½d. per gallon would realise 21l. or 7l. a ton. "The calf would cover the cost of insurance and the service fee of the cow. The value of the manure should cover the cost of labour. The cost of keeping, estimated at 1s. a day, would be 18l. 5s. a year." This, I think, is rather a high estimate and may be put against the estimate of the milk; because for half the year the food would be principally natural grass, and 1s. a day is a very high price to pay for anything like that, even if supplemented with reasonable amount of artificial food. But taking his figures, we have a charge of 6l. a ton against a produce of 7l., which only leaves 1l. a ton margin to meet depreciation in the value of the cow which is very serious, it cannot be taken at less than from 15 to 20 per cent. upon the value of the cow, sometimes more, and also the interest upon the capital; and certainly, as my correspondent says, there is no margin for profit to reward the farmer for the necessary attention and anxiety which dairy farming involves.

9016. How do you arrive at the 6l. 2?—I have given that 18l. 5s. as the cost of the food to produce three tons of milk, it is practically 6l., it is not fractionally. My correspondent concludes his valuable letter by the opinion that milk and corn ought both to realise 1s. a stone, that is about 8½d. a gallon for milk, which is not at all an unreasonable or an unusual price, and he says, "then all could live comfortably;" and then he adds, "I do not think tenants or labourers would be permanently benefited by protection; the improvement must, I think, come in a natural way, namely, by an improvement in the general trade of the country," as to which he says, "there is no hope till more gold is discovered, or until new markets capable of taking large quantities of our manufactured goods are available." I ought to apologise for introducing the conclusion of that letter, but such are his views. I only think that taking his estimate of cost, and taking his estimate of production, if the one is rather excessive so I think is the cost; and I think you may take it that at such a price as 7½d. per gallon for milk there is very little profit indeed from dairy farming.

9017. (*Chairman.*) Have you made out in what proportion the loss has been due to the fall in prices, and to the bad seasons respectively?—I have attempted to do so. During the first period of the depression, that is, from 1877 to 1883, the loss was principally due to deficient yields from low temperature and excessive rainfall. This loss was, as I have explained, felt more particularly upon the arable land, at the same time the feeding quality of the grass land was seriously affected, especially on strong land and in low situations, particularly where the land was liable to flood. During my inquiry complaints were almost universal that the finer herbage had given place to coarse water-loving plants with much lower nutritive properties, consequently the result in the feeding of animals was that the milk and meat producing powers of the animals were considerably affected. I am very glad to say that the fine warm summer of 1884, and the better weather last year did a good deal to reinstate those pastures which were not suffering from want of drainage. It is quite extraordinary how the quality of the grasses improved, and the better grasses seemed to take heart and come to the front again almost as before. Since 1883, however, the reduced value of produce has arisen almost entirely from the extremely low prices of all descriptions of produce. Up to 1883 it was the combined effect of the low prices and bad seasons, and since that time we have had good crops; but the prices have gone still further down until it is quite impossible to grow crops at such prices.

9018. How far do you think the loss has operated by diminishing the purchasing power of the agricultural community in influencing the depression of trade?—This is a question to which I have given the greatest amount of attention, and having too short a time myself to prepare the information, I thought it would be most

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desirable if I obtained it from those who had to do with the farming community, and therefore I sent a circular letter to a few authorities upon the several questions on which I requested information as to the effect of depression upon the spending power of the landlord, the tenant, and the labourer, and asked for suggestions as to the causes and remedies. The information, as would naturally be the case, in several instances goes beyond the questions asked, but bears so directly upon the agricultural part of the subject that I trust the Commission will consider the matter important enough to be read. The first answer I have is from a large manure manufacturer and dealer in cakes, food, and seed. I think it is better that I should not mention names.

9019. (*Mr. Palgrave.*) Would you indicate the district?—Yorkshire and the neighbouring counties. The letter is as follows:—"Dear sir, We have yours of 11th inst. We need not say we shall be very glad to give any facts or figures in our power on the matter you name, but it is very difficult to make exact comparisons between different years on various grounds: 1st. The clientèle of a tradesman varies from time to time, and it is not always easy for him to say how much of a certain increase or decrease, as the case may be, is due to alterations in the spending powers of his buyers and how much is due to his losing customers or gaining fresh ones. 2nd. Prices are, of course, varying from year to year, and greatly affect any comparison of a tradesman's turnover." 3rd. During recent years, as you are well aware, much land has been given up by tenants and been obliged to be farmed by landlords, who are usually in a much better position to expend on the farm, whether there is any immediate prospect of remuneration or not, if disposed to do so; and on this ground the reduced expenditure on such a farm is a very inadequate gauge of the reduced earning power of the land. This earning power may be in some cases almost nil, and yet it may be well worth the landlord's while to make considerable sacrifices to keep up the state of cultivation, in the hope of being able, when the long overdue good times do come at last, to reap the benefit. This, of course, applies in degree to the better class of tenants, so that the reduced expenditure of recent years on goods in our line does not, in our opinion, at all fully represent the real reduction in earning power of the land. Subject to these considerations, all which will doubtless be self-evident to you, we give the following figures:—Our turnover has declined steadily since 1878, the following six years, 1879 to 1884, showing an average reduction of about 13 per cent. in money value as compared with 1878; and last year, 1885, showed a still further reduction of 16 per cent. as compared with 1884." So that there is 29 per cent. reduction of the turnover.

9020. Are we to assume that this reduction is equally distributed between the seed and the cake and the manure?—Yes, I think you might. It is a very large business and a very large trade. I should think it is likely to be quite as large in the cake. Then the letter goes on:—"This does not, of course, as pointed out above, indicate quite the same decrease of tonnage on account of the steady reduction in prices, but, on the other hand, it indicates probably a greater proportionate reduction in profits to the trade generally on account of the depreciation of the large stocks which in a business like this it is necessary to hold and to provide some time before-hand in spite of the risk of reduced value when the time of sale comes round. Our own impression is that even in spite of the large reductions indicated above in the turnover of our business, we are supplying the requirements of a rather larger acreage than was the case in 1878." I think the explanation of that is that unfortunately so large a proportion of land is now in the hands of landlords which was formerly badly managed by the tenants, that they, in order to put things right, are laying out more money

than would be profitable. Then the letter goes on:—"But this is, of course, merely a rough general estimate, and would be difficult to prove. We have no means of separating our turnover as between landlords and tenants, but we find that we do a steadily increasing proportion of our business with the former. We do no business whatever with labourers, and fear we have no information worth your notice in that connexion." Now the next communication I think is very interesting, as coming from a very large agent for farming implements.

9021. Is he also in the north?—Yes; I should think he is the largest agent in the north of England.

9022. (*Mr. Palmer.*) Do you mean the agent of any particular firm?—No, certainly not; but a man who by his practical experience advises the farmers as to what machinery they shall use, and has himself large repairing works, and does a great deal of work for farmers in the way of putting up any machinery that may be required.

9023. And supplies machinery from different makers?—Certainly; he is in no sense the agent for any particular firm, but is a sort of middleman, in fact, I wish all agents were such useful middlemen, because he gives very good advice as well as supplies useful implements. I have several replies from very large land agents in the district I went through in answer to your question. The agent for the implements says, "Many farmers incurred liabilities during the last one to four years which they are quite unable to meet through the continual reduction in price of grain which has upset all their calculations; and had they foreseen it, many would have purchased less implements and in other ways have striven to meet it. This of course precludes the chance of our doing much business with this class of men until they work themselves round again. Those in our opinion who perhaps buy the hardest, that is they are the most keen in making a good bargain, but who up to the present time pay the best, are the small hard working farmers who farm the grass land in the Yorkshire dales, these men attend closely to their business, live further away from markets and large towns," by which he meant that they do not waste either time or money so much in marketing, "and we think they are the best off at the present time; this year of course they have lost heavily through stock. The next are the class of farmers half arable and half grass, and the worst off we consider those who farm mostly arable land. These men require considerably more implements, besides other things, and they at the present time, we feel sure, are in the worst position. We have the greatest difficulty in getting money, which prevents our attempting further business with them. Last year we did rather more business than the previous year, which we accounted for by the large number of farms unlet late on in the season, and which compelled many landlords to farm their own. This of course necessitated more implements which could not be done without, so that in these cases the depression and the number of farms being unlet was rather an advantage to our business. We have many clients who at the present time manage to do fairly well, these are men who we find attend to the whole of the detail and small items, men who take care, the butter and eggs, chickens, &c. are made the most of, who will economise all round and take care of the fruit and pigeons, who are able to grow early potatoes and other vegetables. These farmers we find are able to make ends meet, and in many cases pay cash for what they buy. As to the future, we think that these bad times have knocked out a great many men who were broken down and always insolvent. Those left are the men who were possessed of a little capital, and with help all round, both with their landlords, reduced prices for tillage, implements, &c. may manage to go on, more especially if wheat could be assured at 40s. per quarter and beef at 8s. per stone. In fact we have had many prac-

tical men who have said this, but in nearly every case they have been men who were on good farms. The men on small strong land farms we dare not at the present time give credit to for any amount over a few pounds, as in most cases we believe they are insolvent." That is the opinion of a man who is largely connected indeed with farmers of every description. The next letter I have is also from a large manufacturer and agent for implements in the west riding of Yorkshire. With regard to landowners he says, "I have to say that my own business with that class of purchasers is reduced quite one half, and there is the greatest reluctance to order anything excepting articles of absolute necessity. Secondly, as to farmers. In their case my experience amounts to almost a total cessation of orders for new machinery. I find they are driven to the purchase of second-hand articles at low prices, as the outlay is less; and it is only by adapting myself to such circumstances that I am enabled to keep my works going with a very much reduced number of workmen. Thirdly, the labourers. I am not in a position to speak as to the agricultural labourer, but generally the labourer (when he is in work) never was better off; wages for those in employment have not been materially reduced as yet. Employers have certainly reduced their expenses by dismissing superfluous hands, and thus caused some distress, but there has been no all-round reduction of wages about here, and therefore the spending power of the wages class is not much affected as yet."

9024. (*Mr. A. O'Connor.*) Is that in Yorkshire?—Yes.

9025. That is different from what we have heard?—Yes, but this is Yorkshire agricultural and not commercial. Then he says, "The great difficulty connected with foreign tariffs has been a source of anxiety to me. Had it not been for the duty imposed by France on my goods I should have had orders from that country to make up my loss of trade at home, but I am cut out of that market by a 5s. per cwt. duty which takes away all profit and leaves the Frenchman with a worse article to supply the place, only he will not pay more than he can get a similar looking thing for at home." I know that is perfectly true from my own experience in Paris in 1868 in the exhibition. Our colonies treat us exactly the same in most cases, keeping down the trade with them in a ruinous manner.

9026. (*Mr. Palmer.*) Do many of your correspondents corroborate what we have heard that the manufacture of agricultural implements has been greatly removed from this country and English capital embarked in Austria and elsewhere for the purpose of manufacturing them in those countries?—I have no information upon that point. I know that in 1878 the largest implement agent both for America and England, Monsieur Piltre, in Paris, told me himself that if the production of machinery in France continued as it was doing, in 10 years time his trade would be gone, as there would be no demand for either English or American machines, because they were copying so closely the best patterns of English and American machinery.

9027. (*Mr. A. O'Connor.*) None of your correspondents refer to the importation of foreign oil cake?—No, they do not.

9028. (*Chairman.*) You were giving the Commission information as to some special trades, manure and other trades; have you any special information to give upon that subject?—I have rather a comprehensive report from a land agent in Westmoreland who is a man of very ripe experience. He is an old man who is a great authority on both Cumberland and Westmoreland farming, and I think you will find there is a great deal in what he says that is valuable. He refers in the first place to the report which I wrote to the Duke of Richmond's Commission, and in which I took what was a perfectly

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fair view, that there was no depression in these two countries. He says: "The conclusion of your report, paragraph 1, must now be altered in that 'the prosperous condition of farmers in these countries' no longer exists, or is seriously lessened. Previously 'we were comforted by the assurance that the loss and ruin on arable districts further south could never reach our cattle, butter, and sheep, our mixed husbandry and green side up-farms.' We have been rudely undeceived. Last December, in advising landowners how the pressure of farmers for rent reductions was to be met, I estimated the fall in prices in the last year or two thus: Calving cows 20 per cent., bullocks 25 per cent., and almost unsaleable. Young cattle and sheep 25 per cent., butter 20 per cent., fat lambs 25 per cent., lean lambs 33 per cent., and wool 25 per cent., and within ten years 50 per cent. Putting the fall in price of saleable products at 25 per cent. all round, it was in some cases decided in the uncertainty as to the depression being permanent, to halve the difficulty, and to grant reductions of 10 per cent. or 12½ per cent. for the present." This bears out very much what I said that the present depression may not be felt in those countries which are principally grazing, "but in many cases to my own knowledge this was a mere milksop where, for example, large buyers of bullocks in the spring, &c., for summer grazing found themselves in the autumn unable to realise in some cases at even cost price, or at a bare surplus, thus not clearing rates and expenses, not to name rent. Taking your points in order as to the effects of the depression on expending power (1) of landlords, the loss of income to them has not yet, I think, as a general rule been felt so materially as to check needful expenditure on their part. I know of several large owners who, on the contrary, were last year encouraging their tenants by draining and gifts of bones, &c., free of interest, to improve the land in preference to a mere allowance of money off the rent. Whatever may be the fact in other parts, I hold that the farmers on the largest life or entail ownerships hereabouts are on the whole found the best off, their homesteads the best built, their land the best drained and managed. There are, of course, exceptions, and if rents are to fall permanently, as many good judges predict they must, 15 per cent. to 20 per cent., it is certain that many owners cannot afford to go on spending on the land, which is always wanting outlay, and men of capital will be greatly checked or discouraged from doing so."

9029. (*Mr. A. O'Connor.*) What do you understand to be the difference in the condition of farms compared with 10 or 12 years back?—It means, I think, that in the district large entail estates are not worse managed than estates held in fee simple, on the contrary, that large estates are better managed as a rule than smaller properties. There is something more will come out of that afterwards. There is some question which will refer to that. "The persistent attacks on the landed interest and threatening of confiscatory legislation also, certainly tend to check and discourage all enterprise and outlay on improvements most seriously. All confidence seems destroyed, and with that capital flies away." I think we all agree to that being so. "The effect of this will be most detrimental to the community, the labourer more especially. I cannot but observe on my professional journeys that since the long cycle of cold wet summers clustering about 1879, the drainage and condition of large extents of 'cold-bottomed' land have much deteriorated, requiring extensive outlays, both in draining, and lime, or bones to prevent its further receding. If that process be not remunerative, landowners are not likely to undertake it, and the landlord, tenant, and labourer, alike with the land, grow poorer, dragging down with them the tradesmen and manufacturers also.—(2.) As regards the spending power of tenants, there can be no doubt that for the last ten years

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"adverse conditions, more or less, have been at work, the present outcome of which is, our farmers generally have found their available capital gradually disappearing; and we hear all round of their openly declaring that they cannot pay present rents, holding meetings, and so on. As in most cases of grievance, the actual damages are exaggerated, and in some cases a farmer's trouble may be due to his own indolence, bad management, intemperance, expensive family, lack of sufficient capital at start, and the like; but it seems well understood among the dealers that all tenants have now less cash in hand, and spend much less in feeding stuffs and manures, and take much longer credit than formerly. All this leads to lowering the condition of the land and the quantity and well-doing of the stock thereon. It is further pretty well known that the town grocers, drapers, &c., find a great falling off in their market-day tills. In fact the general results of farming have of late been so disheartening, there is not the old encouragement to enterprise and outlay on improvement, and all seem content with 'putting on,' waiting, and hoping, living from hand to mouth. It must be noted, however, that whenever a decent farm is in the market competition remains very keen" (this is in Westmoreland and Cumberland), "though in most cases the drop in rent is considerable. There are 'more farmers than farms,' and the general complaint as to rents being so high is attributable more to this bidding (the 'higgling' of the market) by the farmers themselves than to any fault of the landlords or agents." There is no doubt that it is quite true. In olden times it was so keen that they tumbled over each other to take farms. (3.) As regards labourers; you are aware most of the farm labourer class here live in the master's house, and the cottager out-of-door hand is the exception. That is a peculiar feature of Westmoreland and Cumberland. "We have not much demand for the 'three acres and cow' here; but, taking the labourer all round with us, I believe him at present to be in many cases a great deal better off than his master. He is better housed, better fed, better clothed, better educated, works less time, and has more money in his pocket than formerly; he has no risk to run, no rent day to meet; his food and wages never fail; health, and with due thrift, and prudence he may become a farmer himself, as I am glad to know he often has done. In fact in the future he may have to be content with less wages, as his master is forced to be with less profits."

9030. (Mr. Palmer.) Do any of these gentlemen give the rate of wages?—I think not, but I can give you the rates of wages in the various districts. "The class working off at draining, walling, &c., hitherto extensively employed, will probably now be much less in request for reasons above stated," that if it does not pay, this extra work of draining and improving will not be done. "The fact being undoubted that the depression has gradually intensified since your report of 1881, I offer you my views, as requested, as to causes. I suggest—(1.) Losses by cattle diseases. (2.) Several consecutive abnormally late springs and wet cold summers. (3.) Alarmingly decaying trade in the country generally, lessening consumption of products in town populations capped by—(4.) The foreigners having undersold and thrust us so greatly out of our markets for eatable products and wool. (5.) The failure of roots and hay over parts of England and Scotland, and the lack of money amongst the farmers in those parts, stopping our old profitable sales there of our store cattle." (The Westmoreland and Cumberland breeding districts sold their cattle to Scotland formerly.) " (6.) Oppressive and continually increasing taxation, both imperial and local, towards which foreigners contribute nothing and land more than its fair share. That the 'appreciation of gold' has anything to do with it I cannot understand." Then as to remedies, he says:—"Seasons and economic laws are unalterable by legislation. Alterations in land

"laws can be of little or no use. For centuries past we have attained, and still maintain the highest agricultural portion thereunder. State interference between landlord and tenant would do more harm than good in the end. The rent of land, like the price of any other commodity, will always settle itself if left alone. Still more hopeless does it seem that, by establishing peasant owners or farmers by lent money, having no capital of their own, in the place of those who formerly possessing ample capital and the best known appliances, have under economic laws found the cultivation of the soil in many cases unprofitable, the present conditions can be magically reversed; in fact, moreover, of the fact that this country was formerly occupied by peasant yeomen and small farmers who gradually succumbed to economic laws and disappeared from the scene." The countries of Westmoreland and Cumberland were at one time almost entirely held by statesmen, as you know; but they have disappeared.

9031. (Chairman.) This is a little outside the question, is it not?—It is. I am entirely in the hands of the Commission. I will drop the whole if you like, but it seemed to me that it was the best information that I could give from the most reliable sources, as to the condition of things in the different parts of the district. Since my report, I have had no time to go myself, and I am afraid that when I prepared this I did not treat the question exactly as I ought to have done.

9032. Will you proceed with the remainder of the statement?—"The day has long gone by for protective duties on the people's food; but surely our honest butter ought not to be supplanted as it is by fraudulent imitations on an enormous scale" (I think that is receiving attention) "and our statesmen might find some plan of favouring our own colonies, instead of the pushing, ubiquitous foreigner. There seem serious reasons for doubting whether our supremacy in manufactures is not in peril while the foreign operative works for longer hours and less wages, and undersells us with his articles in our own markets. Our town shops are stuffed with foreign manufactured articles, while our operatives are continually demanding higher wages and less hours; and on the first gleam of a revival in trade, 'strike.' Some way should be devised to meet these drawbacks or the prospect is serious; but if parliament cannot or will not assist us, there may remain some matters which we can attempt ourselves. Go leisurely through the market in any large town, and watch the operative's wife buy and carry away her provisions: American bacon, cheese, do., beef or mutton often foreign, for butter, butterine; eggs from France or Belgium, and occasionally even potatoes from Germany. At your London hotel, the butter (fresh and sweet every morning) is probably from Normandy; your joint at dinner is imported perhaps frozen from New Zealand, the cheese is American, and both it and the butter are imported simply because our farmers are behindhand in science, or will not take the trouble to produce a better article to suit the demand. Scientific appliances, worked wisely with stricter attention to economy and minute detail, may surely lead to our home markets being more supplied with our home produce. There seems good evidence that silos can be made greatly useful, and beyond all, the land must be kept properly drained and managed." I have one or two more letters from land agents. The next one is from a land agent in Durham who has very large properties under his management. He says: "In the following remarks I allude more particularly to the state of affairs in the counties of Durham and Northumberland with which I am most conversant. As to the effect of depression on spending power: firstly, on landlords. There is no doubt that this is seriously reduced. On the principal estates for which I act, there are fixed charges which must be met, consequently the margin for repairs and improvements has to bear the weight

"of the loss consequent upon reductions of rent and allowances to tenants. Secondly, the tenant is similarly affected, for reduction of rent and reduction of wages do not represent the whole of the loss caused by the depression, though perhaps his spending power is not so largely affected as the landlord's, as a larger portion of his income, relatively, is spent on food and clothing, both of which have fallen in price. Thirdly, the agricultural labourers are, perhaps, least affected in spending power, for, although their wages are reduced, the bulk of their expenditure is on food and clothing, which have fallen in price quite in proportion to wages. Their margin, therefore, is not diminished in proportion to the other two classes. Although we have had some better seasons since your report of 1881, the depression has increased in consequence of falling prices, and may be said in the present moment to have reached an acute stage, as beef and mutton have followed corn. The causes I consider to be: (1.) Foreign competition. (2.) The decreased purchasing power of the general public, caused by fall of wages and profits, and lack of employment. (3.) The profits of middlemen, including railway charges which continue the same, even if not increased, although prices are so much less. The remedies will probably be self acting. (1.) The prevailing prices at home must check production abroad by making it unprofitable. (2.) Improvement of trade will cause increased consumption, and will raise freights; thus causing a further rise in the price of foreign produce. (3.) Something may be done by legislation, to put the home produce on a more equal footing with the foreigner in the matter of railway rates, and also to secure a more equitable distribution of taxation, local and otherwise. (4.) Producers must take some steps on their own behalf to reduce the exorbitant profits of middlemen by endeavouring to treat more directly with consumers."

9033. (Mr. A. O'Connor.) Do you understand that last witness to say that a considerable proportion of the landlords in Durham have their estates so encumbered that there is practically no margin left for them unless they trench upon that which ought to go for repairs?—Yes, that is so. He says here, "There are fixed charges which must be met; consequently the margin for repairs and improvements has to bear the whole of the loss consequent upon reductions of rent and allowances to tenants."

9034. After paying these charges there is nothing left for the landlord?—The margin that would ordinarily be expended in repairs and improvements has to bear the whole of the loss consequent upon the reductions of rent and allowances to tenants.

9035. That surely cannot refer to any portion of the centre of Durham?—I am afraid it does. This information comes from Durham itself, and has a special bearing upon estates in the neighbourhood of Durham.

9036. (Mr. Muntz.) Are we to understand that evidence as meaning that the whole rent of the estate has been devoted to meeting the fixed charges for repairs and improvements, and that there is no income left to the landlord?—No, it cannot be that; because in the case of this property it is a public trust.

9037. (Sir J. Allport.) What are we to understand by those fixed charges?—I suppose partly settlements and partly charges which are fixed as to amount, and which unfortunately do not rise and fall with the reduction of income or the advance of income. That in many cases is the most terrible position that the landowner is in where there are heavy charges either by mortgage or by settlement, because the interest on money by mortgage remains the same, at least as long as the mortgagee can get it; and, as a rule, the person receiving the benefit of a settlement does not remit any portion of the amount.

9038. I should gather from that report that he considers that the bulk of the fixed charges are those on settlements and mortgages?—No doubt that is so;

and no doubt money has been borrowed for the improvement of estates as well from land improvement companies under the Acts.

9039. That is a mortgage, is it not?—Yes, that is practically a mortgage.

9040. (Chairman.) Will you proceed with the next correspondent?—My next correspondent represents the centre of Northumberland. He is both a land agent and a farmer himself, and the owner of land. He says that the "spendable income of an owner of land is now less than it was 10 years since; arable farms with only a small proportion of pasture, 40 per cent. less; arable farms with one half of the land pasture, 30 per cent. less; hill farms (sheep), farms which prevail very largely in Northumberland on the chevots, 20 per cent. less. The spendable income of a tenant during the last 10 years; arable farms with only a small proportion of pasture, nil, and 40 per cent. of his capital lost." I imagine he only refers to last year; because if he were to take it for the last few years, of course the farmer would have lost all his capital long ago.

9041. (Mr. Palmer.) Did not the fall in the price of cattle take place in 1884?—Yes, it began in 1884; but it got much worse in the spring of 1885. I think he must refer to last year more especially. He says,

"Arable farms with one half of the land pasture, nil, and 30 per cent. of the capital lost. Hill farms (sheep) nil, and 10 per cent. capital lost. The interest of the tenant's capital is not included in these estimates, and I allow 5 per cent. for it. It is not spendable income from a farm; the excess of 5 per cent. would be. Agricultural labour is 15 per cent. less; blacksmiths, joiners, and builders charge the same; rates have increased on the present rentals from 25 per cent. to 50 per cent. About one-fourth less land is now in tillage than 10 years since. The worst land has been laid down to grass, and in its present condition is generally of very little value. In large farms you have for the money spent in labour the best return. In grazing farms size is of very little consequence. Generally speaking, the best size for a farm is, first, so large that a regular staff of oversmen and workmen can be kept; and, secondly, so small that the farmer is oversman, and takes a part in the work of the farm." That, I think, is perfectly true. It divides itself into these two classes under different conditions.

9042. (Mr. Muntz.) Would you fix the acreage of those two descriptions of farms?—A farm so large as to employ a regular staff would be a farm of from 300 to 500 acres; and one so small as he speaks of, I should say, would be from 50 acres to 150 acres.

9043. Do you think that a farm of 150 acres would not require the labour of any one but the farmer himself?—I could give you instances in Westmoreland and Cumberland where on a farm of 300 acres the daughters milk the cows and the son cleans out the cow byre before he goes to the plough.

9044. That is where he has a family of sons?—Yes. Of course where he has not a family he must buy his labour. A man who did the work himself and his family would be able to take a larger farm in proportion, and therefore I say there must be great variations from 50 to 150 acres. Then his suggestions are as follows; he is very terse in his expression, and he says: "Rents must be reduced in proportion to the fall in prices. Rates, poor rates, school rates, road rates, county rates, and sanitary rates, should not all fall upon the land." I do not think they do. "Railway charges modified and preference rates no longer given to every one but the farmers. The tenant's capital in the farm must be secured to him." I must observe that this gentleman has rather advanced opinions.

9045. (Mr. A. O'Connor.) What does he mean by that?—He is referring to more security for the tenant's capital. He says, "Some simple tribunals established to settle between owner and occupier." All this I entirely disagree with; I think we have security for our capital by the Agricultural Holdings Act, 1883,

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and I am against any court being established, as being quite unnecessary. He says, "The law of distress, giving preference to the landlord and artificially raising the price of land, done away with." I am entirely opposed to this, because I think the modification of the law of distress which has followed the recommendation of the Duke of Richmond's Commission, perfectly met all that question. Then he says, "County representative boards established and the extravagant expenditure of quarter sessions put an end to." There may probably be something in that. "A local authority in each county instead of the Local Government Board in London, the constant advocate of expenditure and ignorant of local wants and circumstances." That I entirely agree with, and I suppose it will be the case some day. Now I think I must have tired the Commission with so much information, but I thought it was the best way in which I could bring it before you.

9046. (Chairman.) Have you anything further to say upon this point?—Yes. I have one more communication from an agent in Cumberland, who laid my letter before some of his tenants at a rent audit. They considered that the cause was foreign competition, low rents abroad, meat markets in other countries overstocked, &c. Rents in England, they said, must come down to a level with those in foreign parts, and labour must be cheapened. At present the labourer can live about 33 per cent. cheaper than he could a few years ago, and yet my correspondent says that he has never heard of a single instance in the north of England (I think he refers more especially to the neighbourhood of Penrith) where farm wages have been reduced. I know that farm wages have been reduced to some extent in other parts of the district.

9047. (Mr. A. O'Connor.) Do you think that they are reduced 10 per cent. in Durham?—Certainly; they are reduced 10 per cent. in Durham, and I should say 15 per cent. in Yorkshire, especially in the east riding of Yorkshire.

9048. (Mr. Palmer.) Have you examined into the statements which are made that the cost of living is 35 per cent. less than it was formerly?—I think there is very little doubt that that is a fair estimate if you take the reduction in the price of meat of all descriptions.

9049. Have you examined them closely?—No, I have not.

9050. Sir James Caird made it 36 per cent.?—I have not tested it closely; it is probable that it may be somewhat exaggerated, but so much of a labourer's wages and income does go in the necessities of life, all of which are so very much cheaper. We are paying, too, as much this winter as formerly for drainers, and they are by no means good to deal with. As regards any change in farm practice, I should say there will be a disposition to plough more (that is rather extraordinary), because although grain is not selling high store cattle are bringing at present a wretched price. Large farms, he says, will, in my opinion, be worse to let than small or medium sized ones. The above will give some idea of the effect of agricultural trouble on the trade of the country. A diminution of, say, one-fourth to one-third in the landlords' income, and the cessation in many cases of all income on the part of the tenant, and a small reduction in the income of the labourers must have told very directly on the trade of the country. I am not in possession of figures to attempt to measure the extent of this loss, but I am sure that all the tradesmen depending upon agricultural custom have suffered greatly, such as blacksmiths, wheelwrights, and implement and manure and food merchants, and it is quite certain that landlords have curtailed their expenditure in every possible way.

9051. (Mr. A. O'Connor.) Do you agree with him where he says that the tenants in many cases have lost the whole of their income?—He says they have lost the whole of their income, and I think that is quite true. They have paid their expenses; there

has been nothing beyond in the form of interest upon money or of income from capital.

9052. (Mr. Muntz.) Do you mean that they have been living on their capital?—I do not think so, I think that they have trenched upon their capital in some cases to a considerable extent, and in other cases I think they have just been doing no good at all.

9053. Surely if they have trenched upon their capital they have been living on it?—Yes, in that case they have been living on the capital, and the capital has shrunk, they have not the capital that they had before.

9054. (Mr. A. O'Connor.) Their available capital is smaller at the end of the period than it was at the beginning?—I think that is so, and I think that is proved by the competition for small farms being so much greater than for large farms.

9055. (Chairman.) You have given us, I think, your opinion upon the subject?—Yes.

9056. Have you observed the effect of this loss on the rent of land?—In 1877 the rent of Great Britain had risen to its maximum, and according to Parliamentary returns, by no less than 26 per cent. since 1857. I take it that this figure is partly accounted for by interest on landlords' capital expended in drainage, buildings, &c.; but also it is by the wholesale re-valuation of estates which took place very generally, or by considerable advance of rents when farms changed hands. The justification for such re-valuation was found in the advanced rents which tenants were eager to pay in good times. Sir James Caird states that in 1884 rents had fallen from 7 to 8 per cent. from this high point. I believe this was also a Parliamentary return, but I do not think that this figure at all expresses the facts. I believe on the contrary, from my own observation, that in many cases the whole of that rise of 26 per cent. that took place between 1857 and 1877 has gone, and that rents are not now much, if any, higher on the average than they were in 1857, and that a very large outlay, of which the Land Commissioners know only a part, bears no interest at all. I have the management of an estate on the Magnesian Limestone, chiefly tillage land and suitable for sheep farming, growing nice but not bulky crops. The rents were never advanced by re-valuation, and the takes were considered reasonable, and were eagerly sought when vacancies occurred. Five years ago an allowance of 20 per cent. was made which has now been renewed for another similar term.

9057. (Mr. Muntz.) Can you tell me what the rent was?—The rent was about an average of 26s. an acre, and now it is about 1l. an acre. As I say, five years ago an allowance of 20 per cent. was made which has now been renewed for another five years, and I do not consider that that reduction represents more than the difference in wool of from 10d. to 2s. a lb. The original rent was about 26s. to 27s. an acre, one-fifth of that is 5s. 6d., and this is represented by 5 lbs. of wool per acre difference in price.

9058. Then no reduction of rent is made in consideration of the fall in the price of corn?—That is the reduction which is made; but it appears to me that it is met really by the difference in the price of wool now and then.

9059. You say that this reduction is equivalent to a fall in the price of wool?—I think it is not much more than equivalent to the fall in the price of wool.

9060. Then no reduction has been made?—It does not appear so.

9061. (Mr. A. O'Connor.) You say that that is an adequate reduction?—I do not know that, for this reason, that those farms were very moderately rented at starting, and they had never been re-valued, and they were in very great demand. They belong to a landlord who was very liberal. Another large estate of which I have not now, but I had, the management, where a very large outlay has been made in the last 25 years. Not only has the whole interest been lost, but the rents are now lower in many cases than before the outlay was made. Evidence of this kind

might be produced to any extent. Rents have come down, and probably must come down still lower, and the extent of fall is governed by the nature of the land, climate, local advantages, or otherwise.

9062. (Chairman.) Apart from the question of rent, do you see any reason why the agricultural industry should not be remunerative?—I do. I think that agriculture cannot prosper so long as the general trade of the country continues so depressed; because the spending power of the operative is curtailed by reduced wages and short hours. Under such circumstances production overtakes demand. Had trade continued good as it was a few years since, the spending power of an increasing population would have absorbed the food supplies both home-grown and foreign, and the farmer would have had remunerative prices for his meat production, and then he could have afforded a low price for his wheat. The comparative imports of meat of all kinds was reduced from 6,050,148 cwt. in 1883 to 5,819,351 cwt. in 1884, and in value from 16,254,964 to 15,025,966; and yet the prices of beef and pork have gone down to a lower point than for years past. Only yesterday I saw the Board of Trade returns for the month of February this year and last. I find that they do not give the quantities, they only give the money value; but yet I find that the total import for the month, this last February, is 1,300,000l. less than it was last year; and although that is partly accounted for by the lower price, it is also largely accounted for by the reduced quantity of material. Therefore I have no hesitation in saying that if we have the trade of the country in a healthy state, we should have room for all the stuff sent us, and a fair remunerative value for our own meat production. What the farmer wants is a revival of trade to stimulate his markets. An illustration of this, I think, is found in the comparative price of mutton and beef. Our flocks have increased very rapidly of late years, more rapidly in proportion than our cattle, and despite the large arrivals of New Zealand mutton, mutton is making from 1½d. to 2d. a pound more than beef at the present time. The sole reason I think is that there is so much less offal in the sheep than there is in the bullock, and the difficulty to get rid of the offal, because the artisan cannot consume as much as he did.

9063. I suppose the artisan cannot consume as much?—He has not the money; so that the offal joints are sold for a mere nothing. They are sold for 4d. a pound and often less than that on Saturday nights.

9064. It is sometimes observed that the artisan is now better off, and therefore is able to buy, and does buy, better joints?—There is no doubt that there were a class of very extravagant artisans who would have the best of everything in years gone by; but unfortunately now, and I am afraid what I say is the truth, that they really have not the money to spend, and that reduces the consumption of meat, they have not the same quantity of meat. There are other hindrances to success in farming. The cost of production is too great, the farmer contributes unduly to local taxation, and he often pays income tax on half his rent, when he has made no profit. In too many instances, ignorant management is responsible for serious losses.

9065. (Mr. A. O'Connor.) What is the principal item in the cost of production?—Labour is one very large item.

9066. And the other?—Rent and taxes are a large item. I was going on to say that in too many instances ignorant management is responsible for serious losses. This terrible period of depression will have done good if it proves the necessity of carrying on the work on business-like principles. As an example of the want of this, I will just draw the attention of the Commission to the thousands of acres of valuable food for animals which has been either utterly destroyed or reduced enormously in nutritive qualities by exposure to frost without an effort at protection. I mean of course the root crop; and that the farmer after spending from 4l. to 5l. an acre

in growing a valuable crop, leaves it out totally unprotected, in order to save some 8s. or 9s. an acre which it would cost him to put it into a pit and cover it over with soil and make it safe.

9067. (Mr. Muntz.) Is not the cause of that sometimes that the farmer actually has not the ready money, at least at his disposal, to pay for it?—I do not think so; it is simply because they are going on the happy-go-lucky chance. Your Lordship knows that in a great many seasons the winters are mild and the roots are not seriously injured.

9068. But is not the exposure of root crops much greater now than in bygone years?—No, I think not. We have not had a very severe winter for some years, but you will find next year when the steed is stolen that they will shut the stable door.

9069. Is it not the fact that the farmer is very short of cash at present?—No doubt that is true.

9070. Do not you think that it is fair to assume that he exposes his food and root crop because he cannot afford to pay for protecting them?—I do not think so, because they have gone on exposing their root crop for years, and after a mild winter my experience is that the farmer forgets these things and they do not produce their effect upon him that they should do. The same unthrift, the fruit of ignorance, is seen in the purchase of manures, and in the management of manure, which is too often exposed to all the wasteful influences of atmospheric action. Too often farmers are radically ignorant of the first principles which lie at the root of successful practice. No doubt such times as we are passing through will weed out a large portion of the unthrift; but there is no doubt that our present calamitous position is to some extent the result of unthrift in the past. Another cause which I think is removed to some extent, is the unnecessary and vexatious restrictions as to the growth and sale of produce in agreements drawn up by lawyers and agents, who are not practical men, on old exploded lines. These are less common than formerly and wholly unnecessary, and I believe that the Agricultural Holdings Act of 1883 has had a very beneficial effect in modifying agreements and making them more suitable to the present time.

9071. (Chairman.) Have you any information on the cost of producing the principal agricultural products; for instance, wheat?—I will just give you the result of the calculations which I have made. Here again I cannot give you a very certain answer because it entirely depends upon the soil. On the strong soils wheat must be sown upon fallow, and will cost as much as 8l. 10s. an acre.

9072. What does that include?—That includes the following operations: two years' rent, rates and taxes, several ploughings, seed, drilling, and harrowing, harvesting, threshing, and marketing and incidentals, 8l. 10s. At the present price of the straw the crop comes to 6l. 15s. Then when wheat is grown upon good land not requiring fallow, the cost is reduced very considerably, the cost is reduced to about 6l. to 6l. 10s. an acre. Therefore I am not able to agree with Sir James Caird as to the possibility of practically growing wheat at 36s. a quarter, to realise a profit such as a farmer really ought to have. I think 40s. is the lowest price that we ought to take as the standard, and that would only apply to medium soils. I do not think wheat can be grown profitably as a crop upon strong clay land which has to be fallowed under 45s.

9073. Is the cost of labour increasing or diminishing?—It is less than it was in 1877 by about from 10 to 15 per cent., but the quality has not improved.

9074. How is it as compared with the cost 10 or 20 years ago?—20 years ago it would not have been so high as it was in 1877. I should think that it would be about now the same or rather higher than it was 20 years ago; the cost of labour has increased about from 20 to 25 per cent. since 1877.

9075. Then the labour went up at the same time that rent went up?—Yes; labour went up at the same

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time that rent went up. Trade was good and flourishing and there was a greater demand for labourers, there was the exodus, so to speak, from the village into the towns, and that made labour very scarce. 24s. and 25s. a week were given for agricultural labourers in some of the manufacturing and mining districts in 1871.

9076. Do you see any prospect of an increase in the prices either of agricultural or dairy produce?—Not whilst importation continues so large as it is now, and trade remains crippled as it is. But I do think that the importations will be reduced, because I think they cannot afford to grow stuff and send it at the prices at which they have been doing it.

9077. Is that opinion founded upon any knowledge of the circumstances of the producing countries, or only upon the general belief that we have got down to zero point, and are not likely to go down any further?—Partly upon that and also upon the extraordinarily low freights that have been prevailing. I consider that an increase in freights would at once raise the prices of foreign produce.

9078. Has any change taken place in the system of agriculture in consequence of the fall in prices of late years?—Yes; and more particularly in the laying down of a part of the arable land for grass. The least desirable arable land has been laid down to grass. And although the expenses have been very much reduced thereby, the produce of course for a time is also affected.

9079. Do you think that the farmer will be benefited by improved methods of distribution, bringing the producer and the consumer more nearly together?—There is no doubt a large margin between the farmer's selling price and the rate to the consumer, which margin it is desirable should be avoided; but it is easier to do away with the middleman in theory than in practice. If farmers were really men of business habits they might combine and organise co-operation; but as a rule they are too much isolated, and often too jealous of each other to join in any scheme. I have seen several attempts made, but they have never succeeded. I take dairy produce, for instance. The sale of milk retailed at 1s. 4d. per gallon and sold often now under 8d. Something might be done by co-operation if they would combine together, but there is a great difficulty in getting them to do that. I think there is one thing that would help the farmer a little with regard to the selling of meat, and that is if they were to weigh the animals, if a weigh bridge were provided by the market authorities, and they were to sell by live weight, as they do in America.

9080. I think you have already told us your view as to the burden of taxation upon the agricultural industry. Have you anything to add upon that?—I think that land pays an undue proportion of local taxation as compared with manufacturers. The rent of a factory is not the same as the rent of land. Land is to some extent a raw material. They do not tax the cotton or the wool, or the merchant, by local taxation, and it seems to me that it ought to be divided, and that the buildings and house of a farmer should pay the rates and not the land, or at any rate not to the full.

9081. With reference to the size of holdings, is the present tendency towards large or small holdings?—The tendency is in favour of small farms, decidedly.

9082. You have given your opinion rather in favour of really large farms or really small farms as against farms of medium size?—The size depends entirely on the locality. In the neighbourhood of large manufacturing centres where there is a great demand, especially where grass prevails, then small farms are most profitable; and when you get out away from those centres to arable land, then I think you want large farms, and working by machinery upon them is the most economical way. As an illustration of what I say, I may remark that at the present moment I have three farms to let close to York. One farm is about 55 acres, the other is about 160, and the other about 137. None of them very large, you will say;

but I had 50 applicants for the smallest farm, which is not the best one, and about five applicants for the other two farms, although the land on one of those farms is rather better than the land on the small farm.

9083. Have you seen any reason, in the last four or five years, to modify the conclusions which the Duke of Richmond's Commission arrived at?—I think that all the conclusions arrived at by the Duke of Richmond's Commission are emphasised by what has followed. Foreign competition, by causing lower prices than ever, has made the pressure of unequal taxation more felt. The inequality of railway rates for foreign and English goods is at last to have the attention of Parliament, and the increased powers of the Railway Commissioners will, I hope, do us good. I think nobody who has not been mixed up with farms can have any idea of the enormous difference between through rates and local rates. I am sorry that the recommendation of the Duke of Richmond's Commission as to putting the cost of maintenance of the indoor paupers upon the Consolidated Fund, has not been carried out, it would be a great relief to us. I think that it would be very desirable that the tithe rentcharge should be compulsorily paid by the landlords. It was always intended by the Tithe Commutation Act that it should be so; but it has not been carried out. I think something more might be done in the way of encouraging technical education amongst farmers. If, as I believe it will be so, a large proportion of the farming community of the future will be small men, their means of education will very much depend upon primary schools in the first place, and I think something more might be done to assist agricultural instruction in primary schools. Something has already been done, I am very glad to say, partly through pressure brought to bear, by our local Chamber of Agriculture in York, upon Mr. Mundella, and that has been the introduction of that special subject; but I think we might follow more than we do the example of foreign countries, who are far ahead of us in educational enterprise, by itinerant lecturers. Something is done by the Science and Art Department; but if some grant could be given to help this work, I think it would be very valuable, I am quite sure it would be of great advantage; but the fact is that farmers are so poor just now that they cannot afford to pay very much for the most valuable instruction. Where it has been tried these lectures have answered very well indeed. Those are the principal points which I think it desirable to suggest to the Commission.

9084. (Mr. Aird.) Am I right in concluding, from the remarks you have made to Lord Iddesleigh, that your opinion is that if the general trade of the country revived the agricultural distress would pass away?—Most certainly.

9085. There is one work for the artisan and one work for the farm labourer, who are not in opposition to each other, as at one time was thought to be the case, but who are really dependent on each other. I am not sure whether trade is more dependent upon land in the first place or whether the land is more dependent on trade. Then as to the income tax, and the system that is adopted of arbitrarily making a farmer pay upon an assumed profit of 50 per cent. on his land, do you think that that is unjust towards the farmer?—I do not think that quite, because you see it is a sort of compromise which arises from the fact that farmers will not give their accounts; they do not keep accounts. It is not a compulsory thing. Every man may go before the Commissioners and give his accounts and get his income tax remitted.

9086. But do you not think that there would be a double advantage in adopting a different system as regards the levying of income tax upon a man, that not only would it be just to endeavour to obtain from him a true statement, but it would also oblige the farmer to keep accounts and to know whether he was making a profit or a loss?—I do think it would be a distinct advantage if you could get him to do that and to oblige him to keep accounts.

9087. Would not that be likely to be encouraged if the income tax was levied upon the basis of what his profits were likely to be, instead of dealing with it in a haphazard manner?—There is no doubt that that would be so; but I have already said that the present arrangement was simply because the Government could not get accounts from the farmers; they do not keep accounts, and therefore they had to assume something, and they assumed half the rent of the land as the proper sum.

9088. You agree that the farmer pays more than he should do?—Most certainly; and he has done so for the last few years.

9089. From your knowledge of farmers generally, do not you think that it would greatly tend to their prosperity if they did keep accounts?—Most certainly, they would know then what they were doing.

9090. You spoke about the difficulty of railway charges; do you think that they press very hardly upon the carriage of produce in the districts to which you have referred in your evidence?—With regard to some items very much indeed, such as manure, in some cases I believe they are not reduced at all; although prices have been reduced very much the carriage has not been reduced. In Cheshire there is a most extraordinary fact. When I was making my inquiry in Cheshire, I ascertained that the cost of conveying cheese by the London and North Western Railway from Chelford, or one of those stations in mid-Cheshire, to London was greater than the cost of bringing it from New York right past the very station to London; the rate was actually less. Also, taking corn from Newcastle to Derby and other inland towns, foreign corn was conveyed at a very considerably less rate than English corn for the same quantity.

9091. Do you think that the railway companies in the district to which you refer in your evidence have sufficiently developed the agricultural districts, that they aid the farmer in the proper way in the carriage of produce to and fro and in enabling the farmer also himself to get to and from a market?—I think not; and in my report on the Wold district of Yorkshire I suggested the possibility of a line being run on the side of the turnpike roads to reach some parts of the Wolds. I do not think that there is any possible objection now to having a railway running by the side of the road, because it is done in the United States continually. It is one of the most notable features of railway travelling in the United States that the railways go through the towns without any protection whatever. If there was a line by the side of the road you would get over the great difficulty of the value of land. I think something important might be done in that way and at very little cost.

9092. But would that in your opinion be less dangerous than the traction engines and agricultural threshing machines which pass along the roads?—Certainly not more dangerous; I should say less dangerous, because the railway would be on the side of the ordinary road, and you might have a common fence between.

9093. If they were worked at a very low rate of speed that would lessen the danger and they would meet the necessities of the farmer in the district which it is desired to serve?—Yes.

9094. The farmer's capital being in many cases almost absorbed, or partially so, and the necessity for obtaining money arising to carry on his farm, in what way does he now obtain that money?—Up to a certain extent country bankers have no doubt assisted him, but that has been somewhat curtailed of late years, and I really cannot see where he is to obtain money.

9095. Do you think that any advantage would accrue to the agricultural industry if facilities were organised which would enable an industrious farmer who had had bad seasons to obtain such an amount as he requires at a moderate rate of interest?—I would say that to the landowner as well, it would be a benefit in fact to both parties, and where permanent improvements were to be made, if the work should be done by the landowner, he would be induced to do the work

if he could borrow money at a reasonably low rate of interest.

9096. You think that additional facilities could be brought about to aid the agricultural industry?—I think so. It might require some modification with regard to the landlord's pre-emption, so to speak. The landlord might have to join, as it were, in giving up his pre-emption to a first claim in favour of parties lending the money.

9097. If a well considered scheme could be brought about it would benefit the agricultural interest?—Decidedly, and not at all impossible to carry out.

9098. You have stated that you think that the rates upon farmers generally are excessive; do you think anything else could be done that would be beneficial to the agricultural industry if the rates upon farmers were lessened and a heavier charge or tax were put upon the middlemen?—May I ask whether the honourable Commissioner means in the way of a license.

9099. Either in the way of a license, or in the way of payments for goods sold, or in any other such mode?—Of course to the extent of the income derived from it that would relieve the farmer.

9100. Would it not also in a measure help the farmer by reducing the sales of foreign produce which is also brought by the middleman, if the payment that the middleman would make were made according to the amount of goods sold, because he would pay it equally whether he bought them from this country or whether he bought them from abroad?—That is true, I think.

9101. In that case the farmer would also benefit?—But then you must not make it too severe upon the middleman, or he would not risk, so to speak, his own capital, because he is a valuable agent for the farmer.

9102. You do not look upon the license to the middleman, as the system exists, as disadvantageous to the agriculturist?—I think that the middleman has been of very great value in many cases to the farmer, and I have no doubt as to what you referred to just now, that the middleman has in many cases advanced that very capital which the farmer required to tide over a temporary pressure, and has done it without any exorbitant interest.

9103. It might not be at an exorbitant interest, but if it obliges the farmer ultimately to sell his produce to the middleman, do not you think it is likely that he has to pay him a bonus which is far greater than the temporary help he has received from the middleman?—No doubt it is a great temptation, and puts great power into the hands of the middleman.

9104. The farmer having had bad seasons, and trade being bad, becomes impoverished, is much more liable to succumb to his influence than before?—Yes, it is so.

9105. You spoke of rent in England as compared with rent in foreign parts; have you any comparative data at all for that point?—I think that was a quotation, not my own. In many cases there are no actual rents, although there is interest of money to pay, which sometimes is very large.

9106. Are you aware of the fact that labour now costs 10 or 15 per cent. less than it did in 1877?—Yes.

9107. And is it not the fact that the amount of work done by workmen now as against what they did at that period more than absorbs the saving which appears to be effected thereby?—I do not know that I can say that. If you put 1877, that is a comparatively recent period, and I am afraid that the quality of labour had degenerated at that period, I do not know that there is any great difference between the quality of the labour in 1886 and in 1877.

9108. Your view is that all round, you taking that element into consideration, there is a saving of 10 to 15 per cent. upon labour?—Yes, from 1877; but if you go back 20 or 25 years, when labour was 25 per cent. less than it was in 1877, it was of better quality.

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The increase of wages has had rather a demoralising effect upon labour than otherwise. I may say that we were not affected in the north of England by any strikes amongst the labourers there. Trades unionism had never gone beyond the Trent; it got up to the

The witness withdrew.

Mr. S. B. L. DRUCE examined.

9110. (*Chairman.*) I think you are a chancery barrister, and also secretary to the Farmers' Club?—I am.

9111. You also were one of the assistant commissioners to the Duke of Richmond's Commission?—I was.

9112. Was there any particular district assigned to you?—The district comprising the 15 Eastern and Midland counties of England, running from the Thames on the south to the Humber on the north. The most westerly county was Derbyshire.

9113. Have you attempted to form any estimate of the loss which has been sustained in recent years by landowners and farmers?—Perhaps your Lordship will allow me to premise that I have not had the opportunities of forming such estimate since I sent in my report at the end of 1881 that I had previously to that, and that my estimates of more recent date have been formed from facts that have come before me either as a conveyancing and chancery barrister or as secretary to the club. My estimates are formed upon, first, the fall in the capital value of land; secondly, the amount of unoccupied land and land in landlords' hands; and, thirdly, the reductions and remissions of rent that have taken place.

9114. Have you attempted to form an estimate of the amount of loss as ascertained from those data?—Yes, I think the landlords' loss of income for the district with which I am familiar is from 30 to 40 per cent.

9115. Would that be the loss within the last 10 years?—Yes; I should say since 1878 or 1879. I may refer as regards the fall in capital value to pages 19, 32, 60, and others in my report. On page 19 I have set out a table, the details of which were given to me by a solicitor who practises at Ely, in Cambridgeshire, of the fall in the prices of land in that district. Similarly, on page 32, I give some account of the fall in the value of land in Essex, and so again on page 60, in Lincolnshire. I have had within the last six weeks a very notable and striking case that has come before me professionally of the fall in the value of land in Oxfordshire. I ought, perhaps, to tell you that my father is a small landed proprietor, and has been a farmer in Oxfordshire, and that several of my relations are at the present time connected with farming in Oxfordshire and the neighbouring counties, so that I have in that way, as well as in the others which I have mentioned, some means of obtaining information on the subject. The case that I refer to in Oxfordshire was the case of a farm of 135 acres close to a market town. It had been bought by a man who passed his whole life as an auctioneer and valuer of land, and who presumably knew what the value of land was. By his will, which he made in 1881, he left this farm specifically to trustees upon trust for a grandson, on the payment by that grandson of the sum of 4,200*l.*

9116. (*Mr. Palgrave.*) Do you know what he gave for it?—I am not able to tell you what he gave for it, but he bought it himself; and I think we may fairly assume that the price which he put upon it at the time he made his will was a fair one.

9117. When did he make his will?—It was in 1880 or 1881.

9118. (*Mr. A. O'Connor.*) 1881 being a comparatively good year?—Yes, compared with the wretched year 1879. He died in 1883, and the grandson refused the devise. The farm was mortgaged, and the mortgagee put it up for sale, and it fetched last year 2,150*l.*, a drop of about 50 per cent. Then I have

Trent, but in Yorkshire the labourers did not take to it at all.

9109. You look at it that your district has been benefited in consequence of the absence of the union feeling?—Decidedly.

another case, that of a farm of 640 acres in Norfolk, the contract for the sale of which for 7,000*l.* has only quite recently been settled.

9119. (*Mr. Palgrave.*) Would you mind mentioning the district?—It was to the north of Lynn, not very far from Sandringham. Then with regard to unoccupied land and land in the landlords' hands, I have again to refer you to different paragraphs in my report (1882 [C.-3375.-II.]). In that report I commented upon the return of unoccupied land which was included in the Agricultural Returns for the year 1881, and in which the district which I reported upon came out very badly indeed. In fact, as my table on page 2 shows, rather more than one-half of the acreage of unoccupied land was contained in my district. It was especially bad in Essex. Essex, in my judgment, suffered more than any other county. The reference to that will be found on page 31. Further references on the same point will be found on pages 9, 12, 19, 20, 75, and 100.

9120. (*Mr. Muntz.*) When was this report published?—This report was published in 1882. Of course, as I told you, I cannot speak with certainty since 1882, at least I cannot speak with the same certainty that I could before my report was published, but I can speak from what I hear each month at the Farmers' Club, where we meet to discuss agricultural subjects, and where we have farmers up from different parts of the country. I may, perhaps, hand in this card, which will show you the matters we discuss at the Farmers' Club (*delivering in the same*). From what the farmers from various parts of the country, who attend these meetings tell me I think that matters are certainly worse than they were at the time when I wrote my report. Then, with regard to the reductions of rent, there again I give a large number of cases in my report. I am able of my own knowledge also to speak of two cases, again in Oxfordshire, which are not in my report, one of a farm which was let on a 21 years' lease from September 1864 at a rent of 900*l.* a year, and which was relet from September 1885 at a rental of 550*l.* a year. In the other case the rental was 450*l.* a year.

9121. In what year was that?—I think the tenancy commenced in 1878. I am not quite sure of the time that it commenced, but at all events the farm was given up in 1883, and was then let for two years for nothing, and then for 200*l.* a year for eight years.

9122. (*Mr. A. O'Connor.*) Was that in the neighbourhood of Abingdon?—No, it was in the neighbourhood of Witney.

9123. There are several cases there, are there not?—Yes, there are. With regard to the landlords' spendable income and the proportion of the rents of farms which actually reach the hands of the landlord for his own private expenditure, I may perhaps be allowed to refer to three or four tables in my report. The first on page 10, which I was permitted to publish by the Duke of Bedford, relates to his Grace's two estates in the county of Bedford, and which show that in the year 1879 the Duke was actually out of pocket by his Woburn estate, and that 77 per cent. of the rents was spent upon the Bedford estate; and that in the year 1880 82·9 per cent. of the receipts was spent upon the Woburn estate, and 55·6 per cent. on the Bedford estate. Then I have a similar table for the Thorney estate in Cambridgeshire also belonging to the Duke of Bedford, which shows that 96·6 per cent. of the rents was spent upon that estate in the year 1879, and 83·6 per cent. in the year 1880. Then

also on page 71 there are two more similar tables. I was not at liberty to mention the names of those estates, but they are in Northamptonshire; in one estate the per-centage of net income to gross receipts was 64, and in the other the per-centage of net income to gross receipts was nearly 79. On the same page is a similar table of the Duke of Bedford's estate at Wansford, in that county, which shows that 68 per cent. of the whole rental was spent upon that estate in the year 1879 and 53 per cent. in 1880. On page 77 is another table of an estate in Nottinghamshire which runs for a period of 17 years, and shows that the average per-centage of outgoings during the 17 years was 41·5 per cent., and the average per-centage available for the landlord 58·5 per cent. On the same page is an account of another estate, in the same county, in which nearly 75 per cent. of the receipts were spent upon the estates during the three years 1878-1881.

9124. (*Mr. A. O'Connor.*) Could you give us the highest and the lowest per-centages during those 17 years?—I have not worked that out for the Commission, but the actual figures are given at page 77. There is another somewhat similar table on page 66 of my report, which, however, does not give the per-centages, but the amounts that were spent upon the Holkham estate, for the 10 years ending the 31st of March 1879. I find that the average yearly sum spent in buildings, roads, gates, fences, and draining was 9,000*l.* odd.

9125. (*Chairman.*) I suppose that on those great estates of which you have been speaking the holdings are of various sizes?—Yes, of very various sizes. I can give you the holdings on the Holkham estate if your lordship wishes it. You will find the holdings on the Holkham estate mentioned on page 65.

9126. Have you got the proportion of the amount you mentioned to the net income?—No, I have not got the proportion. On the Holkham estate there were 10 farms of more than 1,000 acres; 30 farms of from 500 to 1,000 acres; 13 from 200 to 500 acres; five from 100 to 200 acres; four from 50 to 100 acres; and five farms from 20 to 50 acres. There were none under 20 acres in size.

9127. Then there were scarcely any really small farms?—Not in that case.

9128. Would that be the case also with the Bedford estates?—I am afraid I cannot give the number of the different sized farms on those estates, but I can give the numbers for several estates and districts in Bedfordshire. My recollection will not allow me to identify any particular estate as one belonging to the Duke of Bedford.

9129. I do not want the particulars of the estates, but will you just give the result of your inquiries in those classes of estates. Are they generally large farms, or are there any considerable number of them really small farms?—There is a fair number of small farms.

9130. Not nearly so many as large farms?—No, not so many.

9131. Does this statement which you gave us with regard to Lord Leicester's farms fairly represent the proportion of large and small farms in those eastern counties?—No.

9132. There would be more small farms?—Certainly, as the following references to my report will show, viz.: pages 6, 9, 15, 22, 29, 34, 41, 46, 51, 62, 65, 72, 78, 88, and 91.

9133. I think you have told us what you estimate the loss by the landowners has been, but you have not yet given us what the farmers have lost?—It is almost impossible to say. I feel the very greatest difficulty in stating any specific figure. The fact is farmers go on and live from hand to mouth. They just manage to live, and that is all, but as to what the loss is generally I could put a figure to it, but it would be more rather guess work than anything else, and therefore of hardly any value to the Commission. It is almost impossible, I think, to say what the general loss has been.

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9134. But you have reason to believe that the farmers have lost a considerable amount of capital in the course of these last eight or ten years?—I know they have.

9135. How has that loss affected them; has it been to starve the land or to ruin the farmers, and make them leave the land?—Both.

9136. To what extent do you think that the average value per acre of agricultural produce has been reduced?—I think the value per acre of wheat has been reduced some 50 per cent.

9137. Are you speaking of prices only, or of prices and production?—Of both.

9138. In what proportion should you say that that is owing to bad seasons, and in what proportion to the fall in prices?—It is very difficult indeed to state the proportions. I took the liberty, knowing that I should be examined to-day, of asking my father, who has had a very long experience in farming matters, and he puts it down as one-fourth to bad seasons, and three-fourths to low prices; but personally I should rather be inclined to say that the distress and the depression in agriculture at first arose mainly from bad seasons, and that latterly it is attributable to low prices. That is the answer which I should prefer to give to your lordship.

9139. The second blow was dealt before they had recovered from the first?—Quite so.

9140. Do you consider that the loss by the diminution of purchasing power of the agricultural community has told upon the trade and industry of the country?—I think it has very much indeed. I may be permitted, perhaps, to read a paragraph from page 3 of my report. I there say, "As I have stated more in detail for each county the landlords and tenant farmers suffered from the depression more or less according to the different localities, but the labourers did not feel it at all, or at least but very little. Tradesmen and others in the local towns whose businesses are mainly supported by the farmers have also felt the depression as for instance the receipts from the home retail trade of the agricultural engineers and agricultural implement manufacturers, of whom there is a large number in my district, have very much fallen off. A member of one such firm was good enough to show me the gross receipts from the home retail branch of his business (excluding the foreign and wholesale branches), for a series of seven years, from 1873 to 1879 inclusive, and it appeared that such receipts during the year 1879 were only a very little more than one-half of such receipts for the year 1873, and that the average annual receipts from the home retail trade for the three years 1877-79 inclusive were over 5,000*l.* less than the corresponding average annual receipts for the three years 1873-1875 inclusive. The small tradesmen of the villages were considerably affected by the depression, and some of them had been compelled to give up their businesses, and leave their homes in consequence of it." As an individual case that has come to my knowledge, I may say that an engineer in Essex was obliged to give up his business entirely in consequence of the depression in that locality, his business being the letting out to hire of steam ploughs. That came to my knowledge professionally since my report was issued.

9141. What year was he obliged to give it up in?—I think it was in 1883. Then only the other day at the Farmers' Club we had a paper read on farm machinery, and the writer of that paper, an agricultural engineer, says: "There has recently been a marked want of purchasing power in the agricultural world which has had a serious influence for the worse on agricultural engineering. In fact, the British farmer has had so little money to spend in purchasing new and reinstating his old machinery, that the home trade has practically gone to the dogs, and of late years the English engineers have had to look to foreign countries for their customers." There are individual cases of local traders in villages and small

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towns within my own knowledge, who have been absolutely obliged to give up their businesses entirely through the depression. Again on pages 99 and 100 of my report, writing of Suffolk, I say: "The local trades-people, more especially, those in the larger towns, as well as blacksmiths, wheelwrights, and others in the villages whose principal customers were the farmers, had also suffered losses. The small village shopkeepers, whose principal customers were the labourers, had not suffered so much." Then again, clergymen have suffered very much, especially clergymen whose incomes were derived from glebes; on pages 3 and 4 of my report I go into that question at some length and give a number of instances. Of course if a clergyman has his income largely curtailed in that way his expenditure would also be curtailed.

9142. What has been the effect of these recent bad times upon the rent; has it been considerable?—Yes; the fall in rent has been very considerable as appears by the replies I have already given to your Lordship.

9143-4. Apart from that question of rent, do you see any reason why the agricultural industry should not be remunerative?—Yes, I do at the present prices.

9145. That is to say if the prices do not alter, you do not think that the agricultural industry can be remunerative?—I am afraid not even if the land were to be had for nothing. I do not mean that that applies to really good land, but to much inferior land, and the amount of land that is unoccupied in the country seems to me to be some proof of it.

9146. That applies chiefly to the heavy wheat producing land, and applies chiefly to the period of very bad seasons, does it not?—Yes, the return does, certainly.

9147. But even supposing a fair average season, and a proper state of cultivation, and a proper application of capital to the land, do you believe it would be possible for our farmers to grow agricultural produce generally, I will not say wheat in particular, but agricultural produce generally at a remunerative price?—At present prices I think it would be impossible.

9148. Do you apply that to meat as well as to wheat?—Yes, I do.

9149. What do you estimate the cost of producing wheat?—There are several returns as to this in my report, and for the convenience of the Commission I have taken out the average of two of them. One for Lincolnshire, on pages 57 and 58 of my report, gives eight different tables of the cost of the production of wheat, turnips, barley, and seeds. Taking wheat, the tables run thus—in the first, from a Wold farm, the cost is 7*l.* 2*s.*; in the second, from another Wold farm, 7*l.* 5*s.*; in the third, from a third Wold farm, 8*l.* 6*s.* 2*d.*; in the fourth, 7*l.* 8*s.* 3*d.*; in the fifth, 7*l.* 7*s.* 6*d.*; in the sixth, 6*l.* 3*s.*; in the seventh, 6*l.* 15*s.* 6*d.* The eighth is a most elaborate table, and gives the cost of production of (1) wheat on clay fallows, (2) wheat after two years' seeds on clay, and (3) wheat after seeds on red land; the first of these three is of no less a sum than 12*l.* 5*s.*, the second is 8*l.* 17*s.* 6*d.*, and the third 9*l.* 3*s.* 6*d.* But taking the least of these three, I find that the average of the whole eight comes out at 7*l.* 8*s.* Four and five are from mixed farms, the sixth is from a good farm south of Boston, in the Fens, and the seventh is from a poor Fen farm. Then I have taken out several tables for Suffolk, on pages 96 and 97 of my report. The first from a heavy land farm, is 5*l.* 10*s.* 1½*d.* The second, also from a heavy land farm, 7*l.* 8*s.* 6*d.* The third, from a mixed soil farm, 10*l.* 7*s.* The fourth, from a heavy land farm, 7*l.* 5*s.* The fifth, from a light land farm, 7*l.* 11*s.*; and the sixth, which is again a most elaborate report, in which the expenses per acre of the four course shift are taken out, is 7*l.* 18*s.* 6*d.* Taking those six, I find that the average cost of the production of an acre of wheat comes out at 7*l.* 13*s.* 4*d.*

9150. (Mr. Muntz.) These figures vary very much. Can you tell me how they are obtained?—Yes, I can give you the items. If you look at the tables you will

see that they are gone into with some minuteness, or I will state it to the Commission if you please.

9151. (Chairman.) What items are included in the cost?—The first is the rent; the second is rates and taxes; third, seed; fourth, manure; fifth, cultivation by horse or steam power and harvesting; the sixth is labour, including threshing and marketing; and the last item is sundries, including a proportion of tradesmen's bills. I may say that those items were written out in consultation between my colleagues, the other assistant Commissioners for England and myself. My colleagues were Mr. Coleman, who has just been examined, Mr. Little, and Mr. Doyle, and after a great deal of consideration we came to the conclusion that the items I have mentioned included the whole cost of production.

9152. (Mr. Muntz.) Can you give us the annual value of the production from an acre at present?—Not at present, but I can give you the value of the production from an acre in No. 6 in Suffolk. The gentleman who went through the cost per acre of the whole four course with me, also took out the receipts. He calculated the wheat at four quarters to the acre, at 56*s.* per quarter, and then the profit that he showed for the whole four course was 11*l.* 8*s.* 6*d.* per acre.

9153. (Chairman.) In giving us the items which are included in the cost of production one was the cost of labour; is that cost increasing or diminishing?—I think that wages are now lower than they were at the time when I was making my inquiries, but still I hardly think that the cost of labour to the farmer is less than it was; the cost of labour as given to me had increased very much. For example, the harvest wages on a farm in West Suffolk in 1880 were 8*l.* per man, and about the year 1870 they were 6*l.* 6*s.* to 6*l.* 10*s.* Perhaps I may be allowed to hand in to the Commission a table which I prepared last year, which shows a comparison between the weekly wages of agricultural labourers in each county in England in the years 1870-1871, and 1880-1881. The table appears in a paper which I wrote for the journal of the Royal Agricultural Society of England on "The alteration in the distribution of the agricultural population of England and Wales between the returns of the census of 1871 and 1881." My figures for 1870-71 were for the most part taken from a Parliamentary paper which consisted of returns from several poor law unions filled up by the boards of guardians, but I found that a large number of those bodies did not fill up the returns, and that others were filled up in a very careless manner, and so in order to make my returns as complete as possible where the Parliamentary paper was incomplete, I took the wages which were given in the reports of the Commissioners on the "Employment of women and children in agriculture," which were issued in 1867-1868. The figures for 1880-1881 were taken from my colleagues' reports and my own. They are given for each county except for Cheshire, for which I could find no general return, and for Rutland, for which I do not appear to have given a general return. (The witness handed in the following table.)

9154. May I ask whether you see any prospect of recovery in the prices of either agricultural or dairy produce?—I see no prospect of recovery in the price of corn, but I think there may be a rise in the price of dairy produce and meat from what I hear. But of course this depends so much upon importations from abroad, of which I have no special knowledge, that I do not know that my opinion would be worth more than that of any one else on the subject. But certainly as regards one item of dairy produce, cheese, I well remember that when I was making my inquiries in Derbyshire, foreign importations sent it down to a very low price, but it recovered itself, and the same thing of course may happen again.

9155. Are there any other items of the cost of production besides labour that you could mention, either that the cost is becoming less through the reduction in the price of machinery or anything that you can point to which reduces the cost of production?—No,

I think not. It was at one time thought that steam ploughing for instance would be cheaper than cultivation by horses, but such is not the general result.

9156. Should you say that the cost of producing a quarter of wheat was larger or smaller now than it was 20 years ago?—You except rent, I understand.

9157. Probably it would be better to include rent?—If you include rent I do not think it is.

9158. You do not think that all the discoveries and new processes have cheapened the cost of production?—Not within the last 20 years, I do not think so.

9159. There is a much larger quantity of machinery used now, is there not, than there was 20 years ago?—No, I do not think there is very much more than there was 20 years ago. I should put it that there is a great deal more than there was about 30 years ago, but I do not think there is so very much more machinery used now than there was 20 years ago.

9160. Going back further to 1856, of course there would be a great change?—Yes, there would be a great change, no doubt.

9161. Do you suppose that that change has reduced the cost of production?—Yes; I think that the change did reduce the cost of production.

9162. Has any change taken place in the system of agriculture in consequence of the fall of prices in late years?—Yes, a good deal of land has been laid down to grass, a good deal more has what is called tumbled down to grass. There is a good deal less wheat grown, and more barley and oats.

9163. Barley pays better than wheat now, does it not?—Yes.

9164. Do you think that a farmer would benefit by any improved method of distribution, bringing the producer and the consumer more together?—That is a most difficult question in my opinion. There is no doubt a very great difference between the price that the consumer pays and the price that the farmer receives, and I cannot help thinking that if some of the middlemen were done away with, the producer would be benefited. I may say, that at the Farmers' Club we are now taking this subject into consideration. We had a most elaborate paper read on it in February last by my friend Mr. Jenkins, the secretary of the Royal Agricultural Society, with regard to meat, and we have now appointed a committee, and that committee is now deliberating to see whether it is not possible by co-operation to benefit the farmer by bringing him closer to the consumer, as regards not only meat but all kinds of farm produce. That committee has already sat once, and I am bound to say that there were many different opinions expressed, and there seems to be a good deal of difficulty in coming to a practical conclusion on the subject; but, personally, I think that there is room for a change which would benefit the farmer in that respect.

9165. That is a matter which must work itself out. I suppose it could hardly be promoted by any central action, could it?—I am not quite sure whether, for instance having large cool stores in or near London would not be a very great advantage to both the producer and the consumer. But it is perhaps a purely commercial matter, and it will work itself out by the ordinary rule of commerce rather than by any action of any society.

9166. Do you know anything about the management of estates in the hands of corporate bodies, say the Ecclesiastical Commissioners, or a body of that class?—I know something about it.

9167. Should you be disposed to say that their management was generally good or bad; is it well that land should be in the hands of such corporations, or is it undesirable?—I think that it is on the whole undesirable, because I think that corporations are so very much in the hands of their advisers, and the advisers may be very good or they may be contrary. I certainly found in my inquiries that on the farms of some corporations—some belonging to some London hospitals in Lincolnshire, for instance, the tenants were doing well, and were perfectly satisfied, and that those

corporations made excellent landlords; but on the other hand, I found that on the farms of other corporations the rents had been considered by the tenants to have been unduly advanced, and there was a great deal of dissatisfaction.

9168. (Mr. Palmer.) Are there in Lincolnshire tenants who have had their rents very much reduced?—That, I think, is so. I have a case in my mind at this moment of a tenant under a London hospital who at the time to which I allude had a 21 years' lease at a fair rent, and was very well satisfied.

9169. (Mr. Gibbs.) I think you said it was a London hospital?—Yes, I think it was St. Thomas's.

9170. Guy's Hospital also has a great quantity of land there, has it not?—Yes, it has a great quantity of land, and Bridewell, and Christ's Hospital have land in Lincolnshire, and I think there are some others.

9171. (Chairman.) I suppose that upon most large estates a good deal depends upon the man who has the management of them?—I think it does, but comparing individual landowners with the ownership of land by corporate bodies, I think in many instances an individual landowner takes a great personal interest in his estate, and therefore to my mind the estate is better managed; although of course in both cases a great deal depends upon the agents.

9172. A corporation has the advantage of being in better funds generally than a landlord is sure to be?—That may be so.

9173. And they are able to do more in the way of laying out money in building?—Yes, although it seems that a great many corporations at the present time are feeling the pinch very much.

9174. Do you consider that the agricultural industry is unduly burdened with taxation?—Yes, I do consider that it is unduly burdened. I have written at some length upon that subject on pages 102 and 103 of my report. I think that one of the greatest hardships to the agricultural interest during the last four years in the matter of local burdens has been the school rate. I think it affected the farmers very much indeed, especially where they held under leases that were running at the time when the school rate was imposed. I myself was executor for a relation of mine who died in 1873 possessed of a 21 years farming lease. A school board was imposed upon us in 1876, and we had a 9*d.* rate which was certainly never contemplated when my relation took the lease, which he did in 1864.

9175. (Mr. Gibbs.) That was no special tax upon the agricultural industry, was it?—Yes, certainly, I think it was; and I am bound to say that the complaints which were made to me on that score by the farmers of every county that I went through were, perhaps, stronger than the complaints on any other subject. I may refer you to a case in Bedfordshire (page 8 of my report), in which the school board rate for the then last three years had been more than 2*s.* 6*d.* in the pound per annum.

9176. (Mr. Palgrave.) Was that a purely agricultural parish?—Yes; that is an exceptionally high rate. I find in a marginal note: "This is an exceptionally high school rate; I did not come across another so high in any part of my district." I am not quite sure, but I think it is one of the highest in the country. I am not quite sure whether there is not one at 3*s.*, but 2*s.* 6*d.* is almost, if not quite, the highest.

9177. (Mr. Palmer.) Is the school board rate more heavy upon agriculture than upon any other industries?—The rate is not higher, but the assessment is so different. The school board rate is paid on the poor rate assessment, and the poor rate assessment on the farmer is, as a rule, rather less than the rent that he pays for his whole farm. If you compare that with the manufacturer who is assessed on his building, and his building only, you will see what a difference there is.

9178. (Mr. Gibbs.) You say this is a tax which presses upon land more than upon any other industry?—Yes.

Mr. S. B.
L. Druce.
17 March 1886.

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Mr. S. B.
L. Druce.
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9179. (*Mr. Palmer.*) Whether it is building, or whether it is machinery, a greater value is given to works by the expenditure of capital upon machinery?—No doubt.

9180. Then the agriculturist and the landowner may get a revenue from that, but other industries may be losing money notwithstanding the high value put upon their buildings and machinery?—And so unfortunately is the case with the farmer; he has been to great expense, and instead of obtaining that return which he is supposed to obtain, and on which he is taxed for income tax, he has been at a dead loss for years.

9181. Is it your opinion that the school board rate ought to be removed from the local taxation?—Yes.

9182. (*Mr. Palgrave.*) Is it not the case that a small school board rate is more in proportion than a large one, because so much more goes in the expense of machinery?—I am not prepared off-hand to give an answer to that statement, but I can quite imagine that it would be so. I have not prepared myself with any figures upon that point.

9183. (*Mr. Gibbs.*) The rate is an addition to the cost of production; it is really an enhancement of the cost of production?—Clearly so.

9184. Does not that create a difficulty as compared with other nations, where there is no such heavy taxation?—Yes, I think so; but precisely the same arguments apply to other local rates; they are not confined to the school board rate. I only took the school board rate as having been an especial hardship upon the farmer during the last few years because it was a new rate, in the same way though to a rather less degree the highway rate has been a special hardship, because it has been increased in consequence of so many roads having become disturnpiked.

9185. With regard to the highway rate, do you think that the roads are better under the new system or that they were better under the old?—I am sure that they are far worse under the present system.

9186. I remember some one gave us evidence that in his district the roads were better, but my own experience is that they are infinitely worse, and I do not see any means of getting them better?—My own experience also is that they are infinitely worse.

9187. (*Mr. Palmer.*) What part of the district are you alluding to?—In my answer I especially alluded to Oxfordshire. My inquiries were made between the Thames and the Humber, and my personal experience since that time has been confined to the Midland counties.

9188. (*Mr. Gibbs.*) So that you know Hertfordshire?—Yes, tolerably well; I reported upon it.

9189. As to the roads, how was it?—I cannot say; I cannot remember them specially.

9190. (*Chairman.*) I would ask you generally whether there are any suggestions which you would like to make or any points to which you wish to draw the attention of this Commission?—I think that the farmers generally want the rates and the railway charges reduced. The latter were very greatly complained of all through my district. I may perhaps be allowed to refer to a special memorandum in Mr. Doyle's report that he wrote as regards railway rates, showing how the farmers near Evesham, in Worcestershire, were handicapped, and actually prevented, by the heavy rates placed upon the carriage of goods towards Coventry, from selling any of their corn in Coventry, the railways wishing and actually succeeding in diverting the carriage of corn to Birmingham (1882, C.-3375, III., p. 93). Generally speaking in all the 15 counties on which I reported, I had very serious complaints made to me of the charges that were made by the railway companies for the carriage of agricultural produce.

9191. (*Mr. Cohen.*) What did you do with those complaints; did you pass them on to any tribunal?—I reported them to the Commission, as was my duty as assistant Commissioner.

9192. Was any action taken upon them?—I think

the Bill which is now in the House of Commons is the outcome of those complaints, and of the action taken by many farmers clubs and such like bodies.

9193. (*Mr. Palmer.*) Do you believe that the Bill will meet the case; will individual farmers in the districts come before this new Commission?—No, individual farmers cannot afford it.

9194. (*Mr. Cohen.*) Will not that be met by the tribunal being empowered to go into the country?—No, I think not. I think that is a very good clause in the Bill which permits corporations and chambers of agriculture and commerce to take action before the tribunal.

9195. (*Mr. Palmer.*) Chambers of commerce have that power already, have they not?—I was not aware of that.

9196. (*Mr. Aird.*) With respect to this inquiry, from your experience of farmers generally, do you think that to any great extent the present depression has been brought about by the more extravagant living during the last 10 years?—No, I do not think that there is more extravagance in living amongst farmers as a body than in any other class.

9197. But admitting that other classes have been more extravagant in living, the working classes and others, in your opinion have farmers been equal to them in that respect?—No; but I think that farmers when times were good lived better and with more refinement than their forefathers did. But I may perhaps remind you that Cobbett in his "Rural Rides" in 1821 made the same complaint against the farmers.

9198. In your opinion you do not believe that it has had any material influence?—No, I do not.

9199. Do you think there has been sufficient enterprise in the farmers; do you think that they have been sufficiently aware of how the market was going, and so changed the character of their farming to a moderate extent?—In answer to that will you allow me to draw your attention to a case in Essex (page 32 of my report), of a farmer who lives near Chelmsford, and whose "cows are milked at 11 o'clock " at night and at 11 o'clock in the morning, and the "milk taken from his cows at night is at once sent " off to Chelmsford station, is thence taken to London " by a train leaving Chelmsford at 1 a.m., and is or " should be delivered to the consumers in the east " end of London early the same morning. The " farmer who adopts this system keeps his cows in " the stalls all the year round, and he is one of the " very few farmers who have not lost money during " the past few years." This is a case of a farmer who saw what a good thing it was to sell his milk in London, and accommodated himself at once to it, and altered his whole course of farming so as to be able to supply his milk to London at the very time at which it was wanted.

9200. Do you think that is an isolated case, or do you believe there are many other such cases?—I think that the better class of farmers have adapted themselves to circumstances, and have been in front of the times. I do not mean to say that that has been the case with all farmers, but I think that all the leading farmers have done it.

9201. You expressed rather a strong opinion that no recovery in the price of corn could be brought about, and that it could not be grown at a profit at the present time?—Pardon me. I said I did not see how the prices were to be altered. I personally cannot see how they can be improved; that is all I said. I am very strongly of opinion that you cannot grow wheat at a profit at the present price. But as regards the alteration in prices it is totally beyond me to say how they can be improved; but unless they do improve I cannot see how wheat can be grown at a profit.

9202. Unless there is some material alteration and increase in price, wheat can no longer be grown at a profit?—That is my opinion.

9203. What increase would you think would be sufficient?—I think you must grow four quarters to the acre, and sell them at 2*l.* a quarter at least; you must receive at the very least 8*l.* an acre.

9204. And if the prices do not increase, and it is no longer a profitable undertaking, the growing of wheat in this country must necessarily cease?—Assuming profit to be the only thing looked for, yes.

9205. That is the rate that farmers would like to see it at?—That at the very least.

9206. Does it at all occur to you that it is a wise and desirable thing that the Government, having regard to the importance of at all events a certain quantity of wheat being always grown in this country, should by relief in the way of taxation encourage farmers always to keep up a certain quantity of land for the growth of that necessary of life?—Yes, most certainly.

9207. If such an arrangement as that was made, would it not be a material aid to the farmers throughout the country at the present time?—I think it would.

9208. As to the farmers bringing their produce to market, in your experience of those counties to which you have referred, do you believe that the farmers would be benefited if a light system of railways was carried out in the country to enable the farmers to bring their produce to the main lines, and to take manure for them from?—Yes, I do.

9209. And to enable the farmers themselves to come to the market to look after their produce, and go back within a reasonable time?—I quite think so. There has been one railway of that sort started since I made my report in Cambridgeshire, it runs by the side of the road from Wisbeach some way up the country on the borders of Norfolk and Cambridgeshire. I may instance another in Berkshire, running from the Wantage Road Station on the Great Western line up to the town of Wantage. That runs also by the side of the road.

9210. For what distance?—I think for two or three miles.

9211. Would not the cost to a farmer in the course of carrying his produce to and fro in some cases practically amount to a considerable reduction in the price of his wheat sent to London?—It is rather difficult to say yes or no to that. But may I just allude to a paragraph in my report on facility of transit, in which I point out how the fact of the farmers living near the coast or near a navigable river is a great advantage to them in enabling to send their produce to London, and in bringing back London manure. It is on page 99, where, speaking of Suffolk, I say, "The south eastern part of this county is conveniently situated for water carriage, and some of " the farmers who live near the Stour or the Orwell " send hay and straw, and sometimes roots, by this " means of transit to London, and receive back " London dung."

9212. But is not the difficulty of making these light lines due to different causes; the district itself cannot afford to do it, and the railway companies hesitate to do it because they do not immediately pay?—I suppose that is it.

9213. But if the Government were disposed to encourage the agricultural industry of the country to this extent, that for a few years, say five years, until those lines do pay, they were to help them, would not that help the industry which you are here to represent?—I think it would materially.

9214. You were good enough to show us the paper with the discussions, which seemed to be held in London by the Farmers' Club or organization which you are associated with, which seems to be a very great advantage to the agricultural industry; may

I ask if such efforts are made in other parts of England other than in London for a similar purpose?—Yes, there is the Midland Farmers' Club at Birmingham; there are farmers' clubs in Dorset, and in Suffolk, in Cheshire, in Northumberland, and other counties; and there are chambers of agriculture all over the country.

9215. Would those clubs in your opinion be organizations which might be made of use for assisting by practical effort the further development of technical education as applied to agricultural pursuits, which the last witness thought of importance?—It has never occurred to me, but perhaps they might be available. I hardly think, however, they are extensive enough to be the best means of doing it. I have a very strong opinion about technical education, and I am very much in favour of appropriating some of the educational endowments in each county for agricultural and other technical education in that county; and I would put them in the hands of the new county boards when they are established.

9216. May I ask you if it is your opinion also that agricultural distress follows the general depression of trade, and that agricultural distress would pass away if trade again in this country were to return?—I think it is very difficult to say which precedes. Really it seems to me that trade and agriculture are so interwoven one with the other in this country, that unless one is prosperous the other cannot be. When one member suffers, the others suffer too; I hardly know whether depression in trade is to be attributed to depression in agriculture, or depression in agriculture to depression in trade.

9217. (*Mr. Gibbs.*) You said you thought it was necessary to have 40*s.* a quarter to make wheat pay?—Yes, if you take it at four quarters to the acre, I say you must make at the very least 8*l.* per acre.

9218. I suppose you could grow wheat at less than that if the land were specially favourable?—Yes, if it was very specially favourable; but the figures I gave you are an average from good land and from bad land, in the wheat growing counties of Lincolnshire and Suffolk.

9219. What I want to come to is this, that if it could only be grown at a less cost on specially favoured land the effect would be that it could not be grown at all on other lands, which would therefore go out of wheat cultivation?—That would be so, undoubtedly.

9220. Is it not the case that by their going out of wheat cultivation, you have less employment for labourers with grass land than you would have with wheat land?—Yes.

9221. And that of all other things, nothing else employs men so much as corn cultivation?—Precisely so.

9222. Therefore you would be throwing labourers out of employment?—I think so.

9223. Consequently it is not only as Mr. Aird said in his question, that it would be good for the farmers, if any such help were given by the Government, but it would be a good thing for the labourers also?—I think that would be so.

9224. (*Mr. Drummond.*) Do you think that those light lines which have been referred to would pay on their own merits eventually?—Yes, I do.

9225. (*Mr. Lubbock.*) Are those narrow lines of 30 inch gauge?—I think they are.

9226. They are not the ordinary 4 ft. 8½ inch gauge?—I think not. They are narrower than the ordinary narrow gauge, but I cannot say what their actual gauge is.

The witness withdrew.

Adjourned to to-morrow at 11 o'clock.

Mr. S. B.
L. Druce.
17 March 1886.

TWENTY-FOURTH DAY.

Thursday, March 18th, 1886.

PRESENT:

THE RIGHT HON. THE EARL OF IDDESLEIGH, G.C.B., IN THE CHAIR.

RIGHT HON. G. SCLATER-BOOTH, M.P.
MR. J. AIRD.
SIR J. ALLPORT.
SIR J. P. CORRY, M.P.
MR. C. J. DRUMMOND.
MR. H. H. GIBBS.

MR. P. A. MUNTZ, M.P.
MR. A. O'CONNOR, M.P.
MR. R. H. INGLIS PALGRAVE, F.R.S.
MR. C. M. PALMER, M.P.
MR. W. PEARCE, M.P.

MR. G. H. MURRAY, *Secretary*.
MR. T. H. ELLIOTT, *Assistant Secretary*.

MR. SAMUEL ROWLANDSON examined.

Mr. S.
Rowlandson.
18 March 1886.

9227. (*Chairman*.) You are, I think, a farmer at Newton Morrell, near Darlington?—I am.

9228. What amount of land do you farm?—About 1,050 acres.

9229. What is the character of the land?—Strong loam.

9230. Is it all tillage?—No, about half and half.

9231. I think you have paid a great deal of attention to the question of railway charges?—I have.

9232. Before I go into that subject, I will just ask you one or two general questions; what is the condition of agriculture in the district with which you are best acquainted at present?—It is extremely depressed.

9233. How long has that depression gone on?—It has gradually come on since the year 1872.

9234. In what particulars does it most show itself, is it in the prices of corn, grain, or meat, or in what particulars do you observe the depression?—We have felt it more since the prices of fat stock have gone down so much for both cattle and sheep.

9235. When was that, the year before last?—Yes, the prices of grain are very low also.

9236. You have had to contend both with low prices and bad seasons?—Yes.

9237. Which do you think has done you the most harm?—That is difficult to tell; we have had 10 very bad seasons.

9238. (*Mr. Palmer*.) When you say the price of fat stock went down, did not the price of lean stock also fall materially?—Yes, but not in a corresponding ratio.

9239. Where do you get your lean stock from?—Principally from Darlington and the west.

9240. Is it Irish stock?—No, I never buy any Irish.

9241. Is it Scotch?—They come principally from Cumberland and Westmoreland.

9242. They are sent as lean stock to the Darlington market?—Yes.

9243. Was the fall between the time of purchasing the lean stock and selling the fat stock?—Yes; it has gone greatly down, but the price of fat stock has gone down in a greater ratio than the price of lean stock.

9244. In the year 1885 how were the prices?—They were considerably lower than they were the year before.

9245. But lean stock is also lower?—Yes, lean stock is lower, but not in a corresponding ratio.

9246. There is not a margin for feeding?—There is not.

9247. (*Mr. A. O'Connor*.) You say the loss on the fat stock, or the depreciation in prices, has been more rapid and greater in proportion than in the price of the store cattle?—Yes, the price of fat cattle has gone down faster and in a greater ratio than the price of lean cattle.

9248. (*Chairman*.) Now going to the question of the transport of produce; is that a matter upon which you have a strong impression?—I think it affects us very considerably.

9249. What are the chief grounds of complaint?—That the railways give very great preference to the foreign cattle and grain from the ports to the same markets that we have to send our produce to.

9250. Do you mean that the rates that are charged are too high in themselves, or that they favour one district more than another?—In the first instance, the railway companies favour the importation of foreign produce, both cattle and sheep and corn, and there are instances in which they favour one district as against another, especially where railway competition comes in.

9251. Would you explain and illustrate what you mean by saying that the railway companies favour the foreigner more than the home producer?—By the rates that are granted for foreign cattle and corn as compared with the rates granted to the sender of home produce.

9252. Will you give the Commission some instances of that?—Take the rate from Newcastle to London; the rate for home cattle in small waggons is 5*l.* 19*s.* 3*d.*, and for home sheep it is 5*l.* 8*s.*, for foreign cattle and sheep it is 4*l.*

9253. Do you mean that when they are taking a cargo of cattle from Newcastle to London the railway companies say, these are English and they shall be charged a higher rate, and those are foreign and they shall be charged a lower rate?—That is so. If the journey is simply from Newcastle to London, the charge for a small waggon is in favour of the foreigner to the extent I have stated; it is the same thing to Manchester. The rate from Newcastle to Manchester for a small waggon of home cattle is 3*l.* 7*s.*, for a small waggon of home sheep the rate is 2*l.* 14*s.*, for a small waggon of foreign cattle or sheep the rate is 2*l.* 4*s.* 3*d.*

9254. What is the justification which the railway companies assign for doing this?—I cannot say.

9255. (*Mr. Selater-Booth*.) You do not say that the railway companies charge you more than they are entitled to do by their Acts, but that they give an undue preference to the foreigner?—They give an undue preference, and as we have to compete with him in the markets to which those animals go, this rate favours them very considerably.

9256. (*Mr. Palmer*.) How do the railway company know whether they are home cattle or foreign, when they carry them, as I apprehend they are sent into Newcastle market, and sold there?—Some are trucked from the Tyne Dock, but the principal portion are landed at the quay side on the Saturday or Sunday, and after staying at the sanatorium the necessary time, are driven to the salesmen's lairs, some of which are beneath the cattle market, some are sold there on the

Monday, and those for Wakefield, Leeds, Manchester, London, &c. are sent from Newcastle station on the Monday at the Foreign rate; any unsold, are exhibited in the Newcastle market on the Tuesday; any thus sold in the market if trucked on the Tuesday are charged at the *Home Cattle Rate*, but if put back again into the lairs and trucked on any of the following days *direct from the lairs*, the *Foreign rate* is charged.

9257. (*Mr. Selater-Booth*.) But I do not know that you would say that if sold in the open market they would be taken at the low rate as foreigners?—At one time they were so, but, I believe, that is not the case now.

9258. (*Sir J. Allport*.) How long is it since that was the case?—In 1881, I think it was. I know that when I gave evidence before the Railway Rates Committee, I was not able to answer the question distinctly, as to whether it was so or not. I made inquiries when I got home, and I found it had been so; but I believe it was stopped after that time.

9259. (*Chairman*.) Is it your opinion, that if the rates were generally reduced, the increased traffic would enable the companies to earn the same profit as they do now?—That is a question I am hardly able to answer; but there are some instances which I could name, where, I think, facilities might be granted, which I do think would increase the profit of the railway companies to a certain extent.

9260. Have you seen the new Bill which has been introduced into the House of Commons?—I only had an opportunity of reading it as I came up last night.

9261. Does it seem to you likely to remedy your grievances?—I should think that it will still allow preferential rates to continue; that is, as far as I have read the Bill.

9262. Have you any other suggestions to make upon this question of railway carriage?—I do not see why the rates should not be equalised.

9263. (*Mr. Selater-Booth*.) You would not go so far, would you, as to say, that it would be possible to establish the principle of equal mileage rates for all internal traffic, and put an end to anything like a preferential or computed rate?—I should hardly like to go so far as to say that.

9264. I suppose that the lower price charged from the dock-side to London is justified by the argument that if it was not so taken it would go by sea to London—that is what they say—is not that so?—That may be so, but they take it to inland towns as well; there is a preference given to Manchester, Leeds, and Wakefield, as well as to London.

9265. (*Mr. Muntz*.) Can you give the Commission the rates to Leeds and Wakefield?—Yes. From Newcastle to Leeds, in a small waggon, the rate for home cattle is 2*l.* 8*s.* 6*d.*; the rate for home sheep is 2*l.* 0*s.* 3*d.*; for foreign cattle it is 1*l.* 11*s.*, and for foreign sheep 1*l.* 9*s.*

9266. (*Mr. Selater-Booth*.) Of course, it cannot be said that as regards Leeds there could be any danger of competition by water?—Certainly not.

9267. Where do the cattle come from that enter Newcastle for this inland transport?—They come principally from Denmark and Holland, I believe.

9268. Is there a large flow of import of that sort?—There is a good deal coming in.

9269. Do they come in store as well as fat?—I think they are principally fat; there may be some stores, but not any great quantity.

9270. Is there any other article of produce imported into Newcastle which you can speak of as being sent for consumption into the country at undue preferential rates?—Yes, there is. This is a case I only heard of on Saturday last. The rate for the carriage of hay from Newcastle to Rothbury, a distance of about 41 miles, is for home grown hay 16*s.*, and for foreign hay 10*s.*

9271. Where does that foreign hay come from?—I do not know.

9272. (*Mr. Palgrave*.) Are they equal weights of hay?—Yes, per ton.

9273. The one is not more bulky than the other, is it?—I do not know that it is.

9274. (*Mr. Selater-Booth*.) You do not know whether it would be a question with the importers of the foreign hay whether they would send it to Newcastle, or to any other port, if that was not done?—I do not know that.

9275. Is there any import of corn into Newcastle? Yes, there is.

9276. Where does that corn come from?—It comes from different places.

9277. Can you specify any of them—is there any American corn?—I believe there is, but I cannot speak positively to that; there is a good deal of corn comes in there.

9278. You do not know whether it comes from Europe or America?—It comes from both places, I believe, but I am not positive.

9279. Is that corn carried at preferential rates to Manchester and Leeds?—Yes, to different places.

9280. (*Sir J. Allport*.) Can you speak to particular places?—I am not prepared upon that point. I did give a great many rates before the Railway Rates Committee, which I then had, but I did not expect to be asked that question now.

9281. (*Mr. Selater-Booth*.) Are those preferential rates you complain of equally applicable to all the routes between Newcastle and the south, or are you entirely in the hands of one company?—We are entirely in the hands of the North-eastern Company.

9282. There is no effective competition, is there, between the North-eastern Company and any other company as between Newcastle and Manchester?—No; the route is entirely in the hands of the North-eastern Company from Newcastle.

9283. You spoke of the general depression of agriculture, and we have heard of it, of course, from other witnesses; but what I want to know is whether, in your judgment, a man going into agricultural pursuits at this moment, with prices as they are in the present state of depression, cannot look forward to a profitable return on account of the greater cheapness with which he enters?—He cannot possibly farm for a profit at the present price.

9284. But you would draw a distinction, would you not, between a man who is caught, as it were, by a fall in prices, and a man who enters under a depressed condition of prices?—Certainly; it would take less capital to enter upon a farm at present than it would have done three or four years ago.

9285. Would you not draw a distinction between what would be possible now for an enterprising agriculturist, and what it would be reasonable to expect of a man who had suffered through this great depression actual loss of capital?—It would depend entirely upon whether a man had sufficient capital to carry on his farm, and work it properly.

9286. But when we are looking at the future, is it not a very different case between those who have been caught in the present depression, and those who have come in now?—I do not think that, if the man who has been farming has sufficient capital left to go on with the farm.

9287. If a man purchases stock at a low price, that low price is of less consequence to him than it is to a man who bought last year at a higher price, and now has to sell at a depressed price?—But a man keeps on buying, filling up his stock as he goes on.

9288. But I am speaking of a man coming in now?—But he could not get out of his farm until May-day, and he would get rid of his stock in the meantime; therefore, I cannot see that it would make much difference between the two, assuming that he had sufficient capital to manage the farm properly.

9289. Surely it is a very different prospect with regard to profit for a man who enters upon a farm at present, with prices thus depressed, from the prospect on the part of the sitting tenant who is subject to the existing fall in prices?—Of course, upon the proportion of stock that the sitting tenant had in hand at his farm now he would have to bear the loss of a

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gradual fall in prices, whereas the other man would have to purchase fresh.

9290. Speaking of the prospect of agriculture, is not there an encouragement to agriculture in the excessively low prices of things now requisite to stock a farm as compared with what they was six years ago when the prices were so much higher?—I do not think so; the general prospect is so bad.

9291. (Mr. Aird.) What do you think is the reason which induces the railway companies to give the preference to foreign produce?—I presume it is to attract cattle and corn to those ports. I do not know any other reason that there can be.

9292. Would it be your opinion that it should be illegal for a railway company controlling the traffic to give a preferential benefit to foreign produce?—I certainly think so.

9293. And that it would tend to help the agricultural interest if it were made illegal?—I do think so.

9294. You have mentioned that the North-eastern Railway Company alone carry goods from Newcastle?—Yes; the only line that runs into Newcastle that does not belong to the North-eastern Railway Company is the one that belongs to the North British Railway Company, which runs up to Riccarton Junction and St. Boswell's, going north.

9295. I suppose the difficulty you speak of as regards the carriage of cattle applies to an equal extent as regards the carriage of general produce which may come from abroad?—It applies equally to cattle, corn, and hay. I cannot speak of anything further.

9296. Does your knowledge of the railway system extend to other districts besides those which are served exclusively by the North-eastern Railway Company?—No.

9297. Then we will deal with the district of which you have a knowledge. Do you consider that that large district which is under the control entirely of the North-eastern Railway Company has been, so far as agricultural requirements are concerned, sufficiently developed of late years to do justice to its industries and to assist the farmers?—I think that if we had had competition within the district, we probably would have been able to get lower rates than we have had.

9298. You would have had lower rates, you think? I think we might have had.

9299. But would you, in addition to that, have had greater development of the country to enable farmers to bring their produce to and from the main lines and the markets?—There is no doubt that wherever there is competition, there are always extra facilities afforded.

9300. Can you, of your own knowledge, speak of any district which has suffered, so far as agriculture is concerned, from the want of such accommodation to bring the produce to the main line?—I cannot, particularly.

9301. Do you think it would be of benefit to these districts if light railways were constructed to bring produce to the market?—There are districts where they would be useful.

9302. And although they would not pay immediately after construction, they would when developed, become sufficiently remunerative of themselves, and would bring produce to the market; and they would not only do that, but they would also enable the farmer to get to market, and see that the produce was sold at the best possible prices?—They probably would be remunerative, and they would enable the farmer to get his produce to market, and sold at the best prices.

9303. And after the period had passed over in which they would not pay, they would ultimately bring much additional traffic to the main lines of the country?—I am unable to say whether the light railways would bring much additional traffic to the main lines.

9304. But I should be glad to have your opinion?

—I think they might; but I should not like to say they would.

9305. (Sir J. Allport.) I observe that you gave evidence before the Railway Rates Committee in 1881?—I did.

9306. And you are familiar with the evidence generally which was given on that occasion?—I have not read the whole of it; but I have read some of it.

9307. You are aware that the great bulk of the evidence from gentlemen in your position was to the effect that preference was given by the railway companies to foreign cattle?—Yes; it was so.

9308. Have you read the report of that Committee?—It is some years since I read it.

9309. But you have read it?—I have read portions of it; not the whole of it.

9310. You are aware that these questions of preference charges or inequality of charges were fully discussed before that Committee?—I believe they were.

9311. Do you remember this paragraph in the report—"Your committee cannot recommend any new legislative interference for the purpose of enforcing upon railway companies equality of charge"?—Yes, I remember that.

9312. Were not the reasons given thoroughly why foreign cattle in this port were charged lower than home grown cattle and produce; the reasons were given and explained to that committee?—I daresay they were.

9313. Did you not yourself acknowledge that those cattle and foreign produce could be taken to other ports. Take the case of Newcastle to Manchester, is it not the fact that Manchester is only 30 miles from Liverpool?—Yes, I believe it is.

9314. I suppose it is 160 miles from Newcastle?—I do not know the exact distance of Newcastle from Manchester.

9315. You may take it from me that that is so. Did it never occur to you that if the same mileage rate of charge were made to Manchester for foreign cattle as for home cattle, the foreign cattle would inevitably go into the Port of Liverpool and never see Newcastle at all?—I do not know that that would be the case with regard to the whole of those cattle.

9316. Perhaps you do not understand the shipping trade sufficiently to answer the question?—I do not understand the shipping trade sufficiently to do so; but a great portion of those cattle that arrive at Tyne Dock are shown in Newcastle market; a number of cattle, I am told, are put into the lairs and sold there, and sent direct to Manchester, Wakefield, and other places.

9317. But you said just now that although the cattle went into the market, the railway companies still charged a lower rate upon foreign cattle than they did upon home cattle?—That was so.

9318. But they have not done so since 1881?—I believe not.

9319. Then would it not be very detrimental to the interests of Newcastle, and that district, if the importations of cattle and produce were confined exclusively to the consumption of that district?—Yes; but those cattle are taken not only to Manchester, but to Leeds and Wakefield.

9320. I ask you, if there were not a low rate charged from Newcastle to Manchester, whether the cattle and produce would not inevitably go to Liverpool?—It might be the case.

9321. Can you see any reason why it would not be the case?—It might be the case.

9322. Is it not the natural conclusion that anyone would draw, that if cattle were charged 15s. a truck from Liverpool to Manchester, they never would give 3l. 7s. a truck for foreign cattle?—It might be the case that some of them would go there.

9323. And as a matter of course these cattle must be imported at Liverpool if lower and through rates were not given to foreign cattle at Newcastle?—It might be so.

9324. Then again, take Leeds; you are aware that there is an excellent port at Goole for Leeds?—Yes.

9325. And that a very considerable amount of produce is imported into Goole, and that the distance is very short from Goole to Leeds?—I am aware of that.

9326. Then does not it strike you that if equal mileage rates were charged from Newcastle to Leeds, no foreign cattle could possibly be sent via Newcastle to Leeds?—It is possible that they would be sent to Goole, some of them; but if part of the cargo are exhibited in Newcastle Market, as I believe is the case, and sold in that market, and the remainder are put on to the railway, and then sent on to Wakefield, it is very probable that it is as cheap to send the whole cargo and sell a few in Newcastle as to send the whole to Goole.

9327. Would they sell a good many?—They sell a great many there.

9328. Does it not follow that it would be more expensive to disembark a few in Newcastle out of a larger quantity than to send the whole to one spot?—I still think it very unfair that they should charge this preferential rate upon the railway.

9329. I know your point, but you must look at every interest. You must bear in mind that there is the shipping interest to be considered as well as the farming interest. I do not see how the farmers of Northumberland would be benefited by the cattle being imported into Hull or Goole for Leeds, or into Liverpool for Manchester; do you see why they should not be admitted to go at a low rate from Newcastle instead of sending them to Goole?—I think if it paid the importers of cattle to send them to Goole, they would do so.

9330. No doubt they would do so?—But I have very little doubt in my own mind that it pays them better to send them to Newcastle, because it pays them to sell a large portion as they do there.

9331. Do not you think that the railway companies have gone very carefully into this point with the importers, and have got their rates just to that point at which it would answer the importers' purpose to bring them to Newcastle instead of to Goole?—I have no doubt about it.

9332. Do you not think that they have arrived at the point which induces them to come to Newcastle?—Yes, if they charge a preferential rate.

9333. But suppose the cattle were sent to Goole instead of Newcastle, what would the difference be in the competition to you?—I do not know that it would make any difference, but they are granting opportunities of competition to importers of stock which enable them not only to secure the sale of a portion at Newcastle, but then to send off the balance to Wakefield or other inland places at a lower rate.

9334. Passing from that point, is it not the fact that all foreign hay is carried in pressed bales?—I am not aware of that, but I believe a great deal of it is.

9335. Could you tell me what quantity of hay loose in trusses as you would send it to market, you would put in a truck?—I am not aware of the quantity.

9336. Is it a ton and a quarter?—I am not aware of it.

9337. Then you would not be aware that with these compressed bales of hay, from three to four tons can be put into a truck?—I am not aware of that.

9338. Would that not be a sufficient reason for giving a lower rate for that hay?—It would be a reason for giving a lower rate certainly.

9339. And a good reason, would it not?—I think it would.

9340. (Mr. Muntz.) Speaking of the profits on farming, do you consider that legitimate farming consists in the growth of produce?—Yes, I do.

9341. And does the profit upon agriculture depend upon the value of agricultural produce?—It would to a great extent.

9342. Could you say what has been the average reduction in the value of agricultural produce gene-

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rally during the last few years?—Taking what period?

9343. Say the last ten years?—It would require some calculation to say that.

9344. What would be the reduction upon the gross profit of a farm?—Speaking roughly, I should think it would be quite one half.

9345. That is to say about 50 per cent.?—I should say so.

9346. So that if the gross product of a farm four years ago were 4,000l. per annum, and 2,000l. went in expenses and 2,000l. to the landlord and tenant, now there would be no rent and no profit to the tenant, but 2,000l. left to pay the bare expenses?—I should think that is coming very near it, but it is giving an answer in a very off-hand way.

9347. From your knowledge of farming should you say that a fair average farm can be carried on at present, even if no rent be paid, without loss?—I do not think it can if an average or under average farm.

9348. (Mr. A. O'Connor.) When you say that an average farm could not be carried on without loss even if no rent were paid, how would you gauge the loss? What do you understand by the loss of a farmer when he has no rent to pay?—He has all his labour expenses, his tradesmen's expenses, and many other expenses, marketing, and so on.

9349. What I want to ascertain from you is, what do you understand by the profit which a farmer realises, and what do you understand by the loss he suffers in a given year; how do you gauge it?—You must make your valuation at the commencement and at the end of the year.

9350. But a valuation of what?—Of everything you have upon the place, stock and crops, and your growing crops, your corn on hand, your cattle on hand, and everything about the place.

9351. May I put it in this way; the valuation being made of the total stock of the farmer at the beginning of the agricultural year, and another valuation being made at the end of the agricultural year, if there is any diminution in the stock, taken in its widest sense, the farmer has suffered a loss?—Yes, after all his expenses and receipts are taken into account as well.

9352. How do you regard the subsistence, or that portion of the subsistence of the farmer and his family, which he derives from the farm itself?—I keep that entirely separate.

9353. You do not take it into account?—No.

9354. (Mr. Muntz.) You did not consider that in your reply to me?—I did not.

9355. (Mr. A. O'Connor.) Would not his subsistence be as much an item to be regarded as the subsistence of a professional man, or of a tradesman in a town?—But if you are required to present your accounts before the Commissioners on appealing from income tax, you are required to keep the house expenses of the farm entirely separate. I have done that myself in appealing against Schedule B.

9356. Let me suggest for a moment the case of a professional man, say a physician, who at the end of the year has just paid his expenses; would you say that he had conducted his professional business at a loss during the year?—Do you mean after payment of his own personal expenses?

9357. Yes?—No; I think he ought to keep his personal expenses entirely out of the question; one man may have extravagant habits and another penurious habits.

9358. I am speaking of his subsistence, such as a farmer derives from a farm?—I take everything that goes to the house from the farm and credit the farm with it.

9359. You do not leave it out of account?—I keep it entirely out of account, in so far as seeing that I have spent so much upon my house; everything that goes to the house I value, and keep that entirely separate.

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9360. Then you would say that unless a farmer actually increases his stock from year to year, he is not making any profit?—Or his cattle, certainly.

9361. But in the case of a professional man or a manufacturer or a tradesman, if he manages to live from year to year without putting anything by, would it be fair to say that he has not made any profit in a series of years?—He has made a profit; but I say he ought to calculate that and credit his business with what it has cost him, with what he has drawn out of his business, because that really is the profit of his business.

9362. Now upon the question of railway rates, would you say that the present system of charging a farmer for access to markets by way of railways is such that the foreign producer is at an advantage as compared with the inland British producer?—I think so.

9363. In what chief respects?—As I have said before, in the facilities of carriage that are offered to him by the railway companies.

9364. Have you had occasion to remark the charges for railway carriage in respect of any other goods than agricultural goods?—No, I have not.

9365. You do not know anything about sugar?—No.

9366. (Mr. Muntz.) With regard to the maintenance of the farmer's family, I wish to ask you one more question. Do you consider that if the farm accounts be credited with the whole expense of the maintenance of the farmer's family, yet still a man farming an ordinary farm now upon ordinary lines, would if he paid no rent make a loss?—In many instances I think it would be so; there may be special instances where it would be otherwise, especially where the farmer's family are doing the bulk of the work; because you can get a considerable amount of extra work out of a family, more, as a rule, than you do out of hired labour.

9367. That is not a fair average, but take a hired farm?—In many instances he would make a loss.

9368. (Mr. A. O'Connor.) And therefore to the extent to which no rent is paid the landlords step with the farmers?—To a great extent they do; I do not think any farmer at the present time, taking them as an average, is able to make anything at all, in fact, I consider in a great many instances the farmer is losing from a half to the whole of his rent where the land is below the average of strong land.

9369. You think this applies to farms of all sizes?—To a very great extent I think it does.

9370. Do you think the small farmers are better off and can manage better than large farmers, that is to say, do they make a better profit, or could they come more near to making a good profit?—I think that depends entirely upon the labour of the farmer or of his family.

9371. If a farmer paid no rent, he would not make a loss?—He might make a loss, but it would not be so great a loss, because the labour of the family is much more effective than hired labour.

9372. (Mr. Muntz.) With regard to railway rates, your impression and the impression of the farmers in your district is that the rates should be on an equal scale from Newcastle to all towns, and that if foreign cattle could be sent through Liverpool or other ports more economically they should then go through Liverpool, and should not be sent at lower rates from Newcastle?—I think so. The carriage of grain at the present time from Hartlepool to Leeds is 6s. 3d., and the carriage from my nearest station is 11s. 3d., for a shorter distance.

9373. Could you give the Commission the distance?—From Hartlepool to Leeds and from Barton to difference in the Leeds the rates amounts to exactly 1s. a quarter upon the barley.

9374. (Mr. Pearce.) Do you not think that as far as trade and business is concerned, it is a good arrangement for the railway companies to make a through rate to the inland towns?—Probably it may be.

9375. Seeing that cattle or grain is landed at a seaport town, and that there is a constant trade between the foreign port and that seaport town, the railway company would know that they would always have at hand this amount of freight to carry, and therefore would make arrangements in the way of trucks and lairs for that special freight coming as a constant thing to the seaport town; and in that case would they not be able to do the work they have to do at a cheaper rate than they would do promiscuous work coming from the farms situated all over the country?—But the supply from a place like Newcastle market to the south is, I should say, quite as regular as the other; therefore, I do not see why they should not carry the cattle from the Newcastle market to the southern towns as cheaply as they carry foreign produce.

9376. (Mr. Palmer.) You have had great experience of farming in the north of Yorkshire and the county of Durham?—I have.

9377. Is the condition of agriculture very much depressed?—Yes, it is very much depressed.

9378. Have the rents been largely reduced?—I should think, upon the average, they have been reduced from 10 to 25 per cent.

9379. Now, have you taken into consideration the question, how has the depression acted upon the farmers; has it been in the way of neglecting the land or diminishing the stocks, or in what form?—It is shown in both ways.

9380. Do you think that the cultivation of the land is deteriorating seriously?—There is no question about that.

9381. And the capital of the farmer is gradually going, its departure showing itself in the diminution of stock?—Both in his stock and his horses, which he has for working the farm, in a great number of instances, and also in his actual shortness of capital.

9382. With regard to railway rates, I would only ask you one or two questions; your contention is, that a railway company ought not to carry foreign produce, mile for mile, at a lower rate than it does English produce?—That is my contention.

9383. That is to say, that if the English produce is put on the railway at Newcastle, it ought to be carried to Leeds or elsewhere at the same rate as is charged for the foreign?—Yes.

9384. You contend that you have no right to be handicapped by sea freights or anything of that description?—That is my contention.

9385. You would leave the question of the ports of debarkation to be settled with the railway companies, irrespective of this question of carrying at equal rates per mile?—I think so.

9386. Have you much information upon general rates as affecting agriculture, such as the carriage of artificial manure or town manure?—Those I gave on a previous inquiry.

9387. Did you say that they were excessive?—Yes, in many instances.

9388. The rates are unequal, are they not?—In some instances, yes.

9389. And the sale of coals in the agricultural districts; is the price excessive?—Coals are ridiculously dear in many places, even just within carting distance of the pit.

9390. That affects agriculture?—There is no doubt of it; there are a great many coals consumed upon some farms, where there is steam machinery used.

9391. Have the wages of the agricultural labourer been materially reduced in your district?—Yes; I could give you the wages of agricultural labourers from 1854 downwards to the present time.

9392. Do you remember what they have been?—At the highest time, from 1872 to 1874, our ordinary farm hands' wages were 21s. to 22s. a week; those same men have from 15s. to 17s. now, and their house free.

9393. And perquisites, no doubt?—In some cases they get perquisites in addition.

9394. Have they mostly gardens and potato grounds?—Yes; and the cottages would be worth 4l. or 5l. a year a piece.

9395. Has there been much land laid down to grass, and has that contributed largely to the reduction of the number of labourers in your part of the country?—Yes, in several places it has.

9396. But speaking of the district generally?—Yes, there is no doubt it has, to a certain extent; there has been a good deal laid away in places. I have laid away nearly 200 acres.

9397. Has the laying away in grass generally been done by the landlord or by the tenant?—I should think there has been as much done by the one as by the other, and I know several cases in which it has been laid away in grass by the tenant, and when he has left he has been recouped by the landlord.

9398. The Compensation Bill has come in since then?—That has been a private arrangement.

9399. (Chairman.) With regard to railway rates, leaving out of the question for the moment what you think the railway companies ought to do, I want to get just a statement of the facts of the case. Is it not the case that where there is no competing line of railway or canal, the home producer has no choice as to the route by which he must send his stores to market, and therefore he is not worth tempting?—That is so.

9400. But the foreign producer has an alternative, and is worth tempting?—That is so.

9401. But supposing the railway companies did not tempt him, he would choose the cheapest way of bringing his produce by sea or what route he chose, and therefore he has the advantage over the home producer either way, either by the temptation of the railway rates given him or by the option he has of sending his goods by sea or by some other route?—That is so.

9402. Therefore the supposed advantage that the home producer has over the foreigner in having his market close at hand is in reality no advantage at all, but very often turns the other way?—That is the case. Where a farmer resides near where there are two competing lines of railway he is then able to get his stock to market at less per truck than when he is in the hands of one railway company. I can quote an instance of that.

9403. His best and safest remedy therefore is to have competing railways or canals as much as possible in this country?—I can quote you the rate from Chat Hill to Manchester. It is 4l. 18s. 6d. per medium waggon, that is a distance of 206 miles, whereas from

The witness withdrew.

Mr. JOHN FOX examined.

9413. (Chairman.) Will you kindly inform the Commission in what business you are engaged?—I am a bed feather merchant, a curled horse-hair manufacturer, and a bedding manufacturer, that is my principal business, besides the eider-down quilt trade, which is a large trade in the winter season.

9414. Is all your business carried on from Cork?—Cork is my head place; I have a branch house in Manchester, a small factory there, and a small factory in London; we have had a house in London for over 40 years; our house in Cork has been established between 50 and 60 years.

9415. What is your general account of the condition of the trade and business you are concerned in?—Our trade is not so large by a very considerable amount as it was 10 years ago, partly owing in one branch to a change in fashion in ladies under-garments, which we call eider-down skirts, that business has come on again I am happy to say. The trade in feathers is not so good as it used to be, naturally, because foreign competition is telling against us.

9416. I believe that you wish to call attention to some of the differential rates that are charged for the

Greenlaw to Manchester, a distance of 244 miles, the rate is 4l. 13s. 6d.; Greenlaw is on the line from St. Boswells to Kestow Junction.

9404. (Sir J. Allport.) Is it not the fact that Greenlaw cattle used to go by rail to Glasgow and thence by ship to Liverpool?—Yes, I daresay a few go that way now.

9405. The cattle were formerly sent to Glasgow and then shipped to Liverpool for the Manchester market?—I daresay it was so.

9406. (Mr. Aird.) With regard to the competing companies, the advantages which you assume would be gained from competing companies would be absolutely lost, would they not, if those companies made private arrangements amongst themselves for making the rates equal?—That would be so. I believe there are arrangements between the companies at the present time with regard to cattle that are sent south.

9407. The cattle which are sent from Northumberland can go either by the Great Northern Railway or by the Midland Railway?—Yes, they can.

9408. That is by an arrangement made between the companies themselves which control the carriage of the goods?—Yes, that is so.

9409. (Chairman.) Have you anything to add to the evidence you have already given?—There is one point I should like to name. To the north of Darlington the railway companies grant facilities by making different rates for cattle and sheep; south of Darlington, however, they are both charged the same rate. The sheep rate to the north of Darlington is lower than the cattle rate, whereas to the south they are both the same rate.

9410. (Mr. A. O'Connor.) Are they both by the same company?—Yes.

9411. (Mr. Palmer.) How do you account for that?—I do not know how it arises. In a medium waggon again we can put 40 sheep, whereas they only allow 15 sheep in half a waggon, and they charge two-thirds of the full rate. Now small occupying farmers mostly sell 20 sheep at a time, and it would be a very great facility to the occupying tenants if they were allowed to put 20 sheep into a half waggon.

9412. (Mr. A. O'Connor.) But is not that the usual practice with regard to "smalls" to charge a little more than the exact proportion?—Yes, but we do not object to the charge, we object to the limitation of the numbers. Very often a butcher will not buy 20 sheep unless he can get somebody else to join with him in buying the other 20 sheep so as to make up a full waggon.

carriage of Irish and foreign goods of a certain class. Would you state what you have to say upon the subject?—What seems to me a great anomaly is, that we send feathers from Cork to London at 52s. 6d. a ton, dead weight measurement, and the same goods, if they are stopped at Manchester upon the way to London, are charged 65s. a ton; and if we send the goods to Manchester first and then afterwards change our minds and send them forward from Manchester to London, they would cost us 135s. a ton.

9417. (Mr. Palmer.) By what route would that be?—By the Cork Steamship Company to Liverpool. The Cork Steamship Company have communications from Cork to Bristol, Cork to Milford, and Cork to Liverpool, all of which have the same through rates to London. The Bristol route being the shortest, I presume that has set the rate for London which the others have to follow, else they would get no traffic.

9418. (Chairman.) But where the carriage is to some intermediate point where there is no competition, then the charge is very much higher?—Yes.

9419. Is there any distinction made between the Irish and foreign article?—In my own branch of the

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business, I do not know that there is. I believe in the corn trade there is some difference, but that I am not very familiar with.

9420. Then you are not able to say from your own knowledge that there is any difference made between the carriage of one article and another of the same kind produced in a different country?—Not within my own knowledge in my own trade.

9421. Have you anything to say with regard to any other business besides that of the feather trade?—There are firms who have been connected with me who have sent me letters in connexion with the rates, and who speak of the injustice that is done to the Cork trader by tea being carried to Limerick, 70 miles beyond Cork, through Cork, for 2s. 6d. less money.

9422. (Mr. A. O'Connor.) Where does that tea come from?—The rate from London to Limerick is 47s. 6d., and from London to Cork it is 50s., and they take it through Cork to Limerick. There is also a very high rate charged to towns in the centre of Ireland from Cork, where two or three different lines are concerned; they seem each to want their own full local rates; for instance, feathers from Cork to Carlow, or *vice versa*, a distance of 152 miles, are charged 57s. 6d. a ton. We get large quantities of wet and fresh-plucked feathers from the poulterers; sometimes several tons from a single man. I have four tons just coming from one poulterer now in that neighbourhood; those goods are only value some of them for 20l. a ton, some 30l., and more; but to charge a rate of 57s. 6d. from Carlow or 62s. 6d., as it is from Wexford, a distance of 215 miles, and Kilkenny, which is 25 miles further than Carlow, whence they charge 5s. a ton less to Cork, seems to me another monstrosity, if I may use the word. Gorey, in county Wexford, is another place where we get considerable goods from; there the rate is 65s. a ton. The rate from Cork to Hamburg is 55s., and from Cork to Havre it is 60s.; whereas from Hamburg to London the foreigners bring in feathers for 15s., and in some cases for 12s. 6d. a ton. The regular rate is 15s.

9423. (Chairman.) I suppose the high rates which are charged are all within the legal rights of the companies to charge?—I am not sufficiently acquainted with railway matters to know that.

9424. There would be some question raised at once if they were charging beyond their legal rates?—I am not competent to judge.

9425. We must take that for granted, and that being so, what remedy can you suggest to induce the company to charge no more than it ought for its own interest to charge in the case particularly of long journeys?—I am at a loss to know; they have to earn a certain interest for their shareholders; but I think that if the State had control over the railways in some way or other there might be some economy effected. These little minor railways must be great sources of extravagance; for instance, there is the Cork and Passage Line, upon which I have a season ticket; it is a queerly managed line; there are only 5½ miles or 6 miles of rail, but it has a Board of Directors and a staff just as if it were 500 miles long.

9426. You are an advocate for amalgamating all the railways in Ireland, and transferring the jurisdiction over them to the State?—I am, for the reasons named; that, I think, economy would take place, and lower rates would be possible.

9427. That would help you in Ireland; but would it help you in England, unless the same were the case throughout this country?—No; perhaps not to the same extent; but there is no doubt that we are in England and in Ireland handicapped very much against the foreigner. From Bruges to London chicory is brought for 6s. a ton; this was told me by a gentleman in the trade; he gave me permission to use his name, Mr. Hodson, of Pearson & Co., Limited, large manufacturers of chicory in Manchester. They have closed the manufactory in Manchester, so far as their London trade was concerned. He said he could now sell chicory, manufactured at Bruges, in London

for 1l. a ton less than he could deliver it in London for if manufactured in Lancashire.

9428. Is it within your own knowledge that there are any cases of foreign railways in which a higher charge is made for a shorter distance?—I am not conversant with foreign railways; we generally buy our goods free at Hamburg. The same gentleman, Mr. Hodson, told me, that Mr. Henry Tate, a large sugar manufacturer in Manchester, was paying 17s. 6d. for sugar to London, whereas if it was only brought as far as the Potteries in Staffordshire, it was charged 26s. 8d. a ton.

9429. (Mr. A. O'Connor.) That is about half the distance?—Yes, about half the distance.

9430. (Sir J. Allport.) Do you know that of your own knowledge?—I do not; but I know this gentleman; he gave me permission to use his name.

9431. But he was the chicory manufacturer?—Yes, he gave me Mr. Henry Tate's name; perhaps I have no authority to mention it to the Committee; but it is easily ascertainable whether the statement is correct or not.

9432. (Chairman.) Has your attention been drawn to the Bill which has just been introduced by the Government?—I happened to have the good fortune to be in the House when Mr. Mundella introduced it.

9433. Do you think that that Bill would suit you?—I think it would go a great deal towards it; at all events, it would assist private individuals in the way of helping themselves, as I recently had to do when my rates were doubled in the matter of curled hair.

9434. Have you anything to say as to limiting the hours of labour in this country as compared with foreign countries?—It is a well-known fact that we have the shortest hours of labour for artisans of any nation in the world; from 53 to 54 hours is about the maximum. In Germany there is nothing under 60, and in Russia they are as high as 72. I saw it in some statistics in a paper read by a gentleman some time ago; and the wages, I believe, abroad are materially lower, more particularly in some countries than others.

9435. Are you able to give any information with regard to the effect of the shortening of the hours of labour upon the efficiency of the work done?—I am not; but you would naturally expect that the longer hours a man works the more his energies flag, and he becomes tired; but still the difference is out of proportion. No one could do so much work in 52 hours as he could in 65 hours.

9436. Still you have no remedy to suggest?—No. I only consider that with longer hours and lower wages we should do better. As an instance of the cheap freights from Hamburg and foreign ports, I may say, that I bought some Chinese feathers not long ago, they were sent to London and sent thence to the Continent, purified, and then sent back here for less money than I could have done the work for, if I had had a factory 20 miles inland. In fact, those goods I wanted for my country customers; but to pay carriage from London to Reading, or any place of a similar distance, where the rate would possibly be from 1l. to 30s. a ton, would put it out of the question, whereas I can take them from London to Hamburg for 15s. It only seems common sense that, getting the carriage to and fro for half the money, and having labour cheap, they must necessarily be able to undersell us in the market.

9437. (Mr. Aird.) It is your opinion that if the cost of production were lessened either by lowering the price of labour or by encouraging men to do more work, and if in addition the railway rates were put upon a fair basis, your trade would be improved?—It is. I also think that it is only a reasonable thing that a small import duty ought to put upon manufactured goods; but that is perhaps outside my province.

9438. As regards the labour question, you employ workmen in Cork, and, I may also say, workmen in London, do you not?—I do.

9439. Would you give the Commission your opinion as to what class of workmen are best for the purpose?—The bulk of our employées are women. I do not think I have quite 100 men, though I have several hundreds of women employed in the Cork factory. In England I have not more than six people or so employed at my London and Manchester branches, they are simply a carman, an engineer, an office man, a few warehousemen, and so on; so that it is not a fair comparison.

9440. But you are able to speak from your own knowledge as working to and fro between the two places?—Yes, my idea of the working men in Ireland, carpenters, slaters, masons, and so on, is that the wages are very similar, within 20 per cent., of what they are in England, but they do not give you the same return of work as they do in England. I do not think there is either economy or additional expense by employing Irish artisans, it comes to about the same thing as employing English.

9441. Is it not the case that in Ireland the railways are a mass of small systems?—Yes.

9442. Which, collectively, are not half as large as the London and North-Western system, which exists in this country?—That is so.

9443. And there are boards of direction and management all over the place, with varying rates?—Yes.

9444. And much confusion is thereby created?—That is a point I wish to bring before the Commission as prominently as I can.

9445. Having seen a great deal of Ireland from time to time, your business taking you about it, do you believe it would be a material advantage to the industries of Ireland if these railways were amalgamated under one control, and one management, in the hands of the State?—I do, provided the State can get them at a reasonable price. There is one matter I should like to mention about, the "Smalls" rate, which presses upon the small traders in Cork; that is, anything under 500 lbs. carried over railways is charged at a higher rate for small parcels or amounts, it is a sliding scale; but over 100 lbs., which is not a very small parcel for a merchant and trader sending backwards and forwards, there is a differential rate between that and the tonnage rate is 25 per cent.

9446. Have you represented this grievance to the railway companies at any period?—No, but I know it is a matter which has been ventilated before the Chamber of Commerce and Shipping of Cork, of which I am a member.

9447. With any result?—None, except that the Chamber of Commerce wished me to mention it before this Commission.

9448. (Sir J. Allport.) Suppose you have 20 cwts., all separate parcels for separate destinations, is it unreasonable to charge higher for those parcels than for the whole when in one ton?—I do not think it is unreasonable, but the amount of the difference is excessive; it is 6d. on 2s. That "Small" rate presses upon the trader in Ireland more than in England, in this way, that a manufacturer like myself or the Mahony's, the tweed people, would send a parcel to a shop, on which we should have to pay the "Smalls" rate, whereas the draper would go to London and buy a parcel of 500 pounds weight, which would be sent to his place in Ireland at the tonnage rate, saving trouble to him, but not benefiting us.

9449. There would be less trouble with the one parcel than with five parcels?—I admit that.

9450. Do you expect that the railway rates would be the same as the sea rates?—No, I do not; I do not expect it is possible that they can carry by railway as cheaply as they can by sea.

9451. You spoke of the line from London to Reading; are you aware that that line has cost 50,000l. a mile?—I know it was a very expensive line, and that naturally prevents manufacturers in this country from competing with sea traffic.

9452. What remedy would you propose for that?—I am at a loss to give you any proper remedy.

9453. You do not propose that the railways should pay no dividend, do you?—I do not.

9454. Then from Cork you have steamers?—We have. Some few years ago I was induced to commence a branch of business in the curled horse-hair trade, which ran with my other business, and I went to the Steam Packet Company, and they made reasonable rates for me.

9455. There are steamers from Cork to London and there are also steamers from Waterford to London; does not that account for the low rate through Cork to Limerick?—Yes, the rate through Cork to Limerick is a counterbalance against the Great Western and the London and North Western Railways.

9456. If they did not charge a through rate through Cork to Limerick, the whole of it would go direct?—That is it, I suppose.

9457. That being a commercial transaction, what objection do you make to it?—I do not think it is altogether an evil; I am glad to take advantage of the lower rates when I get an opportunity.

9458. (Sir J. P. Corry.) You seemed to think that if railways in Ireland were acquired by the Government, they could be wrought more economically than they are at present?—I do; the railway companies deal very unreasonably sometimes. There is a through rate system between Glasgow and every town in Ireland by the Laird's Line. Both Queenstown and Mallow are served with the privilege of a through rate; whereas Cork, the most important town of the south has not got it.

9459. Would you kindly explain that more fully, because I do not understand it?—This (*producing a poster*) is the Laird's Line, and the through rates arrangement with it posted down to this month. It says that "goods are carried at through rates between the principal interior Irish towns and the following places," that is, the different Scotch towns. It specifies a number of Irish towns, Athy, Athlone, Ballybray, Ballywilliam, and a number of small places that have not a thousand inhabitants, but Cork with 80,000 inhabitants has not that privilege; it is left out.

9460. Could you give the Commission any reason why Cork is left out?—My own notion is that the Great Southern and Western, and the Clyde Shipping Companies have an understanding about these things.

9461. Are you aware of any amalgamations of railway companies having taken place in the north of Ireland?—I am not.

9462. And you do not know whether that amalgamation has lowered the rates or not?—I do not; I know that we pay 66s. 8d. a ton between Cork and Belfast for feathers, and when they go by sea, they go for 30s.

9463. But would you be surprised to hear that where there has been an amalgamation taking place in the north of Ireland the rates have not been lowered; but that the traders complained that the change has rather operated the other way?—That is possible, I presume, if it is a monopoly.

9464. Now I will ask you this question: If the railways were all in the hands of the Government, do you think we might expect that a similar thing would take place?—We need not expect from the Government that would deal unfairly.

9465. The trade in which you are engaged is a bulky trade, is it not?—It is; but when the feathers are pressed and packed, they go into a small space; we have 100 tons of feathers in our factory at the present time, and, I should judge, 100 tons of hair.

9466. But I presume an ordinary railway truck would not carry a very large quantity of your goods?—No, not more than from one to two tons, unless they were raw, when it would carry from two to three tons.

9467. That is the reason why your goods are charged a heavier rate?—Yes.

9468. Do the factory regulations operate at all periodically against you in your business?—No, not

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beyond this, that we are now under the Employers Liability Act; and in some cases we have had our people meeting with accidents, and it is now more costly to make settlements than it was formerly. There is a good disposition towards our place in Cork, and we have no difficulty, as a rule, with our work-people.

9469. But what I wanted to know was whether the factory regulations at all interfered with your business; of course it is women you chiefly employ?—Yes; we had a lot of young people working when the Factory Act was first enforced in Ireland, some 10 years ago, and the medical inspector in the neighbourhood had to pass them, and we had to pay for that, and we pay some consideration now. It costs me from 5*l.* to 10*l.* a year, I presume, for the doctor's attention.

9470. Do you conceive that the operation of the change which took place 10 years ago has increased the cost of your labour?—No, not materially, except in the direction I have named; a 5*l.* or 10*l.* note perhaps.

9471. You suggested, as a remedy for the present state of depression, that a small import duty should be imposed upon manufactured goods?—I am more of a free trader than anything else; but I entertain the view that we are drifting into that state of things, that it is only a question of time when all our trade will be carried on by foreigners, except we get some protection.

9472. When you said that your trade was less now than it was 10 years ago, does that arise from foreign competition or from the change of fashion?—It arises from the change of fashion in one branch, but foreign competition is getting deeper every day. The Americans are sending goods to this country in the way of manufactured goods, curled hair for instance; and we are also in Cork more or less at a loss, in consequence of not being able to ship our goods direct from the port in Cork by the American steamers which come in there. We have to send our goods to Liverpool, and the carriage to Liverpool and the cost of transhipment is almost as much money as the freight to America.

9473. You have no direct trade, of course, from Cork to America?—Not from Cork, but I have with America. I am going out there myself shortly.

9474. I want to understand whether, when you say you are doing less business, you mean that your profits are less, or that the volume of your business is less than it was 10 years ago?—The profits are considerably less, but the volume is nothing like so much less; that is quite in a different ratio.

9475. Do I understand that wages are lower now than they were 10 years ago?—No; the wages in this country, that is to say, in Ireland, 15 years ago were lower than they are now; in my own business they are much the same, but in the artisan class the wages in Cork are fully 20 per cent. more than they were when I went to Cork, 20 years ago.

9476. But you do not think that you get much more work done now than you did 20 years ago?—No.

9477. Even though the wages are higher?—No; and shorter hours.

9478. Do you find any disposition in the working men of Cork to do a fair day's work for a fair day's wage?—They are the exception rather than the rule.

9479. (Mr. Drummond.) Who are the workmen you speak of; are they the workmen in your own business?—Yes; I am speaking of the artisan class.

9480. But what right have you to speak of the artisan class; what do you know about them?—Because I have spent more than 10,000*l.* in my own factory in the erecting of buildings and machinery; it is nearer 20,000*l.* than 10,000*l.*

9481. But have you employed artisans yourself?—Yes.

9482. Directly, or through a contractor?—I have employed them directly.

9483. What artisans have you employed?—I have built the factory chimney and most of the buildings

and erected the machinery. I had the men under my direction, with neither architect nor builder.

9484. You employed men direct, and you say they did not do so much work as they did 10 years ago?—Yes, I do.

9485. Had you experience of the workmen 10 years ago?—Yes, I had, and 20 years ago.

9486. To what do you attribute their less productive labour?—To trades' unionism, I should say, as much as anything else.

9487. Do the trades' unions limit the amount of work done by the workmen?—Yes; when the new machinery was put in, for I have put in steam sewing machines to do the work by steam instead of by hand, I had the greatest trouble to get the people to work those machines.

9488. In what way?—Simply because they knew they might possibly reduce the number of hands that would be required to do the same amount of work.

9489. Was not that a very natural feeling on their part?—Yes, quite so.

9490. Can you offer any reasonable objection to that as long as it has not been carried too far?—As long as it has not been carried too far.

9491. Has it been carried too far?—In the curled horsehair, I imported the machinery, and men to start it; and they would not allow me to have local men to work it. They assaulted some of the men I had engaged; and we suffered inconvenience in that way.

9492. I suppose those men would have to serve an apprenticeship to the trade?—It is not necessary; any working man will gradually come up from the position of an unskilled labourer, and afterwards be able to do the work.

9493. You spoke of the bricklayers you employ; have you many of them?—We have masons, not bricklayers to any extent.

9494. Have the masons limited in any way the production through their union?—Not more in Ireland than in England.

9495. Do they in England?—I believe that in England most of the work is paid at so much a foot or yard, and I do not believe you would get an Irishman to do that work.

9496. You made a serious charge to the effect that the trade unions limit the amount of production, more especially with regard to artisans. I want you to give the Commission some evidence upon the point with reference to the trades to which that assertion applies?—I am not, of my own knowledge, conversant with particular instances, except that which I have named to you, about the trouble I had with the workpeople in the curled hair business.

9497. Then, had you not better qualify the statement you made?—I qualified the statement in this way: that, taking into consideration the difference in the wages, the cost of building a house, and that class of work in Ireland, I consider, is quite as much as it is in England; that there is less work done in the day by the Irish mason or bricklayer than there is in England, certainly, lower wages in some measure balance the cost.

9498. And you attribute that to the union, do you? What I want to know is, if you will kindly tell me whether there is any rule or any unwritten law in any union in Ireland, that you know of, which restricts the amount of production?—I cannot say that there is, except that I know that a gentleman staying at the same hotel with me now, from Staffordshire, told me last night that he had put in improved machinery for the gas tube and iron piping trade, and that the workmen could earn 25 per cent. more wages by this machinery, but that the union would not allow them to work for a less rate of wages, although the principal manufacturer had spent a considerable amount of money, some thousands of pounds, in perfecting and improving this particular machine.

9499. Is not that a matter of arrangement between the employers and the workmen?—I do not think that the union will allow the workmen to do it. To give the Commission an instance, I employ one

méchanic, a fitter, constantly on the works; the shop wages are from 32*s.* to 33*s.* a week in the city. I gave him the same wages and overtime, and his wages averaged more than 2*l.*, or about 2*l.* a week.

9500. (Mr. A. O'Connor.) Is that in London or in Cork?—In the city of Cork. I complained about an undue proportion of overtime being made, and the fitter said, "Give me 2*l.* a week, and I will ask for no "overtime." I said that would be a more satisfactory arrangement to me, and he got this 2*l.* a week, but he did little or no overtime, and I had to dismiss him for his shortcomings. I then wanted to get another man, and although current wages in the city would be 32*s.* a week, yet as this man had been working for me, no man belonging to the association to which this man belonged would come to me for less than 2*l.* a week without overtime.

9501. (Mr. Drummond.) But the man had a perfect right to say that he would not come to you for less than 2*l.* a week without overtime?—Yes; but it was merely the accident of my having assessed his wages and overtime at one sum which made the others demand that full amount to commence with, beside overtime.

9502. You spoke of foreign competition as injuring your trade a good deal; America you referred to as being primarily an agent in that way?—No, Germany and Rotterdam, principally.

9503. Did you not say that there is a great quantity of feathers and horsehair coming from America?—Not feathers. I merely wish to say that with regard to America, I know they have sent horsehair here, but I believe it is done much the same as when they send cotton and other things; it is surplus stock that they send, at less money almost than they can produce it at in their own country.

9504. Then with regard to Germany, do you consider that the longer hours of work in Germany, and the lower wages, materially affect your trade in Cork?—I think not only my trade, but almost every trade in Great Britain and Ireland.

9505. Do you consider that really the German workman produces much more in the longer hours for less money than the Irish workman?—I have been in Germany many times, and I would not employ German labourers for Ireland.

9506. You would not employ German labourers would you?—I have always considered German labourers obedient and respectable.

9507. What hours do you work in your factory, 54 hours?—No. The usual factory hours being 60 hours in textile trade.

9508. Do you consider that your workpeople being principally females, could decently work longer hours?—They used to do so before the Factory Act was passed.

9509. Do not you think that the longer hours materially injured them physically?—I do not think there is any apparent difference in the appearance of the people.

9510. May I ask, would you suggest that we should work the same hours in England as they do on the continent?—I would suggest anything that would enable us to keep our trade in the country. I believe nearly every source of business that we have in the country is almost ruined by foreign competition.

9511. But taking the case of Russia, when you say the workmen work 72 hours, you do not suggest that we should work 72 hours in England, do you?—No, I do not; but there is a long margin between 54 hours and 72 hours.

9512. But 54 hours are not the factory hours in England, are they?—They are the average working hours in England. Fifty-six, I believe, are the factory hours, in textile trades 60 hours.

9513. Now just one more question; you remember, of course, when the hours were reduced under the Factory Act; do you find any particular reduction in the output now since the hours were reduced

under the Factory Act?—I do not think that there is anything very material in the way of reduction.

9514. Do not you think, on the contrary, that the workpeople are better in health, and therefore better able to do their work while they are at it, owing to the action of the Factory Act?—I do; and I think it is only reasonable, fair, and right, that the factory hours should not be extended if we can keep our trade together. I have no desire to compel poor people to work longer hours than is necessary, but it means this, that capital is dwindling away; and unless there is some alteration made, I believe you will have less factories in the country, and less employment, and consequently more distress instead of less distress. That is my opinion.

9515. Do we understand that your trade is depressed?—My trade is depressed; but mine is an isolated trade, and not a large element in the general question.

9516. But personally. I would rather deal with your own trade?—It is depressed.

9517. Do you attribute the depression at all to foreign competition?—Yes; the general depression of trade has a good deal to do with my business, because many of the articles, such as eider down quilts and so on, are articles of luxury.

9518. Do you attribute the depression of your trade in any sense to the current rate of wages in the trade?—No, not individually.

9519. (Mr. A. O'Connor.) I suppose you conduct your business upon strictly commercial principles, do you not?—As far as possible I pay cash for everything. I have not a bill running at the present day to any living man.

9520. You have a house in London and Manchester and a dépôt in Glasgow?—Yes.

9521. Where are your operations as regards the employment of labour in the manufacture of feathers carried on; is that mainly in Cork?—Yes, in Cork.

9522. And I suppose upon commercial considerations?—Yes, we get native labour and native material in the country.

9523. I understood you to say also that you obtained your feathers largely from the continent?—Yes, we get the down from Russia.

9524. Where is that worked up?—It all goes to Cork.

9525. If the labour of the people in Cork is not cheaper than the labour in England, why do you have your things taken all the way from the continent to Cork to be there worked up rather than have them made up here by British labour?—Labour is cheaper in Cork, and my premises are adapted to the work. They have grown there, and are now sufficiently large to do the whole trade under one system of management.

9526. Do you know what would be the rate of wages for the work of purifying feathers if women were employed in London for that purpose?—We employ two or three women in London, but not for that particular trade.

9527. But I am asking for that particular trade?—I do not know. I should say that the rate of wages would be higher in Manchester or in London than in Cork, and upon the number of 200 or 300 workpeople, if you make a small saving per head it tells.

9528. Then from a commercial point of view it is better to employ people in Cork than to employ similar people in London?—It is so.

9529. I suppose you do not pay them more than their labour is worth?—It is not very likely.

9530. With reference to this particular occupation, is it a very healthy or a rather unhealthy occupation?—I do not think it is unhealthy. We have people in our works who have been working there 40 years. Our manager has been there 27 years.

9531. Has the work no effect upon the breathing tubes of the lungs?—We have never found it so.

9532. Now, with regard to railway rates, I do not know that I quite got your figures accurately. In sending goods from Cork to different places in

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England, I think you said that the charge to Manchester was 65s. a ton?—Yes, and the same goods going to London through Manchester would be charged 52s. 6d.

9533. The same goods upon the through rate would be 52s. 6d.?—Yes.

9534. What would be the charge from Manchester to London if the goods were sent separately?—70s.; but it is very rarely that we ever send any in that way.

9535. Now, with regard to the Irish rates, you said you had to pay from Carlow to Cork 57s. 6d. a ton?—Yes, for a distance of 162 miles.

9536. And you also said that the charge from Kilkenny to Cork, though 25 miles longer distance, was 5s. less?—Yes.

9537. Is that upon the line of the same company?—Yes, I think the Great Southern and Western Company work it; whether it is their own line or not I do not know. They work through Athy, Carlow, to Kilkenny.

9538. Is there any explanation to be suggested of that?—Yes; it is patent to me that Kilkenny, being near Waterford, feathers and goods will go from Kilkenny to Waterford by a competing line, and then by steamer from Waterford to Cork cheaper than by rail from Kilkenny to Cork. We get them that way sometimes, so that the railway company make a concession just about to balance the matter. We send our Wexford goods to Liverpool by sea and back to Cork cheaper than we can get them from Wexford to Cork by rail.

9539. You send your Wexford goods from Wexford to Liverpool and from Liverpool to Cork for how much?—For 40s. against 62s. 6d.

9540. (Chairman.) How much time would be occupied by that operation?—The time would be 24 hours from Wexford to Liverpool and 28 hours from Liverpool to Cork. It would take nearly as much time by railway, because the goods would have to go over two or three different systems, and delays would ensue. We get feathers and goods now from Gorey. They first go by rail to Ballywilliam, then they are carted from Ballywilliam to New Ross, then by boat to Waterford, and then by another boat to Cork.

9541. (Mr. A. O'Connor.) You can send your goods from Wexford to Liverpool and from Liverpool to Cork for 40s.?—Yes.

9542. Is there any transshipment?—Transshipment is included, it is a through rate.

9543. Then from Hamburg to Cork, I think you said the rate was 55s. a ton?—Yes, 50s. a ton and 10 per cent.

9544. Then for that single journey from the foreign port to Cork the rate is 15s. more than the double journey from Wexford to Liverpool with the transshipment at Liverpool for Cork?—But the goods come *via* Liverpool from Hamburg.

9545. In the one case you have the goods sent from Wexford to Liverpool and transhipped, and then sent from Liverpool to Cork for 40s., while in the other, from Hamburg, the goods are sent to Liverpool and transhipped and sent on to Cork, and the charge is 55s.?—That is so.

9546. Let me understand clearly what you said about the Hamburg manufacturers getting feathers from London. What have they to pay from London to Hamburg?—I presume it would be much the same rate, as from Hamburg to London it is 12s. 6d. by some lines and 15s. by others; but I do not send goods to Hamburg myself, although a good deal of our Russian produce comes by Hamburg.

9547. Do you attribute the fact that the foreigner is able to undersell the British manufacturer in London to the lowness of the freights he has to pay?—Yes, that is one of the things, in fact, that is the main thing, and the labour would be somewhat cheaper I presume, too, for they can take feathers from London to Hamburg and bring them back for 30s., whereas to send them inland 50 miles and bring them back again would cost more money; to Manchester it would cost 70s. single journey.

9548. You told the Commission about a chicory manufacturer from Manchester having opened a factory at Bruges in Belgium on account of the excessive railway rates he had to pay from Manchester to London?—That is so.

9549. Do you know any case in your own line of business, or in any business similar to it, in which there has been an equal or a similar displacement of industry?—I do not think there is any industry in my own line of business direct between Manchester and London.

9550. I do not mean Manchester only, but in any part of the United Kingdom has there been any transfer of that kind in the hair and feather industry to a foreign country?—I do not know that there has.

9551. Now, with regard to the through rates which the Great Southern and Western Railway Company have arranged with the Glasgow people, do I understand that there are through rates from every town or every railway station upon the Great Southern and Western system except Cork?—I believe so, in fact, there is that range of towns and Cork is not amongst them (*exhibiting a table of through rates*).

9552. It includes Portlinton and Kilkenny and many other places, but Cork is omitted. Have you applied for them?—I have applied for through rates, and was told that they have not them.

9553. I think you referred to your experience in connexion with the curled hair trade of some years ago?—My experience is this—

9554. Did you open a factory?—I did.

9555. When was that?—About the year 1879; and, after having made arrangements, I was about fitting a factory up either in Liverpool or Manchester if the rates of freight had not been reasonably arranged with me.

9556. What rates of freight do you refer to; the railway rates?—No, steamship rates.

9557. You arranged with the steamship company?—Yes.

9558. With what company?—The Cork Steam Packet Company; the Cork Steam Packet Company, of which Sir John Arnott was the chairman at the time, allowed me to have what I considered were rates that I could pay.

9559. For what period did you arrange that rate?—For no period whatever; but I told him that if I put up machinery and appliances it would cost me probably 5,000l. or 6,000l., and that I should not want to have those rates unjustly increased afterwards.

9560. You accepted the rates?—Yes, I did.

9561. How long did those rates prevail?—In 1882 Sir John Arnott had left the company, and the Great Western Railway Company of England had entered into an arrangement with the Cork Steam Packet Company, compelling them to increase the rate.

9562. You mean the rate by which the company was bound?—Yes; to increase the rate on nearly all goods that went by steamer to London; in fact to make the rate the same by long sea steamer as it had hitherto been *via* Milford and the Great Western Railway.

9563. Then the Steam Packet Company in 1882, as I understand you, proposed to raise your rates from the figures which had been agreed?—They said they were bound by this agreement, and that they could not do otherwise; that they were compelled to do so. Then I and a few others said, we must help ourselves; and we formed a Traders Steamship Company to run in connexion with the South-Western Railway in England. Having got arrangements with them, and receiving houses open to us, I made arrangements for the transshipment charges in Southampton, and took stores in Cork, and offered 350l. per month for chartering a steamer, when Sir John Arnott sent for me.

9564. I thought you said that he had gone out of business?—Yes, but he was the chairman when the obnoxious arrangement was made, and he said he

would give me rebate upon the money that had been paid, and an undertaking that he would refund all the money that would have to be paid beyond the former rates, until this obnoxious arrangement could be terminated; that amounted to nearly 5,000l.

9565. It was a bounty to you?—Yes, it was all out of his own pocket; but I think he had a large interest, and had made a great deal out of the company.

9566. You do not suggest that in consequence of your opposition and your written agreement with the London and South Western Railway Company in England, an opposition company to the Great Western Railway Company, you were allowed any preference or received a rebate?—No, we all received it; he allowed me to publish it, and gave me 200l. to pay my expenses out of pocket.

9567. What was the result?—When the time came round for this new arrangement to me made with the company, there was a representation made to myself and another gentleman who had brought this matter about, and we then stated that we were prepared to go on again if reasonable rates were not conceded; and I think from our standpoint we might say that we got rates much more reasonable than we should have done. I merely allude to this, not as taking any credit to myself, but that I think it is a matter which will now be remedied by Mr. Mundella's Bill, and that individuals like myself and a few traders should not be called upon to take the risks of an opposition to a railway company, but that the railway companies should be amenable to some board like the Board of Trade or a special railway commission.

9568. Do you think that the multiplicity of railway interests in Ireland interferes with the reasonable facilities which might be afforded to the producers, both in respect of speedy transit, freightages, and railway rates?—I think that it is patent to anybody that where short lines like the Cork, Blackrock, and Passage Railway, only from 6 or 7 miles long—I am not sure whether it is more than 6 miles—have a board of directors, secretary, manager, and every-

The witness withdrew.

Adjourned to Wednesday next at 11 o'clock.

TWENTY-FIFTH DAY.

Wednesday, 24th March 1886.

PRESENT:

THE RIGHT HON. THE EARL OF IDDESLEIGH, G.C.B., IN THE CHAIR.

RIGHT HON. G. SCLATER-BOOTH, M.P.
MR. J. AIRD.
SIR J. ALLPORT.
MR. L. L. COHEN, M.P.
MR. C. J. DRUMMOND.
MR. W. F. ECHOYD.

MR. H. H. GIBBS.
MR. W. L. JACKSON, M.P.
MR. G. A. JAMIESON.
MR. P. A. MUNTZ, M.P.
MR. A. O'CONNOR, M.P.

MR. G. H. MURRAY, *Secretary*.
MR. T. H. ELLIOTT, *Assistant Secretary*.

Mr. WILLIAM J. HARRIS examined.

9577. (Chairman.) You are now a farmer in Devonshire, I think?—Yes.

9578. And I think you are also largely engaged in the grain and flour trade?—Yes.

9579. Will you tell us whether you consider that the present low price of imported corn and meat is likely to last?—I believe there is but very little prospect of any material advance in the price of corn, and that meat may probably decline still further.

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thing exactly the same as if it was a line of railway 500 miles long, that must lead to expense.

9569. Are the directors of the small branch line also directors of the principal line which works it?—Do you mean into Cork?

9570. Yes?—No, they are a perfectly independent board.

9571. And receiving separate salaries?—Yes. Then there is the Cork and Macroom Line, which is another short one, and the Cork and Kinsale, each with different board of management.

9572. Are there many contentions between the different railway companies in Ireland in consequence of which the ordinary producer suffers?—There is no doubt that they do not pull in harmony together in many ways. I know that the trains upon the Waterford and Limerick Line do not always fit in satisfactorily with the trains upon the Great Southern and Western Railway at the different junctions.

9573. And delays ensue which, if there were one general direction for all the railway systems in Ireland, might easily be avoided?—I think it would have that tendency; economy would arise, and lower rates would be possible.

9574. (Mr. Pearce.) You have told the Commission that feathers are sent from this country to Germany to be purified and then sent back again; do the Germans make up goods of the same description as you manufacture and send them to this country and compete with you?—No, except the purifying of the feathers; they send the feathers back by the boat by the ton.

9575. Then it is not a serious competition which you have to sustain against Germany; it is only the purifying of the feathers?—As far as I am personally concerned it is not a very important matter, but I hear every day in commercial circles the same complaint from manufacturers of numerous commodities.

9576. (Chairman.) Are there any other points you would like to direct the attention of the Commission to?—I do not know that there are.

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part of the British soil which is now under the plough will either be put in grass, planted, or lie waste. Much of the land now in tillage is unsuitable for permanent grasses, and will, when laid down, gradually return to a state of what may be called rough pasture, which has a productive worth of from 5s. to 15s. an acre, sometimes, perhaps, it may be worth rather more than that, and especially so in what may be called grassy districts.

9581. What do you consider ought to be the productive worth of average quality land in England which is fairly farmed?—On my own system of farming, which allows for the seed or the artificial grass crop lying for three years in the rotation, it ought to produce on an average 5*l.* per acre per annum at consuming value for the crops grown, and unless the tenant can get that price per acre as a result of rotation farming, it will no longer pay him to continue tillage farming, and it will be better for him to let his land lie idle.

9582. What do you mean by the land lying idle. Do you mean left to rough pasture?—I mean I would sow a few grass seeds on the land, and let it lie and produce what it will.

9583. But you would not attempt to manure the land, or deal with it in any way, but just leave it to nature?—That depends upon the ability of the owner, who may, perhaps, put a little artificial manure on it; and it might be made to pay rather more than the amount would be spent by adopting such treatment.

9584. You do not consider that the case could be met by a reduction of rent?—I think most of the tillage land in England and Wales is now let on the average at less than 1*l.* per acre, and rather than make a further allowance, which would meet the case, I should think that the landlords would prefer to keep such land in their own hands, and treat it as a sheep-run or as a cattle-run. In that case the landlord saves all outgoings in repairs to buildings, &c., and he employs no labour beyond a cattle man or a shepherd.

9585. How would such a mode of farming as that tell upon the productiveness of the better land which is now in meadow?—It would cause a gradual deterioration of it, because there would not be sufficient dressing applied from year to year on account of so little straw being grown.

9586. Have you noticed any facts that bear upon this?—Yes, I bought a farm myself three years ago in Devonshire. That farm had been lying idle for four years before I bought it; not a plough had been used on it; not a single implement had been used on it; the house had been empty for the whole of the time; and the mortgagees of that estate had every year put every field up to auction for turning what are termed agisted cattle upon it. When I first went to look at that farm with a view of buying it, I was rather astonished at the amount of herbage which had come up on land which had been so badly treated. It was a farm which had been let at 250*l.* a year for a good many years before it was vacated, and I think there were 200 head of stock on it when I first went to see it. That was the fourth year of its lying idle, and I bought that farm at a very depreciated price. Before I bought it, I found that the last year when this auction sale had been made, it was still bringing 300*l.* as the price of the food that it could naturally give to cattle that were turned out upon it. Of course the mortgagees had to pay the outgoings, such as tithes, rates, and taxes. I have no doubt that during the whole four years, although the farm had been completely neglected, that it was bringing in a net income of at least 200*l.* a year, that is to say, 50*l.* a year less than it brought when it was properly farmed, but at the same time deterioration was going on.

9587. (Sir J. Allport.) What was the acreage of that farm?—On that farm the acreage was something like 250 acres of fair land, and about 120 acres of moor land besides.

9587*a.* (Chairman.) Had it originally been an arable farm?—Yes, mostly.

9588. You have made statistical valuations, I think, of the values of British agricultural produce; what difference do you think would be made in the produce of the United Kingdom, supposing such a mode of treating the land as you have described became general?—I have valued the produce of the farms of England and Wales. I do not include Ireland and Scotland, because I have only valued Ireland quite recently, and Scotland I have not yet finished. I have valued all this produce on different conditions altogether from the valuations made by Sir James Caird and others, and I find that the produce of England and Wales at the current values of the past year amount to 120,000,000*l.* sterling. My letter in the "Economist" newspaper on the 8th of August last year, will show to the members of this Commission exactly how the valuation was made. I should reduce this valuation to 75,000,000*l.* if tillage farming had in most part to be abandoned.

9589. That is at the present prices?—Yes, at the present prices. I do not look for any advance.

9590. What should you say was the difference in value between the food produced in this country 15 years ago and now?—I calculated that there was about 40,000,000*l.* worth more food produced in England and Wales alone from 12 to 15 years ago, compared with what there is at the present time. I happen to have read Sir James Caird's evidence, and I see he puts the decrease at 42,800,000*l.*, compared with 10 years ago. His valuation is really of the produce of the United Kingdom; in my valuation the difference would be rather more than Sir James Caird's.

9591. Do you consider that the depression in trade which is now said to exist is largely dependent upon this decrease in the value of our agricultural production?—Very largely. I believe that the production of 50,000,000*l.* sterling from our own soil is equal in importance to the working classes to the export of 80,000,000*l.* worth of manufactures to foreign countries.

9592. Will you tell the Commission in what way you make out this estimate?—I consider that an export of 80,000,000*l.* worth of manufactured goods would require an import of more than 30,000,000*l.* worth of raw material on the average, and would, therefore, only leave 50,000,000*l.* to the benefit of this country, whereas the production of 50,000,000*l.* worth more food in this country, would lead to the proceeds being spent in the country, and would therefore be equivalent to the other sum.

9593. Do you advocate an import duty on foreign corn and foreign meat?—Speaking as an agriculturist and a wheat importer also, I can hardly see how a small protective duty on foreign wheat would prove to be any great help to the English farmer, because I think it would be impossible for this country to impose duties on Colonial and Indian imports. Our Indian Empire seems able to extend its corn-growing industry to almost any extent, and to produce more cheaply than any other country in the world; while Australia and New Zealand can send us meat quite as cheaply as the United States. I am aware that Sir James Caird gave somewhat different evidence on the question of India. I give the commercial view on this question; Sir James Caird gives more the view of a gentleman who has been in India in an official capacity, and the statistics on which he relies may be fallacious; but I think that neither Mr. Giffen nor Sir James Caird have taken sufficiently into account one or two things in their statistical computations. In the first place, they both maintain that the population of India is too large, or is getting too large for the means of production. They do not seem to remember that every unit of population in India consumes about a fifth part of what the unit of population in the United States does. It is a comparison between India and the United States. Both Sir James Caird and Mr. Giffen admit that the capabilities of the United States are very enormous, but they think that the capabilities of India are comparatively very small. I differ from them, and I will give my reasons. I have got two

maps of India here, one showing the acreage under wheat in various localities, and the other showing the construction of railways all over India. These maps are very carefully made; they have just been published by Mr. Stanford, and I think they have been drawn by a gentleman named Saunders. If you follow the course of the railways which have been made for some time, you will find that the acreage under wheat exactly agrees with the development of those railways, and you will find in one of these maps large tracts of country in India which have no acreage under wheat. I have no doubt that the gentleman who drew it has made very good investigations upon the point, and it appears to me that when more railways are made in India, a very much larger wheat production will immediately follow. I have made several inquiries from the principal merchants who do business with India, and who have agents at many central points, and they all agree with me that the wheat production in India is not nearly developed yet. In the province of Hyderabad, and in many other parts of India an immense development might take place. I would specially mention the valley of the Godavery River. I believe it is intended soon to make railways in that part of India; but I have no doubt in my own mind that the development of more railways in India will at least double their growth of wheat in a few years. The population is not encroaching on the means of subsistence so much as the mere statistician would argue, because the mere statistician does not take into account the habits of the people; and I believe that the United States population, in consequence of the habits of the people, is encroaching just as fast on the means of subsistence as the population of India.

9594. What was the soil employed in producing previously?—There is a large acreage that is not fully cultivated with anything at the present time, and where it is it is very imperfectly cultivated, the prices of their produce are exceedingly low in places which are remote from railway communication. A gentleman who imports Indian wheat very largely was telling me that even in some of the recently opened up parts of India they find a greater demand for labour than they can get supplied.

9595. What sort of system of cultivation have they where the country is properly developed?—Agriculture is in a very rude state. The system might be greatly improved, and thereby the produce might be increased.

9596. Have they machinery?—Very little. Then I ought to mention that the world is not nearly tapped yet for the supply of wheat. There is almost the whole of South America, which has to come in, and is likely to be a very large wheat producing country. The question which your Lordship addressed to me was about putting a duty on wheat. I am of opinion that you could not raise the price of wheat very much in this country, unless you put a duty on Indian and colonial wheat as well as on foreign wheat, and I do not think that it would be wisdom to propose that.

9597. You do not mean by that that you recommend taxing the colonial and Indian wheat, but you say that if that is to be done at all, it must include everything?—Yes, it must include everything in order to benefit the farmer. I am only speaking from the farmer's point of view.

9598. You do not see any opening for such an arrangement as has sometimes been spoken of, of taxing foreign produce, wheat and meat, and admitting colonial and Indian produce free?—I do not at all say, that I do not see an opening for it, but from the tenant farmer's point of view, I cannot see that he would gain very much by it, or from an agriculturist's point of view, whether he be a man farming his own farm, or whether he be a tenant farmer, I cannot see that he will make much more for his wheat or meat by such an arrangement.

9599. (Mr. Jackson.) Do you think that what would then be an open market would be sufficient?—Yes, I think it would, in a short time.

9600. (Chairman.) Have you considered the political and commercial consequences of laying a duty upon colonial corn and meat?—Yes, of course, I have done so; and I think it would be an undesirable thing for the interests of the empire that it should be done.

9601. In what way do you think that any inducement could be given to our farmers to continue the tillage of land, rather than to face any disagreeable consequences from the taxation of colonial produce?—I think that what we want to keep up in this country is the tillage of land. There is every inducement now to a landowner to put his land into grass, and every inducement for a tenant too; and that is a very bad thing for the labourers. My own opinion is that we ought to give inducements to the tillage of land in England, whether it be for wheat or for rotation crops, while the prices are so low, at all events.

9602. In what shape would you propose to give that inducement?—It is rather difficult to go into such abstract propositions which are not before the country at all. I have formed my own opinion about it, but I do not suppose that many would concur with me up to now. I should be inclined to give a premium on rotation farming, rather than to upset the whole system of the taxation on land. I think it is almost impossible to re-arrange the taxation of this country so as to make it fair to the farmer, because you would make it very unfair to a number of other classes in doing so. Therefore, I think if the nation is determined to grow a larger quantity of food, and to employ more hands, you must give some independent aid to the arable farmer.

9603. You would like to have a bounty, or a subsidy, to induce the farmer to produce corn and meat?—To induce the farmer to carry on his operations in the ordinary rotation courses, instead of letting his land go back into grass, which I have already shewn can be done with a positive saving both to tenant and to the landowner.

9604. It must be done in some shape, by giving a bounty upon the quantity of home-grown wheat, I presume?—I should give it on the acreage under rotation crops.

9605. Without reference to the excellence or otherwise of the farming?—I do not think you can go into that. If a man is farming on the rotation system, if he farms badly, he will soon come to an end, whether you give him a bounty or not.

9606. Then you would not make the payment depend upon the results?—No, I do not think you could do that; if you complicated it, it would be perfectly unworkable.

9607. Would not the system of bounties be a very complicated one?—Most people would say so, but I think not. I think it would lead to there being more exact agricultural statistics in this country than in any other country in the world. We have the new Ordnance Survey in which every field in the country is shewn, and the acreage of it; and I believe that if the local authorities undertook the collection of statistics, with a heavy penalty for false returns, it could be made perfectly easy.

9608. Why do you hold that it is impossible for the British farmer to compete with the American or the Colonial farmer?—It is simply a question of their having virgin soil, which has been unused, and our having worked the virginity of our soil away. In order to maintain our land in a proper system of rotation cultivation, we are compelled to use fertilisers to a very large extent. I may say that I have calculated that the produce of five acres of wheat can be brought from Chicago to Liverpool at less than the cost of manuring one acre for wheat in England. I think that is the explanation of the difference. Then besides their virgin soil, it costs them very much less in tillage. The ground working much easier, as a rule, a great deal more can be ploughed in a day. The American farmer, I believe, ploughs 2½ acres a day, against ¾ of an acre of average soils in England;

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all the operations of farming cost very much less, and the seed sown is about half the quantity.

9609. How is it that the American or Colonial farmer is able to plough more land in a day than the English farmer?—He has not divided his fields out in the same way as we have, for one thing; but the land works much lighter. He can also use a double furrow plough with the same number of horses just as easily as we can use a single furrow plough.

9610. Does he get his machinery as cheaply as we do?—He evidently does, because some of our farmers buy American agricultural implements from the American manufacturers. Also the Americans are cleverer at making agricultural implements than the English are, as a rule; they make better balanced implements. They may charge a trifle more for them in certain cases, but the extra charge is principally the extra cost of the raw material. I do not think that the cost of making a plough in America is more than it is here, for although the men get higher wages at their business, they get through more work than our men do.

9611. You have given your attention a good deal to the burdens on land, have you not?—Yes.

9612. At what rate do you put the English burdens, as compared with the burdens on American and Colonial farms?—I compare the burdens in this way. I will suppose that a man in America has 100 acres of land which he is farming himself, and which belongs to himself, and that a man in England has 100 acres which he is equally farming himself, and which he owns himself, every burden which the Englishman has in excess of the American handicaps him in the competition; and, therefore, I take every burden incident to agricultural land as being a charge on the production of food. It must be quite evident to this Commission that if our tenant farmers fail, the landlords will have to take the land into their own hands; and the result will be, that all the burdens which are incidental to the land will then undoubtedly fall upon the production of food. On that calculation I estimated in a letter of mine, which will be found in the "Economist" that the annual burdens on the agricultural land, and therefore on food production, in England and Wales amount to nearly 16,000,000*l.*

9613. What is the date of that letter?—It is dated the 8th of August last year; in it I say that the burdens amount to nearly 16,000,000*l.* I am inclined to think that I may have put one or two items a little bit too high; but I think, that under all the circumstances, the burdens altogether, including tithe, amount to at least 15,000,000*l.* That is on an enclosed acreage of about 28,000,000 acres of land; and it would amount, I suppose, to something like 12*s.* an acre, bad and good. In the United States, I took the statistics of 1,600,000 acres of land in the State of New York, and I found that the burdens there, including a tax on personality as well as a tax on the fee simple value of the land, amounted to only 6*d.* per acre. The taxes there are not raised from the rent of land, but from the fee-simple value, or rather what the assessors choose to put the fee-simple value at, because immense deductions are made, and certain extra concessions are made in the case of agricultural property. In America they have no tithe, and they have no imperial taxation.

9614. (Mr. Muntz.) Will you say what you include in the burdens in England?—I include every burden—tithe, local taxation, land tax, both redeemed and unredeemed, (because a man who has redeemed his land tax still has to pay interest on the Consols which he redeemed it with), and income tax, both Schedule A. and Schedule B. But that will all be found in my letter in the "Economist" of August 8th 1885.

9615. (Mr. Jamieson.) Do you discriminate the tithe in that letter?—I do.

9616. (Chairman.) Are you aware that in the United States the stock of the farmer is rated as well as the land?—I am; but immense concessions are made with regard to that. It is not rated at all up

to its value; the rating on the personality of a farmer amounts to a very small matter in the United States, although their holding of stock is so enormous.

9617. (Mr. A. O'Connor.) What is the 6*d.* per acre for?—The 6*d.* per acre is variously stated to be for roads and various charges which are made for local purposes.

9618. Corresponding to the local taxation in England?—Yes, corresponding to the local taxation in this country.

9619. (Mr. Jamieson.) How do you get the equivalent to the income tax?—They have no income tax.

9620. That is to say, there is a large imperial revenue; but that is another matter?—There is a large imperial revenue by import duties.

9621. (Chairman.) That is the imperial revenue, not the State revenue?—The Imperial revenue is raised by import duties.

9622. But the separate States do not raise import duties, do they?—No. I calculated that the taxes in America which applied exclusively to agricultural land amounted to about 18,000,000*l.* sterling; and that the produce of the agricultural land of the United States was 600,000,000*l.* sterling. I know that evidence was given before the Tariff Commission in Washington which made it appear that the produce was a good deal more; but I do not believe that the produce of the United States land is more than 600,000,000*l.* sterling at the outside. If you were to take 18,000,000*l.* as the burden upon agricultural land in the United States, and the produce at 600,000,000*l.*, that works out that the taxation represents a charge of three per cent. on the produce; whereas if you take the produce of England and Wales at 120,000,000*l.* and the taxation at 15,000,000*l.*, that means a charge of about 12 or 13 per cent. on the produce. I think that that is the best way to take it, because it depends upon what a man can produce from his land as to how much the taxation represents, more than on the exact charge per acre.

9623. To what extent does the cost of carriage between the United States and this country affect the question to our farmers' advantage, and to what extent?—Of course the British farmer has a considerable advantage still, but not nearly so great as he used to have. I do not think that wheat can be brought from Chicago to Liverpool at much less than 6*s.* a quarter, but if a farmer in England has to send his wheat to Liverpool or London, or any of the large consuming markets, it would probably cost, on the average, 2*s.* a quarter, and therefore he has the advantage of the difference.

9624. Have you at all considered the expense of transit from one part of England to another, according to the different sites at which the corn has been grown?—The charges are too heavy; there is no doubt, compared with the charges on foreign goods and in foreign countries.

9625. The importer from beyond the seas can always bring his goods to the nearest point to the market which he wishes to select?—Yes.

9626. Which is not the case with the home producer; he must take his produce from the place where it has been grown?—Yes; but then the foreigner has another very great advantage, viz., that vessels are chartered to call at Cork or at Falmouth for orders, as a rule, and thereby the importer can choose any market in the United Kingdom, or an adjacent market on the continent, whichever is the best; whereas the English farmer has always to go to the nearest market. That is a serious advantage which you cannot overcome, and which no one would wish to overcome, I imagine.

9627. How long have you been acquainted with the grain trade?—Ever since I was a boy.

9628. Have you noticed very many changes in consequence of all the new systems of transport, the telegraphic system, and the system of calling for

orders?—An immense change. When I first began business, I think the cost of bringing wheat from Dantzic, which used to be then the great wheat exporting port, was at least 6*s.* or 7*s.* a quarter in bringing it to London; and the cost from Odessa must have been 8*s.* or 9*s.* To-day the cost of bringing wheat from Dantzic will be perhaps 1*s.* 3*d.*, and the cost from Odessa perhaps 2*s.*, or 2*s.* 6*d.*, or sometimes as much as 3*s.*

9629. To what port, Liverpool, or where?—In olden days Dantzic used to send the wheat to London, and occasionally to the outports on the east coast of England. Now the Mediterranean supplies, and very nearly all the supplies that come from the wheat producing parts of the world, come to Cork or Falmouth for orders; and the importers have the extra advantage of choosing any market that they like.

9630. Do you think anything could be done to improve the position of the English farmer by increasing the facilities of transport within the kingdom?—Very little; it is but a small matter. There is something to be done, but it will not relieve the present pressure.

9631. What effect has the turning of tillage land into grass had upon the employment of labour?—There is no doubt that the reason why labour has been flocking to the towns so much, is its being much more valuable for the landowner to have his land under grass in the present circumstances, because it is not likely to diminish much more in value, and it is so much easier to get a tenant. He had a good deal of difficulty in past times. The towns then outbid the county, and the shifting of the labourers to the towns has been a great inducement to the tenant to take the opportunity of turning any tillage land into grass, so as to save the cost of labour, and all its uncertainties.

9632. But has the result been that the labourers have been thrown out of employment, and have been placed in difficulties thereby; or would you think that the case may be that if there had not been that change, there would still have been a difficulty in getting labourers to carry on the tillage?—I do not think there would have been much difficulty in getting labourers to carry on the tillage if things had remained as they were many years ago when agriculture was a flourishing industry. There has been the difficulty of agricultural labourers being called away by the superior employment in the towns which has allured them; but now the towns want to get rid of them, and to send them back to the country again. I do not very well see how, under the present system, we can find any employment for them. I have to some extent adopted that system which is recommended by Mr. Jesse Collings and other gentlemen, of establishing small farms myself, and I have gone to a very great expense in building small houses, cattle shippens, and so on, and letting plots of from 3 to 40 acres of land to each, and I find it is only those men who have some occupation by which they can earn wages or other profits who succeed. These do succeed. It is impossible for a farmer to give regular employment to such a man, because he cannot spend his whole time with him.

9633. Is there any difficulty in getting labourers now?—No.

9634. Are wages higher than they were when you began farming?—I have kept up my own wages, but I think that in some parishes round me they are rather lower.

9635. Are they higher, do you suppose, than they were 20 years ago?—Yes, in some places they are still higher, but I know parishes near me, and I could mention them—the parish of Sutcombe and the parish of Bradworthy—where the wages are 9*s.* and 10*s.* a week, and the man has to pay rent out of that.

9636. What rent is usually charged there for a house?—1*s.* to 1*s.* 6*d.* a week, and generally with a little garden. There is very seldom a house without in Devonshire. On my own property I get nearer a house, because my houses are better.

9637. (Mr. Jackson.) Does the 2*s.* pay you on the cost?—No, nothing like. I do not get 3 per cent. on the money that I have laid out for those small tenants, I am quite certain.

9638. (Chairman.) Do you see any prospect of a recovery in agriculture without any great and material changes in our system of taxation?—I think the ensilage system may do something for us. I dare say your Lordship knows that I have been one of the largest experimenters in the ensilage system. The farm which I mentioned as having been in an abandoned state when I took it in hand, I made into an ensilage farm, and instead of their being nobody employed on it, as there was then, I have got about 14 persons employed now, but I am very doubtful whether, with the fall in prices which has lately taken place, that system will make a bad business into a good one. I think it is a very useful adjunct to farming, but I would not wish to say so much in favour of it yet as to say that it is going to entirely supersede other sorts of farming.

9639. In what direction do you look for better times?—None other.

9640. What remedy do you recommend for the present bad condition of affairs?—I am speaking entirely about farming now, I am not speaking about general trade; but the only way that I see to help the farmer through the bad times, and to induce him to keep up the system of farming which has been adopted in this country, and which is most suited for the prosperity of the country, and most suited to the labouring population, is to give the farmer a direct inducement to hold on.

9641. How is the money to be raised for giving him that inducement?—I think we ought to raise revenue by taxing the manufactures that enter this country from abroad.

9642. Both foreign and colonial?—No, I do not think I would tax anything that comes from our colonies. I think that a gradually decreasing revenue could be raised in that way of perhaps 7,000,000*l.* or 8,000,000*l.* to begin with, and it might gradually decrease somewhat after a time. Then I think that personal property ought to contribute its share towards taxation, which could be applied towards the relief of agriculture to a large extent. I think that the manufacturing population would gain by having imported manufactured goods taxed.

9643. What amount do you contemplate raising by import duties?—I should think we might calculate on getting at least 7,000,000*l.* or 8,000,000*l.*, and then as we gradually made more of the goods which we have been accustomed to import, the amount would decrease somewhat. I think it is necessary for me to explain that I include under manufactured goods, certain manufactured food products. I thus make the worth of manufactured goods a great deal larger than most of the witnesses would do. I take the parliamentary return, commonly known as Mr. Ritchie's return, first, which gives 56,000,000*l.* of wholly manufactured goods, and 29,000,000*l.* of half manufactured. I take other imports in the same year. 1*st.* Flour, 12,340,000*l.* Flour is a manufactured article just as much as any other. I should take butterine, and perhaps butter even; I think that it would be a very valuable thing for the Irish, at the present time particularly, if we were to have a tax put on foreign butter. I would also tax refined sugar, the value of which in the same year was 4,500,000*l.* I would also put a heavier duty on wine and beer and spirits coming into this country, so that with these additions the whole would come to a very large amount. I have no doubt that the articles I have mentioned, without reckoning any from our colonies, and deducting all re-exports, would exceed 100,000,000*l.* sterling, which could be made subject to a tariff.

9644. (Mr. O'Connor.) Do you mean that you would tax everything coming from foreign countries except raw materials?—Yes.

9645. (Chairman.) In this proposal you are looking simply to the interests of the agriculturists; what

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would be the effect upon the general trade of the country?—Vastly good, I should say.

9646. In what way would it be good for the country generally?—I think it would stimulate our own manufacturing industries to a vast extent.

9647. The laying of a duty upon foreign manufactures would raise the price, would it not, in this country?—It might raise the price of special articles for the first year or so; but I believe there is ample competition between the manufacturers in this country to keep down the price afterwards. I think that price is a matter of competition. We should at once have more manufactories built and more mills constructed, which would give employment beyond the special purposes for which they were constructed. When they were built, I think the competition would be just as great between English manufacturers as it is now between the Englishman and the foreigner, only there would be more demand for labour in this country, in consequence of the increased quantity of goods made.

9648. And that the rate of profit would be just as much kept down by that sort of competition as by the competition with the foreigner?—I think it would. I think, for the first two or three years, the prices might rise a little.

9649. Are you aware that in other countries, where there are heavy protective duties, there is still a great depression of trade?—Yes, I know there is at the present time some depression of trade; but I do not think it is so great as it is in this country; and the investigations of the American Government in Europe are very valuable in that respect. They have published consular reports, which compare the rates of wages for different periods. In 1878 they had special consular reports, all of which were published at that time, and in 1884, two years ago, the same. All those consular reports were got from quite independent sources. I have an epitome of the large reports, which I have obtained through the courtesy of the American Secretary of State; and it is curious to observe the results of those independent investigations, which I believe are more valuable than any evidence that we can get from parties who are interested, either in European countries or in England at the present time. I will just read a very short extract from this Report in 1884. It speaks of the wages in the United States, compared with the wages in Europe, and it says: "The advance in wages at Chicago from 1878 to 1884, presents a striking contrast to the 'fixedness of wages in Europe. A slight advance 'in rates, but still an important one, when the 'relation of the cost of living to the rate of wages 'is considered, is generally noticeable in every 'country specified, save in England, where a 'general decrease has taken place." There is a summary on page 181 of this book, and I find that the English average wages have declined between the two dates, from 7·6 dollars per week in 1878, to 7·1 dollars in 1884, but the Consul-General makes the following explanatory remarks with reference to English labour. "The nett earnings, even under the 'most favourable conditions, seem at least 20 per cent. below the figures given, so that the official 'figures give more flattering returns than the 'reality." The reason of that, as he explains, is that the English workman very often prefers to work four or five days in a week, rather than six days, which the foreigner works, even if he does not earn the full wages. Then it goes on to say: "Compared 'with the wages in Chicago, the result is very 'unsatisfactory." In that city, the average wages in 1878 were 12·31 dollars per man, and 16·64 dollars in 1884. In France the report asserts that an advance of nearly 12 per cent. has taken place during the same period of time.

9650. (Mr. O'Connor.) Does he distinguish as between the different kinds of labour in France?—Yes.

9651. Does he distinguish between the silk industry and the metallurgical industry?—I have a list here of all the special trades, comprising bricklayers,

masons, plasterers, slaters, plumbers, carpenters, gas-fitters, bakers, blacksmiths, bookbinders, butchers, brassfounders, cabinet-makers, coopers, cutlers, engravers, horse-shoers, labourers, porters, &c., millwrights, printers, saddle and harness makers, sail-makers, tailors, and tinsmiths. I do not see that silk is included. I simply give this for what it is worth.

9652. (Chairman.) What do you consider is the effect of the smaller wages and longer hours that are worked by foreign workmen; are they injuring British trade?—Of course they are injuring British trade. The foreign workmen are gradually gaining in knowledge, that knowledge which British workmen had almost exclusively before; they are gaining in machinery, and they are gradually making themselves more equal to the British workmen. And, as I have shown by the American statistics, I believe that the wages are still gradually assimilating. I notice that every trade dispute on the Continent is a strike on the part of the men for higher wages, and nearly every trade dispute at present in this country is a lock-out on the part of the masters for lower wages. I think it must be evident to anyone that wages are assimilating on the Continent and here. At the present time, there is no doubt that the continental wages are still decidedly lower than ours, and the hours worked are longer, and therefore their manufacturers still have, in that respect, a distinct advantage.

9653. Do you think that English labour is still superior to foreign?—I think it is, in many respects.

9654. (Mr. O'Connor.) In what respects?—I think that an English navvy has more power, and can do a better day's work than the foreign navvy.

9655. (Mr. Drummond.) Has there not been an effort to reduce the hours on the Continent?—I think there is some effort now going on, especially amongst the men, to reduce the hours. In proposing to tax flour, I should like to give a little information to this Commission. We import a very large quantity of flour into this country. I am a large flour importer myself, and I am of course interested in keeping up the import of flour, but I see that we do not gain nationally by it; in fact, I believe that we lose by importing flour. I would like to read an extract from an American newspaper, just to show how they value their export of flour to us. It runs thus: "We are glad to chronicle the announcement 'of such an enterprise." (This was an enormous mill which was being built) "not only because we are 'proud of the growth and progress of the manu- 'facturing industries of the great North-West, but 'for the still better reason that we believe that our 'entire surplus wheat crop ought to be exported in 'the shape of manufactured flour, instead of in its 'raw state, as the greater proportion of it now is. 'We hope the day is not far distant when not a 'bushel of wheat will be exported from this country. 'It is the life and the vitality of the soil that is 'exported with the wheat, but which is saved and 'returned to it in the refuse product of the mill 'turned into food for stock. And this, to say 'nothing of the labour furnished to the army of 'workmen required to carry on the work growing 'out of the operations of the great mills required 'to turn the hundreds of millions of bushels of 'wheat into the manufactured flour." The import of these large cargoes of flour is almost a disaster in some of the small Irish ports where they used to manufacture their own flour, and which was perhaps the only important industry in the place. A cargo of Californian flour, say of 20,000 sacks, comes into a port, and two or three mills which were previously supplying the neighbourhood, have at once to cut down half their power and to discharge many of their men. This simply means that the cost of grinding the wheat into flour becomes absolutely dearer in a place so situated, as they cannot make the full use of their machinery and their labour organisation, and the farmers and graziers in the neighbourhood have to pay a relative higher price for their cattle food in the shape of bran, &c. Of course, when we bring the wheat to

this country as it is, we not only bring flour, but we bring a lot of other substances which are very useful to the agriculturist, such as bran, which is used for cow feeding, and middlings, which are used for pig feeding, and pollard, and so forth. By bringing flour instead of wheat we distinctly lose all those advantages, besides losing the employment of a large number of men who would be otherwise engaged in the employment, and losing the constructing work in building mills and so forth, which we should need to put up.

9656. (Chairman.) What is the effect upon freights of bringing wheat instead of flour?—The effect would be nothing. It would be the same as it is now; wheat is as easily brought as flour.

9657. (Mr. Jackson.) Is the freight of wheat and flour the same?—I think it is, but I have not materials to answer the question positively. At all events the difference, if any, must be infinitesimal.

9658. (Chairman.) Do you consider that the consumers in the long run get their flour more cheaply?—I do not think they do. I think that the merchant takes very good care to get the highest price he can. It is simply the extra supply, which is sold at about the same price as the home flour would be.

9659. Supposing that we get into anything like a tariff war, or an import duty war with foreign countries, would they then interfere more with our industries than they do at present?—I do not see that they have any inducement to do so. For instance, France would not propose to charge higher duties on our manufactures than she does on German manufactures. She is largely interested in us as buyers, as she exports to us more manufactures by many millions per annum than we send to her. She knows likewise, that so far as our exports to her consist of coal and some other crude articles, she has no power of retaliation, and she also knows that if we chose to tax her food exports for the benefit of our colonies, we could bring her to her knees. In like manner Germany is more dependent on our markets than we are on hers. With regard to all neutral markets from which we import, with a very few exceptions, only raw materials, there would be every inducement to promote trade relations, seeing that in consequence of our not admitting so much in a manufactured state, we should require to buy all the more in a raw state. Our colonies and India would be so circumstanced as to be able to give us exceptional advantages, and I believe if they gave us an advantage of five per cent. in their tariffs as a set-off against the protection to their commerce which they enjoy from the Imperial navy, it would be an arrangement to which very few of them would offer the slightest objection, and that it would enable us permanently to prevent any serious or undue competition on the part of foreigners in such markets.

9660. You are aware that, in speaking of France, the situation of the working classes in France has been the cause of great uneasiness, and it has been the subject of some inquiry in that country?—Yes, I know that it is bad.

9661. Are you aware that in one of those reports which have been made, the condition of the working classes is partly referred to the persistent prosperity of England?—I daresay it is, in France. We look upon one another rather differently to what we look upon ourselves. I do not think that anyone can complain of the persistent prosperity of England and Ireland at the present time.

9662. Do not you think that that is the solution of the difficulty?—I do not.

9663. With regard to the exports from this country, you are aware that the exports have been of greater bulk in 1882 and 1883, than they ever were before?—Yes, I am aware of that fact, but it is unfortunately accompanied by this adverse condition, that the decline in the prices of manufactured articles exported has been far greater than could be accounted for by the decline in the price of the imported raw materials from which they were made; and this tells its own tale, namely, that a constantly increasing portion

of foreign tariffs is being paid by the British manufacturer and workman.

9664. In the report which has just been referred to in France, the embarrassment in some of their trading centres and manufacturing centres is attributed to a disposition on the part of the consumer to buy in the cheapest market; do you think that that is an explanation also of what is taking place here, a disposition to buy as cheaply as we can?—Of course the consumer buys as cheaply as he can. I should myself.

9665. Is it not the case that there has been a very great tendency of late years to reduce the value of the manufactured articles by mixing a large quantity of inferior with the superior and more costly material?—I do not think that there has been quite so much of that in the last two or three years as there was before. I fancy we had a good deal of difficulty in China with some goods which were a good deal mixed with extraneous material, some three or four years ago, and that the manufacturers rather took a lesson from that. I fancy that the Americans beat us out of the Chinese markets at one time with cotton goods. I think that was so (I daresay Mr. Ecroyd would correct me if it was not), and I am rather inclined to think that that practice has not increased.

9666. Have you any remark to make upon the evidence which Mr. Giffen gave upon this subject?—Yes, had I occupied a place on this Commission, I should have asked him if the great increase of exports from Germany, which increase in quantity is relatively far greater than our own, was not accompanied by precisely the same condition as regards quantity increasing faster than value, and that, if he wished to make quantity the test of prosperity, could it not be used more potently in the case of protectionist Germany than of free-importing England. The same argument would apply to the United States, Italy, and Canada, which have largely increased both the quantity and the value of their exports, while English exports have positively decreased in value between 1875 and 1885.

9667. There was another point in the official evidence which we have taken, upon which you wished to make some observation. Have you carefully read Mr. Seldon's evidence with regard to the difficulties which would arise in collecting the duties on manufactured imports?—Yes, I have read that evidence, and I consider that the difficulties in charging import duties on manufactured goods which he pointed out, especially in question and answer No. 627, are greatly exaggerated, and that the last few words of Mr. Seldon's answer to Question No. 612, apply forcibly against his own assertion. Moreover, all foreign countries have found the means to check imports of manufactured goods without additional expense of importance, and our Custom House officers might take a lesson from others. But beyond all this, I believe that the large dock companies might for a very small consideration be made responsible for the collection of Customs. It is their servants who have the handling of every package that comes from the ships, and under Custom's superintendence the whole machinery of our dock companies might be used for the collection of revenues on imports.

9668. (Mr. Aird.) May I ask if you think that the agricultural industry would recover itself if the general manufacturing trade of the country returned?—I do not think that it would recover itself. I think it might stimulate it a little in growing extra things, that the population might be better able to afford to consume, but I cannot see that the price of corn or of meat would thereby be enhanced in competition with other countries.

9669. You do not think that the additional consumption which would be created by increased prosperity would sufficiently help the agricultural industry without some further aid being rendered?—No, I do not. The farming industry is in a terrible state now. I can hardly speak too strongly about it. Although I am very anxious to be moderate in coming

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before this Commission, it is really in a most disastrous condition, and it is better to speak out.

9670. Do you think that in addition to the great loss that is continuing in respect of farm produce, any serious deterioration is going on in the value of the land as land, from inability on the part of the farmers to properly work it?—I think so, and it is far more serious than any one not acquainted with agriculture is at all aware of. The farmer, of course, tries to save every expense that he possibly can, and amongst those expenses there are a number of very necessary expenses, such as keeping up fences, and such as working his land sufficiently to keep the weeds down, and so forth; and with farms that are only fit for tillage it is a very serious matter indeed. In fact, knowing as much about farming as I do, I would not like to take one of those farms if I was compelled to till, and where I could not successfully lay down a great deal of pasture, I would not like to take such a farm even if it was offered at no rent at all for the next seven years.

9671. If the present depression continues with the agricultural industry and more land which is now growing wheat is allowed to run waste to grass, would not that affect still more seriously the labour question by throwing so many more men out of work?—Yes, it would be a fearful thing for the labourer. It is not the fault of the labourers at all, but there is no doubt that every farmer is obliged to run his land cheaply, as they call it. The poor tenants are compelled to do so, and there is no fault to be found with them because they do not want to lose the little remaining money that they have got; but where a man used to employ several men he is obliged to do with less now, and where he used to have three or four horses he is doing all the work with two.

9672. Would not it also be a very serious question for the country, outside the question of profit and loss, if the amount of wheat grown in England was lessened to a much more serious extent?—It would unless we get a *quid pro quo*. I sometimes think that if foreign nations would give us reciprocal treaties by which we could ensure a good business for our manufacturers, there perhaps might be an excuse for allowing British agriculture to suffer as it is doing, but I see no reason why such a useful industry should be so unfairly treated without our getting the slightest benefit in exchange.

9673. Having regard to the natural situation of England, being separated as it is from other countries by water, do not you look upon it as a matter of importance to the interest of the country that a large quantity of wheat should always be grown in England, Scotland, Wales, and Ireland?—I think it is a matter of importance if we are always undertaking warlike operations, and that sort of thing.

9674. Sir James Allport wished me to ask you one question for him. You were good enough, a short time ago, to give a comparison as between 1870 and 1885 as to the loss which has been sustained by the agricultural industry, and he desires to know if you could express any opinion as to what loss or otherwise had been incurred in the previous 15 years?—I think that the farmers were prosperous in the previous 15 years; I think they were saving money.

9675. You spoke of the effect of railways in India as increasing the cultivation of corn in that great country. Would not the effect of further railway development, by increasing the growth of corn there, add to the difficulties in this country by bringing in more produce in competition with home produce?—Yes, I think that would be so, but at the same time there are two questions to be considered. I think as we have taken military possession of India we are bound to develop and improve that country, but at the same time we are bound to see that our own land does not go out of cultivation. These are the two questions which have to be met.

9676. Do you express any opinion upon that point as to whether you think England has in the past sufficiently fulfilled her duties by developing the rail-

way system in India?—I think it has not fulfilled its duties.

9677. Are you able to express any opinion as to whether our action in the past has been guided more by military considerations than by a regard to the development of the country?—I should think that we have tried to develop the country as well as having regard to military considerations in the construction of railways; I think that the railways already constructed have been very useful in India.

9678. With regard to the question of bounties, or some help being suggested as necessary for the farmers, would it occur to you at all as being a practicable suggestion if the taxes which at present are placed upon the farmers, which, as I gather from you, amount altogether to something like 12s. per acre, could by some means be placed upon the vendor, the middleman?—I am afraid that the middleman would only want to buy so much cheaper of the farmer unless you put it on the middleman who sold foreign produce as well.

9679. Then the 12s. per acre which at present falls entirely on the English farmer being paid by the vendor would fall 6s. to each?—There is no doubt that before free trade and before we repealed the Corn Laws, the consumer paid the farmers' burdens, because the English farmers were then only competing with one another, and as the result of that competition they had to calculate beforehand the cost of the article, and a part of that cost was tithe; but now that the untithed foreign corn comes to this market there is no doubt that the producer in England has to pay the tithe and the consumer has got the benefit of that through the repeal of the Corn Laws. When England had competition on privileged terms with foreign countries, of course the cost of the article entered largely into the price at which the farmer was willing to sell, and a part of that cost was tithe and other burdens. When the Corn Laws were repealed, and the untithed foreign corn came to this market, the farmer had to sell in competition with the untithed foreign corn, and therefore what previously the consumer had paid, and every consumer in England had paid a portion of, the producer since then has had to pay.

9680. (Mr. Jamieson.) Would you draw a distinction between tithe and rent?—I have nothing to say against tithe except that it is a burden.

9681. You say that the consumer paid tithe under those circumstances?—Yes.

9682. Would you say that in the same manner he paid the rent?—Yes, so far as it exceeded rent of similar land abroad.

9683. (Mr. Aird.) Do you think that the agricultural industry could not be greatly assisted if the government were to assist in some way by guaranteeing for a limited period, say five years, the construction of a system of light railways so as to enable farmers to bring their produce to the main lines at less cost and to take their manure and other matters back also at a less cost, and to enable the farmer to get to and from the markets with more readiness to look after the sale of his own produce?—There is no doubt that such a system would help the farmer, but I am afraid that the nation would have to pay for it, they would never get the interest on the money.

9684. We will take the case that although, simply as a matter of pounds, shillings, and pence, it might not answer the purpose of a railway company to make a line, and that it would not pay until it had developed itself, say, in five years, the district itself is too poor to carry out such a necessary improvement, and therefore if the government for a period of something like that time agreed to pay interest upon the outlay the railway company might then be justified in making that improvement and benefitting the farmer and the district surrounding?—I think that England is pretty well developed in the matter of railways now.

9685. Are there not many cases where a farmer, seven or eight or ten miles away from a station, has to

carry his produce to the station?—Yes, but he gets his farm at so much less rent in consequence.

9686. Would not it make his farm more profitable if he had these means of communication?—A little more probably, but I do not think it would make so much difference as you would suppose. Meat will walk itself to the market though corn will not.

9687. Have you formed any opinion with reference to the allegations which have been generally made as to the detriment which has been caused to the farmer by railway companies giving preferential rates for the carriage of foreign produce?—Yes. I think it is a considerable detriment to the farmer. It is not a detriment which, if removed, would make the farmer's position a good one, but at the same time it tells against the farmers to some extent.

9688. But if a good many of those little things could be removed it would make the position of the farmer very much easier and better?—Yes, somewhat so, I think.

9689. You referred to the question of foreign labour, and I think it was from an American paper that you quoted a paragraph to the effect that the English workman works only four or five days a week instead of six?—Yes, this is the extract, which I will read again to you. "The only condition there—fore which must be specially borne in mind is that 'the wage rates are based on full not real time; and as the British workman prefers to run on short time, say four days per week, and preserve his daily pay rate rather than run on full time, and submit to a small pay reduction, this phase of 'English labour is worth considering.'"

9690. If the English labourer was to work for the six days, instead of four or five, receiving the same weekly payment, would he not greatly lessen the cost of the production and the cost of any work done in this country?—Undoubtedly.

9691. May I ask whether you do not think that the English workman would be a great deal better and happier kind of man if he worked for six days, instead of being idle one or two?—I think you must shut up all the public houses before you can produce such results.

9692. Would not it rather have a tendency to close the public houses if such a result were brought about?—I do not believe it is possible in the present temper of the working classes in this country to propose a general reduction of daily wages.

9693. I do not suggest a general reduction of wages. I say, give them the same wage per week that they get now, but ask them to do more work for the sake of the wage?—Yes, but they would treat that as a general reduction in wages, they will not look at the question from your point of view, they will treat it as a general reduction in wages, and they will rebel against it.

9694. Have you any experience of the effect of trades unions in this country?—Yes, I think that the effect of trades unions on the whole has been bad. In some instances they may have done some good, but, I think, on the whole the effect has been bad. I believe that if wages had been left to the ordinary rules of supply and demand, they would have been just as high as they are now without any trades unions at all.

9695. Do you believe that benefit might arise if trades unions were fairly controlled and guided into a proper course to benefit the working men and the trade of the country?—I do. I published a short paper myself on that very point, and I read it before the Industrial Remuneration Trust last year, and I said in that paper that I thought the trades unions and masters associations ought to be represented in the Government of this country, and that all strikes and lock-outs ought to be prevented.

9696. (Mr. Cohen.) Mr. Aird asked you a question relating to the preferential rates given to foreign goods, and you answered it, but there is another branch of the question which he did not ask you about in connection with railways, and that is do

you find the rates on the railways absolutely oppressive or only relatively unfair in respect of the rates levied on foreign competitors. Do you think that they are in themselves too high, or what?—Relatively unfair.

9697. Then you do not think them too high?—You said absolutely oppressive, now you have altered that to positively unfair. They are "relatively unfair" more than "positively oppressive."

9698. Mr. Aird asked you some questions also about trades unions, have you any experience of the working of trades unions outside the farming business?—There are no trades unions in the farming business. I have no particular experience beyond what I hear individually.

9699. With regard to agricultural labour we may take it that he can ask what he likes for his wages, and that he is not under any agreement not to work under a certain price?—No, I do not think he is. I think there is more a sort of understood agreement than a formulated one that a man gets so much a week, and if another man gets more they rather want to know the reason why, and the reason why can often be given.

9700. Then there is no benefit of organisation?—I do not know of any.

9701. (Sir J. P. Corry.) Could you give us the prices of grain and farm produce, say in 1850, as compared with the present prices?—I can give you the price of wheat in 1850. The price of wheat in 1850 was 40s. 4d. on the average.

9702. What was the average of last year?—I think it was about 32s., but I am not quite certain. It is to-day about 30s.

9703. The price at the present day is less than it was in 1850?—Yes.

9704. Can you tell me the relative price of flour now and in 1850?—I should think the relative difference is just about the same. I should think that the manufacture has been rather cheapened since then, and that perhaps flour is relatively rather cheaper now compared with what it was in 1850.

9705. What is the difference of cost in the production of wheat in this country now compared to what it was in 1850, including rent, labour, and everything of that kind. Is the cost of production greater or less now than it was in 1850?—Wages are somewhat higher now than they were in 1850, but what the rent is I do not know at all, it is an unknown quantity. You do not know whether the landlords are getting their rents or not. There are immense concessions made to tenants at the present time, that we hear nothing whatever about.

9706. Was not it also the same in 1850?—No, I think not. When you come to the question of rent, I would like to explain that the rent of agricultural land, as published in the Board of Trade returns, does not really represent the real rent that the landlord receives, because the landlord has to make so many allowances to the tenant for various purposes, so that the net amount comes to considerably less than the gross. I take it at the present time that two-thirds of the land in England is let at no rent at all, that is to say, the amount which the landlord receives simply represents the interest, say 5 per cent. on the outlay, that he or his ancestors have made upon the property.

9707. That is to say, in improving the property?—Yes.

9708. I think you said that you looked for a decline in the price of meat in this country?—I said a further decline in meat.

9709. I suppose you attribute that to the importation from foreign countries?—I think that the refrigerating process will probably be cheapened, and I think that the freight from the Australian Colonies and from South America especially, which is becoming a very important factor, will be even less than it is now. I think they will find out superior modes of conveying the meat in a perfectly fresh state to this country.

9710. You are aware, no doubt, that the increase of the importation of preserved meat to this country has

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been very great within the last two or three years?—Yes.

9711. At the present moment a very large quantity of tinned meat comes into this country from South America and Australia at prices that are very low compared to what they were even five years ago?—The price is excessively depressed at the present time. I think, in my answer to one of the first questions, I said that I thought that meat would be lower than in the past years. Please understand that I meant that it might be lower than the average price of last year rather than the price of to-day.

9712. I gather from you that you do not agree with Sir James Caird, with reference to India, as a wheat-producing country?—I do not agree with Sir James Caird, or with Mr. Giffen, on that point at all. I utterly disagree with them. I think that India has a very large future before it in the way of a greatly increased wheat production.

9713. You do not think that the increase of population there would influence it so much as in the United States?—Certainly not.

9714. For the reason that the Indian population require less food to sustain them?—They are content with very little, whereas an American is not at all content with very little.

9715. With regard to the import of flour to this country, it has been increasing relatively more than the import of wheat, has it not?—Yes.

9716. Can you give us any information as to the increase of flour importation as against wheat?—I think I can. In an article which I had in the "National Review" in 1884, and which I have with me, I gave the particulars of the import of wheat and flour for the first six months of the three years 1882, 1883, and 1884, from the United States alone, in the first half of 1882 the import of wheat was 8,147,000*l.*, and the import of flour 2,504,000*l.* In 1883 the import of wheat was 8,295,000*l.* and of flour 4,769,000*l.* for same period, and in 1884 the import of wheat was 5,400,000*l.* and the import of flour was 3,478,000*l.* Thus in 1882, 23 per cent. of our supply from the United States consisted of the manufactured article; in 1883, 36 per cent., and in 1884, nearly 40 per cent.

9717. So that the increase in the importation of flour is very much in excess of that of the decrease of wheat?—I have given the percentages. I think since 1884 that rate of progression has hardly been kept up, but I think we are importing from the United States more flour, compared with the wheat, than we were in 1884. I am speaking solely of the importation from the United States.

9718. May I take it that you consider that the importation of flour alone, not wheat, is detrimental to the working classes of this country?—I do consider that it is a detriment, not only to our labour classes, but also to the agriculture of this country as well.

9719. Because wheat is more crude; we lose the bran and the pollard, and all the other things that would go to the production of meat?—That is, if flour is imported as against wheat.

9720. It has also, you say, shut up a good many of our mills in the country, and consequently reduced labour in proportion?—Yes.

9721. But is it not the case that the freight has influenced the introduction of flour as opposed to wheat?—I do not think that the freight is any less on flour than on wheat.

9722. It takes less tonnage, does it not, to carry wheat when it is converted into flour than when it is in the condition of wheat?—It must be an exceedingly minute calculation of difference. I think a vessel could fill up rather more easily with flour than wheat; but sometimes she will take wheat at an exceedingly low price as ballast. That, I think, makes the difference, if there be any at all—the advantage to flour under some circumstances is compensated by the advantage to wheat under other circumstances. I have frequently seen wheat come from New York to London for

nothing, simply to provide ballast for the ship. I have never seen flour come in that way.

9723. You told us that you had been largely engaged in ensilage—have you found it to be advantageous, or otherwise, to your operations?—In my climate it is very advantageous, because we have a difficulty in saving our hay. It is a rainy climate, and I believe that in Ireland it would be very advantageous. In the eastern parts of England, I think it would improve the cultivation of the land to some extent to establish the ensilage system.

9724. Is it an expensive system?—Yes, it is; the building of silos and so forth is expensive.

9725. Then it could only be on large farms that such a system could be established?—It is only on large farms that the silo system could be established. But there is the stacking system as well. I am not a great believer in the stacking system myself.

9726. As you refer to Ireland, where the farms are very small, I am afraid that it would be an impossibility to carry it on there?—Yes, except on large farms.

9727. (Mr. Drummond.) May I trouble you to refer to that paragraph, which you were good enough to read from the American Report, in which the four or five days a week worked by English workmen is referred to?—It is in this pamphlet (*handing the same to the honourable Commissioner*).

9728. It expresses an opinion here that "the British workman prefers to run on short time, say, 'four days per week, and preserve his daily pay 'rate.' You interpret that as meaning that the British workman neglects work, as I understand you, when there is work for him to do. I interpret it to mean a totally different thing altogether. As a matter of fact, it is well within my own knowledge that in many trades, rather than have the men discharged, they are all put upon short time when trade is flat, and I tell you that is really what is meant by this. It says: 'As the British workman prefers to run on 'short time, say, four days per week, and preserve 'his daily pay rate, rather than run on full time and 'submit to a small pay reduction, this phase of 'English labour is worth considering.' What do you say after the explanation which I have given you?—I think that both causes have their effect. I think that the foreigner has a great advantage over us in that respect, in consequence of their protective duties, and ourselves being free importers. I think that the foreigner is able to keep his men always at work, because if he has an overstock at any particular time, he can send a part of his surplus stock to this market; even if he gets only cost price for it, it is better for him to send it, and thus get a cash return of his capital, so as to go on with his business; whereas in England, if the manufacturer is overstocked with any particular class of goods, with which the home market is glutted in any way, he is compelled to turn his workmen away rather than go on manufacturing, because he cannot have the same facilities of sending those particular goods to some foreign market, and selling them there as advantageously as his foreign competitor.

9729. I am satisfied with your answer, because it is a point I wanted to clear up, namely, that in this paragraph here there is nothing to show that the British workman, as has been suggested, neglects his work, and as you were good enough to put it yourself spends such an amount of his time in public-houses; it is a totally different position altogether; it is really that there is no work for him to do, and rather than that a certain number of men should be discharged, they all go on short time for a period?—I must say, that I think it proceeds from both causes. I fought a Parliamentary constituency at the last election, and I had a good deal to do with working men, and I put this question before them, and their answer was, if they could earn the same wages by working two days a week they should only be too glad to reduce their work to two days a week, "All the better for them," they said. Therefore, you see the feeling is a very natural

feeling on the part of the men. I do not for one moment wish to assert that they all spend their time in the public-house, although I fear a good many of the British workmen have too much temptation to do so. But that was the answer they gave to me. "So much the better if we can earn the same wages by 'working two days a week.'"

9730. Then you would not lay it down as being within your knowledge that the British workman neglects his work and spends his time in a public-house when he might be employed?—Some of them do (I trust it is only the minority), and some of them are unfortunate not to have work to do who would be only too willing to do it.

9731. Is it not the fact, that there is less time spent in public-houses by the working classes to-day than there ever was before?—I am afraid this fact also proves their inability to spend.

9732. Do you not know, that in many trades, those who take a little interest in the workman feel, not that they do not work enough, but that they work a very great deal too much, and you would, perhaps, be surprised to hear, that in one of the most important trades of this country, the engineering trade, there is an enormous amount of overtime worked by the men in that particular trade. That does not bear out the contention, that the British workman neglects his work, but rather the reverse?—I think if all the world would consent to work only six hours a day, we should all be on equal terms; but until you can get foreign countries to agree to shortening the hours of labour, it will be impossible for us to do much more than we have done.

9733. (Mr. Jackson.) We should not be all on equal terms unless we were all on equal wages, as well as equal hours?—Quite so.

9734. (Mr. Drummond.) But as a matter of fact, even supposing all these things in the way you suggest, is it not within your knowledge that there is an enormous amount of overtime worked by English workmen?—Yes; it is within my knowledge that a large number of the working classes are most industrious men who do their utmost to forward the interests of the country. I have no doubt of that, but there is the other side also.

9735. If your suggestion, further, as to those six days' work were carried out, would not that in itself tend to a reduction of wages, more especially a reduction of piece prices?—Yes; I should think it would. I should think if we want to compete with the foreigner, without having the same advantages which he has in the shape of protective tariffs, the wages in this country are bound to go down in proportion.

9736. (Mr. Ecroyd.) You have spoken of the increased import of flour as compared with wheat; could you give us, from your own knowledge and experience of the trade, any idea of the present relative prices of bran and pollard as compared with wheat in comparison with what it used to be?—I know that it has for some years been relatively dearer than it used to be.

9737. Have you any exact information upon the subject that you could furnish to the Commission?—No, I have not with me now; but I think I may say that I could collect it.

9738. Do you think that the effect of the increased relative import of flour as compared with wheat is distinctly hostile to the interest of British feeders of stock in this country?—I think it is, to some extent.

9739. You have spoken of the duty on wheat, and you expressed your opinion, that no duty on foreign wheat could avail to raise the price of wheat in this country, and, therefore, it could not benefit the English grower?—I did not say that it would not raise the price; what I intended to say was, that a moderate duty upon foreign wheat would not raise the price sufficiently to be of that great assistance to the agriculturist which some fancy it would.

9740. Can you tell us anything as to what would be the effect of a duty in England on prices in France and Germany?—Yes, I can give very good evidence on that point. I think the first effect of the French and Germans recently putting on an extra duty on wheat, was a reduction in the cost freight and insurance price of wheat destined to all the western European markets, and therefore the duty imposed by France and Germany rather cheapened the price of wheat in the United Kingdom and Belgium, which still imports free. Then I have evidence to show that the French farmer has not got the advantage out of the duty which he expected to get. Comparing native wheat in France with the native wheat in Belgium, which are of very similar qualities, I find that although the duty is three francs, the difference between the two countries is only two francs; that is to say, supposing wheat in Belgium, which is a free importing country so far as wheat is concerned, is something cheaper in consequence of the French and Germans having imposed that duty, wheat in France has not risen, even compared with wheat in Belgium, to the extent of the duty, and the farmers in France are very much dissatisfied, and I understand that the farmers in Germany are dissatisfied too with the result, and are clamouring for higher protective duties which shall be a real protection rather than an imaginary protection.

9741. (Mr. Jamieson.) Is that three francs per hectolitre?—No, it is on every 100 kilogrammes.

9742. (Mr. Ecroyd.) That being so, the effect of the duty imposed by those countries upon the import of wheat having been to disappoint the expectations of their own farmers of a rise in price, one must also believe that the apprehension of the consumer that the price would be advanced has proved to be groundless?—Yes, to a certain extent it has been groundless.

9743. In the case of France and Germany, those countries have no Indian or Colonial Empire, as we have?—No, they have nothing of magnitude. Algeria is at present, I think, the only wheat exporting colony that France has.

9744. Does Algeria export wheat largely?—She increases her wheat export every year, and it is rather important, I think.

9645. Does France import Algerian wheat free of duty?—Yes.

9746. Would you attribute to that circumstance the fact that there has been no corresponding advance in price since she adopted the policy of taxing foreign wheat?—No doubt it has stimulated the growth in Algeria, but it is not time yet to argue that this has made any material difference; there has not sufficient time elapsed to show whether it is so or not. No doubt the imposition of a duty has made the French farmer sow more wheat in the hope of getting a better price, and probably Algeria has done the same.

9747. From your own experience in the trade, what do you believe would be the effect of the imposition by this country of a moderate duty, say of 4*s.* a quarter, on foreign wheat, whilst we continued to admit our Indian and Colonial wheat absolutely free into this country?—I think the effect would be this: we grow about 9,000,000 quarters in this country, and from our Colonies, I think, we might count on importing 7,000,000 quarters in an ordinary year; that would be 16,000,000 quarters, including India. Of course that might very much increase afterwards. I think that as the 16,000,000 quarters is to our whole consumption so would the proportion be of the duties that the foreigner would pay. For instance, he would pay $\frac{1}{4}$ ths of the duty over an average of years, and we should get 16,000,000 quarters of our supply, with a small advance on present prices, and we should get the remaining 9,000,000 to 10,000,000 quarters of our consumption of 26,000,000 quarters at the same extra price, but it would contribute towards our revenue by a much larger amount than the extra price paid. On this principle a duty of 4*s.* per quarter on foreign wheat would raise the price to the consumer of all wheat, whether foreign, colonial,

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or native, by about 1s. 6d. per quarter. I think that the nations sending us that 10,000,000 quarters over a series of years would have to pay just that portion of the duty, and gradually our colonial contribution towards the supply would increase, in consequence of our colonies growing wheat more largely, and having an advantage over other countries, the part of the duty which the consumer had to pay would then gradually become less.

9748. What do you think would be the effect in developing India as a wheat-growing country?—I think it would be very encouraging.

9749. Do you think that the development would be rapid or slow?—Rapid, if the Government will lay themselves out for guaranteeing railways, and so forth, in a sensible manner.

9750. Could you give us an idea of what you mean by rapid; as to the number of years which you suppose must elapse before India, or our Colonial Empire, would be in a position to supply us entirely?—Our consumption will go on increasing, I calculate, at the same rate as the population increases—it is rather difficult to give a number of years—I should think that India will become rapidly filled by railways, and will develop largely within four or five years from this time. If railways were set about quickly, India might very easily export 10,000,000 quarters annually within that period.

9751. And do you think that the effect of that would be to diminish the growth of wheat in the present producing countries, or that it would create an enlarged supply for the world generally?—I think it would create discouragement rather on the part of the American and Russian farmers; but now that so many railways are made in America, of course the railways would have to reduce their carriage to help the farmers to some extent, and everyone engaged in the trade would join to a certain extent in discounting the loss.

9752. What do you think would be the effect upon the general trade of this country?—I think that our trade would go largely to the countries from which we received the largest amount of supplies. There is rather a curious circumstance connected with the German Government imposing a duty on rye, which shows very clearly the incidence of duties. The Germans quite recently introduced a duty on rye, and the immediate effect was to lower the price of rye on passage to Western Europe. Rye coming from the Black Sea and Mediterranean ports is almost entirely bought by Germany. We English buyers do not compete much for the cargoes of rye. The Germans use it for human food, we only use it for distilling, therefore nearly all the cargoes of rye go to Germany.

Directly the Germans put this duty upon rye, it happened that the price of cargoes of rye on passage on which the duty was leviable went down 1s. 6d. per quarter, exactly half the duty; for instance, supposing that I, an Englishman, was holding a cargo of rye which was coming from the Azof, and this duty was suddenly put on by Germany, I lost half the duty, and the consumer in Germany paid the other half. Very curiously there were some cargoes of rye that came under the favoured nation clause of the Spanish Treaty. Spain had given Germany certain concessions, in exchange for which Germany had given other concessions, including the free import of rye, and under the most favoured nation clause, Turkey, which had made a subsequent treaty with Germany, could also send rye to Germany without any duty at all; and therefore the rye which was on passage, and coming from a Turkish port, enjoyed the advantage of free entry into German ports, whereas all the other rye was liable to a charge of 3s. a quarter; those cargoes which could claim an exemption rose 1s. 6d. in price, while those which could not fell 1s. 6d. in price.

9753. Lord Idlesleigh asked you one or two questions with regard to depression existing in France and in other protected countries. Do you recognise a distinction between a system of duties levied by countries which have no Indian and Colonial Empire

against all the world for the purpose of distinctly raising the price internally, and a system of differential duties not intended to raise the price but only intended to transfer the trade to our Colonial and Indian Empire?—I recognise a vast difference.

9754. Could you imagine that there could be any parity in the working of two such systems?—I imagine that we should have a great advantage, or rather that the consumer in this country would have a great advantage, over the consumer in Germany, for instance, because Germany has no wheat growing colonies such as we have.

9755. Then the case of France and Germany at present is the case of nations without any vast colonial empire adopting a distinctly protectionist policy with a view to raising prices for the advantage of the internal producer?—Yes, I think that the English consumer would have better times than the German consumer now has even if the duty were imposed, provided it did not affect the supplies from our colonies.

9756. Were we to adopt a policy which should transfer the vast purchases which we now make from countries like the United States and Russia, to India, and to our own colonies, might we not expect an enormous accession of demand for all our various manufacturers?—I should think that would be so. I should think that the Indian people would gradually earn rather better wages, and be able to spend money on the return of trade, which it is held by the economists would take place. Although I do not quite agree to the full extent myself in the doctrine of imports necessitating exports, it would doubtless stimulate export from this country to India. Besides, if we adopt the system of building railways in India (and we are coming to that, I think), that alone will create a very large export trade from this country.

9757. Then you consider that the depression at present existing in France can certainly not be compared with the consequences that would follow an adoption of the policy of differential duties on the part of this country?—Certainly not; I think that the depression in France is not so great as it is here. I notice that for the last month the export of manufactures from France has increased whilst ours has decreased. I cannot understand how such results can be consonant in any way with the reports that we hear of the very great industrial depression there.

9758. Are you aware as regards Germany that she has increased her export trade very steadily since adopting that policy?—I am aware that she has, very largely.

9759. In spite of her want of an Indian or Colonial Empire?—Yes.

9760. With regard to the possibility of a war of tariffs, do you apprehend that America, which levies, on the average, I believe, duties of 50 or 60 per cent. on our manufactures, could find any ground for an accusation of hostile commercial policy in our levying small duties, it might be 10 or 12 per cent., upon certain of her productions in common with those of all other foreign nations; would there be any basis for a tariff war in the adoption of such a course by this country?—I think America would have no object in fighting us any more than fighting France and Germany. The French and the Germans charge heavier duties than I suppose any one would impose in this country on American goods.

9761. (Mr. Jackson.) Differential duties?—No, I think they are duties which apply to every class of goods, and to all foreign countries outside their own colonies.

9762. (Mr. Ecroyd.) Is it not the fact that we find ourselves at present suffering from the effect of a sort of international tariff war?—Yes, I am sure we are.

9763. And that we are suffering the evils of a tariff war without doing anything to maintain our own interests?—Yes.

9764. Where they could be maintained by the adoption of duties which would transfer our own trade

from one quarter to another?—I think that the favoured nation clause is not nearly a sufficient inducement for us to keep up the present system of free imports. There may be something to be said for free imports, but we ought to get a *quid pro quo*, and a very substantial *quid pro quo*, and we have power to enforce it.

9765. Do you think that the effect with regard to the feeling of foreign nations would be very different in the case of a general imposition of moderate duties upon all foreign manufactures, and upon all foreign food, as compared with the effect in the case of our adopting a retaliatory system, which had for its object the mere bargaining with each country?—I do not think that any foreign nation could complain of our putting a duty on foreign manufactured goods. I think if we put a duty on anything which one or two nations in particular are very much interested in sending to us, they would feel aggrieved if the same duty did not apply equally to other foreign countries; but the question is not one of imposing heavier duties on the special manufactures of any single country. It would be perfectly simple to explain to the foreigner our reasons for doing it.

9766. Supposing we were to adopt the policy of an import duty of 10 or 15 per cent. upon foreign manufactures, and about 10 per cent. upon foreign food, leaving all the imports from our own empire free, should we not still be the most liberal of all the great civilised nations in our foreign commercial policy?—Yes; I suppose we should be nearly equal to Belgium. Belgium does not at present tax food, but she soon will do so, undoubtedly.

9767. Should we not therefore be less open to any accusation which might lead to a war of tariffs than any other great civilised nation?—I think we have a perfect right, without any consideration of foreign countries, to charge the same duty on goods produced abroad as we charge on those produced at home, that is to say, there are certain duties which may be spoken of as protectionist. It is not to those that I refer; but by taking simply what I believe to be a common sense view, I think there are certain internal taxes which affect the manufacturing industries of this country, which amount to a per-centage on the article produced, and that we ought not to admit the foreign article at less. We adopt that system in the manufacture of gin, and I do not see why we should not adopt it in other manufactures as well.

9768. With regard to one other point, that of possible retaliation in consequence of our adoption of such a policy, is it not the fact that of the very large export of manufactures of all kinds shown in our statistics, more than one-third goes to our own empire?—I do not exactly know the proportion; but I know that it is about what you say.

9769. Would the adoption of a policy intended to favour our own empire bring any retaliation upon us from that quarter?—Certainly not; in my view it ought to make them treat us in a more friendly manner than they hitherto had done.

9770. With regard to another important part of our exports, is not it the fact that in countries like South America, China, Turkey, Persia, and Africa, they are so circumstanced that they can by no possibility at present manufacture for themselves?—I think it is so.

9771. Should we be open to any retaliation in that large area of export?—Certainly not.

9772. Then with regard to the diminishing remainder of our exports, to countries like the United States, Germany, and France, who manufacture for themselves, and who might be disposed to retaliate; is it not the fact that they have already imposed such heavy duties upon our goods that in many cases they could not raise them without opening the door to an extensive system of smuggling?—I think it is as you say. I think a country like France would lose in revenue so much by retaliatory or prohibitory duties, that it would hardly pay her to impose them; and, moreover, I think that so many of the goods

that we send to France are in a crude form, that it would not much matter to us whether she taxed them or not. Coal occupies a large feature in our exports to France, and pig iron, and so forth. I do not know whether pig iron does now, but it used to do, and we also export to other countries many nearly crude articles (although we call them manufactured).

9773. You look with apprehension, you have told us, upon the great displacement of labour from employment in agriculture in this country?—Yes, I do.

9774. Are you aware that a similar displacement is going on with regard to many other industries?—I see there are a great number of men out of work in different parts of the country.

9775. Do you happen to be aware of the fact that we import carpentry to the amount of 240,000*l.* a year?—Yes.

9776. And that half the value of that, at least, must be taken to be labour?—I should think a considerable part of it.

9777. Supposing that we take it as half, we are not believed to gain an advantage in price by that import over what the like could be purchased for at home, of more than 10 per cent.?—I have seen calculations confirming that view.

9778. That would give, would it not, a saving of 24,000*l.* upon the purchase?—Yes; I think that would be so.

9779. It would, however, take away 120,000*l.* worth of wages from the English labourer?—Yes.

9780. Is not the fact that in that, as in many other cases which might be mentioned, a far larger amount of skilled English labour is now either totally unemployed or only partially employed, than would produce the whole of what we import from abroad?—I should think so.

9781. Then the loss of wages would be 120,000*l.* a year, to set against a saving of 24,000*l.* a year?—Yes.

9782. In that case, we are losing five times as much as we save?—Yes; I think we have laid ourselves out, as a manufacturing nation, to supply the wants of other countries as well as ourselves, and we must have some defensive duty that will assist us to protect our own markets for ourselves.

9783. I would put this one question of principle applying to the displacement of English labour, and manufactures—is it not the fact that the axiom of the advantage of buying in the cheapest market must be limited by this one condition, that the labour which you displace in this country shall be able to find a sufficient and equally remunerative employment?—Yes. I think it is most important for the working classes of this country that it should be so.

9784. And that condition has been totally left out of sight?—I think it has.

9785. Do you apprehend any serious consequences from the growing displacement of English labour?—I do.

9786. Do you recognise the economic difficulty which would arise from the effect of this policy in displacing in so many directions English labour which cannot find other steady or profitable employment?—I do.

9787. In answer to Mr. Aird, you spoke of the position of the middle man; would it not be an impossibility, in levying a special tax on the middle man, to separate the dealing in imported articles from the dealing in those of native production?—I do not think Mr. Aird meant that. I think he meant to tax the middle man for everything he sold, whether native or foreign.

9788. But that would have no advantageous effect upon native industries?—I think Mr. Aird meant that the original taxes on the agriculturalist should be relieved out of that.

9789. (Mr. Aird.) It should be divided, so that if 12s. is paid by the farmer now, and that transferred to the middle man would be, half of it from abroad, and half from the country, 6s. to each; and the farmer

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would be relieved to that extent?—That might be robbing Peter to pay Paul; and I think it would be a very difficult tax to collect.

9790. (Mr. Ecrayd.) Do not you believe that a simple import duty on foreign manufactures would be a much easier method of collecting it?—Everyone knows that it is perfectly easily collected abroad, and I do not see why it should not be in this country too.

9791. With regard to the construction of light railways, however useful they might be, would not any difference in the freight which arose out of their construction be a mere drop in the bucket, as compared with the present difficulties of English productive industry in regard to foreign tariffs and foreign competition?—I am afraid it would.

9792. Must it not go almost entirely to equalize the rent of those farms, which at present are not well situated, with that of those which are well situated?—I should think it might have that effect.

9793. (Mr. Jackson.) You mentioned about the mode of taxing property in America; can you give us any information on that subject?—I know that, with regard to land, it is supposed to be taken at about one-third of the real selling value in most States of the Union.

9794. The value being arrived at by local assessors?—Yes, by local assessors.

9795. Is the value the estimated selling value of the land?—Yes; what the people in the neighbourhood would say it was worth.

9796. You spoke about their taxing personal property; what kind of property did you refer to?—I believe that you have to declare all the debts that are owing to you, and all the bonds that you hold and so forth, but I think that the auditors have an impression that the returns are not at all exact, and that is one of the reasons why they make such a heavy allowance to the owners of real property, so as to produce more equality.

9797. You spoke about the personal property of the farmer; did you mean his stock-in-trade, implements, and so on?—Yes. Implements are not taxed in America until the amount invested in implements exceeds a certain sum. I think it is 300 dollars; it is generally considered, I believe, that in assessing those taxes, a farmer will be found very seldom to exceed that amount as the selling value of implements used. Great latitude is allowed.

9798. Is there any minimum exemption with regard to the tax generally?—I do not know; I do not think there is.

9799. With regard to the taxing of imports, speaking of the difficulties of employment and the absence of employment for workmen in this country, you appear to think that the employment would be increased if you imposed an import duty; how would it be increased?—I think that a good many goods which we now import would be made in this country instead.

9800. Then the goods would not come at all?—Some of them would not come at all.

9801. Then we should get no revenue upon them?—Not upon those that did not come at all, certainly. I think I distinctly explained when I estimated the amount that we might raise, that it would be a decreasing amount in consequence of our producing some of the goods after a short time in this country.

9802. What would be the difference in effect between imposing a 10 per cent. duty, and reducing the cost by 10 per cent. of the manufacture at home?—I think that the foreigners would in the latter case still have the same facilities in this market, although they might not use it quite to the same extent; they would still have the facility of sending their surplus goods here, while we should not have similar facilities of sending our surplus goods there.

9803. But putting on a 10 per cent. duty would not prevent their sending their surplus goods here, would it?—No, perhaps not altogether; but I think it would have a deterrent effect.

9804. You think there would not be very much difference between losing the cost of 10 per cent. of the manufactures here, and imposing a duty of 10 per cent. so far as the workman is concerned?—I think if you could reduce the cost by 10 per cent. here, you would find that the foreign manufacturer in some way would be able to reduce the cost also.

9805. As a matter of fact, unless you put on such a duty as would be protective against foreign manufactured goods, it would not benefit the workman at home one bit, would it?—Yes, certainly, a moderate defensive duty would benefit him largely.

9806. Will you explain how it would benefit him?—It would gradually, from year to year, stimulate the making of those things in this country which we now receive from abroad.

9807. How could it stimulate the maker of an article unless it stopped something which was the specific article that was to be made?—It would stop imports to a certain extent; the process would be gradual.

9808. I thought that one of the reasons which you assigned for the bad trade was the decline in the prices of the goods exported?—I gave it as one of the items; it was Mr. Giffen who brought forward this fact, you remember; I simply referred to it.

9809. The imposition of a duty on manufactured goods coming into this country, unless it raised the price or stopped the import, would not benefit the home workman, would it?—There is no doubt that the first imposition of the duty would raise the price to a certain extent, till some of our manufacturers, who were in the habit of making similar articles, took to making those articles which had the duty imposed upon them. Then directly our own manufacturers were selling in competition with the article imported, the price would gradually decline until the foreign manufacturer would have to make up his mind either to make the goods a good deal cheaper, or to cease sending them.

9810. Then if he made up his mind to make them still cheaper, the position would be precisely the same as at the beginning, would it not?—Yes, but will he be able to make the goods cheaper? For instance, I think we can get some of the raw materials even now in England rather cheaper than the foreigner can; we have that little bit of advantage even now. For instance, more Australian wool comes to London than goes to Antwerp and other foreign ports, and the advantage which we have in our great ship-owning ability gives us a little advantage in the purchase of wool and certain other raw materials.

9811. Is it not the fact that business is now being done directly between the Continent and Australia?—Undoubtedly, and it will increase.

9812. And that sales by auction of wool are being held now in different cities of Australia to which German and French buyers send their agents?—Yes, but very often I dare say they ship to London instead of to their own ports, in consequence of the freights being rather easier.

9813. You mean that they would ship via London supposing the freight that way was cheaper?—Yes, or even if the through freight be the same.

9814. (Mr. Jamieson.) You said that you estimated that in order to pay at all, tillage land must yield about 5*l.* per acre?—I must explain that that is on the system of farming which I adopt, which leaves the land in grass for three years in every rotation.

9815. Will you distribute that 5*l.* as far as you can between rent, taxes, labour, and tenant's profit?—I do not think that the rent of tillage land can be taken at more than 15*s.* an acre in England now, on an average. The taxes on tillage land would not be so much as on valuable grass land; that is to say, those taxes which fall on value would apply more to land of a higher value than to that of a lower value.

9816. In order to get at the rent for a moment, would that 15*s.* include tithe?—No.

9817. But if it were tithe-free then the rent would be somewhat more?—Yes.

9818. Shall we call it 17*s.*?—I am afraid that the tithe is rather heavier on tillage land generally, because it has been always under tillage, and when the tithe settlement took place it fell rather more heavily on tillage land than it did on grass land.

9819. Tithe is just rent for all economical purposes, is it not?—Undoubtedly; or rather, I should say, it is not quite the same as rent, because it is collected under different conditions to rent; it is collected on the average price of grain.

9820. If you have land which is rented at 20*s.*, and 3*s.* is paid for tithe, the rent really to the landlord is 17*s.*; it is a matter of indifference how much goes to the landlord, and how much goes in the shape of tithe?—Yes, with exception of my foregoing explanation.

9821. Shall we take the rates at 2*s.*?—It will be rather more, say 3*s.*

9822. What would be the labour on 100 acres of land?—I have not gone into that so closely: I should not like to give a stupid answer to it; although I could make up my mind by thinking a good deal over it, I do not think I have time to give thought to it now; I should detain the Commission too long.

9823. Thus far we have got, that out of the 5*l.* per acre, 17*s.* would be available for rent?—Yes.

9824. You said that the inevitable result of the present position of agricultural affairs would be to drive the land from tillage into grass, and to a larger extent natural grass?—Yes.

9825. In that case there would, as you said, be no cultivation producing straw; you would have no straw then at all?—Of course there is always some land that will be cultivated, because there is some land that will always be well worth tillage, some very fine land indeed, but as a general rule there would be a great deal less straw produced than the farmers require.

9826. How then would the British farmer winter his stock?—That is the great difficulty; it is a difficulty that I suffer from myself, and I am trying to overcome it. If we could get some of those bedding materials near at hand, such as the Germans supply us with, we might, perhaps, get them from parts of England and Ireland equally good.

9827. But for feeding, how are you to feed English beef economically?—I think you can feed English beef without any straw.

9828. By the cultivation of what?—On the ensilage system, and saving some hay and buying linseed cake and barley, and so forth, especially linseed cake.

9829. That is importing the food to a large extent?—We make an immense quantity of linseed cake in this country, and there might be some imported, perhaps; there is, of course, a great deal already.

9830. Is it not the case that the great increase in the value of agricultural land in England and Scotland dates from the introduction of turnip and root culture?—I do not think there has been any increase in the value of agricultural land, taking it at present value.

9831. I am speaking of within the last 80 years, since the beginning of the century?—I think that the difference in the value of land during that period depends very largely upon the value of gold.

9832. You do not agree with the proposition that the introduction of the turnip culture or growing roots did contribute materially to the growth in the value of land?—Of course the turnip culture may have made agriculture more profitable to the farmer than it otherwise would have been, but I do not think that the increased price of meat compared with 50 years ago, which is the cause of some lands having risen in value, can be attributed to the turnip culture in any way. I should say that the turnip culture, if it be a useful culture, ought to have assisted in the depreciation of the price of meat, rather than in its appreciation.

9833. Do you know what is the price of meat at present?—I have reason to say that it is very low now.

9834. Between 1865 and 1885 has there not been a material rise, even taking the present prices, in the

price of beef and mutton in this country?—I do not think that beef is a farthing dearer to-day than it was in 1865. I do not think that it is so dear.

9835. It has been dearer, has it not?—Yes, it has been dearer.

9836. And it is not materially cheaper?—I should be afraid to say, without examining the exact statistics.

9837. Therefore in respect of growing meat, if that were the case, the farmer has suffered no disadvantage between 1865 and the present time?—I should like to see the statistics before I give an opinion.

9838. I will put into your hands the statistics of 1885, and you will find that the price of beef of the first quality is 5*s.* 3*d.*?—It is less to-day.

9839. But the price in 1884 was 5*s.* 9*d.*, and the price of the first quality of mutton was 6*s.* 3*d.*?—I think that agrees with what I said that it had been; but when you come to the price of to-day it agrees exactly with the evidence that I have been giving, that the price is absolutely lower to-day than it was in 1865; in fact, it is considerably lower.

9840. And it has been that for 12 months, or thereabouts?—It has been for some time.

9841. Is it not somewhat premature to predicate the extinction of the farming profits upon so limited an experience?—My opinion that the price of beef and mutton is likely to decline in general is founded upon what I shall now say. I think it is much easier to concentrate their food in the Western States of America into an article like beef, or mutton, or pork, which can be brought over here at a less cost in freight than the food from which it is made; it must be more profitable to bring it in that form than in the crude form of maize.

9842. You would expect, therefore, an increased importation of beef from America?—I would.

9843. Are you at all aware of the present state of the American beef market?—I have no doubt that it is very depressed.

9844. Would you anticipate that the price of beef in Chicago was less or greater than the price of beef in this country?—I should think for the carcass it must be decidedly less, but for certain parts of the carcass, I have no doubt that the Americans pay more than we do.

9845. Does not that affect your opinion as to the probability of a continued importation of beef from America, looking to the rapidly growing population of America if they are now paying about as much as we are?—I think that their production increases faster than their population.

9846. Have you verified that?—I have, in wheat.

9847. But in beef, have you?—No, I have not.

9848. Would you be prepared to find that it is the reverse?—Perhaps for two or three years it may have been so; but I think that the price of corn being so low in this country now, will induce people in America to pay more attention to the production of beef.

9849. You have spoken of the depression of agriculture; is it consistent with your knowledge of people that there has been a falling off in the farmer's capital within the last few years?—Undoubtedly.

9850. And that that is still going on?—I think so.

9851. Is that affecting the style of the cultivation of the land?—I think very seriously.

9852. Is the produce of land thereby diminishing?—I know that it is.

9853. In your own county are you aware that it is; have you found the character of the cultivation of land depreciating?—Yes, I have.

9854. You spoke of a farm which you are aware of that had been allowed to get into a state very closely approaching a state of nature, and that it has been paying a rent not so very materially below what it was paying when it was cultivated, namely, 250*l.* a year?—It brought 300*l.* with the grass in a state of waste. When it was farmed it was paying a rent of 250*l.* a year, but when there was no tenant the land-

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lord had to pay the outgoings; there was 30*l.* tithe on it, and the rates generally amounted to quite as much, and there was a certain amount of deterioration in the farm, which you can easily understand.

9855. But while it was being tilled it was yielding a rent of 250*l.*?—Yes.

9856. It is now in your own hands. What return do you expect to get from that farm now according to the cultivation to which you are now subjecting it?—It is difficult, and almost impossible to give an opinion. I admit that this year I have lost by it, notwithstanding the fences and buildings put up at great expense, and the system of ensilage carried out in the very best manner, and everything else in the way of fairly high farming, and I have lost money besides on account of the fall in the price of stock and produce. I have grown more produce on it than it had ever grown before, and I have kept more stock on it than was ever kept on it before, and, in consequence of my keeping so much stock, and the prices going down, the farm will land me in rather a considerable loss this year.

9857. Your loss, therefore, arises from the commercial part of your business, and the sale of your produce; it is not from any failure in the production of the soil?—No, I have good crops. It is the price of meat that has told against me.

9858. With regard to ensilage production, in normal circumstances, would that not be the result of tillage?—I am tilling it for ensilage crops. I consider that you require as much tilling for ensilage farming as under the old system.

9859. Then you really have cultivated this, which was formerly waste?—Yes; I am employing 11 men, one woman, and two boys, where none were employed three or four years ago.

9860. Then that is not what I understood you to mean. You have not allowed it to lie in natural grass?—No; I should have done better if I had let it lie in natural grass.

9861. The falling off in the cultivation of grain in this country, I think, is entirely attributable to the falling off in wheat?—Largely so.

9862. Then with regard to the fall in the price of grain, is not that also entirely in wheat?—No; very largely in barley and oats also.

9863. For the last year only. In the previous year barley was fairly maintained, and oats are somewhat higher, are they not. There has been no such material fall in barley or oats as there has in wheat?—There has been a very material fall in barley. I see that in the three years 1873, 1874, and 1875, the average price of English barley was more than 40*s.* a quarter. I think if you take the last three years you will find that it is not much more than 30*s.*

9864. It has been from 31*s.* 2*d.* to 31*s.* 11*d.*, and 21*s.* 8*d.* on oats?—Oats during the three years 1873, 1874, and 1875, were about 27*s.* 2*d.*; and in these three years just past I think they must have been about 19*s.* 6*d.* or 1*l.*

9865. Those three years were remarkably good years, were they not?—There was also the year 1871 when the average price was 25*s.* 2*d.*; 1872, 23*s.* 2*d.*; and 1873, 25*s.* 5*d.* Then we go on to 1876, 26*s.* 3*d.*; and 1877, 25*s.* 11*d.*

9866. In 1865 it was 21*s.* 10*d.*, and in 1866, 24*s.* 7*d.*; am I right in saying that there has been no such material falling off in the price of oats and barley as there has been in wheat?—The fall in wheat has been rather more; but the fall in oats and barley is very heavy indeed. I cannot say the exact percentage of each.

9867. 1872, 1873, and 1874, you may take the price of wheat at 57*s.*, 58*s.*, and 53*s.*, and it is now 35*s.*?—Yes.

9868. That is a very material fall?—Yes; in fact it is now 30*s.* I would say that the fall in wheat has been excessive, and that the fall in other sorts of corn large.

9869. We have it, that before that, the price of

beef and mutton was not materially, if at all, reduced?—I do not think I said so.

9870. I think that the returns that we have show that?—I see that in 1866 the price of beef was 4*s.* 8*d.* to 5*s.* 5*d.*, and, I believe, that to-day the utmost price of beef is 4*s.* 8*d.* In 1867 the price was 5*s.* 2*d.*

9871. But in the returns of 1885 the price of beef in 1865 was 5*s.* 3*d.*, and in 1884, 5*s.* 9*d.*?—Yes, I am aware of that.

9872. Then the excessive depreciation you would refer to our experience of the last two years or 18 months?—Yes, and at the present time especially.

9873. Then the effects of what has reduced farmers of the country in respect of the depreciation in the value of agriculture have had a much larger operation in the 18 months or two years?—Yes; but you have lost sight of one factor, which has been a very powerful one, and that is the disease which was prevalent amongst our flocks and herds of late years. That disease has had a tendency to raise the price of meat; but the farmers, as a body, have probably lost more by the disease than they have gained by the extra price. For instance, in my part of Devonshire, we had what is called the cawd or the fluke amongst sheep to an alarming extent for three or four years, and mutton, in consequence of the supply of home-grown sheep being reduced by this disease, was abnormally high, and, therefore, the farmers who had land which was perfectly sound and which did not induce this disease, were making a good profit, whilst farmers who had the other sort of land which was not so sound, were losing more than the other farmers were gaining. Also, with regard to beef, the foot-and-mouth disease and pleuro-pneumonia had a considerable effect in raising the price of beef, and at same time in reducing the farmers' profits; therefore, I do not consider that the high prices which were paid three or four years ago were all to the farmers' benefit, by any means.

9874. Then among the causes which have materially contributed to depression affecting agriculture, we must ascribe the disease which has been prevalent amongst stock?—Yes.

9875. You talked of the bounty which you propose to give to farmers who continued tillage; if such bounty were given, would it not be entirely for the benefit of the landowner?—I think not at all, for this reason, I think that if you encouraged tillage in this country (which does not pay now, I believe, and would hardly pay if the landlord charged no rent at all), the first effect would be a larger employment of labour, and, I believe, it would cause some advance in agricultural wages. I think that the second effect would be that the tenant who adopted this style of farming in order to get a bounty would naturally argue that he had a right to keep that bounty in his own pocket if he adopted that means of farming which would otherwise be unprofitable, because if he allowed his landowner to get this bounty he would have no object in adopting that style of farming; and then he would get no bounty at all.

9876. What would be the distinction in your mind between such a system and that of a protective duty?—There would be some objection, I suppose, to a protective duty, but as I have said before, I do not believe that a protective duty would raise the price of wheat so much as people think, because I do not think you could put a protective duty upon our colonial supply.

9877. The consumer in both cases would pay it, would he not?—If you gave a bounty on the cultivation of land it would tend to increase the supply, and, therefore, the consumer would probably be as well off as he is now, or better.

9878. But would not it raise the price of the material produced?—Certainly not.

9879. How is the bounty to be got back by the country?—You must tax property which is not taxed now, and you must raise a revenue from imported manufactures, as I said before.

9880. In speaking of taxation in this country, you say that it is about 12*s.* an acre?—You must bear in mind that when I speak of taxation I include every charge other than rent which can apply to agricultural land.

9881. Will you tell us what there was to make up the 12*s.*?—In my letter to the "Economist" of the 8th of August last, I took the local rates at 7,000,000*l.*, as representing all local rates applying to agricultural land, including the education rate and everything of that sort; I took the land tax at 1,750,000*l.*; I took the land tax, both redeemed and unredeemed, because the man who has redeemed the land tax has to pay it in an indirect form just as much as the man who has not, because he has bought consols with which to redeem it with money for which he would otherwise be receiving interest. Then I took the income tax, which has to be paid on land, which, I think, amounted to something like 2,000,000*l.* on both schedules. Then there was the tithe, which I did not treat as rent in that calculation, because if I own land which I work I am obliged to pay tithe, even if the land is free from rent, and, therefore, it is one of the charges on agriculture, and I took the tithe at 4,000,000*l.* Then there are licenses and various other things which affect the owner of land who is also the occupier, which would, perhaps, come to another 1,000,000*l.* All these together would come to 15,750,000*l.*, and I applied that sum to 28,000,000 acres of land, which is about the amount of land enclosed, I think, in England and Wales; it may be a little more, I am not quite certain.

9882. It is rather less in the last return, I think; that would give about 12*s.*?—But the ordinary taxes on land, as the word "taxes" is generally understood, are a very great deal less than that. I ought more properly to employ the word "burdens."

9883. In contrasting that with the American taxation of 6*d.* an acre, what do you include in the 6*d.* per acre?—I include everything. I got some of the exact statistics of the rates falling on a certain area.

9884. You do not include necessarily the tithe?—There was no tithe.

9885. Which is another farm rent. You said that it does not include income tax or land tax; what are the imperial taxes?—There are none in America.

9886. But the imperial taxation in America is extremely heavy, is it not?—I beg leave to differ.

9887. Does not America raise a very large imperial revenue for imperial purposes?—On customs.

9888. But in order therefore to contrast the 12*s.* an acre raised in this country with the 6*d.* an acre in America, you must eliminate from your figures of taxation that which has no equivalent in the American taxation, and which is paid in another form?—I do not see that it is paid in another form.

9889. Then the 6*d.* per acre does not include anything contributed by the American farmer to the imperial taxation of the country?—No.

9890. And the 12*s.* an acre does include everything contributed in this country?—No, it does not include English customs. The duties on tea and the duties on spirits or beer would probably compensate for the American indirect taxation.

9891. You said that the rate of wages has fallen in your county?—I said that in the parishes around me the rates of wages have fallen; in my own parish they have not.

9892. Have you the date of the fall?—There is a fall on what it was 10 years ago; I think there is no fall on what it was 15 years ago.

9893. (Mr. Muntz.) You tell us that the depression in agriculture is very lamentable at the present time?—Yes, very serious indeed.

9894. And your knowledge of that fact is not obtained from the Board of Trade Statistical Tables, but from practical knowledge in various parts of the country, as to the condition of agriculture generally?—Yes, especially from what I know is going on in my own part of the country.

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9895. And you consider that that depression is rapidly increasing in consequence of the decreased amount of capital now employed?—Yes, I think that the farmers are compelled to withhold their hands when they would rather not.

9896. In consequence of his decreased capital, the farmer has not conducted his agriculture on those lines on which he should have cultivated it to make it most profitable?—Certainly.

9897. Do you think that this depression in agriculture has also a very serious effect upon the depression of trade generally?—Very serious indeed.

9898. You think also that, as time goes on, it will have still greater influence upon the employment of labour, both in agriculture and in manufacture?—I think that farmers cannot go on employing even the labour that they have now, and that surplus labour in the towns will be increased by the depression in agriculture.

9899. That would lead to a continual reduction in wages, and necessarily an increase in the poor rates to a considerable extent?—Yes, to a per-centage of increase.

9900. The basis of taxation upon rental is the annual value at which the land would be let for agriculture, is it not?—The taxation is assessed on the value; but supposing a parish or a union to be entirely agricultural, a certain amount of taxation has to be raised in the union. Whether the rents are 1,000*l.* or 500*l.*, the same amount has to be contributed by the people to the necessary expenditure, and therefore, supposing the taxation amounted to 200*l.*, if the value of the land was 1,000*l.*, it is only one-fifth part. If the value of the land declined to only 500*l.*, it would come to two-fifths: it would come, in fact, to double the per-centage.

9901. But, as a rule, the rental of property in a parish or in a district is not altogether agricultural?—In some parishes it is not, and in others it is.

9902. But while the taxation of land is restricted to rent, that is the annual value, is it not?—Yes.

9903. The rent and the profit being practically extinct, the taxes and rates will have to be collected on other descriptions of property, will they not?—You must exhaust the land first on the present basis of taxation, unless other rateable property be in the same district.

9904. In the matter of tillage land, to what extent do you consider that rent has been paid out of tenants' capital during the last nine years, dividing it into periods of three years?—I should think that the tenants of England have lost a third part of their capital at least. I think some have done well, whilst others have done very badly. I think some have lost the whole of their capital, and are bankrupt, whilst others, from the quality of the land which they have held, which is more suitable for the present system of farming, have done comparatively well.

9905. Therefore, practically, that amount of rent has been paid out of capital?—Yes, but so great is the difference in the value of land that I may say that I know land for which I would be glad to give 7*l.* an acre rent even at the present time.

9906. What kind of land is that, and for what would you use it?—It is the finest grass land. It will feed a bullock to the acre, and more.

9907. That is very exceptional land, is it not?—Yes, and there is very little of it, but I just mention that fact. There is land, too, which is unlet in England, and is going out of cultivation, which, if properly cultivated, would grow larger crops of corn than in any other country in the world.

9908. Can a farmer now farm ordinary tillage ground upon the ordinary lines of land farming, even if his farm is rent free, and not lose money?—On the average, I should think he cannot. I just want to bring forward that fact, that I do not apply this to all agricultural land in England, but only to the majority of tillage land. There is some tillage land in England still which would be farmed under any circumstances, because its quality is so excellent.

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9909. But in answer to the question as to whether a man can farm ordinary land upon the ordinary lines of farming, even if rent free, without loss, you say he cannot?—He cannot on the ordinary system of tillage farming which he has hitherto followed, except on land superior to the average run.

9910. The rental or annual value being the basis of taxation and rating, a large amount of taxation and rating must have been improperly collected during latter years?—Undoubtedly. I think the collection of income tax is most unfair on land at the present time. I believe that a landlord never gets the amount of rent that he is assessed for.

9911. Are you referring to the income tax under Schedule A. and under Schedule B.?—Under both Schedule A. and B. Of course there are a great many exemptions under Schedule B., but it has been very unfair to the tenant, too, in many instances. At the same time there may be instances where a farmer has gained under Schedule B. in good years and on good land.

9912. Do not you think that under Schedule B. there are a great many instances in which the farmer dares not appeal for fear of shaking his credit?—Yes, I think he will not take the trouble to appeal in the first place, and a good many dare not. I know that I appealed myself. I spent about 5*l.* in going backwards and forwards, and then the assessor of taxes to whom I appealed left the neighbourhood, and I heard no more about it.

9913. With regard to Schedule A., if the landlord was obtaining no rent on his land, being tillage land of ordinary quality, it would take some amount of moral courage for him to go to the assessment committee, and to declare that his land was worth nothing?—It would, but I have known men do it, but most men would rather not.

9914. In three or four years, if the present system continues of paying rent out of capital, the tenants' capital will be to a great extent altogether exhausted, will it not?—I am afraid it will.

9915. The majority of tenants we may say will be without capital, and the landlords will be without tenants?—Those landlords who cannot persuade their tenants to stay are bound to take the land themselves. A great many are doing this now.

9916. Are the landlords do you think generally in a position at the present time to lend their tenants money, and to lay out money in repairs, as they were three or four years back?—That I cannot say.

9917. Will not it practically amount to this, that the landed and the agricultural interests will, I may say, be generally ruined?—I think it is a very serious state of affairs.

9918. And you think it almost impossible to overstate the serious nature of the position of affairs?—I do.

9919. What suggestion would you make for the relief of agriculture and for the prevention of ruin?—The only suggestion that I have made has been to encourage tillage farming so as to attract labour to the soil again. Of course that is an operation which is not very rapid, but I think we ought to adopt any feasible means of putting men back on the soil, and I think the best means is to give the occupiers of tillage farms every inducement to employ more labour.

9920. What sized farms do you consider can be profitably worked; do you agree with the notion that small holdings can be more profitably worked than large holdings?—I think it is very wise on the part of a landlord, if he has extra work to give his men, to have a certain number of small holdings on his property; that is to say, if the men can earn wages by other employment besides. I have established, I suppose, some 25 small holdings myself. My property is not a large one, but I have a stone quarry, and I do a great deal of planting of trees, and so forth, and I can therefore give the men a large amount of piece work. I have found the system answer well, of having, not allotments, but small farms of, I might say, from three acres to forty acres: and many of the

tenants have done well, but they all have other occupations as well; it has kept them very steady, and I have a most respectable set of small tenants amongst those who have succeeded, but if I had not extra wages to offer them, they could not have succeeded on the smallest holdings. I have had two or three instances of men taking ground who did not understand agriculture, and had not been brought up to it from their youth, and in those cases they have always failed, and I have had to get rid of them.

9921. About what rent would these holdings be worth on an average?—I endeavour to give the land as nearly as possible at the price that each man would value it at were he a large farmer. I perhaps get a trifle more for very small enclosures, but the rent of the land that I let to those men certainly does not average more than 1*l.* an acre.

9922. Of course that system is altogether apart from what we understand as small holdings, which usually means men farming small holdings without labour?—I think in my district the men who farm about 40 acres and have a small family can live by it if they have nothing else to do.

9923. Would such a farm be as profitable to work as a farm of from 300 to 500 acres?—I think, under present circumstances, it is the only resource almost to give a man a small farm who has lost his capital in a larger one. Many of the farmers in my neighbourhood who are farming 150 acres and over have not got enough capital to farm the land profitably.

9924. That arises from the fact that the tenants are now without capital, but, given a proper amount of capital, which is the most economical mode of farming a farm of 50 acres, or a farm of from 300 to 500 acres?—I would say a farm of from 300 to 500 acres is better on the whole for production. A farm of from 300 to 500 acres with the use of good machinery would probably produce more when farmed on proper principles, but if they don't apply those principles, I think that small farms on the whole contribute more to the well-being of the nation, if they are not too numerous.

9925. Farms of from 300 to 500 acres, you consider more profitable, and more productive?—Yes, I think so, if they are farmed on thoroughly good principles.

9926. I understand you to say that you are of opinion that protective duties on our imported manufactured goods would benefit our manufacturing industries?—Yes.

9927. There was one question which Mr. Jackson addressed to you, which I could not quite understand, that was with regard to the connexion between imposing a 10 per cent. duty on imported manufacturers, and reducing the price of our manufactures in this country 10 per cent.?—I do not know that I quite followed Mr. Jackson myself, but I suppose he meant that if wages in this country were put down so as to reduce the cost of manufacture in this country by 10 per cent., we should have the same advantage over the foreigner that we should have by imposing a 10 per cent. import duty on manufactured goods which came from abroad. I think I explained, in answer to Mr. Jackson, that I believe that the imposition of an import duty in the first place would raise the price of the particular articles taxed, but that in the competition of British manufacturers, who would keep all the advantage of cheap raw material, when the new industries or the extension of the old industries was sufficiently established, the price would decline to very nearly what it was before.

9928. Your view as to imposing a duty on the imported foreign manufactures was, that it would in the first place, raise a revenue which might be utilised for the benefit of agriculture?—I have two reasons in view, but that is one of my reasons. I think that it would also fill up the present unemployed time of the British workman.

9929. With regard to the reports of the United States Consuls?—I quite see that many of our men, I will not say all, but many of our men prefer to work

four days a week, and I quite agree in the correction which the honourable Commissioner made at the time, that the masters are compelled sometimes under present circumstances to employ them only four days a week. I think if we had the extra employment in this country, which would be produced by our putting a duty on manufactured goods, we would, at all events, contract our imports of manufactures to some extent, and that that contraction of imports would provide labour for a great number of men who are now out employment.

9930. Are you aware that our imports of manufactured goods approximate to 60,000,000*l.* per annum?—It would be much more than that. I include flour as a manufactured article. I include refined sugar as a manufacture, and butterine, and I think butter too.

9931. What do you make the manufactured goods to come to?—Including half manufactured goods, I make them amount up to over 100,000,000*l.*

9932. I am speaking of wholly manufactured goods, as we should understand manufactured goods. You think that by imposing a duty, we should find employment for our manufacturing population. Might we not also compel other nations to take their prohibitive duties off our manufactures, and so find employment for our manufacturing population in that direction?—I have an opinion that wheat would be our best bargaining power. I do not think it is fair to our population to admit all the industries of foreign countries in the way we do, without getting a *quid pro quo*. Supposing that foreign nations, such as the United States and Russia, will not give a *quid pro quo* for the continued importation of wheat free, then

The witness withdrew.

Mr. JOSEPH FLINN examined.

9937. (Chairman.) I think you live at Bishop Stortford, do you not?—I do.

9938. What business do you carry on?—Malting.

9939. Where do you carry your business on at other places besides Bishop Stortford?—Bishop Stortford, Dullingham, Newmarket, and, until very lately, at Derby also.

9940. Therefore you have large dealings with the farmers?—Yes.

9941. Could you give the Commission any illustration of the present condition of the barley farmers and of farmers generally, with respect to the special injuries which they receive in any way?—I think I can. I consider that the injuries they receive in consequence of the preferential foreign rates of carriage are very great indeed.

9942. You are speaking of the railway charges, are you not?—Yes, of the railway charges.

9943. You complain that favouritism is shown, or that advantages are given to foreign produce as against British produce?—Yes; there are considerable advantages given to the foreigner.

9944. In what articles?—In grain of all descriptions, and upon the carriage of cattle and timber, which last, I presume, would be considered as an agricultural production. I consider that the advantages that are given in the carriage of foreign timber are very great indeed.

9945. What are the differences in the rates?—If you take various points, say you take from the Port of West Hartlepool, to a large centre of consumption, say Newark, the difference between the rate for two-ton lots imported and of English grain is very considerable. The imported rate is 9*s.* 2*d.*, the English rate being 15*s.* 10*d.* Newark is a large centre of consumption for grain of all descriptions, barley, wheat, oats, and other things. That excess is 72½ per cent. in favour of the foreign produce.

9946. Where does the foreign produce principally come from; from the continent of Europe?—I am not prepared to answer that question; a great deal I know comes from Hamburg, but I really do not know

I would put a duty on their wheat in favour of our colonies.

9933. You think that we are in a position of great influence, which we ought to utilise for the protection of our industrial population?—I think that the United States would undoubtedly give us a preferential tariff over those countries which impose a heavy tax on their food exports, and that that would give us a great deal of business, which France and Germany now have, in exports to the United States, and we should have that business transferred to this country, and that our manufacturing industries would thereby be greatly increased and developed, but if the United States or Russia will not make such terms, I think we would do better to adopt the system that is proposed by the Fair Trade League, of uniting the Empire and confederating one with another, and I believe that we should have a nearer approach to real free trade by that means than we now have.

9934. (Sir J. Allport.) To what articles do you refer when you speak about the United States taking goods from England that they now take from Germany and France. Have you gone into the particulars of the importations to America of German, French, and English manufactures?—Yes; I have.

9935. What goods do you refer to when you speak of the trade which now goes from France and Germany to the United States.—Cotton, woollen, and silk manufactures I may mention especially, and also metal manufactures.

9936. Have you read the Report on the state of France which is before the Commission?—No, I have not.

exactly where else it comes from. This excess of 6*s.* 8*d.*, taking 4½ quarters of wheat to the ton, shows a difference of 1*s.* 6*d.* per quarter, in favour of the foreign wheat; and then if you multiply that by 4½ quarters of wheat, which would be about the average grown per acre, it would show a difference of about 6*s.* 9*d.* per acre.

9947. Do you consider that those rates are higher than the company have the right to charge?—I do not know what the maximum is on that particular line, but there are lines upon which the local rates are considerably above the maximum that they are permitted to charge.

9948. Upon what lines are those?—I can give you one illustration which would show what I mean, and in which the import and home rate is the same from the port to the centre of consumption. Take Lynn, for example; from Lynn to Cambridge the rate on two-ton lots is 5*s.* 5*d.*; it is the same both for foreign grain and home grown produce; therefore there is no apparent difference as far as that particular station is concerned, but if you came to a station 10 miles nearer Cambridge, you would find that the rate is 7*s.* 6*d.*

9949. Instead of 5*s.* 5*d.*?—Yes. It is 10 miles less distance, and 2*s.* 1*d.* higher rate.

9950. That applies equally to foreign and home grown produce, does it?—It applies equally. In the case of the Lynn rate, it works out to be a fraction over 1½*d.* per ton per mile, but upon the rate from the station I am speaking of, Stowe, between Lynn and Cambridge, the rate of 7*s.* 6*d.* is 2½*d.* per ton per mile. Then if you come to a station still nearer to Cambridge, 15 miles nearer than Lynn, the rate on all grain is 6*s.* 8*d.* a ton; this is exactly 2*d.* over 3*d.* a ton per mile, and this 3*d.* a ton per mile is a penny a ton per mile or 50 per cent. over their maximum charge.

9951. You consider that in some of these cases the rate is really above the maximum that the company is allowed to charge by Act of Parliament?—Certainly it is.

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9952. If that is so, why is there not any steps taken to protest against it before the Railway Commissioners?—The only way in which people can protest against it is by asking the companies, I apprehend, if they will make any reduction. In my case, I know the company have been asked to make a reduction, and they have declined to do so.

9953. But is there no remedy if the company chooses to charge more than it is entitled to do by law, except asking them to keep within the law?—There is a remedy: but the remedy is really as bad as the disease, or worse. Not one man in a thousand can be found who dare risk taking a railway company before the Railway Commissioners. It is a most serious step to take, it involves an immense amount of loss of time to the man who does it, and at the same time a very great risk of loss in the shape of costs; and even if a man gains his cause, after perhaps twelve months hard labour, if I may so call it, he is still a loser; and then the company do all they can to evade any order that is made upon them; of that I can give illustrations if it is required of me.

9954. Could you mention to the Commission any case in which that has taken place?—I can. A railway was taken before the Railway Commissioners some three or four years ago, for in that case, undue preference.

9955. (Sir J. Allport.) What railway company are you referring to?—The Midland Railway Company. That company was taken before the Railway Commissioners by a firm at Newark. Alleging that there was undue preference given by the railway company; and after the hearing which took, I believe, a considerable time, a certain order was made upon the railway company that they were to desist from giving that preference; the company was carrying grain at computed weight from Burton, while in the case of Newark they were carrying at the actual weight. An order was made that each town was to be put upon the same footing. The railway company in that case having agreements with the Burton traders went to them and explained the fact to them, and said that according to their agreement they could not charge them any higher rate than they were then charging, and that they must charge the computed weight instead of the actual weight, but that in order to avoid this change they would grant them, if they would consent to pay an actual weight, a rebate on some other article to certain stations, which would give them the amount of money which they would lose by giving up the preference which in that case they had. The consequence was that it was done in that way, and the people gained no benefit whatever from the action they took against the railway company. And there are other cases also which I could give in illustration to show to the Commission how hard and how difficult it is for any trader or even a body of traders to combine to contest any illegality on the part of a railway company. I myself was concerned with several other traders in a similar matter, and after a long contest I succeeded in gaining my point. The railway company in that case had a certain order made upon them, and we naturally expected that we were going to get the benefit that we had gained; but the railway company said, "No, we shall not give you this benefit." All sorts of quibbling took place about the matter, and the result of it was that they put an end to it by giving us notice to take up our siding; they took it up, and then we were compelled to take action again before the Railway Commissioners to compel them to put it down again. The consequence of that was that on the last day of the hearing, or upon the day of the judgment they put down the siding again; but in the meantime we had been put to serious expense and inconvenience from its having been removed.

9956. (Chairman.) Have these different cases that you mention and similar actions seriously affected the profits of the business of large farmers?—Those cases I am speaking of at this moment seriously affect the profits of the traders. As far as the farmers are

concerned, the excessive rates for home-grown produce, over and above those granted for foreign produce, I consider seriously affect them.

9957. Have you seen the new Bill which has been introduced into the House of Commons with regard to the Railway Commissioners?—I have seen the Bill, but I have not sufficiently read it to be able to give a fair opinion upon it. I have formed some opinion upon it; but I certainly must say I should like to read the Bill carefully over. There are one or two things in it which clearly are objectionable; there is a clause towards the end of it which I consider would enable the railway companies to do the very thing I am now complaining of; that is to say, when it is shown to them that they cannot have the traffic unless they grant a low rate, they will have the power given them to do so. If that is as I read it, and I think it is, it will certainly legalise undue preference.

9958. You think upon the whole, do you not, that the Bill will be one in favour of the public?—I do not think so.

9959. Are there any other points in connexion with this subject that you would like to call the attention of the Commission to?—I imagine that the Commission have had the preferential rates for foreign cattle shown to them, and it would be scarcely worth while going into them again. There are preferential rates granted for foreign cattle which I have no doubt the Committee have had before them. As far as the timber traffic is concerned, that is a matter that I think wants ventilating.

9960. (Mr. Aird.) With regard to the opinion which you have formed of the railway companies, is it that the anxiety of the directors of the company to obtain the fullest dividend that they can for their shareholders, renders them forgetful at times of their duties to the district of which Parliament has practically given them the control?—You mean, I apprehend, is it their desire to pay a dividend which causes them to grant unequal preferential rates. I can only presume that they grant them for the sake of taking traffic to some particular port to give them the carriage over a certain length of their line for the purpose that you speak of, enabling them to do more business, and so enabling them to pay dividends to their shareholders; that is only my opinion.

9961. Do you believe that that arrangement, beneficial to themselves, is detrimental to the industries with which you are associated?—Most decidedly it is; it all comes out of the farmer's pocket.

9962. You mentioned that the rate from West Hartlepool to Newark gave a premium, or rather an advantage to foreign produce to the extent of 72½ per cent. ?—That is so.

9963. In the district which is particularly under your notice, is there much foreign produce brought?—There is a great deal brought to West Hartlepool.

9964. Are you able to form an opinion to what extent that affects the price of the produce of the district?—I cannot say; I can only tell you the difference between the two rates, and show you upon that that there is a difference of 1s. 6d. a quarter upon wheat.

9965. But does that preferential rate being given lessen the value of the produce in your district?—The effect is that it reduces the price the farmer receives for his grain.

9966. Are you able to give any approximate estimate as to what additional price a farmer would be likely to obtain for his grain if the wish you express were fulfilled, and the produce, both foreign and home, were carried at the same rate?—He would, in my opinion, obtain the difference between the two rates, that is, 1s. 6d. a quarter more upon wheat.

9967. That is your opinion?—Certainly.

9968. How many railways are there serving the district of which you chiefly complain?—I am not complaining of any particular railway at the moment. I believe the bulk of them are alike, I believe you

can hardly go north, south, east, or west, without you find the same differences prevail. From West Hartlepool to Newark I do not quite know how many railway companies there are there; there are several; the North-eastern company is one; but I do not know the various railways that there are.

9969. There being several railway companies, do you not get a competition which enables you to get the prices brought down to a moderate rate?—There is frequently competition among the railway companies, but I am very sorry to say there is oftener a combination than competition. In this particular case, I do not happen to know whether there are any agreements existing between the railway companies or not; I think it is more than likely that it is so. In the case that I quoted—the line to Cambridge—there I know that there are agreements which constitute a combination instead of competition. I know it from this fact, that a tradesman told me the other day—and I know it is the fact—that for a certain class of goods he was paying a certain rate, and he discovered that farther down the Great Eastern line a large consumer was paying a less price than he was at Cambridge. He asked the railway company why they could not give him this rate, and the reply was that at Cambridge they had agreements with the other railway companies, and they could not reduce the rate, but that this station that he complained of being on their own line they could do as they liked there; they could charge as low as they pleased upon their own line, although it was a greater distance than Cambridge, but that from the agreements existing they could not charge anything less at that point.

9970. Is your complaint against the charges which have been authorised by Parliament and the powers given to the railway companies, or against the railway companies for dealing with matters not referred to in those Acts, and by combining together?—I complain of them charging a lower rate for foreign produce than for home produce, because I contend that the difference in the rate comes out of the pocket of the farmer, and if, as is the case at Lynn, the rate happens to be the same for both home produce and foreign, you would naturally say, what cause has either the farmer or any one to complain. I admit he has none, but when you come to a station 10 miles nearer the centre of consumption, and you find that there the rates are put on about 50 per cent. in excess for the shorter distance beyond the rate to the port, I think the farmer has a very just cause to complain, because in that case most decidedly it is taking the money out of his pocket.

9971. Your feeling would be that it should be illegal for railway companies to carry foreign produce at a less rate than for home grown produce?—Decidedly; and in saying so, I am speaking to my own disadvantage. It is to my advantage to be able to go to the port and buy there at less money, because by doing so, I keep the home producer in check; that is to say, I take money out of his pocket. If the railway rate enables me to take the grain to a given point at 1s. a quarter less than I can buy it for from the home farmer, it is natural that I should take the cheaper carried grain and save the 1s. a quarter.

9972. Do you think that foreign competition being encouraged by the railway companies makes the competition against the agricultural interest more manifest than would otherwise be the case?—I think that it is one of the greatest causes of the agricultural depression.

9973. You spoke of some complaint you had of the line between Lynn and Cambridge, and you mentioned that to some station 10 miles less distance from Lynn than Cambridge was, the rate of carriage was very much higher; now upon what ground have the railway companies done that which you consider unjust?—I should think they do it for these reasons. The railway companies grant a rate which is very low from the port, and they say, "This rate does not pay us, therefore we will charge 50 per cent. more to stations intermediate between that port and the

"point of consumption to recoup us for what we think we do not get by the foreign traffic"; but if they can afford to carry the foreign traffic at the sum I have quoted, I maintain that they ought to carry English produce at an equal or proportionate rate. I do not object to the railway company carrying at a low rate. The Commission will quite understand that.

9974. I was right, was I not, in assuming that the difference applied to the English produce; did not that higher rate that was charged to the station 10 miles nearer Cambridge apply to home produce in both cases?—Taking the point A to be Lynn, and the next point B to be Cambridge, the intermediate stations have to pay 50 per cent. more carriage to Cambridge than the foreign corn has to pay for the longer distance.

9975. Your comparison was of home produce from the intermediate station as against foreign from Lynn to Cambridge?—Yes.

9976. But you do not complain, do you, that the companies carry foreign produce from a station which is 10 miles short of Cambridge at a less rate than they would charge for home produce to Cambridge?—No, they would charge the home produce the same.

9977. (Sir J. Allport.) Which is the nearest port to Cambridge?—I think Lynn is.

9978. Is it not Sutton Bridge?—I do not know whether it is or not, but you would know better than I do.

9979. Would that not account for the low rate from Lynn if there were a nearer port?—No, I think not, because the import rate from London to Cambridge is only 5s. 7d.

9980. Take Hartlepool; there are ports nearer Newark than Hartlepool, are there not?—You are alluding to Hull, I presume.

9981. I ask you whether there are not ports much nearer to Newark than Hartlepool?—Hull would be nearer to Newark.

9982. And Grimsby?—Hull and Grimsby would both be nearer.

9983. They would be half the distance, would they not?—I should think they would be about half the distance.

9984. And Goole?—Goole I know very little about.

9985. Still it is a much nearer port; it is less than half the distance?—Yes.

9986. Is it not to the advantage of trade that ships coming into Hartlepool with grain should have their cargoes carried at the same rate as from Grimsby or from Hull to enable them to take back cargoes of coal?—I cannot see the advantage myself.

9987. You may not see the advantage, but is it not an advantage to the shipowners and to all parties engaged in the trade that where a port is convenient for taking a cargo of coals as Hartlepool is, they should have the opportunity of sending their cargo inland at pretty much the same rate as the nearer ports would be able to charge; is it not a sound commercial transaction?—Looking at it in that light I think you would be right, but it is unjust because it is illegal.

9988. No, it is not illegal, pardon me?—Do you mean that is not illegal to give an undue preference?

9989. An undue preference is illegal, but the courts have held, as you must be aware, that it is not undue preference in the case that I put to you?—I did not clearly understand the question, I am afraid.

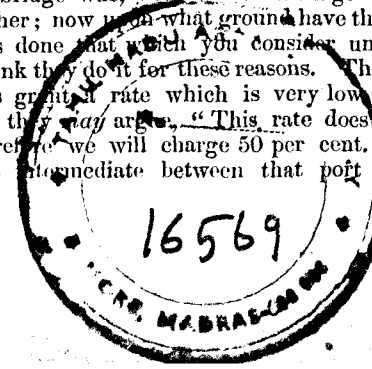
9990. I will endeavour to put it again; can you give me the rate from Grimsby or Hull to Newark?—Yes. I think I can (after referring). I think the rate was 8s.

9991. What is the rate now?—I do not quite know that; this book I have is above a year old; it is for 1883.

9992. What is the rate from Goole to Newark?—I do not know Goole, but I can give you the rate from Newcastle.

9993. I am coming to that directly; what is the rate from Grimsby?—Eight shillings.

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Mr. J. Flinn. 9994. What is it from Hartlepool?—I have not got the rate from Hartlepool.
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9996. Is it not the fact that to Hartlepool, to Newcastle, and to Sunderland, and all the northern ports, the ships are all brought for the purpose of carrying coal to foreign countries?—I cannot answer that question.

9997. Surely you would know that?—I really do not know that.

9998. Then you have not made yourself acquainted with the facts of the case?—Not in that respect, certainly.

9999. Assuming that what I say is the fact, does it not occur to you that unless something like the same rate is given to Hartlepool, Sunderland, and Newcastle, to Newark, as they can get from nearer ports, Goole, Grimsby, and Hull, the ships must come in in ballast to Newcastle, or that the ships must come first of all to Hull, Goole, or Grimsby with their grain, and then go in ballast round to the north for coals?—Yes; I see what you mean now; you mean that the ships come in, in your opinion, to Sunderland.

10,000. I am speaking of facts, not of opinions?—It is the fact that ships coming into Sunderland go there laden with grain instead of, as you observe, in ballast. And you ask why should the railway companies not be permitted to charge the same rate for 120 miles further off as they do to a place 120 miles nearer in order to go in there laden instead of in ballast.

10,001. First of all, is it 120 miles further?—I do not quite know; I am only assuming the amount of distance.

10,002. Still it goes on to the notes that you say 120 miles?—I should think it is, but I could not be accurate about it. The distance must certainly be over 100 miles nearer from Hull to Newark than Newcastle; it is certainly not more than half the distance from Hull to Newark that it is from Newcastle to Newark.

10,003. Is it 120 miles now from Hartlepool to Newark at all?—No; I should say certainly not.

10,004. Then how can it be 120 miles further from Hartlepool to Newark, than it is from Hull to Newark, if it is not 120 miles altogether?—I was speaking of Newcastle.

10,005. But I am speaking of Hartlepool, which is a coal port; it is not 120 miles, I think, from Hartlepool to Newark, is it?—I will take it from you, if you will tell me what the distance is.

10,006. However, if all the corn coming into Grimsby and Hull be charged 8s., what is the harm if the corn from Hartlepool or Newcastle is charged 9s. 2d.?—I think the farmer has a great deal to complain of.

10,007. What farmer; the farmer in the neighbourhood of Hartlepool?—Any farmer who puts his grain on either at the Hartlepool station or at any station within 20 or 30 miles of it.

10,008. Do you buy any grain grown in the neighbourhood of Hartlepool?—I do not.

10,009. Do you know anybody who does?—I believe the Newark men buy at every station along the line.

10,010. Do you know the country at all?—Yes, I do.

10,011. Do you know that there is very little grain grown about the neighbourhood of Hartlepool?—I know that there is grain grown between Hartlepool and Newark; certainly there is grain grown in the neighbourhood of York.

10,012. If the rate were doubled between Hartlepool and Newark, which would effectually stop any importation of grain to Hartlepool, who would be benefited, or to put it in another way, who is benefited by the small difference of rate as between the 9s. 2d. from Hartlepool to Newark, and the 8s. from Grimsby to Newark?—The man who imports is benefited.

10,013. You ought rather to complain of the high

rates from Grimsby to Newark, not of the low rate from Hartlepool?—I do not complain of low rates.

10,014. Did you give evidence before the Railway Rates Committee?—I did at second-hand. My evidence was given in a paper.

10,015. Have you read their report?—I have some part of it.

10,016. Did you know they said that they did not recommend legislative measures for preventing the railway companies charging unequal rates?—I would rather not give an opinion about that report.

10,017. Did you know that that paragraph was in the report?—I knew that there was that paragraph in the report, but I would rather not give an opinion upon that at all.

10,018. You know that that Committee sat for two sessions?—I admit that; I know also in what way the Committee was constituted.

10,019. My friend Mr. Selater-Booth was on the Committee.

10,020. (Mr. Selater-Booth.) But it ought to be borne in mind that I proposed an amendment upon that Report of the Committee to the effect that any trader should have the opportunity of complaining before the Railway Commission of a differential rate in favour of foreign produce, which was rejected by a majority of the Committee.

10,021. (Sir J. Allport.) I put it to you whether that Committee did not sanction by their report differential rates?—I cannot agree with what the Committee did.

10,022. Are the circumstances at all equal as between Lynn and Cambridge and Stowe and Cambridge; at Lynn, I believe, corn is loaded direct from the ship into the trucks?—It goes direct from the ships into the trucks at the docks.

10,023. And at Goole the ships load into the trucks?—I have not been there to witness it, but I am told that they load out of the ship into the trucks; but then at Lynn they have to haul to the town station which is some little way, and the railway company will not do the haulage for me for nothing.

10,024. The railway company haul from the dock at Lynn to Cambridge, whether it goes to the town station or any other station; it must go through a good many stations before it reaches its destination?—The railway company take it to the depot at Cambridge.

10,025. You say it is taken to the town station; that happens to be an intermediate station between Lynn and Cambridge, is it not?—I do not think we quite understand each other. I understood you to say that the goods were loaded from the ships into the trucks, and taken direct on the line from the dock. I say it is so; they are loaded there and hauled to the town station at Lynn, where, if there happened to be home goods, and there would unquestionably be, they are marshalled, as I believe you call it, attached together at all events, and then they would come on to Cambridge, passing the intermediate stations I have been speaking of.

10,026. The same process would take place at every intermediate station if there were goods for Cambridge?—Precisely the same; they would have to take up and drop goods.

10,027. Does not it occur to you that there is very much less expense to a railway company when the crews load the trucks at Lynn, while the companies themselves load and unload the trucks at the roadside stations?—No, that is not so; because the railway companies will not load the trucks at the stations; they say to the farmers, "Put the stuff in yourselves."

10,028. But then you are not charged for loading or unloading?—Those are included in the maximum rates.

10,029. Are they?—Yes, the maximum rate upon the Great Eastern line is 2d. per ton per mile over 25 miles, and 2½d. per ton per mile up to that distance.

10,030. And what for terminals?—Nothing at all.

10,031. That is your contention, is it?—Yes.

10,032. Have you succeeded in your contention that there is no charge to be made for terminals?—If you ask me, I have not succeeded personally.

10,033. I would not say yourself particularly, but the trade?—I do not think that the thing has been fairly fought out yet.

10,034. It is subject to appeal I am aware, but has not one court of appeal decided that the companies can charge terminals as against the opinion of the Railway Commissioners?—I admit that, but at the same time I may just say that the Railway Commissioners have held on several occasions that the maximum rate includes terminals.

10,035. But the court has decided that they are wrong?—I admit that there has been a court which has decided that.

10,036. And that is a court of appeal?—I know that.

10,037. And it is fair to assume that in the Court of Appeal the judges are better interpreters of the law than the Railway Commissioners, who are not lawyers?—We shall not agree upon that point.

10,038. Is it not the fact that all terminals charged at Lynn Docks are paid by the ship?—I do not know that.

10,039. Would it not have been better if you had made yourself acquainted with the facts?—I am not aware that they are. I only know that if I require a railway company to carry me a certain quantity of grain, and they bring it, they make me that charge.

10,040. But I ask you a simple question; is it not the fact that the ship pays the terminal charges and the wharfage charges?—No doubt wharfage charges may not be the railway company's charges.

10,041. And there is no terminal charge at Lynn by the railway company?—None whatever.

10,042. Does not that account for the lowness of the charge at Lynn as compared with the charge at an intermediate station between Lynn and Cambridge?—No, because they will not load at the intermediate stations.

10,043. Have the railway company not been at the expense of providing stations and sidings and warehouses, and all the accommodation necessary for a station?—I know they have; they could not carry on their business without them.

10,044. But the railway company have spent no money at the Lynn Docks, have they?—I cannot answer that question.

10,045. Surely it is a very important factor in this case, is it not?—They have spent money at the Lynn station I admit, if that will answer your purpose.

10,046. It does not answer the question, because the grain is not loaded at the Lynn station?—But it is hauled to the Lynn station.

10,047. But the company have not been at the expense of providing a terminal station at the dock?—But it is handled at the dock.

10,048. It is not handled by the railway company at the dock. What I contend is that the railway companies have not provided the docks at Lynn, whereas they have provided stations at the places you have mentioned; consequently, they must charge for the use of the station, while they do not charge for the use of the dock, because it does not belong to them?—Then you think they are justified in putting on 50 per cent.

10,049. I merely want to get at the facts?—The railway company will not load for me at any of the stations.

10,050. Now, as regards those sidings that were put in at Derby, was not there an agreement between your company and the railway company, that at any time by giving six months' notice the company could take up those sidings?—Yes.

10,051. Is it not the fact also that those sidings were put in out of sidings in the railway company's yard?—Yes.

10,052. And that you could not under the Act of Parliament demand that the sidings should be put in under such circumstances?—I cannot answer that question, because that is a legal question.

10,053. I will not carry this any further as regards your dealings with the Midland Railway Company. Witnesses will be examined before the Commission to answer what you have stated?—I have nothing to do with that firm now, but I am bound to say what I have to say about it; and in doing so I speak nothing but the truth. A letter was received from Mr. Williams to the effect that if certain rates were agreed to be paid, which rates were not ordered to be paid by the Railway Commissioners, the siding might remain, but if not, notice should be given to take the siding up.

10,054. That would be strictly in accordance with the agreement made when the siding was put down, would it not?—I cannot see that it would, because there was a certain order made; and I consider that order ought to have been obeyed.

10,055. You say Mr. Williams wrote to you to say that on payment of certain rates the siding would be allowed to remain. Was not there an agreement between the railway company and the company that owned the land, that if the railway company gave six months' notice, they would be entitled to take up the siding?—I have said so.

10,056. And what was the reason you object to that?—I object to the motive in doing it. The railway company having had an order made upon them said, "If you do not choose to pay these rates, up goes your siding"; but they have put it down; they have had the good sense to do that.

10,057. When you consented to pay the rate?—No, it was put down before the firm had consented.

10,058. It was never taken up?—But the points were, which is the same thing.

10,059. (Mr. Aird.) I would ask whether in your opinion the preferential rates which are given to the foreign produce are detrimental to some of the ports of the kingdom, as well as being detrimental to the trade?—I should say certainly they are. It appears to me that the object is, as I think I stated a short time since, to grant a low rate to induce ships to bring their grain, or whatever it may be, to the particular port, so that the particular railway serving that port may be enabled to carry it over a certain length of their line, so that they shall have the trade instead of another port or railway company having it.

10,060. And the fact of the produce coming into that port is to the detriment of another port through which otherwise the produce would naturally go?—Certainly.

The witness withdrew.

Adjourned to to-morrow at 11 o'clock.

Mr. J. Flinn.
24 March 1886.

TWENTY-SIXTH DAY.

Thursday, March 25th, 1886.

PRESENT:

THE RIGHT HON. THE EARL OF IDDESLEIGH IN THE CHAIR.

MR. J. AIRD.
SIR J. ALLPORT.
MR. L. L. COHEN, M.P.
SIR J. P. CORRY.
MR. DAVID DALE.
MR. C. J. DRUMMOND.

MR. W. F. ECROYD.
MR. H. H. GIBBS.
MR. G. A. JAMIESON.
MR. A. O'CONNOR, M.P.
MR. W. PEARCE, M.P.

MR. G. H. MURRAY, *Secretary*.
MR. T. H. ELLIOTT, *Assistant Secretary*.

Mr. WILLIAM RAMSDEN PRICE examined.

Mr.
W. R. Price.
25 March 1886.

10,061. (*Chairman*.) I think you are a shipowner?—Yes.

10,062. Where do you carry on your business?—I carry on my business in London.

10,063. How long have you been in the shipping trade?—For upwards of 30 years.

10,064. Are you able to say whether there is any imminution in the quantity of goods now carried by a corresponding with the depression in trade?—Taking goods of all sorts, imports and exports, there is rather an increase than a decrease in the quantities carried, and I have not traced any reference of the imminution in the quantities to the depression in trade.

10,065. Is the carrying trade as profitable as formerly?—By no means; very much the contrary.

10,066. In spite of that the quantity of goods carried is rather increasing than diminishing?—Yes.

10,067. How do you account for that?—A very large factor in the unprofitableness of shipping is the excess of tonnage that has been built of recent years over the requirements of trade.

10,068. You think that we have a larger quantity of shipping than is really required for the trade of the world?—I think so, and that will be seen at a glance if reference is made to the tonnage built under Lloyd's Rules during the last four or five years. I see that in 1880 the total quantity of tonnage built and classed under Lloyd's Rules, both steam and sail, was 480 vessels, measuring 517,664 tons; in 1881, 582 vessels, measuring 757,802 tons; in 1882, 682 vessels, measuring 989,002 tons; in 1883, 848 vessels, measuring 1,116,555 tons. That was the biggest year ever known. In 1884 there was a slight decrease, namely, 723 vessels, measuring 807,708 tons; and in 1885 there was a marked decrease, namely, 509 vessels, measuring 480,240 tons; and inasmuch as the larger proportion of these increases was in steam tonnage which does, it is estimated, about three times the work of sailing ships, you can readily see how the freight market is overdone with capacity of tonnage.

10,069. Has British shipping as large a share as formerly of the carrying trade of the world?—I think so; that is my opinion.

10,070. There has been an increase, I suppose, of other ships besides British ships?—Yes.

10,071. But not to so great an extent?—Not in the same proportion as British shipping has increased.

10,072. Is our *entrepôt* trade falling off?—In many articles decidedly so. I am a member of Lloyd's and an underwriter there, and I constantly see an enormous amount of insurance going about the room, and I have noticed a very large increase in the direct trade from China and our own Indian possessions to the Mediterranean ports that used to come here. For instance, take the article of tea. In former years we used to

see very large policies effected on tea from London to St. Petersburg going by steamer, tea which had been imported direct from China. I have not seen one for a considerable time past, but I have seen very large policies from China to Odessa, direct cargoes. Take the article of silk again. I was formerly indirectly connected with a large concern manufacturing silk at Burhampore. That silk used invariably to come to London, and was sold in the London market, and some of it was transferred to the continent, again to Lyons, and those places, but in the last three or four years that I was connected with it the silk went direct either to Marseilles or to Venice, and was then distributed over the continent, and never came here at all. Then there is the article of cotton again. I was in Liverpool last week, and talking to one and another who were complaining of the dulness of business; they were saying that one trade had entirely gone from them. That is buying cotton on the Liverpool market to export to Russia and to various continental ports, now it goes direct from the various producing places to the continent.

10,073. Amongst other things that our attention has been drawn to is straw plaiting from China; is that leaving us at all?—I cannot say; it never came under my notice.

10,074. How do you account for that change. Is it due either to the opening of the Suez Canal or to any of the freight rings that we have heard of?—It is very largely due to the opening of the Suez Canal. There is another point which strikes me at the moment, and that is that at Antwerp where there are very excellent docks and great facilities for loading and discharging the direct trade there has increased very much. For instance, vessels whose cargoes have been sold afloat have been more frequently ordered to Antwerp than formally. The other day I wrote to a leading merchant there and asked him whether the trade was increasing, and he said very materially the trade from India, China, and other ports. Then there is another feature, that the steamers which used to load in London direct for China and Japan and those places now go to Hamburg, Antwerp, Havre, and such like places to pick up cargo, then coming to London to finish up and go on to China. The trade from those places is increasing very much, whereas it used to come into London to be shipped direct.

10,075. Have you any information with regard to what are called freight rings?—I am an outsider, I am not in a freight ring, and consequently my information is gathered more from outside quarters than inside quarters; but when I had notice that I should come before this Commission I went to some of the brokers interested in the Australian freight ring, and I told them what my opinion was, that it was adverse to them, but I said I wished to give them an oppor-

tunity of fortifying me with any information that they possibly can to modify my opinions. They pointed out to me that in former days there used to be so much competition amongst the loading brokers that it was difficult to know what a vessel would make that was laid on the berth to load for Australia, for Melbourne, Sydney, and those places. Sometimes owing to an unusual number of ships being on the berth the competition amongst the brokers would reduce the freights down to 7s. 6d., 10s., 12s. 6d., and so on; whilst at other times if ships had been kept out by easterly winds, fogs, and so on, and there was an accumulation of goods in the hands of Australian merchants, the freights would go up to 35s. And they found that so unsatisfactory that a number of them laid their heads together; the details of the arrangement I cannot tell you, but the gentleman who follows me to-day is a member of one of the freight rings, and he will be able to tell you, no doubt. But so far as I understand the arrangement, it was that they allied themselves together to act in concert. If I have a ship in London and I wish to load her for Sydney, we will say, with a view to going from thence loading coals at Newcastle, New South Wales, and go up to California, I have to go to one of those brokers and they confer amongst themselves what freight they will give me for that vessel, a lump sum, whether it be 2,500*l.*, 2,800*l.*, and so on, and they, knowing the market thoroughly, can estimate how much they can afford to give, and make a very handsome profit for themselves, and, in some cases, I have heard instances where they make 1,600*l.* or 1,700*l.* out of a ship. Another shipowner, a friend of mine, tells me that he will load no more vessels in Australian berths, because the brokers made, in addition to their 5 per cent., 700*l.* profit out of it. The brokers tell me that sometimes they over estimate their market and they lose by a ship, and sometimes, knowing that they are going to lose a little money by it, they keep a uniformity of rates of freight as between themselves and the Australian shippers, so that there may be no complaint that one man gets his stuff off at 35s. a ton with a cheap article that will not bear much freight and another gets it off at 17s. 6d.; they try to keep a uniformity, and they will lose a little money occasionally on purpose to keep up that uniformity. That is a system which I strongly object to. I like to have an open market. I like to be able to pick my chance whether I will get 7s. 6d. a ton for my cargo or whether I get 35s. Of course, if the freight is 7s. 6d. a ton I naturally should not put my ship on to the berth to load. I should take employment elsewhere, but I do not like to be deprived of the chance of getting 35s. if my ship happens to be fortunate enough to come in at a time when there is a plethora of goods and a scarcity of ships, in short, it is a combination and not honest and perfectly free trade. They all tell me we do not oppress you in any shape or way. You can put your ship on or not as you please. Commonly they are supposed to have an accumulated fund. Some say of 80,000*l.* to 100,000*l.*, with which to fight competition and to lower their rates if it suits them. The result is that, with one exception, about three years ago, I have not been able to load a ship in the Australian berth at all. I am virtually cut out of it. I think it is fair also to add that some shipowners say that through the combination they get a rather better average of rates than when there was open competition, and they differ with me in opinion. Then, in the China trade, there is what they call a conference; they do not call it a ring. Several of the lines running to China have got an arrangement amongst themselves whereby they equalise the amount of goods that each ship can take from a Chinese port. For instance, if there is a couple of thousand tons of goods to ship at a particular time, and there are three steamers for it, one steamer is only allowed to take a certain portion of it, and then she must go on to another port and take her chance there.

10,076. (*Sir J. P. Corry*.) Is that outward or homeward?—That is homewards. And as regards

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homeward, they have an arrangement also to keep down the rates. If I were to put in a steamer in competition with them they would most probably lower the rate down against me and divide the loss amongst themselves.

10,077. (*Chairman*.) Are those rings or conferences, or whatever they are called, increasing, do you think?—Yes, I think they are increasing. For instance, I heard yesterday that a large firm at Glasgow, the managing owners of several large vessels, and themselves loading brokers, have recently been allowed to enter the London ring. And in Liverpool there is a similar arrangement both for the Australian trade and for the Californian trade.

10,078. Of whom are those rings composed; are they owners of ships or are they brokers?—Mainly of brokers. Some of them may have an interest in shipping; but it is amongst the loading brokers mainly as regards the Australian trade and as regards the China trade, it is amongst the owners of the ships themselves, from the Peninsular and Oriental downwards. The Glen Line, the Peninsular and Oriental Line, the Shire Line, and several others.

10,079. Do they meet and come to an arrangement as to the rates of freight that they are going to take?—Yes.

10,080. And anybody who does not come into the ring has to be cut down?—Certainly.

10,081. What effect do you consider that that has had upon the British trade, has it at all diverted the trade from British bottoms to foreign bottoms?—I cannot speak upon that point; but I should say that it has not diverted the trade from British bottoms to foreign bottoms, for the simple reason that the number of foreign ships in those trades is not sufficient. But it no doubt has a tendency to promote the interests of individuals in those combinations to the detriment of the general community; because if there are too many vessels, and if the trade is so unprofitable for ships that they cannot run without a loss, it will be a question of the survival of the fittest, and instead of having such rates of freight that just keep you, as it were, alive, some of those firms would die out, and it would be a fair and open market regulated by the question of supply and demand; but as it is now, it seems as if certain lines have combined together and have the control of the whole market, to the detriment of the general interests of British shipping.

10,082. Has the effect of it been to drive trade into other channels?—That I cannot say.

10,083. Do you attribute at all the change that you are noticing with regard to the *entrepôt* trade to the raising of freights by the operation of those rings?—I have not observed that—my attention has not been called to it so closely as that. But I may mention that there was some correspondence in the "Times" in the month of December last upon this trade ring question. One of the letters was from a firm at Bristol, manufacturers of corrugated iron, I think, who pointed to figures showing how it affects them.

10,084. We have had a representation from persons interested in the straw plait trade with China, and their view is that a very large proportion of the straw plait used to come to London, and was then sent all over the world, but that in consequence of these rings the rates from China to London are now very much higher than the rates to Hamburg, and the consequence is that the trade is leaving, or is tending to leave London, and to go to Germany; have you any acquaintance with that?—No; but I have seen recently a letter in the public prints calling attention to the fact that steamers taking similar outward cargo to continental ports will accept a lower rate there to get the goods; that instead of their coming to London and being shipped from there they will accept a lower rate than they will for the British goods; that is to say, they will charge 35s., for instance, from Hamburg to London and China, and they will charge 50s. from London direct to China, thus handicapping the home trade.

Mr.
W. R. Price.
25 March 1886.

106 THIRD REPORT OF THE ROYAL COMMISSION ON DEPRESSION OF TRADE AND INDUSTRY:

Mr.
IV. R. Price.
25 March 1886.

10,085. In a statement made by the Luton Chamber of Commerce we are told that, "Whenever an opposing 'outside' steamer is on the berth in Shanghai the following rates are adopted—varying slightly from time to time—but usually on straw plait for London, 57s. 6d. per ton of 40 cubic feet. On straw plait in transit on through bill of lading for Hamburg, Havre, &c., 40s. per ton of 40 cubic feet; thus making a difference in first cost of freight of 17s. 6d. per ton, to which on all goods once landed in London and subsequently forwarded to the same ports a further freight has to be paid of (say) 15s. per ton, making a total of 32s. 6d. per ton, or about 10s. per bale against England"; and that they attribute largely to the keeping up of the rates by the rings; would you agree with that opinion?—I have no doubt of it.

10,086. The practical effect of that, they say, will be permanently to injure that trade so far as Luton and London are concerned?—Yes, I can quite believe that. The firm of Lysaght and Company, who have factories at Bristol and Wolverhampton, and employ 2,000 hands in the galvanized iron trade, wrote to the "Times" on the 5th of December last, and they say: "As a practical illustration of the evil effects of the Australian freight ring, and the immediate necessity for concerting measures to put a stop to it as suggested in the letter appearing in the 'Times' of the 3rd instant, we beg to submit the following: "We are manufacturers of galvanized iron, an article largely exported to Australia. In our factories at Bristol and Wolverhampton we employ 2,000 hands. Some years since we were constrained to sign the agreement with the Australian brokers, which binds us to ship all goods from the port of London to Australia by their ships. On several occasions opposition vessels to those of the ring were put on, and then the rates suddenly dropped from 20s. or 25s. per ton to 10s. or 7s. 6d. These sudden and excessive falls and rises of freight are entirely due to the existence of the ring, no such feature having existed prior to its formation. Recently Messrs. Tyser & Co., of Great St. Helens, put on opposition ships, and they applied to us for freight, offering to take goods at a through rate from Bristol to Melbourne and Sydney, and we availed ourselves of their offer. Our iron was shipped at Bristol and a bill of lading was given as dated from Bristol. In consequence of our doing so the Australian ring cancelled our agreement, and now refuse to take our goods unless at a prohibitive rate. We offered to submit the question in dispute to arbitration, but they declined. The consequence is we must either submit to the dictation of the 'ring' or combine with others to suppress it. This combination is most injurious to artisans, merchants, manufacturers, shipowners, and Australian colonists. It is also a potent cause of depression in trade by unduly weighting English manufactures with rates of freight in excess of what foreign manufactures pay to our own colonies. This ring boasts that it has accumulated from surplus profits a fund of 80,000l. to fight all opponents. Financial men will see that if this is so there is a splendid field here to promote a large company to carry on this lucrative Australian shipping business"—and so on.

10,087. What effect has been produced upon the shipping industry of this country by the bounties now given in some foreign countries either on the running or building of ships?—The extent of the effect I have no information upon; I cannot say with any certainty. So far as my observation goes, those bounties have been largely confined to ocean-going steamers for mail purposes, and so on. They do not compete with me at all, so far as I have been able to perceive, but they must compete seriously with the great lines of steamers running from this country to India and China, and so on. As regards the recent promulgation of a paper about Italian bounties, I was talking to two members of the Shipowners' Committee on Tuesday, who are large carriers of coal outwards to Italian ports, and I asked

them whether they thought that a bounty of 10d. per ton on coal shipped in Italian ports was a material element with them, and they said that it was not, at the present time, because the number of steamers that the Italians have is a very small proportion of the amount of tonnage taking coals into Italian ports, and consequently they would not feel it very much; but on a low-priced article like coal it is an element. As regards the bounty on ship building it must have an effect, and, if it is continued on any scale, it must have a detrimental effect upon British shipping, for the simple reason that a ship built in Italy gets a bounty of 24s. per ton, which is more than equivalent to the difference of cost between building in this country and building in Italy, because if you import your iron or steel from this country or Belgium, you have the freight to pay for them at the Italian ports, thereby enhancing the cost. You have got, on the other hand, very much cheaper labour in the Italian ports for building ships, and consequently one would neutralise the other, and therefore it would be virtually, I should say, a reduction in the price of the ship, making their ship a cheaper ship than ours. At the present moment I am engaged in fixing a contract for a steel ship, and I find of late that it has increased materially the building of steel *versus* iron.

10,088. Is the substitution of steamers for sailing vessels proceeding at a more or less rapid rate?—It has been increasing at a very rapid rate up to a recent period, but there is a considerable falling off just at present. For instance, take the year 1883. The total tonnage in steam vessels built was 968,793 gross tons *versus* 147,762 gross tons of sailing tonnage. In 1884 the proportions were 638,614 of steam and 169,094 of sail. In 1885 steam shows a great diminution, 272,717 tons, and sailing vessels show a small increase, making it 207,523 tons.

10,089. Then the steam has been losing?—Steam has been doing so badly that there is a cessation of building for the moment, but the tendency of the age is greatly in favour of rapid communication, and steam is superseding sailing vessels. I thought that the time had not arrived when sailing ships would be snuffed out, and I have gone on building sailing ships, and am going to continue it for the present; but at the same time I find no difficulty in finding employment, and during the present depression, in comparing notes with those who own steam, as to the result of their voyage, I have found that I could hold my own without loss while they were losing heavily.

10,090. Which are the trades that sailing vessels are principally employed in?—In what we call the long trades, such as India, the Bay of Bengal, the rice ports, Calcutta, and the San Francisco trade.

10,091. Do any sailing vessels go through the Suez Canal?—No, sailing vessels do not go through the canal. Sir James Corry when you are alone can give you his own opinion upon the point, that so long as cheap articles like rice, jute, and so on require to be carried, the rate of freight of which bears a large proportion to the value, the sailing ship will be able to hold its own against a steamer unless there is any improvement in the cost of the motive power of the steamer.

10,091a. What do you consider to be the effect of the opening of the Suez Canal generally upon British shipping?—I am speaking with some prejudice, but I entertain a very strong opinion that, speaking especially for this country, I consider it is an unmitigated nuisance. I say it has altered our profits, it has altered our trade altogether, it has prevented our being the *entrepôt* that we used to be, and I think that the world would have been happier and better without it. That is my opinion. I am quite aware that I am considered very retrograde in my views, but the British shipping interest would have been very much better without it. Of course I express no opinion upon the political advantages of it. Before the opening of the Suez Canal we used to send our vessels with great regularity to India. Take the port of Bombay, for instance; it was a regular thing. We used to have a bad year, depression of trade, and so forth, but the

fluctuations were not so great, and the average was a fairly profitable result. Since the opening of the canal we have had very great fluctuations, and altogether a lower stratum of freights to shipowners.

10,092. (Mr. Aird.) Do you think that the shipowners have been sufficiently alert to the altered circumstances since the opening of the Suez Canal in order to retain the business that they did before?—I think they have been sufficiently alert so far as it was in their power; for instance, look at the very marked improvement in the carrying capacity of merchant vessels which has taken place of late years; for instance, before the opening of the Suez Canal there was a large per-centage of tonnage that would carry not exceeding 33 per cent. above its register; now, owing to the necessity of improvement, we have got vessels—iron ships—that will carry 60 per cent. above their register. Then there has been an improvement in their models in reducing that portion of the ship which does not earn freight, for instance, poop accommodation, and things of that sort; and I think that everybody has been striving, so far as my observation has gone, to get the most profitable class of vessel that will work at the smallest possible cost of labour, and give the largest dead weight capacity.

10,092a. Although the shipping industry has suffered from the opening of the Suez Canal, do you not agree with the opinion that the general trade of India and this country has benefited from the facilities afforded through that work?—I daresay, taking the consumer's point of view, of course the cheaper that stuff can be landed in this country the better it must be for the purchaser and for the consumer; but it has had the effect of annihilating, or rather of materially diminishing, that profitable trade which was carried on which we summarised in the words "British commerce." It has had the effect of reducing profits, and I think that the wealth of the nation in that way has been materially diminished.

10,093. The general result of the improvement that has been carried out has been to throw out the old-fashioned style which had previously existed?—Yes.

10,094. And to sacrifice some of those elements?—Yes.

10,095. I wish to ask you a question with regard to those freight rings which exist particularly in the Australian trade, and whether the effect of those rings does not altogether destroy individual enterprise?—Very materially, it must have that effect.

10,096. Does it not throw the business into the hands of the middlemen and the brokers, instead of its remaining with the owner of the vessel himself?—Yes, certainly, it does very materially.

10,097. Do they have those rings amongst the shipowners in Germany and France?—I think not. I have not heard of anything of the sort, it is a point to which my attention has not been called; but I have here a letter, dated the 12th of March, from Antwerp, in reply to a letter of mine in which I asked the question, whether the trade of Antwerp was increasing, and whether they could give me statistics, and what the opinion was on freight rings; and they say, "Your favour of 9th instant to hand. Regarding the statistics you wish to receive, I beg to forward you to-day by book-post the Commercial Report on the Port of Antwerp for 1882, 1883, and 1884, the report for last year not having been issued yet. The annexes in each book will show you the points which interest you the most, and I have marked them with red pencil in the index. When no longer of use to your good selves please return me the three books, but should they prove necessary I shall then try and replace them by new ones in my library. Our direct trade with the far East has undoubtedly greatly increased of late years, and has become very important, but the principal part of it is done by or for account of British firms. The same may be applied to our Australian commerce. We have no ring here the same as in London, but the London ring has its representatives over here. I consider such institu-

tions a perfect nuisance and a detriment to commerce." That is from a leading man in Antwerp connected with shipping.

10,098. The docks at Antwerp have been very largely increased of late years, have they not?—Yes; very largely.

10,099. Do you know if they have been carried out with the assistance of the State?—I think so, largely.

10,100. Do you think that it would be a benefit to the shipping industry of this country if great works of that class were carried out for the benefit of commerce?—No, I do not think so. Nothing occurs to my mind upon the subject except harbours of refuge for certain trades.

10,101. Do you think that the shipping trade of this country at present suffers from the want of harbours of refuge?—On the east coast and the coast of Scotland I think there is an enormous amount of tonnage lost in every year which if there were more harbours of refuge would not be lost.

10,102. (Sir J. Allport.) That applies almost entirely to the coasting trade, and not to the foreign trade?—It applies largely to the coasting trade. Take, for example, a ship going to Dundee in the winter months—she is coming from India with a cargo of jute—I had a ship that met with very heavy weather, and she was a month after she had passed the Downs before she got to Dundee, such was the state of the weather; she was in very great danger, there was no harbour of refuge to go into, and she had to sheer away into the North Sea to the great danger of the ship and the lives of the crew because there was no port for her to go into, but the channel pilot that took her up, when he came into my office to receive his payment, made the remark "We did get into Grimsby," and his expression was "It was like getting into Abraham's bosom;" meaning that the safety was so great, and the satisfaction was so great.

10,103. (Mr. Aird.) Do you believe that it would help the shipping trade of this country if harbours of refuge were carried out?—It would undoubtedly prevent many losses that take place.

10,104. And benefit the trade of the country?—It would benefit the trade of the country because of the saving of property.

10,105. With regard to the bounties which are given by the French Government, do you know anything of the system which is carried out by France in giving a bounty to a French owned vessel even if it carries goods for this country?—I do not know the details of it, because it has not come before me in my business.

10,106. You are not aware that, a French owned vessel carrying goods, such as coal, to or from English ports receives from the French Government a bounty of 1d. per ton per 1,000 kilometres?—No, I am not aware of that.

10,107. If a bounty like that is given, would it not be very prejudicial to English owned vessels?—Certainly.

10,108. Are you able to give the Commission any information as to the bounties which are also given by the German Government to steamers trading to China and Australia?—I know nothing of it, except what I have seen in the public prints; but the effect of it must be manifestly to injure British shipping very materially by bringing in subsidised competitors to compete with us in our own trade; it must be very detrimental.

10,109. So that in addition to the lower cost of the foreign vessel carrying produce, it also gives the foreigner greater facilities for getting from port to port in much less space of time in consideration of the money paid for it?—Yes, a saving of four days on the voyage to China, making it 30 instead of 34 days, I do not conceive is of any great importance to commerce at all. I do not see the advantage of it. If you weigh it against the fact of bringing in the subsidised element against our own shipping trade, I do not think it is to be considered for a moment.

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10,110. Are you not aware that the German Government give as one of the reasons why they give those subventions the fact that it will enable German vessels to get to China and Australia three or four days before English vessels?—I do not know what has been stated upon that point, but it is self-evident to my mind that they want to rob the British shipowner of his trade by any means in their power.

10,111. Would the general result of those subventions lessening the cost of carriage in foreign vessels be to oblige the English shipowner to bring his rates down?—Yes, certainly.

10,112. And it facilitates the import of foreign produce which may be introduced into this country?—Yes.

10,113. If also the English railway companies on this side carry their produce at a less rate than also is an advantage to the foreign producer?—Yes.

10,114. If similar facilities are given on the other side they would also have the advantage of that?—Yes.

10,115. Does not the fact of those three systems all tending to lower the cost of foreign produce encourage materially its introduction into England?—I do not quite understand your question.

10,116. The cost of foreign produce coming into this country being lowered from those circumstances, and the price being kept down through foreign aid, and the English railway companies also carrying at a less rate, and the foreign companies the same, all lessens the cost of foreign production?—Yes.

10,117. And, therefore, they have so much greater chance of success in this country against the English producer?—Certainly; the fact of bringing the rates of freight down by competition first of all affects the shipowner's direct benefit; that again affects the value of vessels, and that again reacts upon the shipbuilder. I cannot afford to give him the price that he must get to have a certainty of a profit; and that acts upon the labouring population, the producers of the material, the workmen, and so forth. It altogether brings everything down to a lower point.

10,118. (Mr. Pearce.) You say that foreign Governments stimulate shipping by giving subsidies to reduce the rates?—No, I do not say that it is to reduce the rates, it is to promote a commercial marine for themselves, and so forth. What their particular motive is I cannot say.

10,119. In answer to a former question of Mr. Aird's I think you said that the rates were reduced by foreign Governments giving subsidies?—Yes, that was one of the effects. Another was to stimulate foreign goods coming into this country.

10,120. You are no doubt aware that there is no European Government giving subsidies for vessels going a less distance than 1,000 miles, therefore we may assume that no European foreign goods are stimulated in any way in coming into this country by any Government subsidies; is not that the case?—That may be so, but I have not worked it out in my own mind, and perhaps I am not sufficiently *au fait* at it, but I look at it more particularly from a shipowner's point of view, and I would rather confine my observations to what affects British shipping. I say that my competitor gets so much returned to him on the building of his vessel, and gets so much per mile for every mile that he runs.

10,121. Provided that he runs 1,000 miles?—Yes, it is in those long trades that it tells.

10,122. That is why I interposed; that it should be understood clearly when you speak of foreign goods that it means foreign goods, such as to China and South America, and not European foreign goods?—Precisely. As to its effects upon goods I will not pledge myself, but its effect upon shipping is undoubted.

10,123. (Mr. Aird.) You only desire to point to the fact that the shipping industry of this country is prejudiced by the system adopted by foreign countries of giving bounties and subventions in aid of their own particular vessels?—Yes, most certainly; but I would

like to sum up the whole matter in this way: I do not think that British shipping wants anything more than legitimate protection, and what I mean by legitimate protection I will explain. I want a fair field and no favour to anybody. If we have not the capacity as shipowners to hold our own against the world we must be content to take the result. Although politically I am very conservative, upon that point I am perfectly a free trader. I want a fair field and no favour. When I speak of the protection that I want for British shipping it is this: I do not want to see that by the regulations of our Board of Trade in this country a ship can be stopped by the Board of Trade as unseaworthy or condemned or anything of that sort, whereas she can be sold to a foreigner and that ship under a foreign flag can come into a British port, load as deeply as they please, and no restriction is put upon her, whilst we have to have a load line and we have to undergo the Board of Trade inspection, and that very vessel because she was unseaworthy and not fit to run is sold to a foreigner and comes in against us. I say that that is unfair competition and it ought to be stopped, and I say that the same regulations that govern the shipping of this country should so far as possible be applied to the foreign trade in our ports.

10,124. (Mr. Cohen.) Would you follow that up and say how you would apply the test?—Of course there is some difficulty and delicacy about it in some respects, but as regards a load line, for instance, I say distinctly that foreign vessels should have the same load line as British ships under the same circumstances.

10,125. Provided that they load in British ports?—Yes, provided that they come into British ports.

10,126. (Mr. Drummond.) Would you condemn a foreign ship that was unseaworthy in a British port?—I do not know how this is to be accomplished, but I say that you have no right to allow a foreigner to do what you do not allow your own subject to do.

10,127. (Mr. Cohen.) Do you mean by keeping the ships out altogether, or how are you to apply your test?—I admit the difficulty.

10,128. (Sir J. Allport.) I presume your remedy would be that the Board of Trade should give up its supervision of the trade of the country?—Most decidedly. I look upon it that it is very benevolent in intention but very mischievous in practice; and further, it has not been administered hitherto by those who are competent to deal with the subject.

10,129. (Mr. Aird.) Another reason to the prejudice of English shipowners is that not only does the foreign vessel get a bounty with which it comes in competition with the English vessel, but it has particular facilities and a latitude which English vessels do not possess?—Certainly.

10,130. All tending to add to the cost and to the prejudice of the English shipowner?—Yes.

10,131. (Chairman.) Those who are keeping up those freight rings are rather playing into the hands of the foreigners, are they not?—I do not know that there are very many foreign ships loading at the Australian berth, they are mostly British ships.

10,132. Do they not play into the hands of the foreigner by driving the trade to other countries to which the ring does not apply?—Yes, certainly; the foreigner in a condemned ship that he buys for a bagatelle is competing with me, say, in the Indian trade, and he can do it at a rate of freight that I cannot, because the cost price of his ship is less, the cost of his insurance is less, and his capital at stake is altogether less.

10,133. (Mr. Jamieson.) Does he insure at the same rate?—He may in consequence of the low value of his vessel run his own risk, or he is in a club; they have mutual insurance clubs for the purpose.

10,134. (Sir J. Allport.) I rather gathered from you that you were not quite aware of the quantity of produce going from England to Australia in consequence of those rings. Is anyone coming who can give information on the subject?—I cannot say.

Mr. Devitt, who is a member of a ring, is to follow me to-day, I believe, and I have no doubt he can speak upon that point.

10,135. You do not know the reason why goods are practically being sent to Antwerp and Hamburg to get the benefit of low rates in consequence of the ring?—No, I do not know that.

10,136. Do you know any case of a steamer being, as it were, boycotted at a Chinese port owing to the owner not being in the ring, and when she had gone for cargo they reduced it to such a rate that she left the port without any cargo at all?—I have heard that case mentioned, but, of course, I cannot vouch for the correctness of it, because I only know it by hearsay. A case has been mentioned to me of that nature.

10,137. I think these rings are confined entirely to steam vessels, are they not?—No, the Australian's ring is for sailing vessels as well. The Chinese freight is nearly all done by steam now—of course it is confined to steam in that case—but as regards the Australian trade there are a great number of sailing ships loaded on the Australian berth.

10,138. It is the tendency, is it not, of sailing shipowners very much to increase the size of their ships?—Yes, very much.

10,139. So that in addition to the per-centage of carrying capacity over the register the registered size of the ship is now very much larger?—I can give my own experience. I commenced with ships of 1,000 tons, and I have gone to 1,200, 1,300, 1,400, 1,500, 1,700, 1,900, and 2,000, and now I am going to 2,200 tons.

10,140. And I think that some Liverpool firms have carried 3,000 or 4,000 tons?—Yes.

10,141. And that it is on the increase?—Yes.

10,142. A question has been put to you with regard to sailing ships going through the Suez Canal. I believe that the great difficulty is the navigation of the Red Sea?—The absence of wind and the difficulty of navigation, but principally the absence of wind.

10,143. (Mr. Cohen.) I gather from your answers to Mr. Aird that you would get rid of the competition of foreign ships by removing our shipping from the supervision to which it is now subjected rather than by imposing that supervision on foreign vessels; is that so?—No, I do not say that I would do it by either the one means or the other, but I should like it to be done by both, as far as possible. I am not prepared to go to that extent, because it would be foolish to do so; to allow a man calling himself a British shipowner to do everything he likes, quite regardless of what is right and proper. I think that a fair amount of supervision ought to be given to the subject.

10,144. I am obliged to put this question, because it is of great importance if the question of supervision is one which you say operates in favour of the foreign owner, how would you remedy it?—I cannot gauge the power and influence which those who have the management of these things have. I cannot say that.

10,145. Of course it is very easy to lay down many things which are desirable, but when you attempt to reduce them into legislation you find that you cannot do it, and, therefore, we want some guidance from you as to what means you would suggest for the purpose of carrying out what you think desirable?—If you will permit me to make the remark, I certainly should not feel myself competent as a guide to so experienced a body of gentlemen as you are here or the Government. I rather came here to state facts within my own knowledge, but these are such difficult matters to handle that I should be very nervous in giving an opinion upon them.

10,146. (Sir J. Allport.) Do you know whether there has not been represented to the Board of Trade the desirability of enforcing the same system of supervision on foreign vessels coming into an English port?—I have not the slightest doubt that it has been represented over and over again.

10,147. But you do not consider the difficulty then

so serious with foreign vessels that this cannot be done?—No.

10,148. (Mr. Cohen.) Foreign vessels are allowed to load here quite freely, are they not?—Yes.

10,149. Would not it be possible for a foreign vessel to have a certificate just the same as an English vessel from the Board of Trade before she is allowed to load?—That would be possible.

10,150. Would there be any difficulty in it?—No difficulty occurs to my mind. She ought to have a load line most distinctly, and she ought to have a load line exactly in the same proportion as a British ship.

10,151. And that certificate could be produced at the time she was allowed to load in a British port?—Certainly.

10,152. (Sir J. P. Corry.) You attribute, do you not, the depression of the shipping trade to the excess of tonnage?—Largely so. I do not mean to say that that is the sole cause, but that is a great factor. The excess of tonnage in England is coincident with the general depression pervading the commerce of the world.

10,153. I think you said that the quantity carried was increasing in the present condition of things?—The latest statistics that have come before me show a decided increase, but upon that point I would observe that Mr. John Williamson of Liverpool, who I believe is known to you and is to appear before this Commission, only the other day read a paper before the Chamber of Shipping with some very valuable statistics upon the subject. I have had them lent to me, and I have got a copy of them here; I should not like to bring them before you, as he will do so, but I may take leave to say just one thing; he shows that where the exports and imports combined between certain years have shown an increase, the shipping has shown a greater per-centage of increase, and that the increase of tonnage has increased in an undue proportion to the increase of volume of trade.

10,154. Can you tell us how this excess of tonnage has been brought about?—It has been brought about from various causes, one of which is that ships for some years had made exceedingly good profits, and owing to the Limited Liability Act a large number of very enterprising nobodies, without experience of the shipping trade, were enabled to put a balance sheet before gentlemen in the country who knew nothing at all about the subject, and they said this vessel made 25 per cent. profit last voyage, and we are going to get up a company for another vessel, and we will put you down for any amount you like, we will either put you down for 500*l.* or 1,000*l.*, and you know that is the extent of your responsibility. The result was that this was done very rapidly, the public took the bait, and an enormous amount of money was invested in shipping owing to the limited liability which would not have existed if it had been in the old fashioned style of 64ths and unlimited liability.

10,155. Do you think that the limited liability principle, so far as regards the shipping trade, has been an advantage or a disadvantage?—A decided disadvantage to the whole of the British shipowners.

10,156. Has there not been another development of that system in the one ship companies?—Yes; but I think that the one ship company received a greater development from quite another cause, and that is that when an individual vessel meets with a collision and questions arise out of it, if there are five vessels with 100,000*l.* capital in the five vessels, they can go upon the capital of the whole thing instead of upon the capital of the individual ship. I may tell you, because I wish to be perfectly candid in the matter, that I used to own my ships in combination with my private friends under the principle of 64ths; many of them were men out of business, and many in large business, and they asked me as this system was coming into vogue whether I would put the ship under limited liability, and for the purpose of collision, and that style of thing, we agreed to it. The owners of my ships being in each practically identical it came to the same result, of instead of one man having 10,000*l.* or

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15,000*l.* in one lump, he has it in portions of 2,000*l.* each. But as to a single ship company I cannot see the slightest difference between a number of people who are big enough to subscribe 500,000*l.* and a certain number of men who can only subscribe 25,000*l.*, excepting that the one is more numerous than the other, and thus the limited liability question has facilitated the getting up of single ship companies.

10,157. (*Sir J. Allport.*) But the liability of a shipowner even under the 64th principle is limited to the value of the ship, is it not?—No, it is unlimited liability.

10,158. (*Sir J. P. Corry.*) The one ship company has this advantage, that the co-owners of that ship are only liable for the value of that one ship?—Yes, that is so.

10,159. Whereas if it was a joint stock company or an ordinary unlimited company, the whole of their property would be liable?—Yes.

10,160. With regard to those freight rings or conferences, whichever you may call them, do you think that the shippers of goods, as a rule, object to them?—In some cases they do, but many of them do not object. Take the Australian trade—a large number of the Australian houses are agency houses and commission merchants—they do not ship on their own account, but they execute orders for people on the other side. Naturally they are very anxious that the rates of freight that they pay, and that which their neighbour pays, should be the same, because otherwise there would be a complaint as to their management on this side, and consequently they like that system. Then again there is this fact, that they get from those brokers in consideration of giving them a certain quantity of goods to ship by a vessel a consignment of that ship to dispose of; and that is a saleable commodity; that is to say, they can give it to whom they please, and they arrange in the charter party that on all the freights payable in Australia, the house to whom they give the consignment gets 5 per cent. I do not know whether it exists now, but there was another piece of black mail that they used to levy upon us, that they not only dictated to us to whom that vessel should go on the other side to do the agency business, but they dictated the very wharf to which she was to go to load, with the result that they had a sub-arrangement with the wharfinger in Sydney, we will say, to return them so much on the wharfage he got out of the transaction.

10,161. Have they not also on this side an arrangement with the stevedores, you cannot stevedore your ship with any stevedore you like?—Yes, that is so. I put that question pointedly to a loading broker, a member of the ring, the other day, and he gave me an assurance that they got no return out of that. Then, I said, you support a system whereby the stevedores must be getting very fat at the expense of the shipowners, because the stevedore's expenses are excessive.

10,162. Your objection to the rings amounts to this, that you are prevented from putting a ship on a particular berth if you wish to load her for that berth?—Yes, I am practically prevented. They assure me that I am not, but the result is that I am prevented from putting my ship on, unless I am prepared to be boycotted by them.

10,163. If you did persist in putting a ship on the berth in opposition to them would they at once put down the freight?—Yes.

10,164. Do those rings, so far as you know, interfere with the loading homewards?—I do not know that up to the present time they do, but I was told the other day that such was the advantage that they had found in the rings in London that they were trying to get one up in the colonies for the homeward loading as well.

10,165. Are you aware whether such rings exist in the Atlantic trade or not?—I have heard of conferences amongst Liverpool steam shipowners, constant breaks down amongst them, and constant renewals.

10,166. Have you known any cases of the subsidised main lines entering into these conferences?—I have not heard of any.

10,167. You spoke of a great change which had taken place in the proportion of per-centage of carrying capacity of ships in the olden times, you spoke of 33 per cent. and now of 60 per cent.; but has not part of that arisen from the different mode in which ships are measured now from what they were measured in former times?—Not to my knowledge.

10,168. There are more deductions, are there not, for crew space and for sanitary purposes, more deductions from the gross tonnage than there were in former years?—Going a few years back, I remember having a conversation with a person who was measuring a ship, and he told me that the cubic capacity of every vessel was gauged on the same principle as that on which an exciseman gauges a cask to get the internal cubic capacity, there were in steamers certain allowances for engine space, boiler space, and so on, but in my experience of every ship that I have had measured it never struck me that an owner got any greater deduction for crew space than I used to have in former times. There is this one point which I should like to call attention to. What I meant to say was that the per-centage of dead weight carrying has materially increased in modern ships as compared with the under-deck tonnage where those allowances which you were speaking of do not come in.

10,169. With regard to the Suez Canal, the opening of the Suez Canal has no doubt diverted a considerable amount of trade from India and China to the Mediterranean ports which used to come direct to London?—Undoubtedly.

10,170. Tea, for instance, from China now goes to Odessa, in place of coming to London and being re-shipped in London and sent to St. Petersburg?—Yes.

10,171. Do the British shipowners not compete with the foreigners in those trades?—Those cases that have come under my observation have always been foreign steamers, Russian steamers, and so on.

10,172. Of course with the bounties given to Italian, German, and French steamers it is more likely now that the trade will be confined to those ships?—Yes.

10,173. You think that the effect of the shipping bounties given by those countries will be to the prejudice of the British shipowner?—Yes, unquestionably; by no manner of means can it be to their advantage.

10,174. And also that the bounty given for building ships will encourage shipbuilding in Germany, in France, and in Italy?—Yes.

10,175. And the lower wages for labour there will be a set off against the freight that is paid upon the material imported into those countries?—Yes; the labour in the construction of a ship in this country is a very large element indeed; I cannot give you the exact figures. I was speaking to Mr. MacMillan of Dumbarton, a well-known shipbuilder, the other day, and he told me that the fall in prices of one sort and another and the depression in trade had enabled him to get his labour on a given ship some 3,000*l.* less than he could have built her for a few years ago when the prices were high. It is a very large element. I should think that taking a ship of 22,000*l.* of value the question of labour would involve 8,000*l.* I am speaking now of sailing ships.

10,176. You have spoken of harbours of refuge being wanted upon the east coast; but would harbours of refuge be taken advantage of by such large ships as you refer to?—All would depend upon their position, their size, and their adaptability for the purpose.

10,177. Would not they be more likely to be taken advantage of by steamers than by sailing ships?—Yes, certainly; because steamers are so very much more numerous.

10,178. Speaking of the intervention of the Board of Trade with reference to the loading of ships, do you not think that it would be quite possible now, and quite practicable, for the Board of Trade to say that all ships loaded out of British ports should be placed on the same footing as British ships?—Clearly.

10,179. Whilst they could not interfere with ships loaded in foreign countries it is quite possible that

they might say to a foreigner, if you load in a British port your load line must be the same as that of a British ship?—Yes. I think it is most fair and proper that that should be done.

10,180. Are not you aware that in Canada, in the local Canadian ports, a shipowner there, no matter what nationality she belongs to, is obliged to load under the superintendence of the port surveyor, and that they are all practically loaded to the same load line?—That case has not come before me, but I have got an impression to that effect.

10,181. So that if that can be done in Canada you would not see any reason why it should not be done in England?—Certainly.

10,182. Do you see any chance of any revival of the shipping trade from this great depression which exists now?—No; no daylight at the present time appears to my eye.

10,183. Is the competition more amongst shipowners themselves than the competition with foreign shipowners?—No, I should say not; of course the British shipowners being a more numerous body there is a greater volume of competition naturally; but I do not think it is more keen amongst British shipowners than amongst foreigners.

10,184. I presume you think that the improvement in the modelling and in other things in ships of late years has very much tended to improve the trade as far as regards the class of ships is concerned?—Unquestionably. Would you permit me to call your attention to a circular which was issued in Glasgow on the 10th of March 1886 touching rings:—“Shippers to Bombay are respectfully informed that, subject to the conditions herein-after named, a return of 5 per cent. on the net freight paid will be allowed from the 1st of February to all principals who ship in steamers despatched by the under-mentioned lines from Glasgow and Liverpool. The return per-centage will be computed quarterly up to the 1st of May, 1st of August, 1st of November, and 1st of February in each year, and paid six months after those dates. The return will only be payable to those shippers who have on and after this date and up to the date of payment shipped exclusively by the under-mentioned lines. Shippers must send in statements detailing the amounts claimed by them on the form to be obtained from the respective lines; the Anchor Line from Glasgow and Liverpool; the Clan Line from Glasgow and Liverpool; the City Line from Glasgow and Liverpool; and the Hall Line from Liverpool.”

10,185. (*Chairman.*) Where do those lines run?—That is the ring in the Bombay trade. I need not tell you, gentlemen, that there is a very great doubt whether that 5 per cent. gets into the pocket of the owner of the goods, or whether it gets into the pocket of his agent here, and remains there. It is a vicious system altogether.

10,186. (*Mr. Pearee.*) Does that extend all over the country, or is it only with regard to goods shipped at Glasgow?—It is all goods shipped by these lines from Glasgow and Liverpool. These lines, the Hall Line, the Clan Line, and I think the City Line also, run from Liverpool.

10,187. Does that arrangement extend to all ports of the kingdom, or is it only from Glasgow and Liverpool?—From Glasgow and Liverpool, and they may have similar arrangements in London for aught I know.

10,188. (*Sir J. P. Corry.*) Is not it more in the nature of protection both to the shipowners and to the shippers?—I do not understand in what way it is protection to them.

10,189. To prevent competition?—It is to prevent competition and to confine them to those particular lines. I am averse to anything that would prevent competition.

10,190. (*Mr. Drummond.*) I understand that you are strongly opposed to rings?—Yes.

10,191. I have not heard you say what means you would suggest to nullify them?—I am sorry to say

that I do not see the way; so long as trades' unionism is recognised in the country I do not see the way. If a man may sell his labour as he pleases he may sell the space in the ship that he chartered as he pleases.

10,192. You would not suggest that the Board of Trade should take any action in the matter?—I do not care whether it is the Board of Trade or who does it. I should be very glad to see it legally stopped if I could, but I do not see how it could be done.

10,193. You would not suggest that there is any direct analogy between trades' unionism and this principle?—One is on a smaller and limited scale of a certain number of individuals, and the other is on a large scale by a whole trade, that is the only difference. I say that trades' unionism affects shipbuilding, and enhances very materially the cost of shipping. In the years when the tonnage built was so large as the statistics show labour was rampant. I do not complain of the working men getting advantage out of the good times of prosperity, but I do complain of them retarding the building of ships by neglecting their work, and of their trades' union rules not enabling an honest and industrious man or a score of his colleagues to do more than a certain amount of work. I had two ships building at Dumbarton in the year 1883, and during that time the rate of wages was very high. I was very anxious to get these ships, and they were being very much delayed, so I went into the building yard, and there I saw that the practice is to divide the ship off into sections and let at so much per hundred the rivetting work to the rivetters in piece-work. I found that the men at one end of the ship had stuck to their work and done the rivetting from the keel right up. I went to another part of the ship and said “Where are the men?” and the reply was, “Oh, they are gone to some fair.” There were two or three holidays on at the time. I said, “When those men had rivetted the first lot and finished the work why did not you put them on to the other work?” and I was told that the trades' unions would not allow it, and that they did not dare put another gang on to do the work that had been neglected by the other men.

10,194. When you say that the trade union would not allow it, would it not be more correct to say that the agreement between the employer and the workmen in the shipbuilding trade would not allow it?—No; it is an agreement between the men and their own union.

10,195. Is there not an understanding, or a mutual agreement, between the employer and the workmen in the shipbuilding trade that certain modes and customs shall exist in the trade, and that the employers in the shipbuilding trade are equally responsible with the workmen for what you speak of?—My information is clearly the reverse, because I put the question pointedly to Mr. John MacMillan, the builder of the ship, who stated distinctly, “If I put a man on to do that part, to finish that rivetting, all the men in the yard will put down their tools and walk out.”

10,196. That is the custom of the trade?—It is a custom which enhances very materially the value of production. And what do we find now? That that ship built at a high rate partly from that system is now frightfully depreciated. If it had not been for such rules and regulations that ship would have been 1,000*l.* to 1,500*l.* cheaper to me at the time, if the builder could have got his work carried right through by employing what men he pleased.

10,197. But union or no union, do not you know that from time immemorial since the shipbuilding trade has been in existence that rule which you complain of has existed whether the men belonged to a union or whether they did not?—I do not know it.

10,198. You complain about freight rings, have you suffered personally from such rings?—I have suffered to this extent, that never with one exception have I chartered a ship to load for Australia. I have never had but one transaction with a ring, and that was about three years ago; I

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happened to have a new ship coming round from the Clyde; I brought her round to London, and simply because the ring was very hard up for shipping they gave me a fair price; they could not dictate to me as much as they do generally.

10,199. I presume that overtures have been made to you by them?—No, they have not.

10,200. (Sir J. P. Corry.) With regard to the Board of Trade, I gathered from your replies that you do not object so much to the regulations of the Board of Trade, or their supervision, as to the non-practical knowledge of those who administer the regulations of the Board of Trade?—I do not object to the Board of Trade regulations, simply because they are Board of Trade regulations, but I object to some of their regulations, because I think they are perfectly unnecessary, and they do not adequately fulfil the main purpose for which they were intended. My experience of the Board of Trade is, and I can give instances of it, that they have not about them the right class of men; I do not mean to say that everybody because he belongs to the Board of Trade is an ignorant or an incapable man, but the class of men that they have to carry out those regulations are not fitted for the purpose; they are not up to their work.

10,201. Would you say that applies to some extent also to those who frame the regulations?—Certainly; I think they do not know their business, and I will give an instance. Six ships were built by the same builder, and they were designed by the same man, and corrected by the builder, and supervised as to the designs by the builder. Those ships were built in various years, and all practically upon the same type of model; simply an extension of the lines which was required to meet that point. The last of those ships was at the builder's yard at Dumbarton, and they were just in the act of painting the load line and the disc on the ship's side. The Board of Trade's surveyor, I am told, was in the yard at the time, and saw what they were doing, and lent them a hand in marking where it should be. However, that is hearsay, but the fact was that the ship which was 2,000 tons registered, went round to Cardiff to load a cargo of patent fuel for Zanzibar. Now it happened that the model of that ship had been exhibited at Fishmonger's Hall at the last exhibition, and had been awarded the gold medal for its excellent design as a merchant ship. The Board of Trade surveyor came on board the ship one day at Cardiff, and said "What are you going to load this ship to as regards freeboard," and he was answered 5 feet 6 inches, which is 2½ inches of side to each foot depth of hold, the draught for which the ship was designed, and the reply was "If you do not have a freeboard of 5 feet 10 inches your ship will be stopped." I put myself into the train and went down to Cardiff and saw the Board of Trade representative, who said, "I know nothing at all about this, but I only intended to convey that you are liable to be stopped." I said, "Are you prepared to stop me," he said "I have no instructions." This came from Whitehall to-day, and you are liable to be stopped." I said "I want to know the principle upon which I am going to be stopped," but he could not tell me but referred me to Whitehall. I said "It does seem monstrous, as my address in the city is pretty well known to the Board of Trade, that I should have to go round to Cardiff instead of their giving an intimation to me from Whitehall." The man was very civil and obliging, and I have no complaint whatever to make against him, and he asked me to go and see Mr. Gray at the Board of Trade. At first I refused, and I said "I will go to a court of survey, which the Act of Parliament appoints in such a case, and I will stand the racket of it." He said that will put you to a great deal of trouble, and it will put me to a great deal of trouble, and you had much better go to the Board of Trade and see if you cannot manage it. I had some information to give them about some coal laden ships,

and I made that my excuse for going. Mr. Gray received me very courteously, and when the information which I wanted to give him was over, he said, "I thought you came to talk about the 'Falconhurst,'" which was the ship in question. I said, "I have nothing further to say to you; I am going to load down to 5 feet 6 inches." He said, "I have been talking to Sir Digby Murray about it this morning, will you not be satisfied with 5 feet 8 inches." "No," I said "I will not be satisfied with 5 feet 8 inches." He said, "Pardon me for thinking you a little presumptuous in the matter, but why should you be so arbitrary and despotic in this matter." I did not wish to appear in any way despotic, but I told him what I have told the Commission about this ship being one of several vessels which had given unbounded satisfaction in all quarters, and had been carrying a dead weight cargo in all parts of the world, and I said "Considering that this ship is the result of great experience, for it is not like buying a ship in the open market of which you know nothing, considering that the model has been submitted to such a man as Mr. Waymouth, the very able secretary of Lloyd's Registry, and that the designer had got the gold medal for the beauty of his design, I think I am about the last man in England that should be dictated to upon such a point on such a ship." His reply was, "Well, do not exceed 5 feet 6 inches and we will not stop you." I say that had they understood their business at the Board of Trade they would not have dictated to me 5 feet 10 inches when 5 feet 6 inches was sufficient, because by that means they were denuding me of a capacity of 88 tons, which when freights are high is worth something; 2*l.* to 3*l.* a ton.

10,202. (Mr. Pearce.) Are you not aware that the sort of general practice was to load down to 3 inches to the foot depth of hold?—No, certainly not. I know that there were a series of Board of Trade circulars of various sorts, all antiquated and long out of date. I had been loading two previous ships at 2½ inches of side.

10,203. And they had escaped without any intervention of the Board of Trade?—I am pleased to hear you make that remark about having escaped; let me tell you this thing further. In the year 1876 I had an iron ship, the first of this series of ships, loaded at Cardiff with patent fuel for Aden. She completed her loading, and after lying in the Roath Basin, which was nearly opposite to where the Board of Trade officers were, I went to order the steam-tug to be there in the morning. On my way up the stairs of the tug office I saw "Board of Trade" on the door. It was at the time of the Plimsoll agitation. I forget what state it was in, but there was a good deal of excitement at the time. I went into the office, and so far as my memory serves me it was the same gentleman that took that stand in the other matter. I said, "I want to see the chief man in the office." After some considerable difficulty I got into his august presence, and I said, "There is a new ship there with her first cargo in of dead weight, and I should like to know whether you think I have underdone it or overdone it in loading that vessel." He said, "I am not here to answer the question whether she is overloaded or not, but if I have not stopped her you may assume that she is right." That was the gist of his reply. I said, "No surveyor has been on board to my knowledge; have you any report upon her?" "No," he said, "but you may take it for granted that she is all right if we have not stopped her." I said, "You quite mistake the object of my visit; I want to assist you rather than to retard your operations." I said, "You have a difficult part to play, and I see how it would strengthen your hands. This is the first cargo that that ship has had in her. My experience of this type of ship has not been great, it is a new iron ship, and I desire to assist you. If you tell me that you think it is a little overdone we shall have an opportunity of taking some of the cargo out." He said, "I should get a rap on the

"knuckles from head-quarters if I approved anything. I am here to disapprove, and not to approve." "Well," I said, "if you would only consider the force that you would have in dealing with people who are inclined to overload, if you could quote a large body of men, known and influential shipowners, who know from their own experience that this, that, and the other should be done, I think it would strengthen your hands in administering your office." "I quite admit that, but," he said, "I must repeat what I said, I cannot approve of it." And that did not encourage me to press the matter further.

10,204. (Mr. Drummond.) With regard to foreign ships with respect to the load line, you could not enforce a load line on foreign ships, could you?—I do not see why not.

10,205. Could you go a step further, and would you prevent a foreign ship which was proved to be unseaworthy sailing from a British port?—Of course it is a difficult matter how to accomplish it. If she was unseaworthy certainly she should be stopped.

10,206. Do you think that she could be stopped under the existing state of things?—There would be very great difficulty.

10,207. (Mr. Jamieson.) Among the reasons or causes of depression you have stated, have you not, the over-building of ships?—Yes.

10,208. Would you give the Commission any other cause of the depression in the shipping trade?—There is no material cause of depression beyond the general depression pervading the commerce of the country.

10,209. In referring to the changes in the routes of commerce by the opening of the Suez Canal, that is not, in your opinion, a cause of depression, although it may be a mere effect of the change of route?—Of course it has denuded the British shipping of a large amount of the carrying trade which would otherwise have come to it.

10,210. But that is the effect of the change of route?—Yes.

10,211. And you make no complaint of that; that is not a matter which admits of any remedy?—It is useless to complain of what you cannot remedy.

10,212. Therefore that is a mere circumstance; it is not a cause of depression. Have you any suggestion for remedying the present state of depression?—No, there is nothing to be done but to leave us alone. Do not let us be trammelled by any regulations and laws, and so forth, but put the foreigner and everybody else as much as possible on the same footing, and give us a fair field and no favour.

10,213. The effect of these rings that you speak of is that of a monopoly in reality?—Yes.

10,214. The shipping trade has been in its history repeatedly subject to monopolies. The East India trade was for a long time a monopoly?—Yes, but that was under a very different state of things.

10,215. Still it was a monopoly?—Yes.

10,216. Did the shipping trade flourish at that time?—It flourished in a certain way, I have no doubt, but it did not flourish to anything like the same extent that it would have done if it had been thrown open.

10,217. It has been thrown open since, has it not?—Yes.

10,218. And it has grown immensely?—Yes, it has grown immensely.

10,219. The world's population has increased, and shipbuilding has gone on immensely of late years?—Yes.

10,220. And there are a great many more ships now than there is any occasion for?—Yes.

10,221. So that so far as the trade of the world is concerned those appliances have been rather added to than diminished by the operation of all the causes which have been at work in recent years?—Yes.

10,222. The world is richer by so many more ships, and the means of carrying on its trade are enhanced?—I question if the world is richer. If one portion of the shipping world had the sovereigns in their pockets that the ships had cost them they would be richer.

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10,223. But the outer world having more appliances at command, trade must now have an opportunity of being conducted more for the advantage of the general trading public than it was before?—I suppose that is the natural inference from the facts.

10,224. Would it not, therefore, be your opinion that the depression would be rather alleviated than enhanced by there being materially greater appliances of trade than there were, and therefore more cheap supplies?—Then you see you are asking me questions upon a subject which I have not thought out with great care, and I would rather, as I said before, confine the expression of my views to what I know, and have thought out.

10,225. You are giving us as one cause of the depression of trade, the general depression of the trade of the world, and I was wishing to see whether the fact that there were a great many more appliances for the conduct of trade was not rather an advantage to the general trade?—It would appear so on the surface, certainly.

10,226. Is it possible that your trade may be suffering at present from temporary causes, such as the opening of those new routes of commerce reversing the ancient lines of traffic, and that when you may have become accommodated to circumstances you may hope for a revival?—I hope so. There is an instance comes to my mind of what a little spurt in commerce does. In the year 1878 and part of 1879 freights had been very depressed in the Calcutta trade which employs a very large quantity of tonnage. In the month of August 1879 I see that the rate of freight from Calcutta to New York was 3.75 dollars per ton, and it continued at that low point until the 15th of October, when from some cause or other a great demand for linseed for America sprang up. Freights suddenly jumped up, and although on the 15th of October the freight was 3.75 dollars, on the 29th October it went to 12 dollars, and there were shipowners there who had had ships waiting through this depression and other ships that had just arrived and loaded, the one at 3½ dollars and the other at 12 dollars side by side at the same time. Unfortunately the circulars have been destroyed and I cannot tell you all the points about it, but I see that on the 3rd of September there were 50,000 tons of unfixed tonnage in the port of Calcutta. There is always a certain amount of tonnage loading, and a certain amount of tonnage that is preparing to load which has not been fixed. On the 15th of October I see that that was reduced to 20,000 tons owing to this demand, and on the 24th of October it was reduced to 5,600 tons. There was a regular scramble to secure tonnage. I did not know what the rates were going to; the highest rate I heard of was 75*s.* a ton.

10,227. But that was accidental, was it not?—Yes, no doubt it was. In December 1879 I see the unfixed tonnage was 9,465 tons, and the rate of freight to London was 80*s.* On the 30th of March 1885 the unfixed tonnage was 9,500 tons, but the rate of freight was only 35*s.*

10,228. But the point which I wish to put to you is this: you referred to a matter of some importance at any rate that freights which formerly came to London and were shipped to St. Petersburg now went to Odessa; is not that a necessary consequence of the opening of the Suez Canal? Why should Russian commerce come round by London and go to St. Petersburg if it can reach a Russian port at Odessa?—Unquestionably it is the result of the opening of the Suez Canal.

10,229. Therefore if there be any diversion of British traffic the Suez Canal is the sole reason for it?—It is the sole reason for the transfer.

10,230. Does not that apply also to Italy, Marseilles, and Germany, that the trade goes to them through the canal now?—Yes.

10,231. That is the natural growth of commerce?—It is the natural course of commerce after the

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opening of the Suez Canal and its results on British commerce and British shipping.

10,232. And you make no complaint of that?—No, it is useless to complain. We would wish it otherwise, but it is useless to complain of what we cannot mend.

10,233. In former days that trade went to London by the route of the Cape of Good Hope?—Clearly.

10,234. And therefore we cannot expect to remedy it?—No.

10,235. You have no other suggestion to make except the relaxation of the interference of the Board of Trade?—No, only the Board of Trade want to govern the shipowners, as was evident in that Shipping Bill which was proposed.

10,236. Which is not yet in operation?—No, but I say that the same elements exist to the prejudice of British shipping.

10,237. But it has not yet done so; it is only the interference of existing legislation?—Also I might suggest that another Shipping Bill may be brought in.

10,238. There is no other remedy, therefore, that you can suggest, as I understand, for the existing depression in the shipbuilding trade except a relaxation of the interference of the Board of Trade?—No, but that is only one element. I would not like it to go forth to the public that the Board of Trade are so powerful that they are depressing British shipping; it is more vexatious and annoying than anything else.

10,239. (Mr. Pearce.) Are you aware that a committee was appointed by the Board of Trade, called the Load Line Committee, to fix the load line for all ships?—Yes, to consider the question.

10,240. And that the recommendation of that committee is really in operation at the present time?—No, I am not aware that it is in operation; it is proposed to bring it into operation by a legal enactment, I believe; practically the generality of shipowners are adopting it.

10,241. And Lloyd's Registry approve of it?—Yes.

10,242. And, therefore, there is nothing further to complain of on the question of loading ships?—No. Of course before it settles down to a regular fixed principle we shall very likely find a little friction at points here and there, but I think that the generality of shipowners are going to accept the situation and adopt it. I am not speaking of wooden ships and timber ships, because I do not know anything about them, but of such ships as are in the Australian trade, in the Calcutta trade, and so on.

10,243. As a shipowner have you looked at the tables recommended by the Load Line Committee?—I have ascertained the practical effect of them upon some of my own ships, but as to anything short of a man of high scientific attainments, and knowing naval architectural calculations well, it is impossible for any shipowner to make out those tables.

10,244. So far as your own ships are concerned have you any complaint to make against those tables?—I think they are a little excessive. There is a little inequality in certain types of ships, but I dare say if it is left as is proposed to Lloyd's Registry Committee to administer the system it will fall into its proper groove.

10,245. You say they are a little excessive; am I to understand from this that if the load line did not exist you would load your ships down deeper than you are now allowed to do by the load line table?—I have not the exact figures in my mind, but I think I should load certain ships about 2 inches deeper.

10,246. Are you aware that that committee was suggested by the Board of Trade to prevent over-loading?—Yes.

10,247. So as to prevent the loss of life and property at sea?—Yes, certainly.

10,248. You told us that an unseaworthy ship can be sold to a foreigner, and that that unseaworthy ship can be brought in competition with our ships. Can you tell us of any country where an unseaworthy

ship can be sold and sail under that country's flag and not be brought under some supervision or some examination before she is allowed to hoist that flag?—No, my attention has not been called to the point, because I have always had to do with a very different type of ship, and consequently those cases, except in newspaper reports here and there, have not come before me, so that I cannot speak authoritatively on the subject.

10,249. You really do not know the extent to which unseaworthy ships would be condemned by the Board of Trade as unseaworthy and yet be sailed under a foreign flag?—I have not investigated the cases.

10,250. Do you quite approve that the load line as instituted in this country under the auspices of the Load Line Committee and the Board of Trade should apply to all foreign ships coming into English ports, and competing with English ships in that port?—Certainly; they should both be put upon a fair platform.

10,251. Touching the matter of rings, is it not one argument in favour of the ring that it secures good ships being kept in the ports where those rings exist so that they might not have to compete against inferior ships?—I do not think it is. I think the question of insurance deals with it, because if inferior ships were brought into the trade the shipper would have to pay an increased premium of insurance.

10,252. And not to any extent affecting the rate of freight, I think?—Yes, it would very materially affect it.

10,253. We will assume that you are a shipowner owning what may be considered high class ships, such as the Peninsular and Oriental Line, and the Orient Line; would you not think that you were justified in saying we necessarily must keep up the rate of freight, in order to help up the line, or we shall get what is known as "ocean tramps" coming in and competing with us; would you not think they were justified, seeing that there are vessels of the highest class and of considerable tonnage, quite as large as the ocean tramp, in maintaining the rates by which alone they could exist?—I do not think they would be justified at all, I think it is a question in all those matters of the survival of the fittest.

10,254. Do not you think that we should take up the matter of giving subsidies to those ships in order that we might have thoroughly good seaworthy ships trading to ports like Melbourne and the ports in New Zealand and to China and the East?—I can only answer that by saying that mine being sailing ships, and the Peninsular and Oriental vessels being steamers, I consider as they stand they are as high quality as the Peninsular and Oriental Company's, or any other shipowner's vessels in this country. I am not subsidised in any shape or way, and I do not ask it.

10,255. I have never yet met a shipowner but what considered that he owned the best ships in the world?—I say mine are as good, not better.

10,256. But that is not the point which I am asking you. I ask you if you were a shipowner owning ships of the highest class and of the highest value, having paid double as much per ton for the construction of those ships as another shipowner owning a lower class of ship, and when I speak of a lower class of ship I do not mean lower classed at Lloyd's, I mean lower priced ships, would you not consider it unfair to be brought into competition with the owners of those low priced ships in the way of trade?—I consider that every day of my life. It is most unpleasant to see a ship which is not equal to those of acknowledged superiority get the same rate of freight that I get, and get the insurance done as cheaply simply because she is an A 1 ship. She is a minimum A 1 and I am a maximum A 1, and I consider it very unfair, but I am not going to ask for legislative interference to prevent it. It is a question of supply and demand. If I build a ship which is very expensive and far beyond the requirements of

trade I ought not to get any special privilege in consequence of it, speaking of it as a matter of public policy.

10,257. You are a sailing shipowner?—Entirely a sailing shipowner.

10,258. Therefore you are not able to judge of this matter so far as high class passenger steamers are concerned?—As regards passenger steamers, the Peninsular and Oriental Company, or whoever it may be, charge the best rate they can get for their passengers. I quite admit that both for goods and passengers they are ships certainly of the highest type, and if the Peninsular and Oriental Company are carrying passengers special regard should be given to the safety of lives; but as to saying that they are entitled to a better freight than the market affords, and that they should be allowed to combine with some of their neighbours to do that, I do not see the force of it at all.

10,259. You qualify that now—you say that the market affords—that is a question of what the market price would be, but I am speaking of competition between what is known as the ocean tramp and the Peninsular and Oriental steamers?—If I am shipping a quantity of cotton from Bombay, and I choose to put it in an ocean tramp, by that I do not mean a vessel that is not fit to carry it, I mean simply a pure cargo steamer, and an inexpensively built cargo steamer without passenger accommodation, and I say I do not see why the Peninsular and Oriental Company or anybody else should complain and demand and exact higher rates and go into competition to squeeze the cheaper carrier out. I think, as a matter of public policy, the cheapest carrier ought to be considered, or ought to have a fair field and no favour.

10,260. If you had a choice of shipping your goods by a Peninsular and Oriental steamer or by an ocean tramp, which should you choose, always understanding that you did not insure your goods?—Speaking generally, I should say a Peninsular and Oriental steamer, as a matter of course.

10,261. Just one word or two upon the Suez Canal. I think you have told us already that the Suez Canal has diverted the trade from this country to a very great extent; do you not think that had the Suez Canal never existed it would have been much better for this country so far as its shipping interest, I do not say so far as its commerce generally, but so far as its shipping interest, is concerned?—Certainly.

10,262. As having the largest shipping industry in the world, and being capable more than any other country of trading round the Cape of Good Hope in

The witness withdrew.

Mr. THOMAS LANE DEVITT examined.

10,270. (Chairman.) You are a shipowner of London, are you not?—Yes, I am.

10,271. What is the trade or trades in which you are interested?—Chiefly the Australian.

10,272. Are yours sailing vessels or steamers?—Both.

10,273. I think you have been nominated by the General Shipowners' Society to give evidence before the Commission?—Yes, I have.

10,274. I will ask you a general question, what do you consider to be the present position of the shipping industry in this country?—Very much depressed.

10,275. How long has that depression lasted?—In the particular trade that I know most about, it reached its climax in about 1876.

10,276. How does this depression manifest itself, by want of employment, or by lower rates of freight, or in what way?—Too many vessels competing for the amount of cargo to be carried.

10,277. Are those British or foreign?—I speak chiefly of British ships.

10,278. There has, in fact, been an over-production of shipping tonnage in the United Kingdom?—Yes.

competition, would you put it as a very great advantage relatively to other countries that if the canal had not been opened the trade would still be going round the Cape of Good Hope?—That is my opinion.

10,263. So that even now with the improved means of motive power and so far as economy of fuel is concerned to some parts of India, Calcutta, and China do you think that we may still compete with the Suez Canal traffic?—I think it is quite possible. I think that the invention of the age is such that it is quite possible that there may be such improvement in the expense of motive power as to enable us to do something in that way.

10,264. But the canal being there we have to accept it?—Yes.

10,265. And prepare ourselves for the competition that we necessarily have to undergo with other shipping countries?—Yes, that is the case.

10,266. (Mr. Dale.) The object of those rings, I suppose, is to secure to those who formed them a profit in excess of that which would be derived by the ordinary market competition?—Yes.

10,267. That profit, I suppose, partly goes to the broker in some cases, and in some cases it goes to the shipowner?—Yes, I believe so.

10,268. How do you account for the fact that that undue profit of the broker or the shipowner does not lead in the one case to other brokers going into the business or offering to do it on lower terms, or in the case of shipowners to keep ships from being put on to that particular trade?—I can only account for it by the fact that my experience has been that the shipowners as a body are wanting in cohesion; there is no cementation of interests; it is the most difficult thing possible to get shipowners to combine for any purpose whatever, and consequently there are so many of them to consult that they are powerless in the matter. Any suggestion as to altering the custom of a port or trying to get the assistance of my fellow shipowners I have always failed in.

10,269. Is that the only explanation you can give of the natural competition not asserting itself?—Yes. I should like to be allowed to make one further remark. I was just going to say that in deference to the gentleman who is to succeed me, and who will take an opposite view of that point, I would again impress upon the Committee that my theories upon rings are from a decidedly opposite point of view to his. I am speaking my own individual opinion as a shipowner. Mr. Devitt has further information from his side of the question which he can give you, and which may supersede all I have said, but I give you my independent opinion for what it is worth.

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10,279. Or is it that the demand for shipping has fallen off in consequence of the depression of trade?—I have not found that in my experience.

10,280. Would you say that the carrying trade is less profitable than formerly, but that there is still an equal amount of it?—Most distinctly less profitable.

10,281. Is there an equal or a larger amount of trade than there was eight or ten years ago?—I should think that it has increased in some trades and decreased in others.

10,282. Do you consider that the British shipping has as large a share as formerly of the carrying trade of the world?—I think so.

10,283. Do you think that our *entrepôt* trade is falling off at all?—Yes, I am afraid it is.

10,284. And that other countries draw their supplies more directly from the countries with which they trade instead of bringing them by way of English ports?—Yes, I think that the tendency is to have things as direct as possible from the place of manufacture to the place of consumption.

10,285. How do you account for that?—Take one instance. The port of Antwerp has been developed

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very much within the last year or two, formerly cargo was brought from thence by steamer and was transhipped into an export vessel in London, but it is now taken direct in vessels from the port itself. It saves the cost of transit. A great many American manufactures go direct to the colonies now instead of being brought here to be transhipped.

10,286. Is that in consequence of there being bigger ships?—That would not apply to America.

10,287. How do you account for the trade becoming more direct between foreign countries and less of an *entrepôt* trade for this country?—Because the consumer wants to save as much cost as possible, he buys his merchandise in the market in which he can buy cheapest, and gets it conveyed as cheaply as possible to its destination.

10,288. Do you consider that that change is due rather to commercial reasons than to shipping reasons?—Certainly.

10,289. But to a certain extent is it not due to shipping reasons?—I do not think so, because a great deal of the continental trade with foreign countries is carried on in English vessels.

10,290. What has been the effect of the opening of the Suez Canal, has it opened a different source for the employment of our vessels?—Yes, certainly.

10,291. Has that been favourable or unfavourable to us?—Favourable to steamers, and unfavourable to sailing ships.

10,292. Has it led to more direct communication between certain foreign ports and to less *entrepôt* trade in those cases by this country?—I hardly think I can answer that question with any precision. I have not studied that point.

10,293. I suppose the Australian trade does not go so much through the canal?—The mail steamers do, in fact most steamers go through the canal.

10,294. In point of fact, a great deal of the trade between Europe and the East passes through the canal?—Yes.

10,295. Does not that lead to a good deal of trade going direct between two foreign countries which formerly would have come round the Cape and come to English ports?—No, I think the Australian trade still is carried on in vessels, 75 per cent. of which are sailing ships, and the rest are steamers, therefore three parts of it is going round the Cape at present.

10,296. Of course that trade is the same as it used to be?—Yes, except for the alteration in the form of the vessel, and steel and iron being used instead of wood.

10,297. Could you give us any information in regard to those rings of which we have heard; are you yourself within or without a ring?—I do not know that we call it a ring, as you call it. I think that is an unpleasant term. They are more protection societies or trade associations. I know something about those.

10,298. You think it is an invidious term to call it a ring?—I think it is very often used in an opprobrious sense.

10,299. Perhaps you would tell us what those associations really are, taking them from the point of view from which those who belong to them consider a fair one?—Speaking as a shipowner, I should say that the particular association I refer to has increased our freights at least 50 per cent. for the last nine years, and has kept those freights steady, whereas there would have been an undue amount of competition which would have been ruinous to shipowners.

10,300. Has that had the effect of keeping out foreign ships from competition?—We have very few foreign ships in this particular trade. I might say that this association only refers to those who employ their vessels in carrying general cargoes, it would not refer to ships carrying full cargoes of grain or coal or anything like that, that would be chartered by our merchants.

10,301. How does it affect the shipper, does not it injuriously affect him?—No; I find that the large merchants all prefer it.

10,302. Do they prefer a system which prevents

their getting the advantage of competition in the open market?—They do get the advantage. In the way that these rings are worked they have a steady rate and a moderate rate which is agreeable to them, and they can know what they are about in making their shipments from month to month, and they much prefer that to a very fluctuating rate, as between, we will say, 7s. or 8s. a ton up to 30s. and 35s. They prefer an average rate of from 20s. to 22s. 6d.; we keep the rates as low as the ships can run at.

10,303. You are not of opinion that that ought to be interfered with in any way, but that the question of association of that kind should be left to settle itself?—I am of that opinion.

10,304. What effect has been produced upon the shipping industry of this country by the bounties that are now given in some foreign countries upon their own ships?—I cannot speak for the coal trade or such like trades, but upon the general trades I should think none whatever or very little. It must be prejudicial, but I do not think it is anything appreciable.

10,305. Is the substitution of steam for sailing vessels proceeding now rapidly?—Yes; except that it does not increase so much in the long trades because of the immense cost of steam.

10,306. You think that the long trades will still maintain a large bulk of the sailing vessels?—I think they will be the last to give way. Of course some parts of those trades must be carried on by the fast mail steamers.

10,307. Do you expect that ultimately steamers will entirely supplant sailing vessels?—I am afraid so.

10,308. Is there any disadvantage in that?—If it comes in my day there is.

10,309. In what direction do you look for any remedy for the depression which you say exists in the shipping business?—Co-operation in each individual trade.

10,310. Do you think that you are oppressed by governmental regulations?—Not sufficiently to speak of.

10,311. There is nothing which could be considered as depressing the trade?—All we want is to be let alone as much as possible.

10,312. (Mr. Aird.) Are you really serious in the opinion which you expressed that all that the shipping industry requires is co-operation as applied to each individual trade?—I do not say it is all that is required. I should think it would be the chief help to a better state of things, but I think it will cure itself in many ways as steam advances, because steam is a very much more serious business to deal with than the old sailing ships. I think that competition will cause people to leave off an unprofitable trade much sooner for our steamers than for our sailing ships.

10,313. Would not the effect of co-operation carried to the extent of extending those associations destroy all individual enterprise?—No, I do not think so.

10,314. Would it not, if individual shipowners were obliged to conform to the rules and regulations of the association?—If they were carried on on unfair principles, yes.

10,315. The fact of their having rules laid down by the association would destroy very much individual enterprise?—But a man is not bound to put his ship in that particular trade or under that particular business.

10,316. But would he not be boycotted if he declined to fall into the arrangement?—He would always find that he would make much more money by associating himself with the people who have the trade in their hands and are under arrangements with the merchants.

10,317. Supposing he prefers his own independence?—Then he must take what is current in the market.

10,318. Would the association feel it a part of their duty to drive him out of the trade by lowering their own rates?—They would have to follow, doubtless, if he necessitates a lower tariff, because their arrange-

ments are with the merchants, and the merchants expect to be put on the best terms and would follow him down, in fact, in that way. If he carried at half price other people would have to do the same, and, of course, he would make the rate.

10,319. They would either ruin him or drive him away?—The effect probably would be for one or other to win.

10,320. With regard to those associations of different shipowners, can you tell us if that system exists at all in France, Germany, or Italy?—I have no knowledge.

10,321. Do you know at all whether the Australian and China trade has been encouraged very much of late years by the Germans in giving subventions to vessels which carry freights at a very quick rate and save three or four days?—The Germans are only just beginning their Australian trade. They have just started a new line, but there is only one line of German steam vessels that goes to Australia. I do not know what subvention they get; I do not know whether they get any at all; the new line will doubtless get some.

10,322. You are not aware what subvention is given by the German Government?—I anticipate that they will give a subsidy; I do not know what it will be.

10,323. Then do I gather that you are unable to suggest any special means which would materially aid the shipping industry at the present time?—I am unable to suggest anything that can be done by the Government for that purpose.

10,324. Do you believe that any improvement in the general trade of the country would practically adjust the difficulty?—It would help it, certainly.

10,325. You do not think that the carriage of foreign produce by this country is influenced by the bounties given by France or Germany?—In the case of some produce it certainly would be; I have not the details, so that I could not speak as to that.

10,326. Then it would control the cost of our English vessels also to meet the foreigner in competition?—Yes, in some measure.

10,327. Would not it assist very materially in lessening the cost of foreign goods which are introduced into this country?—Yes, I should think so.

10,328. If that aid to foreign produce is increased by the facilities given also by railway companies that would act prejudicially against the home producer?—I should imagine so.

10,329. (Sir J. Allport.) From what you stated in the answer you gave to Mr. Aird just now, I rather gathered that an outside shipowner who goes to a Chinese port for freight outside the ring generally reduces the freight?—I would rather not speak of the China trade particularly, for I know it so little.

10,330. Has it ever come to your knowledge that a fine ship in every respect worth supporting was to be loaded in a Chinese port, but they would not allow that ship to load, and that she had to leave the port without a freight?—I believe there is an arrangement to load only certain lines.

10,331. It was not that the outside shipowner offered lower rates but because he was not within the operation of the arrangement?—I suppose so, but I do not know the details of the arrangement.

10,332. I understood you to say that it was a very pleasant operation for the merchant to pay 50 per cent. more for his freight in the last nine years?—No, I did not say that, but I do say this, that the trade has been carried on satisfactorily and regularly and carried on without loss, and the merchants who are consulted as to the rates of freight that they can afford to pay are constantly in touch with those who have the freight room in their hands, and they agree as to the rates of freight that they can afford to pay. If it were an arbitrary charge I think it would work prejudicially, but the merchants prefer having a regular rate.

10,333. Fifty per cent. lower. Then your answer was that during the last nine years you have obtained a higher freight for ships?—Yes.

10,334. Will you tell me how long the rings have

been in operation?—I can only speak as to the association which I belong to myself; that has been in existence 10 years.

10,335. Is not that about the extent of all of them?—I do not know.

10,336. Still the shipping trade of this country made great progress without combination?—Yes.

10,337. Just as much as it has done since, and perhaps a little more?—I do not know that.

10,338. Is it within your knowledge that the shipping industry of this country had advanced very rapidly indeed previous to the last 10 years during which those societies have been in operation?—I do not think that those societies have any effect upon the building of ships or the owning of ships.

10,339. The association has had no effect upon the progress of the shipping industry of this country?—Not to hinder it.

10,340. Nor to increase it?—There was an over-production of tonnage four or five years ago.

10,341. Are sailing ships, as a rule, in those associations?—Yes.

10,342. Many of them?—Yes, many of them.

10,343. Many of the large firms?—Yes, all the large firms, or most of them.

10,344. Not all of them?—A great many of them.

10,345. Are Brocklebanks in it?—They get their ships loaded if they want it. I suppose they are not in the association.

10,346. (Sir J. P. Corry.) Do I understand you to say that the depression culminated in 1876?—It was so in our trade. I think it reached its lowest in 1876 with us.

10,347. I gather from you that that was the time when this association was formed?—Yes.

10,348. Do you think that the formation of that association has helped the shipping trade from that time onwards?—It has helped outward freights.

10,349. But is it a fact that very many shipowners have no interest at all in that association?—They have no interest in it except that they can always get a freight.

10,350. Is the rate arranged by the association?—Yes, according to the market for ships.

10,351. Then, whilst it is an advantage to the shipowner to be connected with the association, it is not an advantage to those who are outside that association?—I think it is, because they get the same rate as those inside.

10,352. But those inside the association have the benefit of the plant for loading the ship over and above the others?—Not unless they act as brokers and do the entire work.

10,353. Do I understand that the shipowners who are inside the association get no advantage more than those who are outside?—They get practically the same rate.

10,354. Then they get a share of the profit if a profit arises out of loading the vessel?—If they are loading brokers they do.

10,355. Are there any shipowners who are not loading brokers as well in connexion with the association?—Yes, there are one or two.

10,356. You think that the result of the association has been that sailing shipowners have got 50 per cent. more in the last nine years, on an average, than they would have done if things had remained as they were prior to 1876?—I think they have been getting regularly about 50 per cent. more on an average than they were getting at the lowest point in 1876.

10,357. Can you tell me what was the rate in 1876?—It went down to about 10s., 11s., 7s., and 8s. for metal.

10,358. What was the average rate for the five years before that?—It dropped from about 23s. and 24s. to 11s. 6d.

10,359. In how long a time?—In five years.

10,360. Was the competition greater prior to 1876 than it has been since?—Yes, because the competition has been somewhat modified by the arrangement.

10,361. You mean the arrangement that no ship can be loaded at a berth unless she is loaded through

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the association?—Not exactly so, because there are a great many ships loaded that have nothing to do with the association.

10,362. But they are obliged to go to the association to load them, are they not?—No; the mail lines do not belong to the association.

10,363. I am excluding the mail lines, I am talking of the general trade, 75 per cent. of which is carried by sailing ships; what I want to know is, whether a shipowner outside the association can put his ship on the Australian berth without being interfered with by your association?—I think there would be competition.

10,364. Therefore, it amounts to this, that no one outside the association can load up a ship on the Australian berth with advantage in the way of freight?—Practically.

10,365. But on the whole you think that the shippers are satisfied that one ship does not pay more freight than another?—That is one object that they have in view, that one shipper should not be charged more than another, we like equal rates.

10,366. I suppose you saw a letter in the "Times" at the end of last year from a Bristol firm complaining of the way in which they were treated?—Yes, but it was not correct.

10,367. Could you give us the particulars of that case?—There is a law suit pending, I think, so that I would rather not speak about it; there will be a full explanation.

10,368. Your remedy for the present depression of the shipping trade is the extension of these sort of associations?—Judiciously made. Would you allow me to say that I think room in a ship is a very different commodity from any other produce that is marketable. A ship is put on to collect a general cargo, and I take it that the owner of room in a ship cannot afford to hold that room for any length of time. The ship is obliged to go away, and in order to make the best he can, for himself the owner must have an adequate rate of freight guaranteed. If he is at the mercy of everybody, who has no other object than to cut down the freight, he will have to carry goods at a very unprofitable rate, and the inequality to the merchant would be much greater than it is now.

10,369. I suppose it amounts to this, that those who are within the association are satisfied with it, and those who are without it are dissatisfied?—I hope that Sir James Corry is satisfied with the freight that his ships get. I think they get as much as mine do, and sometimes more.

10,370. But there are some people, I presume, who think they are aggrieved by not being within the association?—I should be very glad to show those gentlemen the figures, and I think I could satisfy them in a few minutes.

10,371. With regard to the effect of the limited liability principle upon shipowning, do you think that that is detrimental or otherwise to the shipowning trade?—I think that limited liability companies of all kinds have not been unsatisfactory.

10,372. Do you apply that to single ship companies?—Single ship companies, I think, have done harm to the shipping trade.

10,373. Do you think that single ship companies have had an extension of the limited liability principle that never was contemplated?—I think so.

10,374. And it is your opinion that that principle has operated in increasing our tonnage within the last few years?—Speaking of the past, I think it has. I think it will cure itself, because a great many people went into shipowning because they had no further risk than the money put into a limited liability ship; but they have had enough of that, and they have learnt their lesson.

10,375. You do not know anything, do you, about the China trade?—No.

10,376. With reference to the port of Antwerp, is it not competing largely now with London for business?—Yes.

10,377. In former years the goods now shipped at

Antwerp were brought to London and re-shipped?—Yes.

10,378. Now the ships go direct to Antwerp and load the goods there and then come to London?—Some of them do.

10,379. But that can only be done by steamers?—There are very few sailing ships loading there; it is chiefly by steamers.

10,380. It has had the effect of increasing the steam trade and reducing the sailing ship trade to that extent?—I should think so.

10,381. I think you stated that your association did not extend to general cargoes?—Except for contracts with Government, and large contracts, such as for railway plant; it would undertake those.

10,382. Do you think that the direct trade from Antwerp to the colonies and China will increase?—I think it will.

10,383. Is there any advantage given to shippers at Antwerp which is not given to shippers in London?—No; the contrary is the case. I can give you an instance if you like. There was a very large quantity of cement required the other day, between 20,000 and 30,000 tons, and a higher rate was quoted for shipment from Antwerp than from London, but notwithstanding that the foreigner got the order, because the home manufacturer did not happen to be able to compete with the cement manufacturer near Antwerp.

10,384. It was a case of competition between English and foreign cement manufacturers; it did not appear to be a question of cheaper freight at all?—Not at all; there was so much a ton put on by the home manufacturer above the Antwerp price.

10,385. Did the association get the contract for carrying the cement?—No; they bought it afterwards, but they did not ship it.

10,386. They shipped it from Belgium?—Yes.

10,387. On the whole you are of opinion that the export from Antwerp will interfere to some extent with the export trade from the United Kingdom?—I think as the railway system upon the continent becomes more perfect they will ship more easily from foreign ports than they can do now. There are many things that must go to the colonies from the continent, wine and spirits, for example.

10,388. And iron and wire?—Yes.

10,389. You have spoken of the foreign cement trade; is that likely to be a trade competing against the English manufacturer?—I think the quality of English cement is generally preferred, and that it will hold its own.

10,390. Even at the higher price?—Yes, even at the higher price.

10,391. With regard to goods carried by the mail lines to Australia, will that trade be interfered with, do you think, by new lines being put on by the Germans?—Yes, to some extent, I suppose, but the German vessels, I understand, are not coming to load in this country.

10,392. But they will load in Antwerp, and might carry English goods from there?—Then there would be the cost of the transit to Antwerp of the English goods.

10,393. But they will take the European goods; that is to say, German goods?—I suppose so.

10,394. Are you aware whether they are subsidised by the German Government?—I believe they are, from the reports I have seen in the newspapers.

10,395. Do you think the English will be able to compete with a service subsidised by their governments?—It all depends upon whether the postal subsidies given by our Government are sufficient.

10,396. Do the steamers compete with cargo vessels for cargo?—Only for the highest and first-class goods, which can afford to pay the higher rate.

10,397. Are not complaints made that mail steamers thus subsidised are carrying goods in competition with other lines which are not subsidised?—I am not aware of it.

10,398. Is it the fact that they do carry goods on better terms in the mail lines than they do in other lines?—They get better rates for drapery goods

because the merchants find it better worth while to pay them.

10,399. The insurance, I suppose, is less?—The insurance is considerably less.

10,400. I suppose you consider that the regulation of the number of ships on the berth for Australian ports is an advantage to shipowners rather than the opposite?—Distinctly.

10,401. And that on the whole the working of the Steamship Owners' Association is for the advantage of the shipowners as well as to the advantage of the loading brokers?—Yes; it is more to the advantage of the shipowners than to that of the loading brokers.

10,402. (Mr. Drummond.) Can you give us roughly the proportion of shipowners connected with your association?—When the association was started, I think about one third were owners in the Australian trade.

10,403. Is that so now?—It has varied, because steam has come in more extensively, a new element has been introduced.

10,404. I suppose your opinions have been rather confirmed in favour of the association than otherwise?—Yes, they have. I went into it unwillingly at first, but I have had no reason to be dissatisfied with the result.

10,405. Apart from your interest as a shipowner, is it your opinion that these associations are for the interest of the nation?—Yes, unless the shipowner is ruined.

10,406. Reference has been made to individual enterprise. I suppose you are of opinion that individual enterprise is not necessarily an unmixed advantage?—I think it is an admirable thing, and one that you cannot do without.

10,407. With regard to these associations, I suppose any complaint about them would be easily remedied, because the associations are what the members make them?—No doubt.

10,408. With regard to your observations as to co-operation, you would apply that to other trades beside shipping, would you not?—Yes, I think so.

10,409. The principle would be good throughout?—Yes.

10,410. And if it were applied throughout that would materially lessen the depression which exists, would it not?—Yes.

10,411. And that would apply not only to the employers of labour but to the labourers also, would it not?—I take it that it would; they have taught us that lesson.

10,412. (Mr. Pearce.) Is there the same ring or conference in Australia with the sailing shipowners and the steam shipowners?—To a limited extent in steam; the mail ships' companies have an understanding as to rates; they are not full members.

10,413. That is to say, the first-class lines, such as the Peninsular and Oriental, the Orient, and the British India have a ring distinct; is that so?—No, they have no ring; they have a tariff of rates which they honourably adhere to.

10,414. Amongst themselves?—Yes.

10,415. But they do not coerce any of the shippers in Australia, for instance, in regard to their ships, do they?—There is no coercion at all.

10,416. In your ring, that is to say, the sailing ship ring, do you act together in respect to your shipments in Australia as well as in London?—No, I wish we did.

10,417. You do not?—No.

10,418. The consequence is that you are obliged at times to bring wool home at a rate that does not pay you?—We have been for several years.

10,419. And you have to rely, in fact, upon the rates you get going out?—More than we ever did.

10,420. As a rule in shipping we do not look for high rates going out, but it is the homeward freight

which pays the voyage usually?—It used to be so always; the outward freight never paid.

10,421. You do not take any steps, such as are sometimes represented to have been taken, do you; that is to say, that if a shipper once leaves you and goes to a free shipowner you will not take his goods again?—Certainly not.

10,422. Do you believe that such a thing exists?—No, I do not. I know it does not exist; we should be only too glad to have his goods.

10,423. The main object of the ring is to maintain the rates so as to let your lines live?—Yes.

10,424. (Mr. Aird.) As the system exists now an excessive or full charge is made for produce going out, but importations into this country are brought in at a less rate?—The rates outward have been very much more steady the last few years, and the fluctuations have been on the other side; that is to say, in the produce which had to be brought over here.

10,425. Can you give me any idea of how much the outward freights are in excess of the homeward freights?—You deal with the matter in a different way; you deal with the wool by the lb., and you take measurement goods here by the ton of 40 feet.

10,426. I have only one other question to ask you. You suggested just now in your reply to Mr. Drummond that the trades union had taught you a lesson, would you be kind enough to say whether you think they have taught you a good lesson or a bad one?—I think it is a good one.

10,427. (Chairman.) You say that the depression in trade arises from over-production; do you see any way of checking over-production otherwise than by leaving it to the natural restraint which arises from profits being diminished?—I think it would cure itself.

10,428. You think the tendency of limited liability companies is to encourage over-production and to prevent the natural check from operating?—I do not think we can do without limited liability companies, because the best trades are carried on on such a large scale that individual shipowners have not the money to own those ships, they are obliged to combine to own ships now; individual men used to own a fleet of ships themselves in my younger days; they must now associate themselves together for the purpose, and the protection of limited liability companies' enterprise in that case is a very important matter.

10,429. Is it not the case that the shareholders of a limited liability company can much more easily afford to take a low rate of profit, or to go without profit at all, than an individual can do?—I do not know how they can do it.

10,430. Because the individual has his whole fortune in his business, whereas the shareholders may have only a share to a small amount which is comparatively harmless if taken out of his surplus capital?—I take it you mean there are many people shipowners who would not be *bonâ fide* shipowners, if they were not able to invest under the Limited Liability Companies Act. Many people who could only afford a hundred or two have become shipowners under the Limited Liability Companies Act, so that it has increased the owning of ships enormously by persons who would not have otherwise been interested in them.

10,431. Do you think, on the whole, that the Limited Liability Companies Act has done more good than harm?—I think it has done more good than harm.

10,432. Do you know anything of the French principle of *commodité* in which the persons who manage the business are made responsible to the extent of their whole fortunes, and the shareholders are relieved from any further liability beyond their shares?—I have no experience of the working of that system.

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The witness withdrew.

Adjourned to Wednesday next at 11 o'clock.

TWENTY-SEVENTH DAY.

Wednesday, March 31st, 1886.

PRESENT:

THE RIGHT HON. THE EARL OF IDDESLEIGH, G.C.B., IN THE CHAIR.

THE EARL OF DUNRAVEN.
THE RIGHT HON. G. SCLATER-BOOTH, M.P.
MR. J. H. AIRD.
SIR J. ALLPORT.
MR. THOMAS BIRTWISTLE.
MR. L. L. COHEN, M.P.
SIR J. P. CORRY, BART., M.P.
MR. C. J. DRUMMOND.
MR. W. F. ECROYD.

MR. H. H. GIBBS.
MR. W. H. HOULDSWORTH, M.P.
MR. W. L. JACKSON, M.P.
MR. N. LUBBOCK.
MR. P. A. MUNTZ, M.P.
MR. A. O'CONNOR, M.P.
MR. R. H. INGLIS PALGRAVE, F.R.S.
MR. C. M. PALMER, M.P.
MR. W. PEARCE, M.P.

MR. G. H. MURRAY, *Secretary*.
MR. T. H. ELLIOTT, *Assistant Secretary*.

Mr. JOHN BURKE examined.

Mr. J. Burke.

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10,433. (*Chairman*.) I think you are a shipbroker at Belfast?—I am.

10,434. How long have you been engaged in business?—Since the 20th of February 1869; in Belfast I have been in business five years on my own account.

10,435. Have you studied the shipping question generally, or do you speak only from your own experience of Belfast?—Both.

10,436. Should you say that there was a diminution in the quantity of goods now carried by sea, corresponding to the depression of trade?—That is a very difficult question for me to answer, whether as regards Belfast or as regards Ireland. I consider that that is much more of a statistical question, and therefore it is more a question for the Board of Trade than for a private shipping man. Perhaps I may be permitted, however, to say that in the quantity of goods carried in the commerce of the world, in my opinion, there is not any diminution. It may appear to be less from the fact that it is now carried in larger bodies. For instance, 15 or 20 years ago a ship carrying 1,000 tons of cargo was considered a large one; but now a ship carrying 3,000 tons of cargo is not considered a very large one; there are larger ones, even up to 4,000 tons.

10,437. Is the carrying trade as profitable as it used to be?—I am not a shipowner, and, therefore, from my own knowledge I cannot give evidence upon that point; my evidence might be called, perhaps, hearsay evidence. But in my capacity as a shipbroker or a shipping agent I have always had opportunities of learning from shipowners the nature of their profits, if any; and from the negotiation of freights for ships, which is a principal part of my business, I know that there is no profit in the present rates of freight.

10,438. To what is that due; is it owing to over-competition?—To over-competition, I think, and to the over-production of ships, or rather of steamers, to be more exact.

10,439. Do you refer to the competition of our own vessels with one another, or to the competition of foreigners?—To the competition of our own vessels with one another. But you must permit me to add that in the timber trade, of which I know something, the Norwegians at present have the trade; I may say that they have Quebec, for instance, and Miramichi, and the Gulf of St. Lawrence trade generally.

10,440. Have they taken away a trade that we had, or have they always had that trade?—They have always had a share of it, and a good share of it; but latterly, especially so far as our port is concerned, they have done the greater part of it.

10,441. Are you speaking of the timber trade of the north of Europe, or of the timber trade with America?—I am speaking of the timber trade from the Gulf of St. Lawrence, Quebec, Miramichi, Dalhousie, and those chief ports—indeed from the Canadian ports generally. I merely exclude St. John's, New Brunswick; that is more or less held by our colonial ships yet.

10,442. The colonial shipping is increasing, is it not?—I do not think it is; I think, on the contrary, it is decreasing.

10,443. It has grown very much within the last 10 or 20 years, has it not?—It did grow to my knowledge up to seven or eight years ago. Our trade at Belfast and at Irish ports generally, especially the transatlantic general trade, was at that time chiefly done by colonial vessels carrying from 1,500 to 1,600 tons. For the last six or seven years they have almost wholly disappeared from our ports.

10,444. Can you account for that?—Our own Belfast steamers and the east coast steamers have driven them out.

10,445. So far as you have the means of judging, should you say that British shipping has held its own in the carrying trade?—I think it has more than held its own.

10,446. With regard to the *entrepôt* trade, does that go on successfully, or are foreigners getting more directly into communication with one another, and passing us over, and no longer bringing goods here that they used to bring?—I am not prepared to offer an opinion on the *entrepôt* trade, which I consider is almost wholly attached to London and Liverpool. I am not aware that we have any part of it in Belfast or in Ireland, or that any part of it is filtered through our country.

10,447. Have you any information with regard to those associations of which we have heard, and which are called "freight rings"?—None, except hearsay information.

10,448. Are you able to say anything with regard to the effect which the bounties given in foreign countries have had upon British shipping?—Yes, I can say a little from my own knowledge on that point. I remember that in 1872 and 1873 our port of Belfast for instance (which is a very good index, and probably a favourable index, of the Irish ports), scarcely ever contained less than about 20 Austrian and Italian sailing ships loaded with grain. We very often had French vessels too. The French bounty has been in existence, but we have not seen any of its effects in Ireland in the shape of an increase in French vessels. During the time that the bounty has been given I remember but one French steamer in

Belfast. With regard to the Italian bounty, which has just been given, I am not prepared to offer any opinion upon its probable results. I do not think, however, that it will result in giving back to the Italians the very great share of the transatlantic grain trade and of the Black Sea grain trade, which, up to 1873 and 1874, they did with our ports. This year I do not think there has been a single Italian vessel in Belfast. I remember that in one year that we ourselves, who did all the Italian business, had some 65 Italian ships; I think that was in 1870 or in 1871. We held also the Austrian Consulate, and we usually had about 20 Austrian vessels per year; but for the last two years I think I am right in saying that not one has been in the port of Belfast.

10,449. Do you think that has been at all due to the opening of the Suez Canal?—I do not think so. We have had none of the Suez Canal foreign steamers at Belfast, nor at any of the Irish ports that I am aware of.

10,450. But do you consider that the opening of the canal has changed the course of the Italian trade?—I do not think so.

10,451. Has it not lead to more direct communication between Italy and the East than formerly existed?—I do not think it has; but probably I may venture the opinion that in time it will do so, if the Italians build steamers. The canal may be more to their advantage than to ours, they being nearer to it.

10,452. So far as you have observed, you do not think that it has had that effect?—I do not.

10,453. What effect do you consider that the substitution of steam for sailing vessels is producing, or is likely to produce, in regard to our trade?—I think it will be favourable to our trade.

10,454. In what way?—We have the steamers, whereas Italy and Austria, for instance, have not steamers, nor has Norway, that I am aware of, very many. Italy, Austria, and Norway are essentially sailing ship nations, and we are becoming more and more a steamship nation.

10,455. (*Sir J. P. Corry*.) You consider that the competition which exists is chiefly amongst our own ships?—I think so.

10,456. But the Norwegian timber trade began immediately after the repeal of the Navigation laws, did it not?—I believe so; but with reference to that my memory does not go so far back.

10,457. But so far as the timber trade is concerned, the Norwegians have had a very large share of it at the Irish ports, have they not?—They had and have.

10,458. And of late years that has rather decreased, has it not?—I think that the Norwegian share of the trade has increased.

10,459. Why do you think that the Norwegians have an advantage in that particular trade?—In my opinion it is derivable from the fact that they can sail more cheaply than we can. They can get their vessels more easily classed in their national register, and I think they do not pay more than 5 per cent. per annum insurance on their value. I was informed just before I left Belfast that the wages of the sailors had been very much reduced in Norway, and generally they sail sailing ships very much cheaper than we can.

10,460. Does that apply to Swedish ships also?—The Swedes, somehow or the other, have not come into the competition in the timber trade. They have had a better class of vessels, mostly engaged in the southern trades.

10,461. Does the Baltic trade, which was chiefly in the hands of foreign ships, continue to be in their hands still?—I do not think it does; I think that that trade has come more and more into our hands by means of steamers. The entire Baltic trade is certainly in the hands of the steamers, so far as the Belfast trade is concerned, and it is done by a local company, a very successful company.

10,462. You think that one of the causes of the depression in the shipping trade is the over-production

of ships?—That is my opinion; from the over-production of ships and steamers.

10,463. But is there not very great competition now between very large sailing ships and steamers?—There is.

10,464. From your experience as a broker, do you find that it is as easy now as it was some years ago to obtain outward freights for ships?—My experience as a broker is it is not.

10,465. And the rates that are obtainable are, in the opinion of the shipowners generally with whom you come in contact, not profitable?—They are not profitable.

10,466. You think that the substitution of steam for sail would be a great advantage to our trade?—That is my opinion.

10,467. Are you aware of the state of the ship-building trade in Belfast?—I am, unfortunately.

10,468. Has it been so prosperous of late as it was formerly?—Certainly not.

10,469. I suppose that consequently a great many men are out of employment there?—A great many men, mechanics and others, are out of employment.

10,470. So that all the trades connected with ship-building in Belfast are more or less depressed, owing to the want of employment?—Very much depressed.

10,471. Lord Idlesleigh asked you as to the effect of the Suez Canal; is it not the case that now to Irish ports some steamers are coming direct from Bombay, which was never the case before?—It is.

10,472. Do you not think that the opening of the Suez Canal affected the trade of Great Britain, in enabling goods to be delivered at Mediterranean ports from the East without coming to London and Liverpool?—I certainly do.

10,473. Has that an injurious effect upon the British shipping trade, or the contrary?—With reference to that I do not feel myself competent to give an opinion.

10,474. Can you give the Commission any hope that any improvement is likely to take place in the shipping trade, and if so, in what way do you look for an improvement in it?—The only way in which I look for an improvement in it is by a diminution of the tonnage now in existence.

10,475. So that if shipbuilders continue building, and shipowners continuing ordering ships, you do not see much hope of improvement?—No, I do not see very much hope.

10,476. Has not the value of shipping property very much depreciated?—It has.

10,477. Do you know anything of the limited liability principle in connexion with ships?—A little.

10,478. Do you think that that principle has been of advantage to the shipping trade?—As a matter of fact, I think it has been a disadvantage; but you must not take that as an opinion from me against the adoption of the principle in shipping, nor that I would desire to see a limit set to its operation.

10,479. Do you know anything of one-ship companies under the limited liability principle?—I have known several.

10,480. Do you think that an extension of that principle is favourable to the shipping trade?—I do not, but I do not see where you are going to draw the line.

10,481. Has it not encouraged a great many who were not conversant with, or who had no experience of the shipping trade to go into it?—Quite so.

10,482. To the detriment of those who had been thoroughly trained and who knew the business well?—Quite so.

10,483. The facility for creating the one-ship companies has increased the number of ships, has it not?—Quite so.

10,484. Would you say that the shipping trade generally in Ireland has increased or decreased within the last few years?—I think it has decreased.

10,485. (*Mr. O'Connor*.) With regard to the timber trade, I suppose you meant the trade in ship timber?—I meant the trade in importations of timber. I

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meant, for instance, the timber that is brought over every year during the season from Quebec, and from the lower Gulf of St. Lawrence ports, and St. John, New Brunswick, to Ireland. I meant log timber, baulk timber, pine and spruce deals, and all that. That is the timber trade that I referred to.

10,486. Has that increased or diminished in amount and quantity during the last 10 years?—I think that the importations have been about the same.

10,487. But they are not made by the same persons as before, is that it?—Yes, they are pretty much the same. The timber trade in Ireland is held in the hands of very respectable old houses who are able to stand a little depression.

10,488. What then did you mean by the reference to the Norwegian trade?—I referred solely to their carrying freight, to the freighting trade.

10,489. What used it to be 10 years ago?—Ten years ago Irish or English shipowners had a large share of that freighting trade across the Atlantic. At present there is very little of it, and there is no inclination on the part of a British shipowner to go in and take a share of it, because it would mean a positive loss. I myself have been watching for the last two or three years to see if I could get hold of a ship or two and work them at a profit, but I am very glad to say that I did not attempt it.

10,490. How is it that the Norwegians can work it at a profit if the Irish shipowners cannot?—They get their sailors very much cheaper than we do, and they feed them more cheaply, and the Norwegians have more security at sea for their property. For instance, if I were to buy a timber ship at present I could not insure her probably for less than 20 guineas per cent. per annum against total loss, whereas a Norwegian can insure at 5 guineas per cent., so that he has there at once an advantage of 15 per cent.

10,491. Have you any idea of the comparative losses of Norwegian and British shipowners in that particular line?—No, I have not, but I should say that the Norwegians are free from many restrictions to which our ships are subject.

10,492. Are their ships better found?—I do not think that they are, except that their crews probably are more sober than ours.

10,493. Can they insure at a lower rate?—They can insure at about five guineas per cent. per annum.

10,494. Where do they effect their insurances?—Always in Norway.

10,495. What has been the history of the wages of seamen during the last 10 years; have they risen or fallen?—I think that our wages have risen. The wages are from 3*l.* to 4*l.* per month. The Norwegians get their sailors at very much less than that, but I cannot tell you the exact figure; it is somewhere about a couple of pounds per month, I believe.

10,496. Have you any idea of what the average wages of the French, Italian, and Austrian sailors are?—With regard to the Austrians I can tell you, because we used to handle their muster rolls when we had the Consulate. Four or five years ago when we had their ships coming to Ireland, their sailors usually had from 2*l.* 6*s.* to 2*l.* 10*s.* per month. We were then paying about 3*l.* 10*s.* I may say, however, that the Austrian ships were in every respect extremely well found sailing ships.

10,497. They insure in Austria, I suppose?—Yes, they usually insure in Trieste.

10,498. Do they insure at lower rates than the British shipowners can insure at?—I cannot say with reference to the present time; but five or six years ago, when I had a good deal of knowledge of them, they usually paid about six guineas per cent. for insuring in Trieste.

10,499. Do you mean in such ships as would have to be insured at the rate of 20 guineas here?—Yes. The Austrians had very few of that class of vessels.

10,500. In Belfast, what are the classes that are affected by the present condition of the shipping interest?—Shipowners and shipwrights.

10,501. Are there many labourers employed in the Belfast shipping trade?—A great number.

10,502. What is their condition now?—There is very great destitution at present in Belfast amongst that class. For instance, in the large shipbuilding yard of Harland and Wolff, who give and have given for years a large amount of employment, and in the two other local shipbuilding yards they have been obliged to discharge a number of their hands in consequence of the depression.

10,503. Has there been any lowering of wages within the last year or two?—There was a reduction in the Irish shipbuilding yard of Harland and Wolff, and also in that of Workman, Clarke, and Company about three months ago, a reduction to which the men submitted, seeing that trade was bad, and that there were not so many orders as formerly. The reduction, I think, was somewhere about 10 per cent., but I do not remember exactly.

10,504. You told us that the wages of seamen have been going up during the last 10 years; how is it that there is no reduction in the wages of the seamen if the freights are so low?—You cannot get sailors without paying high wages, and even the Norwegians, and Germans, and Italians who have come into our ships stick out for the same wages as British seamen.

10,505. Is there any increase in the number of foreign seamen in the mercantile marine?—I think there is.

10,506. What would be the proportion of the increase?—I cannot tell you what it would be.

10,507. From what country do the foreign seamen that we employ generally come?—Usually from Scandinavia; that is to say, from Norway and Sweden.

10,508. Has that been more noticeable during the last 10 years than in preceding years?—It has; it has come very much under my own notice during the last 10 years. Captains and shipowners usually prefer Norwegians; they are quiet, respectable, sober men.

10,509. You say that there is no reduction in the amount of commodities to be carried in ships?—Yes, that is my opinion.

10,510. There is abundance of commodities and abundance of shipping?—There is.

10,511. With low freights, as a consequence?—Yes.

10,512. Would you not say that that is a good thing for the general community?—It certainly is a good thing for the consumer, for he gets his commodities much cheaper than he did formerly; but there is not much in being able to buy an article cheaply if you have no money to buy it with.

10,513. Are there not as many seamen now actually engaged in the mercantile marine as there were at any previous period?—I do not think so, because the modern appliances in steamers have enabled steamers to be sailed with a smaller number of men than were required in the old sailing ships.

10,514. But there has been a great increase in the number of steamers, has there not?—Quite so.

10,515. Has not the increase in the number of steamers made up for the smaller number of hands that the steamers individually require?—Perhaps it has, but that, I consider, is a purely statistical matter.

18,516. What I want to elicit is, whether the great body of the seamen class is at all reduced, as compared with previous years?—I think that young men, somehow or other, are not so anxious to go to sea now as they formerly were; but upon that point a member of your Commission could give a far better opinion than I could; Sir James Corry could tell you all about it, for he himself has the best manned fleet of ships, certainly, in Ireland.

10,517. But the fact is, that in spite of the low freights and the multiplication of ships, the wages of seamen have not come down?—They have not come down.

10,518. If there is any difference in the composition of the class it is that there is a larger admixture of foreign labour?—Yes.

10,519. And that, as a rule, is rather cheaper, at least as regards keep, than the home labour?—It is.

10,520. Do you see any prospect of an alteration in the condition of the shipping interest?—I do not.

10,521. Are they still going on building ships?—They are still building in Belfast.

10,522. As fast as ever?—Not as fast as ever, for unfortunately they have not so many orders.

10,523. And they are generally very large ships, are they not?—Very large ships.

10,524. Can you say anything with regard to the shipping industry of any other portion of Ireland; with regard to Dublin, for instance, do you think more ships go into Dublin than go into Belfast?—I do not think so; I think there are more go into Belfast.

10,525. Is the shipping trade of Dublin declining, or is it at a standstill?—That I cannot say.

10,526. Or the shipping trade of Cork?—So far as Cork is concerned I was there a week ago, and the number of ships in port in Cork proper was very small. Queenstown Harbour had been crowded with vessels calling in for orders and one thing and another.

10,527. (Mr. Palgrave.) You spoke of the Norwegian vessels; are the sailors frequently, to your knowledge, part owners of the vessels?—Not to my knowledge.

10,528. (Mr. Palmer.) Formerly I apprehend that the ship owning interest at Belfast was that of sailing ships, was it not?—It was.

10,529. How did the change take place then to steam; did they sell off their sailing ships and purchase an interest in steamers?—Unfortunately the number of steamers that we have locally owned in Belfast is very small; but if times were better I am sure it would increase very much. The change did not take place exactly by the selling out of the sailing ships, and those who formerly owned the sailing ships going into steamers. For instance, in one leading company in Belfast, a gentleman who had been a wooden shipbuilder, got a lot of his friends together, and in conjunction with a firm of brokers in Belfast, started a very successful company, the Ulster Steamship Company, and they own at present seven or eight steamers. Three or four of those steamers do the Baltic trade to Belfast, and they have completely wiped out the small sailing ships, which eight or ten years ago did that trade. They have two or three very large boats that go through the canal. Then again a year or a year and a half ago a firm of timber merchants, who are still sailing ship owners, and who were always very extensive sailing ship owners, formed a company, and it has been more or less successful. Unfortunately they went in probably at the top of the market and paid a high price for their boats; but I think they are holding their own very well. Those are the only two companies of general steamers that we have at Belfast. There are other cross-channel steamers and so forth, but there is a large number of sailing ships, both wood and iron, still owned in Belfast.

10,530. In the general trade?—In the general trade.

10,531. Are your steamers then exclusively or mostly employed in trade connected with Belfast or the north of Ireland, or are they general steamers?—They are general steamers, but where they can get employed to discharge at Belfast they certainly prefer it; they come home when they can.

10,532. Since the change from sailing ships to steamers, has the shipping interest diminished in Belfast compared with what it was formerly?—I do not think it has. Some old people have dropped out of the sailing ships, and some young people have gone in, and probably there has been scarcely any diminution in the last five or six years. Quite a number of our local people went in for a small class of sailing vessel to do the River Plate and the Brazilian trade.

10,533. Not from Belfast?—No, from Cardiff and elsewhere. Then they come back from Brazil and the River Plate to the United Kingdom, or up to the States.

10,534. The shipping interest has not decreased much?—I do not think it has appreciably decreased.

10,535. Does the trade of Belfast employ much shipping itself?—It does, the import trade. We have unfortunately no export trade of any consequence, we have no general export trade. There is a lot of linen sent across the channel and trans-shipped to Atlantic steamers there.

10,536. What is your import trade?—Wheat, timber, and flax. We import flax largely; our own steamers usually do it; the Ulster Steamships Company's steamers import this flax for our mills. Our staple trade, as you are no doubt aware, is the linen trade.

10,537. Where does your timber principally come from?—From Quebec and Miramichi.

10,538. Not from Norway and Sweden?—No. We get manufactured flooring boards from Norway.

10,539. Have you many vessels laid up for want of employment at Belfast?—There are a few vessels laid up wintering, but there are no Belfast vessels lying up in Belfast for want of employment.

10,540. Do you think that those vessels are now navigated at a profit?—I do not think they are navigated at a profit.

10,541. You say that shipbuilding is yet continuing in Belfast?—It is continuing.

10,542. That will be, I presume, the building of the newer type of ship, the more economical ship?—Yes.

10,543. What prospect do you see of an advance of freights if the more economical ship is coming in and carrying goods?—None whatever, unless the old type of ship goes to the wall and drops out.

10,544. But they are not dropping out now?—No.

10,545. With reference to some remarks that you made about the carrying trade of the world being affected by the opening of the Suez Canal and the bounty system, are you aware that the Italians are increasing very largely their fleet of steamers to the East in consequence of the opening of the Suez Canal and the bounty system?—I meant to convey that we have not seen at Belfast or in Ireland, that I am aware of, any effect from the French bounty system, and the Italian bounty system is too recent for us to see any effect from it in Ireland. I can quite believe that the Italians will take advantage of the opening of the Suez Canal to advance their own shipping, for I have known the Italians well and intimately as a commercial people, and I know particularly about Genoa, and there are no more energetic people. If they have the money they will build ships.

10,546. Formerly the Italians were very large shipbuilders, were they not?—Quite so.

10,547. And those were the ships I apprehend that you saw coming about English ports, and into Belfast, and elsewhere?—Yes.

10,548. I think you said that those ships had now entirely ceased?—They have entirely disappeared from our ports.

10,549. And they have been replaced by steamers doing the traffic direct?—Yes, by east coast steamers from Newcastle, Shields, Hartlepool, and all round there.

10,550. Would it not be your opinion that the cheaper and shorter route would be a very great advantage to the development of our Indian dependencies?—I can scarcely pass an opinion upon that from my own knowledge.

10,551. With reference to the seamen, you said that at Belfast the shipowners generally preferred foreign seamen?—Yes.

10,552. Is that in consequence of their being got for lower wages?—No, certainly not.

10,553. Can you give any reason why they prefer foreign seamen?—There is less trouble with them; they are not so troublesome; they are not so ready to jump into a police court and bring an owner and a captain there.

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Mr. J. Burke. 10,554. Has legislation had any effect upon our British seamen?—I think somehow or other, if I might pass an opinion upon that, they have been too much spoon-fed.

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10,555. Was not an Act passed a few years ago whereby a warrant could not be served on a British seaman?—You mean the Payment of Wages Bill of 1881.

10,556. As to the payment of wages and also as to desertion. Has that affected very much the position of the British seaman?—I do not think it has. I, myself, think that the abolition of the advance note was a good thing; but you really cannot get sailors without in some way paying in advance, and the shipowner runs the risk of losing the advance.

10,557. Then you think that legislation has to some degree affected the employment of British seamen?—I do not think it has.

10,558. Are you aware that the number of foreign seamen at the present time is something like 19 or 20 per cent. of the whole number of seamen employed in British ships?—No, I was not aware of that, but I know that it is very large.

10,559. And increasing?—I would add that I consider it a most unfortunate fact. I think we should man our ships with our own men.

10,560. You said that no improvement could take place until the quantity of shipping was diminished?—That is my opinion.

10,561. But how can you reconcile that with what you said just now as to the improvement that has taken place in shipbuilding which displaced the old shipping?—In this way; that the old class of ships will have to drop off.

10,562. What hope can you have of improvement, under any circumstances, of the old fashioned ships?—None whatever. Do you refer to an improvement in freights?

10,563. No; to an improvement in the shipbuilding?—I consider that freight is the mother of shipbuilding, and if freights be not at a profitable margin there can be no hope, either for shipowning as an industry or for shipbuilding either.

10,564. You said that there are abundance of goods; if there are abundance of goods to carry and you have no ships lying idle at Belfast, why can you not improve your freights?—I said that, in my opinion, the trade of the world, the quantity of goods carried in the commerce of the world has not diminished. I believe that the quantity is about the same; and I think I am right in saying that in our own port of Belfast we have a slight increase in the quantity of goods carried to it last year. With reference then to the question whether there being plenty of goods to carry and ships to carry them in, I do not see any hope, except the hope that the older class of vessels will drop out and the newer class will remain to compete; but so long as there is the over-competition that there is at present in the case of both steamers and sailing ships, freights will continue low, and the trade, in my opinion, will continue unprofitable and depressed.

10,565. Have sailors' wages at Belfast been reduced within the last two years?—No; they have remained pretty much about the same.

10,566. (*Earl of Dunraven.*) You spoke just now about certain restrictions affecting our shipping from which the Norwegians were free; what are those restrictions?—For instance, the Norwegians in British ports are not subject to any inspection, whereas our ships are. I quite approve of a reasonable amount of inspection, such an inspection as would secure proper loading of ships and safety of life; but sometimes the inspection is overdone.

10,567. Is there any inspection of the Norwegian ships?—None in British ports that I am aware of.

10,568. But I mean in their own ports?—I do not know; I have never been in Norway.

10,569. How do you account for the large difference in the rate of insurance between Norwegian ships in Norway and British ships at home?—I have

been informed that in Norway they have a system of mutual marine insurance associations, such as exists in the north of England, and in one or two cases in London with reference to steamers. They insure one another. Then there are outside companies in Norway at ports, such as Christiania and Drontheim, and you have to compete with these clubs or marine insurance associations, and I have been informed very often by Norwegian ship captains that their rate of insurance does not exceed 5 per cent. Furthermore, when a Norwegian ship is under charter by myself or by others, supposing that they go to Quebec to load a cargo of timber for Belfast, their expenses may be 300*l.* or 400*l.*; they draw on a house on this side for that money; they give a draft to the person who disburses the ship at Quebec for them, usually the shipper of the cargo, or probably the broker there. The Norwegians always try to get the person at this side accepting that draft to accept a Norwegian policy of insurance, because it can be done very much cheaper than in the United Kingdom. For instance, at Lloyd's it sometimes costs as much as 10*l.* 10*s.* per cent. to do the insurance on a wooden ship, whereas in Norway they can do it at very much less. But, for myself, I always decline to receive such policies; I prefer to have a Lloyd's security, and unless I get the Lloyd's security I decline to accept the draft. So that in that way the difference between the rates of insurance in British ports and in Norway has come within the last five or six months within my own personal cognizance.

10,570. When you spoke of bounties, you were referring to bounties on shipbuilding, were you not?—I was referring both to bounties on shipbuilding and to bounties on the sailing of ships.

10,571. (*Mr. Aird.*) Upon the question of bounties, I gather that you are of opinion that the effect of bounties being given by foreign nations has not been to take away the trade from English owned vessels?—Yes, that has been my observation and experience.

10,572. But has it not had this effect; that the bounty being given to a foreign owned vessel tends to lower the rate for shipment?—That may be so in certain trades, but that has not come under my observation.

10,573. Would not that lower the freightage to the foreign owned vessel, and, by suggesting competition, bring down the rates of the English owned vessel?—It would where the foreigners are in a position to compete, or where they do as a matter of fact compete.

10,574. And it may be that by reducing the rates they have avoided the competition, which otherwise would have been overpowering through these bounties?—With reference to that interrogatory, I can only say that it has not come within my own personal observation. I have seen no result from either the French or the Italian bounty, at any rate no result damnable to our trade.

10,575. If the effect is to lower the rates, thus lessening the profits to the shipowners, would it not also tend to lessen the rate of carriage of foreign produce to this country as against home produce?—It would.

10,576. In regard to the question at the shipbuilding industry of Belfast, is there any particular reason to which you can ascribe the falling off of that industry, and the fact that so many men are now out of employment?—The only fact that I can ascribe it to is, that the ships are not wanted, and that they are not being ordered.

10,577. Do you think that that is at all due to the cost of shipbuilding at Belfast as against other places?—No, certainly not, for I am very happy to say that we are able to compete for a good ship with any part of the United Kingdom.

10,578. Is the feeling between the shipbuilders and their workmen satisfactory at Belfast?—It is very satisfactory at present.

10,579. There has been no disturbance of any serious character from the influence of trades' unions of late years?—No, none. A disturbance did arise I think about 12 or 18 months ago, but after there had been a lock-out for a month or so it was amicably arranged, and the feeling now between the shipbuilders and their workmen is certainly very good, and everything that could be desired.

10,580. Trades' unions do exist in Belfast, do they not?—They do.

10,581. As regards the vessels, I gathered from what you said just now that you believed that the shipowners were getting little, if any, profit at all out of their business?—I do not think they are getting any profit.

10,582. But I suppose that the brokers still retain their profit?—Yes, the broker always gets his profit.

10,583. Do you think that the fact of the broker practically having the control of the business operates prejudicially to the interest of the shipowner, his position being always secure?—I do not think so. He acts as the agent of the shipowner, and as such agent it ought to be his duty to do the best he can for his principal.

10,584. But if the best he does for his principal is to get him no profit upon the transaction, at the same time that he secures one for himself, it scarcely bears out the view which you have expressed?—You can scarcely expect a broker to create freights; all that the broker can do is to go round to the merchants and ascertain if they are likely to want vessels and ask them for their rates, and endeavour to find vessels to supply those wants.

10,585. But is it not the fact that the brokers have the control of the freights in their own hands?—Certainly not, they act altogether the parts of middlemen. A broker goes, for instance, to a certain merchant and says, "Do you want any vessels? What vessels do you want?" The merchant will say, "I want a vessel of 700 or 800 tons register." Then the broker will say, "What freight will you give?" and the merchant replies, "So-and-so." The broker may say, "That is too little," and perhaps the merchant may say, "I cannot give you any more." The broker goes away, and if he gets a ship he submits it and closes the transaction.

10,586. Then so far as the Irish shipping industry is concerned the broker does not obtain the freightage and then go to the shipowner and make the bargain?—No, the system is this: the broker ascertains the requirements of the merchants; he goes to a grain merchant and asks whether he wants a sailing ship or a steamer; he gets a list of requirements and sends those round to his clients, and ascertains whether he can get a suitable ship or steamer. If he can bring the parties together he closes the transaction by drawing up the charter party, and getting the signatures of both parties, and then he gets his commission. I should add, however, that in depressed times his commission is also a depressed one. If the freight be low the shipowner usually pinches the broker.

10,587. (*Mr. Jackson.*) Is it the same rate per cent.?—It goes from 1½ per cent. perhaps to 5 per cent.

10,588. (*Mr. Aird.*) But still the broker, the middleman, who obtains the commission, is the agent who brings immediately into competition the different ship-owning interests, and by such competition keeps down their freights?—He brings on the tapis the fact that there is a certain number of ships or steamers available for charter, and if he finds a suitable ship or steamer, one that is likely to suit the requirements of the merchant, he places it before him, and if the merchant accepts he closes the transaction. I do not think that the broker operates in any way to reduce freights. The broker would only be too delighted to increase freights, because if the freight be an increased one his payment is an increased one. One per cent. say on 5,000*l.* would be very much more than 1 per cent. on 1,000*l.* freight.

10,589. But does not the broker bring the ship-owning interest into competition one with the other?—He does not.

10,590. But the broker ascertains that certain freight is to be carried?—Quite so.

10,591. I gathered from your previous remark that he then ascertains upon what term the shipowners will carry it?—He then ascertains what terms the merchant thinks he ought to get a ship on, and the broker communicates those terms to his client the shipowner. The shipowner can then say, "I will give a ship at that" or "I will not."

10,592. Does that broker or middleman represent that shipowner only, or does he deal for others, and pass on to the merchant the shipowner who will carry at the least freight?—He does the latter.

10,593. There he does surely create competition between the shipowners?—He does not create the competition; he acts as a mere filter between the parties.

10,594. (*Sir J. P. Corry.*) With regard to the insurance, did you say that the rate of insurance on Norwegian ships averages about 5 per cent. per annum, whereas the insurance on English ships, or Irish ships, might be 20 per cent.?—I meant the wooden timber ships.

10,595. But is it not the fact that Norwegian ships, as a rule, are only sailed during the summer months?—It is.

10,596. Whereas a British ship may be sailed during the winter?—Quite so.

10,597. So that the one rate of insurance was only for one part of the year, and the other was for the entire year?—With reference to that I am not quite sure, but I think the Norwegian would have the right to sail during the entire year, the same as the British ship would. Our wooden ships usually make two trips a year to Canada in the summer time; they start about April, and come home about September or October; then they fit out again and go with a coal cargo, probably down to Pensacola, and come back with a pitch pine cargo, due to start in April again. That would cost 20 guineas per cent. per annum, and I believe that the Norwegian under his five guinea rate would have the right to do the same.

10,598. I think you will find that mutual companies, where ships have sailed only for a part of the year, average about that; but if they sail for the entire year it is a different rate, because the ships that are laid up are paid for at the rate of so much per month, or so much reduction is made for lying up. Are the restrictions of the Board of Trade in our ports the same on a Norwegian ship as they are on a British ship?—In our ports the Board of Trade has no jurisdiction over Norwegian vessels. I believe that they have some little jurisdiction, or they may be called in with reference to the position of the side lights under an Order in Council or treaty, or something like that, which probably you know better than I do. But generally the Board of Trade has no jurisdiction over Norwegian vessels in our ports.

10,599. Then it is a fact that the Norwegian ship can carry a large cargo in proportion to her tonnage than a British ship can?—She can.

10,600. So that the Norwegians have that advantage, that there is no load line fixed to a Norwegian ship, whereas there is one fixed to a British ship?—Quite so.

10,601. Do you know what effect the legislation of a few years ago, consequent upon which was called the Plimsoll agitation, had upon the timber carrying ships connected with the port of Belfast?—The result was that a number of them dropped out, because those who owned them would not run the risk, say, of a criminal prosecution, or of finding themselves in the dock, criminally charged before they knew where they were. They dropped out of those ships, some of which were very good ships, and ships which, in my opinion, might have continued for years safely to carry timber cargoes.

Mr. J. Burke.
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Mr. J. Burke. 10,602. Was it not a fact that a good many of those ships were sold to Norwegian owners?—A great many.

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10,603. (*Mr. Pearce.*) Did I correctly understand you to say that the bounties and subsidies given by foreign countries to merchant ships do not affect our steamers?—I did not answer so generally as your question is put. I said that I saw no results from the foreign bounties, and I specified France and Italy. I see no result from it, in my experience, either in Belfast or in other Irish ports. With reference to our trade generally I cannot give such an unlimited answer as that question would ask for.

10,604. But it does not follow, I suppose, that because you do not see the result there is no result?—It does not.

10,605. You acknowledge, do you not, that there is a result from the competition?—No, I do not; I have not seen any.

10,606. Are you acquainted with the Australian trade?—No.

10,607. Are you acquainted with the American trade?—May I ask which part of the American trade you mean? Do you mean the west coast trade or the east coast trade?

10,608. I mean the west coast trade?—I have seen no result whatever there. Our Californian grain is carried chiefly in our own ships, big ships; sailing ships. Our American grain from New York, Baltimore, and Philadelphia is carried in our own steamers.

10,609. But is there not reason to suppose that, if these French ships were not getting a subsidy the English ships would be doing the work that the French ships are now doing?—It is reasonable to suppose that.

10,610. May we not, on the same ground, say that the Italians paying, as they do, 10d. per ton for the coal that is carried in Italian owned ships will deprive a certain number of English owned ships of carrying that coal?—It is reasonable to suppose that also; but it does not pre-suppose the fact that it exists. I think there are very few French vessels in the American grain trade, to begin with. I think that the great bulk of the Italian coal-carrying trade is done by our steamers.

10,611. (*Chairman.*) Are there any other points connected with the shipping trade to which you would think it desirable to draw the attention of this Commission?—No, I do not remember anything else.

10,612. (*Mr. Jackson.*) You spoke about the facilities and the cheaper rate at which the Norwegians could get their ships insured; are those facilities equally open to the English ships if they choose to make use of them?—I do not think they are; I think it is only Norwegian vessels that may be so insured, but I am not very sure upon the point.

10,613. (*Earl of Dunraven.*) I understood you to say, in answer to Mr. Pearce, that, practically speaking, our shipping trade is not affected by foreign competition?—I guarded against giving an unlimited answer. I said that, so far as the carrying trade of Belfast and of the Irish ports generally was concerned, I have seen no results from those foreign subsidies.

10,614. That is to say, that those particular trades are not affected by foreign competition?—Quite so.

10,615. (*Mr. O'Connor.*) Can you give us any information with regard to the general condition of the trade of Belfast, as to whether it is generally depressed, and if so in what particular branches more than in others?—I might say in all the branches. I do not remember during my time trade so depressed in every branch as it is at present in Belfast.

10,616. Would you ascribe it to any particular cause?—I think not; everything seems to be depressed. There seems to be a superabundance of everything one can think of; everything is cheap, and there is close competition in everything, and there is little or no profit in anything. That is all that I can tell you.

10,617. How do you account for the depression in the face of the abundance of everything?—There is a

great deal of competition; there seems to be plenty of money.

10,618. Plenty of money and plenty of goods?—You will get any amount of money in Belfast at 4 per cent. with good security.

10,619. (*Chairman.*) When you give that general answer you mean to include, of course, manufactures of all kinds?—Yes, everything.

10,620. (*Mr. Houldsworth.*) Is there any large amount of short time or want of employment in Belfast?—No, not to my knowledge.

10,621. In speaking of this great depression, you refer more to the position of the capitalist, the employer, than to the mass of the people, do you not?—I do.

10,622. You do not think that the workpeople are suffering?—I do not. Probably we have as fine and respectable a working population in Belfast as I have ever met with. I have travelled extensively in both hemispheres, and I have never seen a more respectable population turn out on a Sunday.

10,623. At the present moment is there any want of employment?—There is considerable depression and want of employment, so much so that we have had a distress committee in operation for the last couple of months.

10,624. (*Mr. O'Connor.*) Is that because there has been an increase of distress, or because the talk about the depression has stimulated benevolent people to extra effort?—Probably it arises from both causes.

10,625. (*Mr. Houldsworth.*) You do not view as serious either the want of employment or the distress amongst the people?—There is certainly a good deal of distress in Belfast which ought to be viewed as a serious matter. It may be derivable from many causes. There is a good deal of want; in every population you must always find some people, or some part of them, who will be in want; but taking them all in all the population of Belfast are comfortable.

10,626. Would you say that the distress is worse just now than it has been at any previous time?—I would say so. It is worse at present.

10,627. Worse than ever it has been?—Worse than ever it has been in my recollection.

10,628. And yet I think you said a little while ago that there was no short time?—There is no short time, to my knowledge.

10,629. (*Chairman.*) Then this depression does not show itself in a difficulty on the part of the labourers in obtaining employment?—There is a difficulty on the part of a number of labourers in obtaining employment, but that has been probably due more or less to the very severe weather we have had during the last couple of months or so. A number of men, for instance, are employed at very small wages in breaking stones, and so on, under charity committees.

10,630. But looking back for 12 months or so, would you say that there has been full employment or a lack of employment?—I would say that there has been reasonably full employment.

10,631. Then in what way do you consider that the depression shows itself; in a diminution of profits?—In a diminution of profits.

10,632. Do you consider that it is that the demand has fallen off, or that the supply has increased?—The demand for imports has fallen off, but the supply of goods has increased.

10,633. The demand has fallen off on what account?—Because people do not seem to want the goods.

10,634. Is it that they cannot afford to purchase as they did formerly?—Quite so. People seem to be compelled to be more economical in their requirements.

10,635. Can you judge whether the demand has been more affected in the home trade than in the foreign trade?—I cannot. That is a subject that I have given no thought to.

10,636. (*Mr. O'Connor.*) With regard to the area upon which the town of Belfast stands; is there any diminution in the amount of ground rent paid in Belfast?—There is not.

10,637. Has there been an increase during the last 10 years, or a decrease?—The town of Belfast has increased very much during the last 10 years.

10,638. And the ground rent has gone up accordingly?—With reference to that I can scarcely answer.

10,639. There is no reduction, at any rate?—I do not think that there is any.

10,640. (*Sir J. P. Corry.*) Is it or is it not a fact that the rents of artisans' houses have rather gone down than increased during the last two years?—It is a fact that the rents have decreased very much.

10,641. (*Mr. O'Connor.*) You distinguish of course between the rent of the house and the ground rent?—Quite so.

10,642. (*Sir J. P. Corry.*) With reference to the ground rents, is it not a fact that nearly all the build-

The witness withdrew.

Mr. CHARLES EDWARDS COLLYER examined.

10,648. (*Chairman.*) I think you are a produce broker in London?—I am.

10,649. Do you carry on business elsewhere than in London?—No.

10,650. How long have you been in the business?—For 32 years; 24 years as principal.

10,651. You have naturally watched the course of trade during that time?—Yes.

10,652. What should you say was the present condition of our carrying trade?—I am here in a double capacity; in my own position as a broker, and also to some extent representing the Luton Chamber of Commerce. As regards my position as a broker we are engaged in raw materials only, and speaking generally the quantity has not decreased in bulk.

10,653. In what classes of goods?—Raw fibres mainly, such as jute from India, and hems from various parts of the world.

10,654. Have you anything to do with grain?—No, grain we do not touch. From China we get straw plait, and many articles, but do not take tea, silk, or wool.

10,655. You think that there has not been any diminution in the quantity of goods carried?—Distinctly not. One of our troubles is our excess of stocks.

10,656. Is the carrying trade as profitable as it was formerly?—I am hardly able to answer that question.

10,657. What is the condition of our *entrepôt* trade; is it in any way falling off?—It has been very much affected by the increase in direct shipments from the port of production to the port of consumption.

10,658. In what cases has that principally occurred?—In our own experience to some extent in jute, but more particularly in China goods, such as straw plait.

10,659. What was the course of the jute trade formerly, and what is it now?—Formerly, that is up to 20 years ago perhaps, I think the whole of the jute, with scarcely any exception, came to London. Now a certain quantity goes to the south of Europe and a considerable quantity also goes to the various Baltic ports, and also to French ports.

10,660. Are you able to say what is the cause of that?—I take it that that is rather the natural result of taking goods in a single bottom without transshipment. The point which I should like to raise there, and I ask it especially for the Luton people, is the preference, if I may use the expression, or the bonus, which in many cases has been given to foreign ports against London by the shipowners. This especially applies to the China trade. I should like to say that what I have stated elsewhere and am now stating some shipowners dissent from; but I only state what is within my own knowledge.

ing ground at Belfast is let on fee farm rents?—I believe so.

10,643. And not on terminable leases at all?—I believe it is let on fee farm grants.

10,644. And there is no difficulty whatever in obtaining building land in Belfast?—None whatever.

10,645. (*Chairman.*) Does building continue?—Building continues, but not with the same prosperity that it did a year or two ago.

10,646. (*Sir J. P. Corry.*) It is a natural inference, I presume, that if the rents of the houses which are built upon the land decreased the owners of the land would not get such a large amount of ground rent?—I presume that the owner of the ground rent or the owner of the ground would continue to get his contract.

10,647. For old lettings, but not for new lettings?—Quite so.

Mr. C. E. Collyer.

10,661. Perhaps you will tell us what you have to say with regard to the freight rings, and also will you mention now your connexion with the Luton Chamber of Commerce?—I have it all here in print, and copies of the letters, if that would be a more convenient form. First of all there is a letter which I addressed to your secretary on the 17th of February, giving him my own views. I should simply like to say that I adhere absolutely to all I have written in that letter, and if necessary I can bring independent proof. I would also beg to ask your attention to the memorial from the Luton Chamber of Commerce on this subject—this memorial was the result of a meeting of the chamber specially called for the purpose, which was largely attended by the principal manufacturers and merchants in the trade.

10,662. Are you aware of those arrangements existing in other trades besides the China trade?—Not with sufficient exactness. I have information that they exist to some extent; but I am unable to go into detail as regards other trades.

10,663. Perhaps you would tell us just shortly what the present scale is of differential freights from China?—The position in the China waters shortly is this, that there is a freight ring composed of the six largest companies and others, having a guarantee fund amongst themselves of 80,000l. to fight all competitors, with the primary intention of driving out the German ships. They charge freight to Hamburg 40s. per ton *via* London, and if we keep those same goods in London, and do not send them on to Hamburg, we have to pay 57s. 6d. per ton, a difference of 17s. 6d., to which the London merchant has to add the cost of sending the goods on to Hamburg if sold afterwards from a warehouse in London. But so far from that being the exception, as stated by the shipowners, so far as my experience goes, it is the habitual practice. I have many instances of this being enforced. I have not had a single instance in my own experience for some time past in which it has not been enforced. I would like to mention now that the same thing is done between China and New York. I have a merchant's letter here before me in which he gives the case of a steamer, which ship sailed last November. The tea that was landed in London paid 55s. per ton, and the tea that was shipped in transit to New York by the same ship was delivered in New York for 30s. per ton.

10,664. (*Mr. Jackson.*) Being transported *via* London?—Yes, *via* London, transhipped in London and carried 2,500 miles further for 25s. per ton *less*. The expense of sending it on to New York was 20s. per ton, consequently the amount that they received for the all-round voyage from Shanghai to London and on to New York only netted them 10s. per ton. That is a very extreme instance; but it illustrates exactly what the basis of my complaint is.

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10,665. Do you see any remedy for this?—I do not see any remedy that we can apply beyond calling public attention to it.

10,666. It is not a matter which is open to legislation in any way?—No. I have distinctly taken that ground, that we cannot advocate it.

10,667. Are these associations increasing, do you know?—I think they are, and have been for nearly two years. I believe one company retired and another company has joined.

10,668. (Mr. Palmer.) Have you got a list of the companies in the association?—I can give a list. These are the original notes taken at the time the information was given to me by one of the parties interested. There is first of all the Peninsular and Oriental Company, which is a subsidised company, which increases the evil; then there is the line of steamships known as the Glen Line; another known as Holt's Line, from Liverpool; and then the Ben Line; then there is the Shire Line. The Holt's Line is the company of which Messrs. John Swire and Sons are agents. Mr. Swire does not conceal the objects of the association; he says we mean to drive those Germans off; he told me so himself. The other is a China company, which is known as the Mutual Company of Shanghai, the shareholders are in Shanghai.

10,669. (Mr. Pearce.) Do they run ships home to this country?—Yes; their ships are trading between Shanghai and London.

10,670. Are they sailing ships or steamers?—They are all steamers. With reference to the last (*i.e.*, the Mutual Company) they are believed to have joined only; I would not like to speak too positively. To-day a gentleman told me that he had every reason to believe that they had joined or were on the point of joining; he thought they had joined that very week, but I would make that reservation as regards them. As to their method of working, I am informed that they have no written agreement with the merchants, but at the end of each six months they return 5 per cent. to those shippers who have shipped by the boats belonging to their lines only. They hold that in reserve till the end of the six months, and they withhold it if anyone ships in a competing vessel. Of course I give this as having received it, not of my own knowledge.

10,671. (Chairman.) What is the ground upon which they rest their case; is it their desire to exclude foreign ships?—I believe they are equally desirous to exclude all competitors; they act as strongly against other shipowners as against foreigners.

10,672. (Mr. Palmer.) Would you say what foreigners they are acting against?—Mainly the Germans. The way they work is this: Having obtained the position, so far as they can, of getting the merchants to have an interest in shipping by them, if an opposing vessel comes in they, as I understand it, lower their rates. I would rather confine myself to one or two exact instances. There was a vessel called the "Iphigenia." She loaded in August higher up the river than Shanghai, Hankow. Directly she came on the berth two opposing steamers were put at lower rates, as we nurse omnibuses here, one in front and one behind. These two steamers reduced their rates so that they received something like 4,000*l.* less freight than if they had not reduced their rates. The Conference, which is the name this combination is known by, were not aware of the facts, as it happened that this vessel (the "Iphigenia") had been previously engaged for a full cargo, so they penalised themselves 4,000*l.* without effecting their object of driving her away. In the case of another vessel, the "Port Philip," directly she came into port, although the arrangement had only been come to that very day or the day before, and therefore the owners of the "Port Philip" could not possibly have known of it, a circular was sent round to the shippers with the result that the "Port Philip" had to go away empty, she got no cargo at all. I do not know what line she belonged to; I

think she was an English ship chartered by Germans; I am under that impression, but I am not quite sure. You may probably be aware that Messrs. Gellatly and Company, on similar facts, have entered an action against the representatives of the Conference lines, which action is still pending; they have laid a claim for heavy damages on the ground that their liberty of action is unduly interfered with by these combinations.

10,673. (Mr. O'Connor.) Is that on appeal; has it not been already before the courts?—As I understand it, they applied for an injunction, and the judge was favourable, but he told them there was no necessity for an injunction, and the cause has not yet come to trial I believe. The result of this combination is that lower freights are charged to Hamburg and Havre than to London, and it is possible to sell straw plait delivered, either in Germany or France, at 10 per cent. lower than if you take delivery in England. That is an absolute fact, which I can vouch for in the most ample manner. That explains the effect that it has upon the *entrepôt* trade. This straw plait trade with Germany has hitherto been done by a class of men who are partly engaged in the Luton trade, and partly in the supply of plaits to Germany and to other parts of the Continent. It is quite clear to my mind that if the continental consumers can get their supplies 10 per cent. cheaper, and more direct, England for all practical purposes has lost that trade. I may say that this has been done on a small scale, and I can mention instances of 1,500 bales, of the value of from 6,000*l.* to 7,000*l.*, which were shipped on those differential terms, and other goods are known to be afloat on the same scale of freights. In other words, we can deliver straw plait in Dresden cheaper than we can deliver it in Luton, because of this first difference of freight. This not only applies to straw plait, for what first drew my attention to the matter was this: For a good many years we had been brokers for a large firm in Paris, until a few months ago, all their goods came to London, and were stored in London, and were afterwards distributed from London. In consequence of the freights to Havre *via* London being cheaper, the whole of that storage and *entrepôt* business is transferred to Havre, so far as that firm is concerned. I have a letter in my possession in the office, in which they thank us for what we have done, and they say that circumstances compel them in future to carry on their trade in Havre instead of in London, and that applies to many things besides straw plait.

10,674. (Mr. Palmer.) Did the goods come to London first, and then get transhipped to Havre?—Yes, there is the grievance. I will take another ship, the "Ben Alder," which was loading at the same time as the "Iphigenia," and was one of the ships, I believe, that was put on for the purpose of nursing. I had for a Paris firm a bill of lading for about 440 packages of goods. This firm told me, as usual, to land them in London, and when I went to the agents of the owners, the shipbrokers, I found that if I kept them in London I must pay an increased freight of 17*s.* 6*d.* a ton, and consequently those goods went away to Havre, and neither I nor any other Englishman had any benefit from the transaction. That consignment of goods was put into a Havre boat and away it went; and since then to my knowledge several parcels of goods have gone the same way. I estimate my personal loss at several hundred pounds with that one firm. Recently I had bills of lading for two parcels in two separate ships of China isinglass for the same people. Those people appear to have forgotten the difference in freight, and they said nothing to me about it; they simply told me to land the goods in London. We did land them in London, and we had to pay this increased freight of 17*s.* 6*d.* a ton. I saw Mr. John Swire on the subject, and did my uttermost to induce him to let me keep the goods in London at the same rate as he was willing to accept for the goods after he had taken them to Havre, but he positively refused, and after the goods were landed we

went to him and asked him to take them on to Havre and deliver them there at the original freight. He said, "No, I will not do it, you have put them on the quay and you must pay the extra freight." That led to the letter to which I previously referred.

10,675. (Mr. Eeroyd.) You say that your loss of the *entrepôt* trade applies to some other goods besides plaits; could you give us a few of the most important articles?—I take it that this differential rate of freight is irrespective of what the goods may be. I think many goods that are shipped from China come under the same rates of freight. It does apply to tea, I know, and I have no doubt that it applies to silk; but, of course, the higher the price of the goods the less important is the question of freight; the per-centage is so much less.

10,676. (Mr. Pearce.) But the rate of freight is not the same all the year round, is it?—No, there are variations, but not many. One other effect of this combination in China is to have an abnormally high freight all the year round. I think I am right in saying that the average rate of freight home from China is higher, comparatively, than from any other port. I speak with all reserve, but I am under that impression.

10,677. (Mr. Palmer.) Do you know what effect it has had upon the German competition?—The most pronounced effect, it seems to me, is the announcement that the Germans are going to subsidise their new lines, and a certain subsidy has been granted in the past, I believe.

10,678. It has not had the effect of driving them out of the trade?—No; the Conference have not succeeded in driving them out. In fact, the manager of the principal German line told me they were going to prosecute the trade stronger than ever.

10,679. Then if it has not had the effect of driving them out, why cannot you bring your goods by the German line?—First of all, the German ships are very few at present; I do not know what proportion they bear to the trade, but they must be a very small proportion. I am told (speaking now a little beyond my own personal knowledge) that the cheapest way of getting goods to London is to ship them in German boats.

10,680. If you gave encouragement to shipping by them they would increase the number of their shipping to meet the demand, would they not?—I have no doubt that they are increasing; I believe the number of their ships loading in Hankow this year will be double the number of last year.

10,681. Then this combination will break down from what you say?—I think that it will not effect the purpose; whether it will break down or not is a question which I can hardly answer; anyhow, it is not effecting the purpose as against Germany.

10,682. (Mr. Pearce.) Was it not the case that these varied rates, or this low rate to Germany, is brought about by competition between English ships and German ships?—That is what the shipbrokers allege.

10,683. The German ships are subsidised and they can afford to take lower rates to Germany than English ships can?—The fact is that the German rate to Germany is higher than the rate of which I complain.

10,684. (Earl of Dunraven.) What is the rate to Germany?—I am not able to say.

10,685. (Mr. Pearce.) Is the rate in a German ship to Hamburg, for instance, a higher rate than it is in an English ship to Hamburg *via* London?—I understand it is. I understand that this rate is fixed at this low price expressly to carry them cheaper than a German ship does direct.

10,686. In this matter of the China trade, you say that you know an instance of the freight being 55*s.* per ton to London and only 30*s.* per ton to New York?—Yes, I have it here in writing from the shipper of the goods.

10,687. That is not a common thing at all, is it?—I should hope not.

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10,688. Do you think that it has ever occurred to any other firm?—I have no knowledge one way or the other. I have every reason to believe it has.

10,689. Do you think it is a common practice to tranship tea in London for New York?—If I keep within my own knowledge I am not able to answer the question, I believe that a good deal does go, but I speak from merely a general belief.

10,690. Are you aware that there is a line of steamers constantly trading from these ports in China to New York?—Yes, perfectly.

10,691. Are you aware that those ships go and load there without having anything to do with the conference, and that the conference does not interfere with them in any way?—As regards New York I do not know that the conference does interfere with them.

10,692. Does the conference interfere in any way except to the port of London?—They interfere with London, Hamburg, and Havre in instances which have come under my own knowledge.

10,693. That is to say, they only come to London, and the goods are transhipped to Havre and sent there for nothing?—Yes, for less than nothing.

10,694. The rate is rather a lower rate existing with China both for Hamburg and for Havre, is that not so?—I understand that this rate of 40*s.* a ton is lower than is charged by direct steamer.

10,695. Are you aware whether it is the case that steamers are not able to fill up entirely for London, and that they are obliged, in order to occupy the space that they have in their steamers, to fill up at a lower rate for those ports of Hamburg and Havre?—I believe that is often the case. I know that is one reason which they put forward as an explanation, but it does not touch the point.

10,696. Can there possibly be any other reason why they should bring home goods at 40*s.* a ton when they can get them at 55*s.* a ton for London?—I will give you an instance. I know a ship which began to load at 55*s.* per ton. Two opposing steamers came into port and loaded at say 35*s.* per ton, subsequently the first ship completed her cargo at 55*s.* per ton.

10,697. Because there was no other ship at that time in the port?—I cannot answer that question; I was not there.

10,698. Is it not a question of supply and demand all through?—No, not at all. If it were that, of course we must accept the inevitable. My point is that these differential rates were originated and supported for the purpose of excluding competition, and I think I should be abundantly able to prove that if I had the time.

10,699. (Sir J. P. Corry.) When you say that this conference is a large number banded together for fighting those competing ships, do you say that you are aware of that of your own knowledge?—I am in the position that I have received it from undoubted sources, from a number of people. I am not at liberty to give their names; but I should be happy to put the secretary in possession of their names to prove my *bona fides*.

10,700. Does the conference interfere with outward as well as homeward freights?—My experience does not extend to outward freights. I believe it does; I think that the 5 per cent. return is made on the outward freight, but I have no personal experience.

10,701. Does it ever happen that you get any goods by those outside steamers at low rates?—Yes.

10,702. So that you benefit by those low rates sometimes in those opposing steamers?—I answer that question from this point of view, that we get goods from nearly every vessel that comes in from China, and therefore it follows as a matter of course that we must get them from the cheap as well as from the dear steamers.

10,703. Taking that as an explanation, do you consider that this conference acts prejudicially to your trade?—Yes.

10,704. When you have the advantage of getting those low freights as well as others?—Yes; it acts prejudicially in this way, that it is building up an

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entrepôt trade in Hamburg and Havre within my own knowledge, which did not exist and which there were not inducements to start until this systematic difference of freights set in.

10,705. Is not it in the natural course of trade that changes will take place of that kind?—I do not see that it is a natural thing that the shipowners should charge me 30 per cent. more to London than if they carry the goods several hundred miles further, and charge the foreigner one third less than they charge me.

10,706. That is a matter of competition, is it not?—That may be a matter of competition, but it does not seem to me to be a matter of fair competition. Why should London have to pay 60s. if Hamburg only pays 40s.?

10,707. (Mr. Pearce.) Is it not because Hamburg is subsidised?—I do not think that the subsidy applies in those cases.

10,708. (Earl of Dunraven.) Do you know what the subsidy is?—I have no information beyond what appeared in the public prints. I do not think that I can answer that question offhand.

10,709. (Mr. O'Connor.) Do you know whether the subsidy is given per vessel or according to the tonnage?—Speaking from memory, I think, that it was paid so much per vessel.

10,710. Irrespective of tonnage?—That would follow so, but on that point I can only speak from a very imperfect memory.

10,711. (Sir J. Allport.) How long has this conference been in existence?—More or less for two years.

10,712. Were ships loaded in the way that has been suggested before the conference existed, that is to say, if a ship could not get a sufficient cargo for London, and if cheaper rates were taken for Hamburg, it was done to fill up the ship before she started?—I daresay that in occasional instances it may have been so.

10,713. To any extent?—I should think not to any great extent.

10,714. Did I understand you to say that the gradual taking up of the *entrepôt* part of the trade in Hamburg occurred before the conference was made?—I think there has been a tendency for years past for more and more of this business to be done in Hamburg and Havre with China; but my point is, these rates give an artificial stimulus to it.

10,715. Then it is not a new thing for ships to load in Chinese ports, because they could not get sufficient for London at the low rates to Hamburg and Havre?—I am hardly able to answer that absolutely; I should think it is a very probable thing to have happened.

10,716. Do you think that the opening of the Suez Canal has had any effect upon it?—As regards the question of freight, I do not think that it has made any material difference.

10,717. (Mr. Aird.) Is any foreign shipowner included in those combinations to which you refer?—No.

10,718. Do you know whether any similar combination exists in Germany or in France amongst shipowners?—I am not able to say from my own personal knowledge.

10,719. Can you tell us why those associations originally banded together, whether they have been formed chiefly with the object of securing freight, or whether it has been done with the object of increasing freight?—My impression is that it has been done for the personal advantage, the selfish advantage, if I may use the expression, of those who banded themselves together; and I say that for this reason, that immediately after the agreement for the conference was signed, the members of this conference ordered several new steamers to be built for the China trade.

10,720. Did they increase the rate of freight?—My memory does not serve me as to whether the rate has been increased since or not.

10,721. But it would make an important difference as to whether the object of the conference was to retain freight which would be beneficial to this country

or whether they desired to get larger rates in the future than they had in the past?—Unfortunately I have not referred back to the relative rates of freight; I should think that the freights are not higher than they used to be, but then there has been a general fall in freights.

10,722. Do you believe that it is absolutely necessary, in order to restore freight to its primary position, that some control should be exercised or some alteration should be made to use those combinations?—Yes, I think that follows.

10,723. As regards the question of rates, can you generally say as to whether there is any material difference between the inward rates and the outward rates?—I have no knowledge of the outward rates.

10,724. You do not know whether one rate is much in excess of the other?—No, I would not be able to answer that.

10,725. You spoke of a rebate being given of five per cent. in consideration of some shipments, subject to their business not passing into other quarters during the whole six months; is that five per cent. paid to the broker, or to the shipper?—To the shipper, as I understand it, to the man who pays the freight; I have heard of an instance, and I think it is a typical one, in which at the end of the six months a cheque was sent from the shipowner direct to the shipper.

10,726. You think, do you, that the chief object of English shipowners in favouring English ports is due to the advantage they obtain from those foreign Governments?—My point is, that they do not favour English ports, and that they injure English ports.

10,727. Is the reason why they prefer foreign ports against English ones, the fact that they receive advantages from foreign governments?—Perhaps I had better answer that in the words of one of the members of the conference. He says "If they had not interfered with our London trade we should not have made these differential rates," and, he says "We are serving them out for having tried to compete with us in China."

10,728. Who are they?—The Germans; one of the members of the conference told me when I was arguing the matter out with him, that they would never have made those differential rates, had not the German ships tried to compete with them in the London trade.

10,729. (Sir J. Allport.) It could not have been a desire to have their space filled up at a lower rate?—No, that is a convenient afterthought from my point of view. I have given the Commission an illustration directly opposed to that, in which those rates of which I complained were enforced in the first half of the loading, and directly the cause was removed they reverted back to the former rates.

10,730. (Mr. Aird.) Am I right in stating that your opinion is that these combinations originated in the first instance in order to oppose the German trade?—Yes. In my opinion they originated in a desire to monopolize the trade themselves, and to keep other people out of it, whether they were German or whether they were English. That seems to me really the common sense view.

10,731. The result being that they have very materially injured the shipping trade in London?—Not only in China goods, but a large proportion of our general *entrepôt* trade is leaving London.

10,732. (Chairman.) Are they ready to admit into the association or conference any vessels that offer themselves to come to their terms?—I believe there are instances in which vessels have been admitted, but I think not, as a rule; I believe also that the rule of enforcing shipment by their vessels only has been relaxed in one or two cases, on the application of the shippers. In fact, a shipper told me so. He said, "If we were to ask them, they would in exceptional circumstances not make us forfeit the six months commission that they would otherwise give us."

10,733. (Mr. Eeroyd.) You have stated in answer to a question of Mr. Aird's that the effect of this com-

petition has been to injure the trade of British ports?—Yes.

10,734. Of course the interest of the British shipowners is in the earnings of the ship, and not in the special port to which the ship may be directed; do you think that this combination had its rise in any degree in a desire to combat the actual or apprehended effect of foreign shipping bounties?—I think not; I should like to point out this fact that in so far as they give these lower rates to Hamburg and Havre they have to accept a very much lower rate of freight themselves, that is to say, so many goods as go to Havre on the 40s. rate really only pay to the English shipowner after deducting the cost of transit to Havre 27s. 6d., as against 57s. 6d. which the English merchant has to pay.

10,735. I quite understand the effect to be, in a great many cases, a present loss of freight to the shipowners, but is it not a means of better combatting the effect of foreign bounties and driving the Germans out of the trade and is it not for that purpose that those people are willing to make a present sacrifice?—Very possibly, but the effect upon the English merchant of the transference of the trade from England is the same, whatever their object might be.

10,736. Are you aware that there has been a very large extension of French and German manufactures in many departments, as compared with that of English manufactures during the last 10 or 12 years?—Yes.

10,737. Has not that a tendency of itself to divert *entrepôt* trade?—It has a tendency to increase the direct service.

10,738. Supposing, for instance, which is the fact, that a large proportion of the colonial wool imported to this country, and brought into the port of London, is afterwards manufactured on the continent, is it not clear that the *entrepôt* trade of London in colonial wool must be a very precarious trade?—Yes, I think that follows.

10,739. The tendency of the *entrepôt* trade must certainly be to follow the great centres of the manufacture of the article?—Yes; but my point is, that natural causes are quite strong enough to injure the London trade and will injure the London trade without the acceleration of it by these differential rates of freight.

10,740. But you will admit that the effect of foreign shipping bounties must also be to exaggerate and accelerate this movement, and transference of the *entrepôt* trade?—Clearly; as regards the goods that I am connected with, such as straw plait, it has not been of sufficient importance to divert the trade, but as far as it goes, it is a certain per-centage against this country.

10,741. So far as it went, has not the influence actually been, in many instances, the transfer of manufactures from this country to the continent?—Yes.

10,742. Is it your opinion that this transfer of trade, upon the whole, is a rapid and progressive one?—I think so. I think that it has increased very rapidly within the last 12 months, if I can judge by my own business.

10,743. Do you think that the continental trade in all those articles that come from China is growing in importance, compared with English trade?—Relatively, it is so. I think I am right in saying that the English trade is somewhat at a standstill, that we are not increasing; as regards the straw plait the English manufacture is not increasing, and I think in other articles it is the same.

10,744. What is the result with regard to the straw plait trade?—As regards the straw plait, there is an increase in the appliances for the manufacture on the continent in many places. A few years ago practically the whole of the hats and bonnets consumed on the continent were made in England, with the exception of small local special makes, but as regards China straw plait, it was nearly all worked up in England. During the last few years a larger proportion has been worked up on the continent undoubtedly.

10,745. What is the cause of that?—There is the patriotic feeling of trying to extend their manufactures at home and to be as independent of the English manufacturer as possible.

10,746. How has that been expressing itself?—In the establishment of factories in foreign countries.

10,747. Have those factories been established by means of the imposition of import duties?—The protection or differential duties have helped them so far as they went.

10,748. Have the protective duties which are destroying your trade to those countries been establishing industries under the shelter of them?—In so far as they go they are acting adversely to this country, whatever causes an extra charge upon the goods here is in that direction.

10,749. Do you believe that if there had been no import duties on goods imported into those countries, and if the duties into those countries of which you speak had been as free to-day as the import into England, you would have retained the straw plait manufacture in this country which you are losing?—I do not know enough of what the rates of duties are; I think, as regards certain classes of goods, they are almost prohibitory; that is to say, there is one class of goods which are worth, for instance, about one penny a piece, the duty is considerably more than that; it is something more like twopenny. The import duty in some cases is more than the value of the first cost of the goods. There are cases of that kind.

10,750. Are you not aware that in many important manufactures the English manufacturer would be well content with a profit of three or four per cent. on his turn over?—Yes. I should fancy that they run upon the idea of five per cent. on straw plait.

10,751. In that case an import duty of five per cent. might destroy a man's trade and might absorb the whole of his profit?—Assuming that other countries were able to produce goods in the same way, because there is something more than the price to be considered. Take Luton, for instance, they have appliances for producing which do not exist elsewhere.

10,752. But is not the effect of an import duty at once to determine the sphere for the application of capital and industry in favour of the country which has imposed the protective duty?—No doubt that process is going on.

10,753. So that that of necessity must follow?—Other things being equal, the appliances being equal, the duty of course would determine the place of the manufacture.

10,754. And are not capital, skill, and machinery becoming every year more international and more easily moved from one place to another?—Yes; that is one matter which I was going to refer to; and I refer to it as one great reason for our depression of trade here. Take jute, for instance; jute is a very large article which the foreigners do not produce; it is produced in India, and it is the lowest in price of any textile material. Formerly the whole of that trade centred in Dundee. Now jute is spun in India, in Germany, in America, and also in Italy and Spain and other countries. In some of these countries there is more jute spun annually than there was in Dundee 30 years ago.

10,755. The transfer of the jute manufacture to India is, of course, independent of tariff influences?—Yes.

10,756. India has imposed no import duty on manufactures of jute?—No; jute is grown on a large scale only in India, and the effect of the introduction of machinery and capital into India has been to compete in the markets for jute goods with the Dundee men.

10,757. Jute is a very heavy and inexpensive material. We imported the raw material from India to this country, and manufactured the article, but at the present time there is a large and growing production of jute by native manufacturers?—Yes, it seems to me that that is a very natural result.

10,758. That we can well understand, so far as the case of India is concerned, but in the case of Ger-

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many, Germany has to import her jute, I suppose, from India?—Yes, it comes through London, except where it goes direct.

10,759. Then no advantage is enjoyed by the German manufacturer over the manufacturer in Dundee in that respect?—There are many considerations that arise here. They are not limited by the hours of labour as we are here; labour is cheaper, and there are other incidental matters that affect the question.

10,760. Is not after all the great determining question which has taken away the manufacture of jute from Dundee and is taking it into Germany, the high import tax on the manufactured goods?—Distinctly so.

10,761. Is not that a reason so sufficient as to absolve us from the necessity of considering other reasons?—With regard to jute, possibly that is so.

10,762. (Chairman.) Are there any other points to which you wish to direct the attention of the Commission?—Yes, there is one point which I should like to mention, and that is the extreme facilities given by banking companies to shippers. I mean in this way: a man with very little capital may ship goods in India or China and draw up to the value of the goods, or even beyond the value of the goods. Several cases have come under our notice lately, in which men have drawn as much, in some cases, as 20 per cent. above the value of the goods. There seems to be no efficient system by which the banks may first of all protect themselves and in so doing protect also the straightforward regular merchant. A large quantity of goods come to England in that way which would never come at all, if the shippers had not what we hold to be improper facilities given them.

10,763. (Mr. Palgrave.) Do you refer to banks trading in England, or banks which do business in India?—I would rather not give the names of the banks. In each case they either have head-quarters in England or at any rate important branches.

10,764. But they are branches which do business between India and this country, not English banks?—They are branches of what you may call Eastern banks.

10,765. They are not London banks?—No, they are not London banks doing business over the counter, as ordinary bankers do. They are exchange banks practically.

10,766. (Chairman.) May I ask in what way you consider that the practice which you refer to bears upon the depression of trade?—In bringing forward an undue quantity of goods, and goods which have no possibility of being manipulated so as to produce a profit to the merchant—when they come here some one has to bear the loss. The goods are sold, and they are sold frequently below their value. At any rate they are sold under pressure, and the value of all similar goods is thereby prejudicially affected.

The witness withdrew.

Mr. ARTHUR SCHOLEFIELD, Mr. DANIEL STEPHENS, Mr. GEORGE RENWICK, examined.

Mr.
A. Scholefield,
Mr.
D. Stephens,
Mr.
G. Renwick.

10,778. (Chairman to Mr. Scholefield.) I think you gentlemen represent the North of England Steam Ship Owners' Association?—Yes.

10,779. Are you all shipowners?—Yes, we are all shipowners.

10,780. What do you consider is the present condition of the shipping trade in the north?—Very much depressed.

10,781. Is there a diminution in the quantity of goods carried by sea, corresponding to the depression of trade?—There is not, we think.

10,782. What are your grounds for saying that there is not?—I have taken out the statistics for 11 months ending 30th November in each of the years 1883, 1884, and 1885 for wheat, for instance. In 1883 there were 60,917,848 cwt.; in 1884 there were over 44 millions cwt.; whilst in 1885 the quantity had gone up to nearly 57 million cwt. Then if we keep still to grain, in barley, for instance, there

10,767. (Mr. Aird.) Are equal facilities given for goods that are exported from this country?—I should think very likely, but, as I stated before, the export trade I am not familiar with.

10,768. If such facilities were given, that would rather encourage the industries of this country than be to their detriment?—There was the notorious firm of Collie and Company, which did so much in financing that sort of thing, so long as they blew the bubble there was apparent prosperity, till the time came and it burst. Unsound trade can never be good; people with insufficient capital should not have such great facilities given them.

10,769. (Chairman.) Are you disposed to think that there is much unsound trade now?—Taking the trade as a whole, I should think not, but there are several small instances which I am dealing with at the present time.

10,770. (Mr. O'Connor.) Can you suggest in what way that speculative kind of business could be interfered with or prevented?—It would be exceedingly difficult. It would necessitate some system of inspection or a greater knowledge of what people are doing on the other side.

10,771. (Mr. Aird.) You cannot stop bankers advancing money to a man if they desire to do it?—No, you cannot; but the practical effect of it is this: It is a common saying in the tea trade, which I have heard frequently, why you can ship goods from China and draw against them, say, 7d. in the pound, and when they get to London they are worth about 5d.; a man could not borrow on the same goods in London more than about 4d. per pound.

10,772. Do you think it would meet the case if a tax were levied upon such advances?—I do not think so, I think it is a matter of greater efficiency and greater vigilance on the part of the agents of the banks on the other side.

10,773. (Mr. Ecroyd.) Is it not in consequence of the undue pressure of capital for employment?—It is rather from the undue competition for business by banks on the other side. When the bills mature in London brokers have generally to provide the funds to meet them.

10,774. (Mr. Aird.) The brokers in fact make advances upon the goods?—Yes.

10,775. I suppose in that case it secures to them much larger business than would otherwise be the case?—Yes, without advances brokers now-a-days could not keep their business together.

10,776. That gives them the control of the business in their favour?—Yes.

10,777. Does that same principal of advances extend to shipbrokers?—I have no doubt that there is a very large amount of financing in the shipping trade, but I am unable to speak personally on that point.

were nearly 15 million cwt. in 1883; there were nearly 12 million cwt. in 1884; and then it had got up again in 1885 to 14 million cwt. In oats there were nearly 14 million cwt. in 1883, and it went down in the same way to just over 12 million in 1884, and it had gone up again to 12,300,000 in 1885. In Indian corn there were nearly 30 million cwt. in 1883, which fell to 23 million cwt. in 1884, and went up again to 29 million cwt. in 1885. Those are all the imports that I need mention, although I have the full statistics here. What they show as regards imports it seems to me is this, that whilst 1884 was very much more depressed in shipping than 1883, and whilst 1885 was more depressed than 1884, we had on the other hand an increase in the quantities carried in 1885 over 1884; and therefore the depressed condition of shipping does not correspond with a diminution in the goods carried, so far as regards imports. Then in the

exports, I find that in coal, coke, cinders, and fuel, the 21,000,000 tons for 11 months ending 30th November 1883 had gone up to 21,685,000 tons in 1884, and had gone up to 21,994,000 tons in 1885 for corresponding 11 months in each case; while the coal shipped for the use of steamers engaged in foreign trade had gone from 5,890,000 in 1883 to just over 6 millions in 1884, and up to 6,138,000 in 1885. Then on the contrary we find a large falling off in iron. In pig iron it fell from 1,481,000 tons in 1883, to 1,218,000 tons in 1884, and to 904,000 tons only in 1885. That of course is a very serious drop, a drop of 500,000 tons on a total of 1,400,000 tons in two years. In bar angles, bolt, and rod, there is a drop from 263,000 tons in 1883 to 245,000 tons in 1885, while railroad iron of all sorts fell from 902,000 tons in 1883 to 662,000 tons in 1885. I have other statistics here for chemicals. There are a few exceptions, but on the whole they seem to me to show that the depression in shipping does not correspond with a diminution in goods carried.

10,783. That is to say, the volume of trade has not been affected equally with the value; is that one way of putting it?—Not quite. I think I would say that the volume of trade had not been affected equally with the carrying trade.

10,784. (Mr. Lubbock.) I understand that the volume carried has remained as large as it was?—In most instances; it is not as large in 1885 as in 1883, so that I cannot say that it did not fall, there is less, in most instances, in 1885 than in 1883, but the extraordinary thing is that there was a greater drop in 1884 than there is in 1885, whereas we find 1885 more depressed than 1884.

10,785. (Chairman.) What do you mean by more depressed?—I mean less remuneration for shipowners, the profits were smaller resulting from the trade; all I mean is that there is not a diminution in the quantities corresponding to the depression in shipping; that is the view that I take.

10,786. How do you account for their not corresponding?—Because the tonnage of steamers built increased in a greater ratio, as it were, than the carrying trade required.

(Mr. Renwick.) It will be as well to point out that those statistics only relate to the United Kingdom.

10,787. You are speaking of the carrying trade; are you speaking of the carrying trade directly from and to the United Kingdom; have you any information with regard to the carrying trade between different foreign countries?

(Mr. Scholefield.) Mr. Renwick has the figures for this.

10,788. I will ask you a question which you have already answered to some extent: What are the causes to which you attribute the falling off in the profits of the carrying trade?—I attribute it principally to the over-production of steam tonnage.

10,789. Why has there been over-production of steam tonnage; can you account for it at all?—I think it has been caused principally by the abnormal credit that was given by both builders and bankers to anyone who wanted it to invest, or rather to build steamers during the very prosperous times.

10,790. In what years should you say that that was most prevalent?—During 1882 and 1883, and partly in 1884. Then again, I think another cause has been the Limited Liability Act, as discovering almost, I might say, the means of introducing a novel element into steam shipping by the formation of single steamship companies. That introduced a totally different factor. Instead of investors being required to have a certain amount of capital, it has introduced a system of very small values per share, and so enabled those who had never been in steam shipping before to go into that industry.

10,791. Do you suppose that to any extent those were persons who had been labourers, or who had been in the employment of shipbuilders or others, and who invested their small savings in the purchase of those ships?—I could not say to what extent, but

certainly to some extent. Then undoubtedly another important factor was the distribution of high dividends during the prosperous times, without a sufficient regard to the depreciation of the property. These three causes, I think, resulted in what might be termed an abnormal attraction of capital towards shipping.

10,792. Has that over-production ceased now, or is it still stimulated?—It has practically ceased.

10,793. Therefore, in time when they have less building the over-production will be got rid of and will be used up?—Over-production of tonnage will. If building were only to continue for some years on the present basis, the losses at sea would certainly tend to equalise the difference between supply and demand. Then, of course, we have to take into account another factor, and that is the building on the continent.

10,794. What have you to say with regard to building on the continent?—We find an inclination on the part of France, and Spain, and Italy, particularly France and Italy, to do everything within their power to encourage the building and the owning of ships by both French and Italians.

10,795. Have you any information with regard to the scale on which foreign nations are building now, or the rate at which their mercantile navy is increasing?—Yes; Mr. Renwick has all those figures.

(Mr. Renwick.) I might say with regard to foreign shipping competing with us, we find it very greatly increasing with steamers of small and medium size; that is to say, steamers suitable for the Baltic, North Sea, and the Spanish and Mediterranean trades; say, steamers between 500 and 1,500 tons burthen. As my firm manage steamers of that size, I speak from personal experience when I say that they are increasing very much indeed. I took out some figures with regard to that, and then I took out the figures for the countries to which the ships belong, and from which we felt the greatest competition. There are eight of those countries—Norway and Sweden, which I look upon as one, Denmark, Germany, Holland, Belgium, France, Austria, and Italy. I took out the figures for the tonnage in the aggregate possessed by those countries in 1880 and also in 1884; 1884 is the latest figure that we can get. I find that while in 1880 they only had 953,996 tons of steamers in the aggregate for the eight countries and they possessed sailing ships to the extent of 3,151,707 tons; yet I find that in 1884 they had increased (I am giving the figures from the end of 1880 to the end of 1884). I find that in 1884 they had increased from 953,996 to 1,603,049 tons of steam, while the sail had decreased to 4,750,763 tons. I then took the United Kingdom ships, and I found that in 1880 we had 2,723,468 tons of steam, and we had 3,851,045 tons of sail, whilst in 1884 we had increased the steam to 3,944,273 tons, and our sailing ships had decreased to 3,464,987 tons. Of course, it would be a very unfair way to put it into per-centages, because they start with a smaller number than we do; but still I have done so, and it comes out in this way—the steam vessels of those eight countries had increased 68 per cent. while ours had increased 45 per cent., and whilst the sailing ships of the continent had decreased 8 per cent. ours had decreased 10 per cent. Of course, the Commission will take these per-centages for what they are worth. I have not got the figures for Russia, Greece, and Spain, but I have no doubt that they are also increasing.

10,796. (Sir J. P. Corry.) Have you the German increase?—Yes, I have. Germany had increased nearly double—from 215,000 ton of steam to 413,000, principally in small vessels—and that is their strong point, in the number of small steamers.

10,797. (Mr. Aird.) What has been the decrease in sailing vessels in Germany?—The decrease was from 965,767 tons to 880,345 tons, or a decrease of about 85,000 tons.

10,798. (Mr. Pearce.) Is that an increase in the steam built in this country or in Germany?—I cannot say that; I should say in both. Not only that, but

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owing to the depression which we have had lately, many of our ships have had to be sold very cheaply, and a great many of them have fallen into foreigners' hands at ridiculously low prices.

10,799. Do you think that they are chiefly British built steamers?—I could not say chiefly; but I should say that, to a great extent, they are.

10,800. (*Chairman to Mr. Scholefield.*) Amongst the other points upon which you feel that you are at some disadvantage, do you reckon the charge of light dues?—Yes; I have taken out the cost of a fleet of 10 steamers, equal to 8,000 tons net register, trading between the Tyne and Bilbao, averaging 12 to 15 round voyages in the year, and they will pay from 1,300*l.* to 1,625*l.* per annum for Trinity lights. This, it seems to me, looking at it from another point of view, and not simply from that of a shipowner, must tell against our iron trade as against the iron trade of other countries, say Belgium or Germany. In these and other countries where the light dues are not paid by the ship a lower freight can be accepted than in England, and so ultimately their goods can be exported upon better terms to their manufacturers.

10,801. The light dues are paid, of course, in those cases out of the general taxation of the country?—Yes.

10,802. What would be the amount which would fall upon our exchequer if we paid the light dues for the whole of the country?—I have not got that figure; I do not know what the aggregate would be.

10,803. In the case of those 10 vessels that you mentioned, it would be from 1,300*l.* to 1,600*l.* every year?—Yes; but I believe that the Trinity lights yield a very large profit, and, therefore, if they were done away with as a source of profit, the cost would be enormously reduced. Then there is another important view of it altogether other than that, and that is the charge which is made upon steamers merely calling for bunker coals. A steamer puts into a channel port for bunker coals, and is charged light dues, whereas if that steamer were to call in at any port in France or Belgium, the light dues would not be charged. That also has a tendency to drive the bunker trade to both France and Belgium, and that I know is largely complained of by those engaged in the coal trade on the south coast.

10,804. Do you think it would be reasonable to charge light dues upon the public?—Yes; because a great many ships get the advantage of those lights now that do not pay for them, because the lights in the Channel, for instance, are used by all vessels passing up and down the Channel, but they are only paid for by unfortunate British ships which have to go in and out of our ports, whereas the whole of the marine of other nations that pass up and down get the benefit. On the other hand, we get the benefit of the French lights and other lights, and there again the French lights and the Belgian and German lights are paid out of the general taxation of the country, showing that they believe that it is fair that the general taxpayer should contribute for the good of the whole of the community.

10,805. Short of that heroic remedy of getting the light dues taken out of the Consolidated Fund, are there any other points connected with the light dues to which you would wish to draw the attention of the Commission?—I think that light dues should be abolished to ships calling merely for bunker coal.

(*Mr. Renwick.*) That is in case we do not abolish them altogether.

10,806. (*To Mr. Scholefield.*) Are there any other contributory causes of this depression that you could mention?—There is the case of the load line which is applied to English vessels and not to foreign vessels loading in English ports. And also the method of carrying cargoes and the directions for loading in the Black Sea, and bringing cargoes of grain to this country. We are obliged to take certain precautions as to shifting boards and bagging, and so on; whereas foreign steamers are not obliged to do the same thing, and, therefore, we are to that extent handicapped.

10,807. These regulations are all made for the sake of saving life and saving property at sea?—They are considered to be so.

10,808. Do you think that it is overdone?—It is largely overdone. My friend Mr. Stephens has got a great deal of information on the subject of over-interference by the Board of Trade, and the injury that it is doing to the British shipowner, without any good whatever resulting to the cause.

10,809. (*Mr. Palmer.*) Are you aware that before these grain regulations came out a great many grain ships foundered and were lost at sea from the shifting of the cargo?—Foreign vessels carrying grain do not come under those regulations. We do not want to do away with any of those shifting boards. We have a certain amount of them; but it is the restrictions that we complain of. I will give you an instance: Take the restrictions that came out recently for bagging cotton seed from Alexandria. That was a thing which was suddenly sprung on the shipowners. The shipowners had fixed their vessels to load cotton seed from Alexandria to this country, and all at once regulations were enforced that cotton seed had to be put into bags, and it was therefore necessary to purchase bags. These regulations were in force for a very short time, and then were done away with, showing that they were never required; but foreign ships during that very time could go into Alexandria and load cargoes of cotton seed, and deliver them in Hull without having bags, thereby saving the cost of bags and carrying more cargo at the same time; and, as I say, the very fact of the Board of Trade withdrawing these regulations showed that they were not required.

(*Mr. Renwick.*) There is another point which, I think, should be mentioned, and that is, that a few years ago we built a type of ship which proved to be very unsafe. Take a ship, say, of 245 feet long, about 31 to 32 feet beam, and about 23 feet depth of hold; that was, I should say, a manifestly unsafe type of ship, and I think you will find that with such ships there was the greatest loss. Now take a ship 180 feet long, 30 feet beam, and 13 feet depth of hold. I do not think that anything could upset the latter, and yet when that ship goes into the Mediterranean for a cargo of grain, you must have shifting boards, and must conform to certain regulations which are quite unnecessary.

10,810. (*Mr. Pearce.*) In one case you give the dimensions of a flush-decked ship, and in the other you give the dimensions of a well-decked ship?—The former might be a flush-decked ship.

(*Mr. Stephens.*) We have three ships trading to the Black Sea, of 21 feet depth of hold, and their hatches are so constructed as to do away with bags altogether. Those ships have been running for seven or eight years and have never shifted their cargo. My own opinion is that the present bagging system does not prevent a cargo of grain from shifting. I have seen broken shifting boards at the bottom of the lower hold on the delivery of cargo in this country. And another thing I want to say about bags is, the English shipowner is handicapped at both ends, when our ships arrive in a Russian port, our bags have to be landed and duty paid on them, and in addition we have to pay the carriage from the ship to the Custom House, and back to ship.

10,811. (*Mr. Palgrave.*) You pay the duty on the bag, I suppose?—Yes, we pay the duty on the bag, not on the grain. Then again, speaking of the Board of Trade's interference with the British shipowner, I have the particulars of the cost of altering three steamers to comply with the Board of Trade and issued in 1881; it demanded that the feeding hatch should contain 3 per cent. of the quantity below; that is, that the hatch should contain 3 per cent. of the grain of the hold that the hatch fed.

10,812. (*Mr. Ecroyd.*) Does that mean the whole of the cargo?—No, the whole of the hold which that hatch fed.

10,813. Of the total cargo which that hatch was going to feed?—Yes; for instance, a ship has five or

six hatches and her holds are divided by bulkheads; one hatch will be larger than another, and the holds will be larger in some cases than in others. Each hatch is to contain 3 per cent. of the grain below it.

10,814. Of the grain that that hatch was going to feed?—Yes, in one ship it cost Mr. Cay 85*l.* 10*s.* to alter the hatches; and in another case it cost 65*l.* 10*s.*; and in another ship it cost 234*l.* 8*s.*; and I believe I am right in saying that in less than three months after these alterations were made, the Board of Trade reduced it to 2 per cent. I myself took the plans of three ships to the Board of Trade. Each ship had six hatches, and measuring from the under parts of the combing to the top part of the combing of the hatch, the hatches contained 3 per cent. and naturally I thought we should get them passed; but I was told, I believe by Sir Digby Murray, that we had measured the hatches wrong; that is to say, we had measured the hatch from the under part of the combing; the lower part of the combing is below the under part of the deck. The Board of Trade measured it from the under part of the deck, and brought it under 3 per cent., and the result was my firm did not receive permission to load the ships referred to without bags until after the Board of Trade withdrew their first instructions and issued orders reducing the 3 per cent. to 2 per cent.

10,815. (*Mr. Pearce.*) The necessity for having the capacity 3 per cent. in the hatch is in order that you might fill the cargo below if the grain got nestled together?—It is.

10,816. But you do not require that 3 per cent. with coal cargoes?—No.

10,817. You can carry coal in the hatches, can you not?—You can, providing your vessel has small stowage capacity, and you require the space; but I do not think you will find many vessels that require to carry coals in the hatches, because sufficient coals can be taken in most ships without filling the large hatches.

10,818. I mean if you had a cargo of coal, you would carry it in the space that you use for feeding grain?—You could, providing your vessel was not too deep; but I tell you that we do not want that space, our vessels would be deep enough without it.

(*Mr. Renwick.*) As a matter of fact, the practice is now to build, principally those well-decked ships, which ships have plenty of space, and we want no extra space in hatchways; we have spare room generally in the holds.

10,819. (*Chairman.*) We cannot go in detail into these two questions; but I understand the substance of your answer to be that you consider that you suffer from an excessive interference on the part of the Legislature and the Board of Trade?—Very much so.

10,820. More than you think would be really necessary for the purposes which the Legislature has in view of saving life.

(*Mr. Scholefield.*) Undoubtedly.

(*Mr. Renwick.*) We never can understand what the regulations mean, or whether they are going to be enforced, and whether they are going to be enforced at one port and not at another, it all seems to depend upon the surveyors.

10,821. (*Mr. Ecroyd.*) Are those regulations imposed upon the foreign ships which compete with you?—No, they can load as deeply as they like, and do what they like, but we have all those vexatious regulations to put up with.

10,822. Can the foreign ships take English crews?

(*Mr. Scholefield.*) Yes, they can ship English crews if they like, and they are not subject to the regulations.

(*Mr. Stephens.*) But I may say that they do not ship English crews, because they do not pay the same wages to foreigners.

10,823. (*Sir J. P. Corry.*) Do I understand from you that the Grain Cargoes Act is not in operation now?—It is.

10,824. I mean so far as the carriage of bags is con-

cerned?—Yes, but we have special ships in which, by having a per-centage in the hatches, they are allowed to carry grain in bulk and require no bag.

10,825. Do you consider that type of ship as safe as others?—Perfectly, indeed they are a better type of ship I think.

(*Mr. Renwick.*) Perhaps I may be allowed to say that there is a want of discrimination in reference to those regulations. If they were practical men at the Board of Trade, which we maintain they ought to be, they would not put us to all this inconvenience and petty annoyance and trouble. The Board of Trade ought to be composed of men who understand what they are doing. I do not believe that we have got them at present; at least that is my opinion.

10,826. Do not you think that that Act was forced upon the Government?—They force a good deal upon us which we do not require.

(*Mr. Stephens.*) In reply to your question about the safety of ships, the reason why I consider that a one-decked ship is safer for grain than a two-decked ship is because in the latter case you have two decks to trim under instead of one.

10,827. (*Chairman.*) Have you anything to say with regard to speculation?

(*Mr. Scholefield.*) I think that the statistics which I have already read have a very important bearing on the question of the over-production of tonnage, because in 1883 there was excessive speculation, more particularly in grain and very large imports, and also very large exports of manufactured iron and other goods. So far as regards merely shipowners it had this effect, that we, during the whole of 1883, got very much higher rates of freight than we would have done but for that speculation. The effect of that was that more steamers were ordered. Taking that year, which I believe was an abnormal year instead of a normal year, contracts were entered into for further tonnage. When we got into 1884 there was a diminution in speculation, a diminution in imports, and a diminution therefore in the tonnage required. The steamers which had been ordered in 1883 were in course of building, and eventually they came into the market. When I say into the market I mean into operation later, so that the excessive speculation of 1883 had a detrimental effect, as it turned out, in producing a plethora of tonnage, and really making us suffer more in 1885 than we should have suffered had it not been for the excessive speculation of 1883.

10,828. It has been stated that the multiplicity of freight brokers offering the same sort of steamer to the same merchant, but from various channels, produced inconvenience; what is the explanation of that?—In this way. It does not perhaps affect so much a market like the London market, but in many places, supposing there is one merchant wanting a certain steamer, there are many brokers throughout the country who know the movements of steamers, and this merchant has perhaps the same steamer through four or five channels put before him, and the inevitable effect of that is that the merchant not knowing that they are the same steamer reduces his rate in proportion to the tonnage pressed upon him. It is the same thing as if four or five steamers were actually offering, it reduces the rate of freight proportionately. I think it is a thing which will be difficult to get over, but it is really a fact that, by the method in which the chartering is conducted, the tonnage is made to appear greater than it actually is.

10,829. Is there anything that you wish to say with regard to the quarantine regulations?—Yes; the quarantine regulations are most serious, and they have entailed during the last two years, when cholera has been prevalent in the Mediterranean, very much expense and loss on steamship owners, and they are losses too, which might be very well curtailed, if not prevented altogether, if we had a proper notification when quarantine was put in force, and for what number of days, and when any alteration was made. It seems to me that the foreign consuls or some other body might be instructed to telegraph all inti-

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mations as to quarantine to London—we will say to the Foreign Office or any other department; but it seems to me that the Foreign Office might be the best medium—and they could communicate at once with Lloyd's, and through Lloyd's, with all the seaports in the United Kingdom, and the shipping centres thus be at once advised as to these quarantine regulations. Supposing, for instance, we had a steamer in Trieste, which was offered a freight from the Black Sea, we could at once get information as to what quarantine was in vogue upon arrivals in the Black Sea from Trieste. Very often that information is known out there on the spot long before we know it in England. The charter is made in the absence of that information, at a less freight than it otherwise would be, and the charterers actually get a very great advantage through our not having that information.

(Mr. Renwick.) Again, with regard to quarantine, we will take, for instance, Spain. While the people of Cadiz may say, we will allow ships to come in, the people in the very next town, may say, we will not have the ship. I might mention a typical case; we loaded a steamer in London for Alicante and Valencia with cargo for each port. We went to Valencia and discharged one half the cargo, and sailed for Alicante. When we got to Alicante they said, we cannot allow you in here, you must go to Port Mahon for 10 days. We went to Port Mahon for 10 days, and came back to Alicante and discharged the remainder of our cargo. We were then going to Cartagena to load home, but we got to know that if we went they would not let us into Cartagena, and we should have to go back to Port Mahon again, so we thought that we had had quite sufficient of that and a heavy loss into the bargain, and we brought the ship home in ballast. These things are very irritating, and I think something might be done by which information might be collected abroad, and thence distributed over England. It is not only very irritating, but it also entails a very heavy loss of freight.

10,830. (Chairman to Mr. Scholefield.) Do you consider that British shipping is now losing its former share of the carrying trade of the world.

(Mr. Scholefield.) It is very difficult to answer the question in that form, because our trade is so increasing; but without a doubt, foreign nations are increasing their tonnage more and more, as the statistics actually show, so that whilst in the past, we may not have suffered so much, it looks very much as though from now forward we were going to do so.

10,831. To what extent is that caused or affected by the legislation of foreign countries in favour of their own vessels?—We only, practically, can see the way that they are increasing. We see how far the Germans, for instance, are putting on their competition with British lines owing to the subsidies; at least they get a subsidy, which of course enables them to do this; so that the subsidy aids them. We see that the Italians have just passed an Act which will have a very detrimental effect upon English shipping. They are going to give a bonus of one lira, which is equal to 10d. a ton on all coal carried in Italian vessels through the Straits of Gibraltar; 10d. a ton on the current rate of freight is equal to 10 per cent. on any coal going to Italian ports. The object of that bonus is of course to increase their mercantile marine. Then they also give a large bonus to all steamers built in Italy, and to all engines built in Italy. They give a bonus, I think it is of 65 centimes per ton, for every 1,000 leagues run by a steamer at sea. Then there is another thing; they are going to restrict their coasting trade, that is, the coasting of Italy, entirely to Italian vessels. As regards France, France already does that, and the coasting trade of France is entirely in the hands of French vessels. In Spain it is similar. The coasting trade of Spain, with the exception of iron ore and coals, is entirely in the hands of Spanish vessels; and in the United States also the coasting trade is entirely in the hands of United States vessels. It seems to us that in these

days of keen competition, and in these days of reduction of profits, all these immense advantages must tend to develop their marine at the expense of our own, looking forwards, because we have to couple with that, as we have pointed out, light dues, the lack of information about the quarantine, and the excessive interference of the Board of Trade. We have these three factors in addition to many others against us. This seems to me one of the most striking features at present, that whereas in this country we seem to be more and more interfered with in our trade, foreigners are doing everything in their power to develop the resources of their countries, whether it is trade, or manufactures, or whether it is steamers, or whatever it may be, that seems to be the fact. We are getting more and more information about it every day. And in our view as steamship owners, it is most detrimental for the reasons we have given. It is not a question of the mere loss of life at sea, we are as anxious as anybody as to that, but the instances we have given are instances in which the Board of Trade have abolished their regulations within a short time of issuing them, showing from that very fact that they were not required by any public necessity, and so all the costs entailed on owners have been so much money absolutely thrown away.

10,832. (Sir J. Allport.) With regard to the coasting trade, can you give us any information as to the amount of the coasting trade in this country in foreign bottoms?—I have not got the actual statistics, but I do not think that the coasting trade in this country in foreign bottoms is very large.

10,833. Is it not very small?—I believe it is very small.

10,834. Then the foreigners are not taking away our coasting trade; they are merely keeping their own coasting trade to themselves?—Yes, that is so.

10,835. Practically the same as we are doing in England?—Only that we are doing it without any restriction; they may throw us out of the Italian coasting trade, for instance.

10,836. Can you give me any instance of a foreign vessel carrying freight in our coasting trade?

(Mr. Stephens.) There are a small number of foreign vessels load in the Tyne for our coast ports.

(Mr. Renwick.) It is not large, but there are any quantity of instances, and we might get the figures.

(Mr. Stephens.) I would further add that that was during the time of the German and French war.

10,837. (Mr. Aird.) Is it not the fact that the French bounty system would give 1d. per ton per 1,000 kilometres to any French owned vessel that might be carrying coal or other produce from English ports to English ports.

(Mr. Scholefield.) I do not think that the French give it in that way. The French bonus is a bonus of, I think, so much per 1,000 leagues; but then it is a straight journey, not a coasting journey, I think.

10,838. Then you are not aware of such a bonus or bounty being given by the French Government at the present time?—No.

(Mr. Renwick.) I have some figures with regard to the coasting trade. I find that in 1884, foreign steam vessels only which were cleared coastwise with cargoes other than ships of the United Kingdom amounted to 45,000 tons. The total tonnage of British and foreign vessels, sail and steam, are given in the statistics that cleared out coastwise with cargoes, and I find that taking the steamers and sailers together they were 17,000 tons; that is, carrying cargoes from port to port on our coasts.

10,839. (Mr. Eeroyd.) But at the same time do you recommend bounties on our side.

(Mr. Scholefield.) No, I hope that we shall not require anything of that kind, I think we only want what we have not got in England, viz., free trade, that is to say, as regards shipping, with such restrictions as are necessary undoubtedly for the preservation of life at sea. We do not want any other restrictions put in force, but to be allowed all that freedom which others have.

10,840. But you ask for some alterations, you ask for the light dues to be paid by the public?—Yes, and we ask that the foreign ships putting into English ports should be obliged to load to the same depth as English vessels. We ask that foreign vessels loading grain for this country should come within the same regulations as English steamers loading grain for this country.

(Mr. Renwick.) The principle has already been adopted, because under the Carriage of Timber Act a foreign ship coming into this country after, I think, the 15th of October, or it may be the 31st of October, with timber, is restricted as to the quantity of deck cargo she shall carry in the same way that an English ship is, so that there is the principle. The United States go much further, and they say what quantity of grain every ship shall load which loads a grain cargo in America; they only allow you to load to a certain depth.

10,841. (Mr. Pearce.) Is not that a restriction which is put upon the owner through insurance brokers?—No, by the Act. It is part of the Merchant Shipping Act.

10,842. (Mr. Lubbock.) I understand you that foreign countries do put restrictions upon their own ships and upon English ships also?—The Americans do.

10,843. (Chairman to Mr. Scholefield.) What progress is making in the substitution of steam tonnage for sailing tonnage?—Taking a comparison between 1880 and 1884, we find that sailing tonnage has decreased about 400,000 tons.

10,844. (Mr. Birtwhistle.) What per-centage would that make?—It would be 400,000 tons, and on a total of 3,800,000 tons it would be about a ninth part or about 11 per cent.

10,845. (Chairman to Mr. Scholefield.) Are the smaller sailing vessels or larger ones disappearing?—The small sailing vessels are tending to disappear. The large sailing vessels are coming in, the large sailing vessels being able to compete in very long voyages, where steamers have to use, at a high price, bunker coals; in those voyages they compete successfully against steam.

10,846. In the Australian trade, for instance?—Yes, and in the San Francisco trade and round the Cape of Good Hope.

10,847. What effect has the opening of the Suez Canal had upon the carrying trade of this country, has it been good or bad?—I think that the opening of the Suez Canal by facilitating traffic has created a traffic, as it were, and certainly taken as a whole it has been beneficial to shipping and beneficial to this country as being large owners of ships.

10,848. Has it interfered with the English *entre-pôt* service?—Yes, materially; but it seems to me that that would have operated whether the Suez Canal existed or not, because as the value of the article carried has decreased, it seems to me that it necessitated goods being carried to the port nearest to where they would ultimately be used; so that if there had been no Suez canal, goods shipped, say in China, wanting to come into the interior of Germany, or we will say into Austria, would be more likely to go *via* the Straits of Gibraltar direct to Trieste. These goods in the olden time came *via* England, because there was more margin in the values of the articles to pay for the cost of transhipment.

(Mr. Renwick.) I would like to offer a few remarks with regard to one or two matters relating to shipping. What I am going to say now you must take as my own individual opinion, and not the opinion of the North of England Steamship Owners' Association.

10,849. Would you be so good as to state what you think it important to bring before us?—With regard to the question of over-production, while I agree that at present we are suffering from what is called over-production, yet I do not think that we have too many ships; I think, considering our position as a maritime nation, dependent upon distant

countries for our supplies of food and luxuries, we have not more ships than we ought to have. I think what we suffer from is not so much from the actual number of ships that we possess, as from the fact that we endeavour to run the same number of ships in times of depression as we do when trade is good. I believe that at the present moment there are many more ships laid up in this country than ever we have had before; yet I have not heard anyone allege that there are more than from 2 to 3 per cent. laid up. I do not think that 2 or 3 per cent. of ships in reserve is too much. Take the case of a railway company, I do not think that 2 to 3 per cent. of the rolling stock in reserve would be sufficient. In a time of depression they decrease the length of their trains, and put the surplus into sidings and keep them ready for use when wanted; but the shipowners, as I have said before, endeavour and in fact do run almost the same number of ships in times of depression as they do in good times. Supposing we had a bad harvest, or two or three bad harvests in this country and on the continent, and at the same time a war in the East in which the Black Sea was closed, and in which the Russian Baltic ports would be closed, we absolutely should not have sufficient ships. I think that even two or three bad harvests in this country alone would probably show that we have not too many ships; but there is one thing that we must take care to prevent, and that is that the foreigner does not build ships faster than we do when the time comes that we require more, and so cut us out of the trade. There are various reasons why I think possibly the foreigner may get a greater share in the future than he has had in the past. The first thing is, we know, for example, that he can run his ships cheaper than we can. We have figures here which have startled us, and which we shall be very glad to hand the Commission, as I think they are very important; as they show the wages on a small ship carrying only about 750 tons all told. This is the case of a ship which, till very recently, was under the English flag; but she was put under the Danish flag, and the owner of her assures us, and he has given us figures showing that the difference in wages under the English flag and under the Danish flag amounted to no less in the year than 434l. less under the Danish flag than under the English. A ship like that costs from 8,000l. to 10,000l., so that you see it makes a difference in wages alone equivalent to a 5 per cent. dividend. Then, on the other hand, we have a great agitation going on in the north at the present time, about the number of foreign sailors that there are in British ships. There is an enormous number of them. The Board of Trade returns, I maintain, cannot give you the correct number, because many of those men come into the British mercantile marine, and after they have been there a very short time, and have picked up the language, they alter their names and call themselves Englishmen. There are different names in Germany, for instance, Jansen, Erichsen, and so on; they alter these names to the equivalent English names, or as near like their own as possible, and, really, many of them pass as Englishmen; so that the Board of Trade returns cannot give you the exact number of foreigners on board British ships. In fact it is not an uncommon thing, I believe, amongst sailing ships to find the only Englishman in the ship is the captain, or, possibly, the captain and the mate. I have had it from the owners of the ships themselves. In the fleet managed by my firm, I took out the actual number of men that we have—320 sailors altogether—and amongst them I only found about 40 foreigners. I believe that is very much under the average, because, so far as possible, we discourage them, but it is probable we discourage them at our own expense. The wages of the mercantile marine at the present moment are very low. We only pay a man before the mast 28s. a week, and he finds his own provisions. It is really very hard to reduce the wages of these men still further; but I have no doubt that if the shipowners at the present time

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combined they could very easily reduce the wages. Foreigners crowd our ships, but it is a rare thing to find an English sailor in a foreign ship.

10,850. (*Mr. Pearce.*) Do you get foreign seamen to sail at a less rate than English seamen?—We do not at the present moment; we have made no attempt to do so.

10,851. Why do you take foreigners in preference to British seamen?—We do not take them if we can help it.

(*Mr. Scholfield.*) I should say that they are very much steadier as a class.

(*Mr. Renwick.*) It is assumed that a foreign sailor is a most valuable man to have in a ship, because he is more steady, generally more sober and more obedient, and we are also told that some of the best captains in the British mercantile marine are foreigners. If these men are such good men in British ships, I do not see what is to prevent them managing ships belonging to foreign countries equally as well, in fact there is nothing to prevent them. I think that in the future we shall even have a still greater increase of foreign competition than we have at present or than we have had in the past. There is another point which I should like to mention; that is, that an ordinary merchant ship is now owned in a very different manner to that in which ships were owned 30, 40, or 50 years ago. They are now owned by what are called sixty-fourthers, that is to say, people who own one, two, or three sixty-fourth of a ship. Such people are really the mainstay of our mercantile marine, and it is from them that we get the money to build the ships. Those people are discouraged at the present time, from the loss of dividends, and naturally so; but the newspapers, for instance, have made a dead set against the shipowners and are doing their very best to discourage those people from investing again, and with such good effect that I do not think the present generation will ever invest to any great extent in ships again. Then there is the question of depreciation. In the case of a ship costing two or three years ago, 27,000*l.*, it is a question now if in the market she would bring 10,000*l.* if forced for sale. That is a very serious matter indeed, and naturally one which will prevent people going into shipping. And it is the same with all public shipping companies. There is a still more important matter, I think, with regard to the shipping question than anything with regard to the quantity of produce carried, and that is the distance which the cargo is carried. If this question of distance is gone into, I think it is sufficient to upset any calculation that can be made with regard to tonnage. To my mind it is the most important factor of all. I have often gone into this question, and if you will allow me to read a few remarks they will give in a condensed form my opinions with regard thereto. "Look at it in whatever way you like it is apparent that the longer the distance the cargo has to be carried the greater the advantage to the shipowner. In fact I consider increase of distance is only second in importance to increase of weight and bulk, and thus it becomes manifest to me that these two factors of weight and distance may entirely upset conclusions that may be arrived at from the mere consideration of the values of imports and exports. For instance, it will require at least four times as much tonnage to carry, say in 12 months, the same quantity of wheat from Australia as we now carry in that time from the Black Sea. This is principally owing to the difference in time consumed on the longer voyage, but the advantage to the shipowner does not end there, for as the length of the voyage increases so does the demand for fuel on the way to and fro. This, in turn, must be carried either in the vessel requiring the same, thereby causing more or less diminution of cargo, or it must be conveyed to certain convenient points on the route by other ships, and there placed in depôts until required by passing vessels. There is thus, in the first case, a diminution of the cargo carried, and as a consequence a demand for further tonnage to carry the balance; and in the

second case, vessels must be employed to carry the fuel to the depôts, thus still further increasing the demand for ships caused by long voyages. This question of distance I believe will determine the increase of tonnage in the future. I believe that there will be a great increase of tonnage if we can only increase the distance that cargoes have to be carried. That causes me to mention a point which I would very much like to see carried out, and that is some sort of customs union with our colonies. The colonies, owing to their distance from this country, will in various ways favour the shipowner, and I believe will also greatly benefit the trade of this country. I know it is difficult to carry out, but it can possibly be done, if we do not do it and foreign nations go on increasing their bounties, and reserving their coasting trade to themselves, we might pay them back in their own coin; that is to say, keep all our colonial trade solely for the ships of this country. We could also keep our own and the colonial coasting trade reserved for British ships. Perhaps this may be called an heroic remedy, but still there is a good deal in it. We must never lose sight of the fact, which is an important one, that the population of this country is increasing at the rate of 350,000 a year. We in the north of England, at the present time, have many unemployed men. These people cannot be fed for ever on charity. The day will come when they will refuse it, and I really believe that if we can only get Colonial federation carried out, or some modification of it, it would to a great extent relieve the present depression of trade, and certainly improve the position of shipowners. There is one thing more which I might mention, an important one, and that is that I believe the great fall in prices, and also the demoralised state of trade, has been largely caused by the increased size of ships, which carry so very much cargo, that they have brought down the freight to an enormous extent. Only a few years ago we were getting 40*s.* to 50*s.* a ton from the Black Sea to the United Kingdom, but now ships have been only receiving 10*s.* a ton. I remember making voyage accounts up when the freight from America was 10*s.* a quarter. That is only about 13 or 14 years ago, and now the rate is only 3*s.* These are very important factors in the consideration of a question like this. This year I believe that best steam coal has been contracted for to be delivered at Stockholm from the north-east coast ports at 11*s.* 6*d.* a ton, while I believe the gas coal contract for Cronstadt has been taken, delivered in Cronstadt, at 10*s.* 6*d.* a ton. These are very much lower prices than those at which many English towns can get supplied with coal.

10,852. (*Sir J. P. Corry.*) Do you object to the size of the ships increasing?—I do not object to it. I think that as the trade increases and the distance increases the size of the ships will increase; while steamers have been laid up and earning no dividends there has been an increase in large sailing ships. I understand, although I have no actual experience, that those ships pay very well, and I can only account for it by what I see, that the actual imports of wheat from distant places are increasing, and it is to be hoped for the sake of shipowners that they will continue to increase. With regard to the bearing of the shipping trade upon the general depression, I might be allowed to say that my firm's fleet of steamers, numbering 22, are owned by about 300 people. Three years ago these 300 people were receiving dividends on about a quarter of a million of money at the rate of 10 to 15 per cent. Now they are receiving nothing or next to nothing. Imagine the same thing spread over the shipping trade of this country, and you will see what an important factor it is in causing a depression in trade.

10,853. (*Mr. Pearce.*) When you paid 10 to 15 per cent., did you put down anything for depreciation?—No, nothing for depreciation.

10,854. Speaking of the Board of Trade regulations as affecting you, I presume you have seen the load

line regulations that have been issued by the Load Line Committee?—Yes.

10,855. Would they affect you at all?—The present regulation is most absurd with regard to the load line. There has been a commission and the whole thing now is in a more uncertain state than ever it was. Let me give you an instance. I am a director of what is called a Shipowners' Protection Association, which is composed of shipowners who have combined together for the purpose of protecting themselves against the Board of Trade and interference in other ways. A member of this association who owns two ships, practically of the same size, put a load line on to these ships marked at 2 feet 1 inch. One of the ships was loaded about a fortnight ago to sail on the Wednesday. She could not go to sea that day, nor on Thursday, or Friday, it being rough on the bar, she could not get out; on the Saturday the Board of Trade people came down and said, the ship shall not go to sea until you take out about 100 tons of cargo. The owner said, "The ship has been lying in the river ever since Wednesday, why did you not tell us this before?" They had just got some new regulations, and actually on the Saturday night the unfortunate owner had to take from 100 to 150 tons of cargo out of the ship, and she then went to sea. The next week the second ship was going to load, and the owner then came to the society I have mentioned for information and assistance, and they agreed to assist him. We authorised him to give notice to the Board of Trade that he was going to load the ship down to 2 feet 1 inch, and dared them to stop the ship. The Board of Trade officers said the owner must not load down to 2 feet 1 inch unless he put certain gangways from the top-gallant fore-castle to the bridge, and put extra ports into the ship's side. He said he would do neither the one nor the other. He loaded the ship down as he said he would and she was allowed to go to sea.

10,856. Did she ever get to her port?—She sailed, and no doubt is at her port of destination.

10,857. You know the regulations issued by the Board of Trade are to save life at sea?—Yes, that is their avowed intention, or their object.

10,858. You wanted to load down deeper than these regulations?—No, we did not; we wanted to load to what we think is safe. And with regard to these gangways, I know an owner owning 11 ships, who in consequence of that regulation ordered a lot of those gangways, and I believe that now the Board of Trade is on the point of abandoning the whole of the regulations with regard to them.

10,859. To go back to the load line tables; have you seen these tables?—Yes, certainly.

10,860. And you do not object to the tables?—They are rather unfair on certain types of ships; but generally they are fair.

10,861. You have no objection to the Board of Trade in respect of those?—Yes, I have an objection. I go further and say that I cannot agree to these tables unless they are altered or amended in certain respects.

(*Mr. Stephens.*) I will not say that. It, however, appears to me as a seaman that it is perfectly ridiculous to allow a ship to load three or four or more inches because she has gangways or flying bridges from the bridge to the fore-castle. I understand the bridges are to enable the men to get to their quarters with dry feet. All I can say is that when I was at sea I constantly had to put up with wet feet, and when sailors are going from station to station it is their practice to watch to see if a sea is coming and run, and how vessels can be loaded two, three, four, or five inches deeper because the men can go along to their berths with dry feet puzzles me.

10,862. (*Mr. Pearce.*) I think you will admit that the seas which do come on board ship are greater where the vessel has been too deeply laden?—Most decidedly.

10,863. Therefore, seeing that the men would have to go from the midship bridge to the fore-castle to live,

it is necessary that they should have a way to get there?—Then I should suggest that the Board of Trade should insist upon the men living in the bridge.

(*Mr. Renwick.*) We do not know what we are to do. One day we are told to put an extra port into the ship, and we will be allowed to load $1\frac{1}{2}$ inches deeper. We did put a port in (I believe it was one of Sir Digby Murray's ideas) and sent the ship to sea, and the first letter we get from the captain states, "You have made a safe ship into an unsafe ship; the same port which allows the water to go off allows it to come in." The next time the ship arrives at home we find that boards have actually been put over the port to keep the water from coming into the ship. That is not the way to encourage the British Mercantile Marine. We do not want this interference. We would just like to be left alone, or to have some one to make regulations for us, who understands what we want.

(*Mr. Scholfield.*) I think we ought clearly to put this forward, that we do not desire absolute non-interference, that we desire that ships should not go to sea in such a state as to cause loss of life. We desire everything to be done so as to secure perfect safety consistent with what we call reasonable knowledge, and we think that if the Board of Trade had consulted more practical men, or if they had consulted practical shipowners, they would have found that there was a general desire on the part of the shipowning community to do what was right in the matter, and to send their ships to sea in a thoroughly safe condition. A practically constituted authority could not have made the mistakes the Board of Trade have done, and no argument can be stronger against the necessity of many of their regulations than the fact that they were so soon withdrawn.

(*Mr. Renwick.*) I may mention I know a shipowner who has at the present moment a certificate from Lloyd's Registry fixing the load line of 1 foot 5 inches, for all the year round. The Board of Trade, a very short time ago, thought that they would like to fix a load line to the same ship, and they told the owner to fix a load line of 1 foot 6 $\frac{1}{2}$ inches in winter and 1 foot 3 $\frac{1}{2}$ inches in summer. What is to prevent the owner using Lloyd's load line 1 foot 5 inches in winter, painting that out in summer, and going with 1 foot 3 $\frac{1}{2}$ inches? Lloyd's say 1 foot 5 inches is sufficient for winter and summer, the Board of Trade say that 1 foot 3 $\frac{1}{2}$ inches is sufficient in summer. It may well puzzle shipowners to know what to do when such eminent authorities differ.

10,864. (*Mr. Lubbock to Mr. Scholfield.*) Are not most modern steamers constructed in such a manner that they can be run very much more economically than the old style of steamers?—(*Mr. Scholfield.*) Yes.

10,865. Of course it is a question of how much profit was earned on the rate of freight that went with the old steamers compared with the new ones?—Yes.

10,866. And, therefore, the older and less efficient steamers must necessarily be driven out by the new ones?—Yes; except, perhaps, I should say that at the present moment the difference of profit is not sufficient to attract capital to newer ships, at least not in a very large degree.

10,867. While the process of dying out is going on, there must necessarily be more steamers than will be required to do the work?—Yes.

10,868. And during that time freights might be below the cost of carriage?—I do not quite follow that, if you will pardon my saying so.

10,869. If you are going to drive out the older steamers by means of the newer ones, until those older ones are driven out there are naturally more steamers than are required to do the carrying trade?—Yes; but if you refer to the introduction of the triple expansion engine, as against the old compound single engine, I do not think that the difference of profit between those two is sufficient to attract capital to any very large extent, not sufficient, as I believe, to

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cause a rapid driving of the old ones out of the market. Whether it will do so in future or not I cannot say. With regard to the triple and quadruple expansion engine which is now being talked of for reducing the consumption of coal in steamers, even that I do not think will have the effect that you mention, for this reason, that there is no reason why the old type of ship should not have the new type of engines put into them. It is all a question of capital. We have the management of a steamer now which has been running something like 11 years with her present boilers, and the time is very shortly coming when those boilers will have to be replaced. We are not going to replace them by the old style of boilers; we shall replace them by the new boilers at high pressure; we shall quadruple her cylinders. In short, a very old boat, a boat of 12 years old, will be equivalent to a modern boat, that is to say, when all that is effected.

10,870. Do not you think that the triple expansion engines has stimulated the building of such ships?—Yes, in this way: it has stimulated the building of much larger steamers; it has stimulated the best firms having regular systematic lines of trade, passengers, and so on, but I do not think, taking the mere cargo carrying boats as a whole, that it has stimulated the building of them to any very great extent. In fact, the building statistics show that it is so.

10,871. You do not think that it will have a very marked influence for the present?—No.

(Mr. Renwick.) It has been used, but to a very small extent, by managing shipowners. My firm was the first, I believe, to put one of those triple expansion engines into a ship, three years ago, and the result has not been such that we have increased the number to any very great extent. We have only three of them at the present time. It is certainly an improvement, but it is nothing wonderful. I do not think that the marine engine since about the year 1870 has been very much improved. The details may have been improved, but generally I do not believe there has been any very great improvement in the engine.

10,872. You told us just now, did you not, that the cost of feeding foreign sailors is not less than the cost of feeding English sailors?—I think that the cost of feeding them in foreign ships is less, but in English ships they have the same food as the Englishman. The English sailor, I fancy, is dying out. It is very rarely that you find any apprentices in steamers, and, naturally, if sailing ships are disappearing, and steam ships are increasing, and there are no apprentices, I do not see where we are to get our future supply from.

10,873. The fact is that the foreign sailor is content with less wages, and also with a lower scale of food than the English sailor?—Yes, while he is in a foreign ship.

10,874. And of course that enables foreign ships to compete with English ships?—Yes.

(Mr. Stephens.) I should like to put in a few figures to prove that the foreign ships sail cheaper. I have the particulars of two German steamers and two English steamers. The German steamer is 458 tons net register, the English steamer is 479 tons net register, and the difference in the cost is 17. 11s. 4d. a day, making a total of 5717. per annum. The other German ship is 603 tons, and the other English one is 545 tons, and the difference is 17. a day, making a total of 3657. in favour of the German boat. I have also particulars of a boat owned and managed by a firm in Newcastle and recently transferred to the Danish flag. Under the British flag the monthly wages amounted to 1187. 10s., as compared with 827. 6s. under the Danish flag, a saving of 4347. 5s. per annum.

10,875. Do you think that in the foreign shipping industry there will be a tendency for the wages of foreign seamen to increase?—I do, most certainly.

10,876. And that will tend to lessen the difference

so far as English ships are concerned and English seamen are concerned?—Most certainly.

10,877. (Mr. Eeroyd to Mr. Scholfield.) In reference to an answer given to Sir James Allport that foreigners do not interfere much with our coasting trade, our coasting trade is absolutely free, is it not?—Yes.

10,878. There is no bounty?—No.

10,879. There is no difference of condition excepting what is in favour of the foreigner, if anything?—There is nothing whatever.

10,880. With regard to this question of the regulations of the Board of Trade, do they apply in the coasting traffic alike to English and foreign ships?—Certainly not.

10,881. Can the owner of a foreign ship coming into competition in the coasting trade be exempt from the regulations of the Board of Trade in reference to loading?—Yes, certainly, in the coasting trade.

10,882. And yet in spite of the fact that there is no bounty, and no favour shown to our own ships, but, on the contrary, favour shown to the foreign competitor in our own coasting trade, in spite of all that, we hold our own in the coasting trade?—Yes.

10,883. But when an English shipowner goes and tries to enter into competition in the same manner abroad what is the reason that he does not succeed?—He is prohibited altogether. It is not a question of regulations of any kind. It is simply that in Spain, with the exception of iron ore and coal, we are prohibited; you simply cannot do it; it is the law of the country.

10,884. In France, and, I believe, in Italy, that is so?—Yes.

10,885. But it is not the case in Germany?—No, but in the United States the same coasting regulations prevail.

10,886. Then it comes to this, that in open competition we can hold our own?—We are more than holding our own; we have increased open competition in the coasting trade, and we are actually more than holding our own, because we are holding it against the bonus, as it might be called.

10,887. With regard to your practical desires and demands, I understand that you want, first, equal treatment of our own and foreign ships as regards regulations?—Yes.

10,888. In the second place, you want equal treatment in reference to light dues and charges of that kind, and that no burden should be laid on our ships which in other countries is borne by the State?—Exactly so.

10,889. If that were the case you would be equal where you now are placed at a disadvantage?—Yes; and I gave an instance. It might be said in reply to this that you are not suffering any hardship because a foreign steamer coming here pays light dues just the same as an English steamer; but I went on to say that it tells against the English trade in the end, because a steamer going, we will say, to Belgium, and taking a cargo avoids the light dues; but an English steamer loading iron in this country would have the light dues to pay, and the difference to the shipowner is a question of freight.

10,890. I am now speaking of the British shipping treated as a whole, and it is with regard to the whole trade that you ask for this element of equality?—Yes.

10,891. In the next place, how are we to meet the bounties; you have not made any suggestion with regard to that?—I say that at the present moment we ask for the light dues to be put on the Consolidated Fund, and to be paid by the taxpayer instead of by the shipping; that is all that we practically ask at the moment; but I do think we have got to bear one thing in mind, and that is that this nation, from its very position, must necessarily be a maritime nation, and I do think it is quite likely that in future if we are going to see our mercantile marine decrease owing to foreign competition, we may be forced to do what we do not want to do, but we may be actually forced

to adopt measures to keep our mercantile marine going. I think and hope that we shall be able to hold our own, but I think the first thing to do is to bring into prominence the fatal mistake it is to have this excessive interference.

10,892. I quite understand that; you demand equality in regard to those cases of special interference?—Yes.

10,893. Then we have done with the question of the regulations of the Board of Trade and the light dues. But now we come to another special disadvantage, and that is the foreign bounty system; with regard to that, have you any suggestion to make?—I have not any suggestion that we should be granted a bounty; but I think this, that in our treaty negotiations with continental countries we ought certainly to endeavour to get their coasting trade open to us so long as our coasting trade is open to them.

10,894. What have you in hand to make the bargain with?—We only have retaliation.

(Mr. Stephens.) I think we have the Spanish wine duties.

10,895. Then you regard retaliation as a probable remedy?

(Mr. Scholfield.) It would not be much retaliation, seeing that foreign vessels are let into our coasting trade, and enjoy all the benefits of it that we do.

10,896. But before you can have retaliation in your hands as a weapon with which to obtain the abolition of foreign bounties, it would be necessary that public opinion in this country should sanction a policy of retaliation?—Yes.

10,897. Therefore I may ask you do you not feel that the action of these bounties should sanction the policy of retaliation?—No.

10,898. I mean to put it as a weapon in the hands of the diplomacy of our country in order to obtain justice in the matter of foreign bounties?—As regards shipping only, no; but as a general factor in trade I personally should say, yes.

(Mr. Renwick.) I think so, certainly.

(Mr. Scholfield.) Why I draw that distinction is this, that we must not lose sight of the fact that we are to a great extent the carriers of the world, and therefore we, as shipowners, go everywhere all over the world in a very different way to any other trades, and in any regulations that are sought to be enforced that must be carefully borne in mind, because undoubtedly our vulnerability all over the world in shipping is an important fact in ascertaining not only what we want, but the practicability of carrying out what we want. Therefore I do not advocate entering on a war of retaliation for the benefit of ships simply, but if it be on a scale of general mercantile retaliation then, speaking simply for myself, I say, yes.

(Mr. Renwick.) There is the cultivation of trade with the colonies, and long distance voyages, which might be very much encouraged.

10,899. When you say the cultivation of trade with the colonies, do you not mean that the only practical method is adopting a system of differential duties in favour of the colonies?—Certainly; our colonies have certain duties, and if we want them to take off those duties we must offer them something to induce them to do so, and there is no other method that I can see; I do not think sentiment will do it.

10,900. (To Mr. Scholfield.) Then the outcome of much which you have told us in reference to this matter is, that there would be a positive advantage in placing an English ship under a foreign flag?—Certainly. I can give an instance of a steamer on the Tyne that has actually been so transferred. That steamer to which I refer was not making any profit, and they found it actually profitable to go and register her under a foreign flag.

10,901. If you register under a foreign flag, can you escape the regulations of the Board of Trade?—Yes.

10,902. Then in order to do that, by putting your ship under a foreign flag to-morrow, you can escape the regulations of the Board of Trade both with

reference to the coasting trade and with reference to the general trade?—Yes, that is their purpose in doing it. I can assure you that it is a subject under serious contemplation amongst a great many ship-owners of the United Kingdom whether it is not far better for them to pack up bag and baggage, and to go and register their ships abroad and to go and live abroad to manage them: that is to say, to go and naturalise themselves as foreign subjects in order to manage them abroad instead of here.

13,903. (Mr. Pearce.) In what country could they do that?—They could register them in Belgium, or Spain, or France, or Germany, or Denmark, or Norway and Sweden.

10,904. (Mr. Lubbock.) Would you get the French bounty if you registered under the French flag?—There are two bounties in France; there is the large bounty given to steamers built in France and running under the French flag, and there is the smaller bounty given to steamers which are managed under the French flag that are built in another country, and they would get the lesser bounty.

10,905. (Mr. Pearce.) Are not the conditions imposed upon you if you register in other countries far greater than any restrictions and impositions that you may have here from the Board of Trade?—I should say certainly not.

10,906. Are you not obliged to have a foreign captain and a foreign crew, and more than one half of the ship foreign owned; and in the case of Spain that it shall be entirely owned by Spaniards; and how is it possible under all those conditions that you would go out from under the British flag altogether, and go and register your ship in a foreign country?—I believe you are right as regards Spain, but I do not think you are right as regards Denmark, or Sweden, or Belgium, or Germany, or France. I believe a Liverpool firm has transferred a steamer to the Spanish flag. She is registered in the name of a Spaniard, and Liverpool owners hold a mortgage under authority of the Spanish Government, to whom they pay half per cent. She is still managed in Liverpool exactly as before the transfer.

10,907. In Germany and France you cannot do it always. I do not know about Denmark, but certainly you cannot do it, nor in the United States?—No, we cannot do it in the United States at the present moment, but I know that the navigation laws in the United States are under discussion at the present moment.

10,908. The navigation laws of the United States have been under discussion now for a great many years, and there is very little doubt that it will be the same for many years to come as it is at the present time, but I want to have it recorded in this evidence that it is not such an easy matter as you tried to make out just now, to get your ships registered in a foreign country?—It is a very easy matter as regards Denmark, Sweden, and Belgium.

10,909. (Mr. Eeroyd.) I want to ask you one or two questions about the excess of shipbuilding; you spoke of the building of ships having gone on after the demand for ships began seriously to diminish, the consequence of that being a great superabundance of tonnage?—Yes.

10,910. Was one of the causes of that overbuilding this, that as the market declined, and the very low price of iron enabled new ships to be built at great advantage as compared with the ships in existence?—I do not think so.

10,911. I ask that because it is perfectly evident that in another case, that of the cotton spinning mills, it was the low prices of materials that caused new ones to be built in the place of old ones, you do not think that that is the case as regards shipping?—I think the statistics show this, that building fell off very greatly in 1884, it was still very large, but it was very much less in 1884 than in 1883. The building of 1884 was actually contracted for in 1883, during this period of over-speculation of which I have spoken. In 1885 building was very much reduced again, but the

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cost of building in 1885 was enormously reduced over 1884, and the building in 1886 is cheaper than it was in 1885, but building at the present moment is very much reduced again, therefore it would appear that the low prices have not largely attracted capital.

10,912. You have spoken of many ships having fallen into the hands of foreign purchasers at very low prices, is it observable at all that foreign owners have been more free buyers at those low prices than British owners?—Yes, to my knowledge, especially the Spaniards; the Spaniards have been largely buying this last year. There is one firm I know in the south of Spain that bought four and built three steamers during the last year. Those four steamers had been engaged principally in the ore trade and had done very badly, but these Spaniards being friends of my own I know for a fact that these steamers are paying handsomely to-day in the privileged Spanish coasting trade.

10,913. (Mr. Pearce.) With regard to Spanish owned ships, is it not the case that they have all their port dues free or that they have no port dues exacted from them, and that is a great advantage that they have over foreigners?—The great advantage that they have is in the restriction of the coasting trade to Spaniards. I do not understand that Spanish steamers are absolved from port dues.

10,914. Is it not the case that all steamers under the Spanish flag trade to the West Indies as Spanish colonies and that the West Indies are quite free from port dues or any charges whatever?—For this reason that the Spanish West Indies I believe are considered coasting trade, I believe that the regulation is that the Spanish West Indies come within the line of their coasting trade.

10,915. Then I understand there is a great advantage to a ship in being owned by a Spaniard in reference to Great Britain?—The great reason first is their not allowing any English steamers to go into their coasting trade, that is the great advantage that they have.

10,916. (Mr. Lubbock.) If a Spanish vessel comes to one of our own ports it may make use of the facilities of the English ports?—Yes.

(Mr. Stephens.) I believe, as a fact, there are ships owned in London and Liverpool under the Spanish flag.

(Mr. Scholefield.) We have one steamer in which we have many Spanish shareholders residing in Spain. I have never followed it up so far as the point you mention, which is a very interesting one. I wish I had, but I know I have spoken to a good many English owners who all say that it is quite possible to register a vessel under the Spanish flag.

(Mr. Renwick.) Might I mention that at the present moment my firm is seriously considering the question of placing 11 of our steamers under the Turkish flag. This is a serious negotiation that we are carrying on at the present moment. The inducement offered to us is that if we will place the ships under the Turkish flag we shall have the use of the Government docks at 50 per cent. less than we would otherwise have, and we shall have an exemption in respect of light dues, and in various other small matters. The object of it is to try and increase the Turkish commercial marine. There is just now a regulation being passed with regard to it, but there are difficulties in the way which at present we are trying to get over, but we have not done so yet.

10,917. (Chairman.) What do you mean by having the advantage of the light dues?—I understand that we will be exempted from light dues.

(Mr. Scholefield.) There are light dues in Turkey. It is the only other power in Europe, I believe, that levies light dues except ourselves.

(Mr. Renwick.) And I believe they are very heavy.

10,918. (Mr. Aird.) Would it not increase the insurance running under a foreign flag?—On the contrary, one inducement offered to us to get our ships is that they can be insured in Lloyd's at the same terms as if they were belonging to England.

10,919. Possibly in the case of a war the premium would be different?—Possibly the premiums would be different, but we should have very little difficulty.

10,920. (Mr. Pearce.) In case of war all the ships which are registered under the Turkish flag will be liable to be seized by the Turkish Government for war purposes?—Yes, but we are told that we are to be handsomely paid if they are. It is not likely that we will put the ships under the Turkish flag unless we have a sufficient guarantee, and that is our difficulty at the present moment.

10,921. (Sir J. Allport.) If that is so, I presume that the interest that you would have for your ships would be very much larger than is the rule?—We would not do it unless there was a prospect of it being very much larger.

10,922. It would make no difference in that respect whether you sail under the Turkish flag or under the English flag?—I think that if the ship once went out it would never come back from Turkey.

10,923. The produce of the working of those ships would come to England, would it not?—Yes, so long as they were owned here. I think that as soon as the firm found itself in a position to buy ships of its own it would have nothing further to do with ours. The same thing applies now in the Japanese and Chinese trade. We have had steamers trading out there for some years, and now the Japanese are building ships of their own, and so are the Chinese, and that trade is now, to a great extent being done by German steamers.

10,924. (Mr. Aird.) May I ask if you can tell me whether there is much difference in the rates for the outward produce as against the inward rates for outward produce?—Formerly we did not think very much about the outward rate, we looked to the home rate to recoup us, but latterly it has come to this, that we have to endeavour to get outward rates that will recoup us in case of need if we have to come home in ballast. I believe, taking it all round, the outward rate is still the lowest, but to some places the outward rate is higher than the home rate.

10,925. Then that ought to encourage the introduction of foreign produce to England?—Clearly, because they get it there so very cheaply.

(Mr. Stephens.) For instance, at the present time the rate to Genoa, for coals from Cardiff is 10s. a ton, and the rate from Carthage to Garston on minerals is 6s. 6d. a ton.

10,926. What description of cargo would be brought from Carthage?—Ore.

10,927. Such a condition of things as regards rates would necessarily tend to encourage foreign importation of that article?—Most decidedly.

10,928. (To Mr. Scholefield.) You spoke about the difficulty which you say had been created by the one-ship companies, and their taking refuge under the Limited Liability Act; of course if a vessel goes down there is an end of that company, there is nothing for any creditor to fall back upon as a security?—There would be nothing to fall back upon if the ship was uninsured. Suppose the limited liability ship's shares were fully paid up, and the ship was not insured and was lost, then the creditors would not be able to recover.

10,929. Do you think that it would benefit the shipping industry if a prohibition was placed upon one-ship companies taking advantage of the Limited Liability Act?—I think that upon the one ship limited basis there should be restrictions as to the managers or managing directors being made more responsible than the shareholders; but, that being done, the enterprise and the competition that necessarily arises through it should be legitimately conducted. In opposition to this, as we know, the shareholders are jointly and severally liable for all the debts of the ship under the sixty-fourth basis.

10,930. Then you consider that, as matters stand at present, one-ship companies, having practically no liability and taking undue risk, are detrimental to the shipping interest?—I think it is so.

(Mr. Stephens.) Supposing a ship owned in sixty-fourths was to sink another, and there was a loss of life, she would be liable up to 15l. a ton, but if a single-ship company under the Limited Liability Act was to do the same, if the whole of the capital was paid up, and she was uninsured, there would be no liability at all.

10,931. But if the rule in limited liability companies in shipping always required that six vessels, at all events, should form that company, you would then have the other five vessels to fall back upon as a remedy in case of one ship having damaged another?—That is so.

10,932. Therefore that would be a security?—Yes.

10,933. Would it not also prevent any undue competition in the shipping trade?

The witnesses withdrew.

Adjourned to to-morrow at 11 o'clock.

TWENTY-EIGHTH DAY.

Thursday, April 1st, 1886.

PRESENT:

THE RIGHT HON. THE EARL OF IDDESLEIGH, G.C.B., IN THE CHAIR.

THE EARL OF DUNRAVEN.
THE RIGHT HON. G. SCLATER-BOOTH, M.P.
MR. J. AIRD.
SIR J. ALLPORT.
MR. T. BIRTWISTLE.
MR. L. L. COHEN, M.P.
SIR J. P. CONRY, M.P.
MR. C. J. DRUMMOND.
MR. W. F. ECKROYD.

MR. H. H. GIBBS.
MR. W. H. HOULDSWORTH, M.P.
MR. W. L. JACKSON, M.P.
MR. N. LUBBOCK.
MR. P. A. MUNTZ, M.P.
MR. A. O'CONNOR, M.P.
MR. R. H. INGLIS PALGRAVE, F.R.S.
MR. C. M. PALMER, M.P.
MR. W. PEARCE, M.P.

MR. G. H. MURRAY, Secretary.
MR. T. H. ELLIOTT, Assistant Secretary.

MR. JOHN PRICE examined.

10,935. (Chairman.) I think you are the general manager of the Palmer Shipbuilding Company at Jarrold?—Yes.

10,936. How long have you been connected with the shipping business or shipbuilding?—For the last 22 or 23 years.

10,937. Has your experience been in the same district, the north-east of England?—For 12 years I had an acquaintance with the whole of the shipbuilding centres in the country; but for the last 10 years I have been exclusively connected with the north-east coast.

10,938. Should you say now that the shipbuilding industry on the north-east coast is in a satisfactory or in a depressed condition?—Most decidedly in a depressed condition.

10,939. What do you mean by calling it a depressed condition? Do you mean that the ships built are less, or that the profit is reduced, or in what way do you test the depression?—I mean both, that the amount of tonnage built during last year was very much less than the average of the previous five years, and at the present time there is a great deal less relatively than there was built last year.

10,940. Over what district does that observation extend?—It refers, in the first instance, to the whole country; and secondly, I refer particularly to the east coast; and, in doing so, I take it all round as a fair statement as to what exists at the present time on the east coast.

(Mr. Scholefield.) Excepting one important factor, and that is the ease with which a limited liability ship can be mortgaged. There is very great ease in mortgaging the whole of the limited liability ship, and it can be done as it were in one transaction, whereas in the case of a sixty-fourths steamer it could not be mortgaged in that way; each registered shareholder must mortgage his share separately, as it were, and therefore you have more security, because a sixty-fourths ship is extremely rarely all mortgaged in the same way. So that there is another factor comes in there, that you may have these five ships remaining, but supposing they are heavily mortgaged, what then?

10,934. There is no record of such mortgages kept by the Board of Trade, or return made to them by the shipowners, is there?—No, not that I am aware of.

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10,941. Do you mean the Tyne and the Wear, and the Tees, or perhaps you would specify what you mean by the north-east coast?—I accepted your Lordship's own phrase. The north-east coast embraces from Blyth to Hull. Blyth is a small port, but it has a shipbuilding yard. Next comes the Tyne; next the Wear; next the Hartlepoons and the Tees; then Whitby and Hull.

10,942. What do you consider has been the principal cause or causes of the depression which you speak of?—I look at it as chiefly brought about by the excess of tonnage which was built between 1881 and 1884, both inclusive; an amount of tonnage apparently beyond any reasonable requirements of the trade.

10,943. And to the over-production of ships?—Yes.

10,944. That has produced, of course, for the moment, a glut of ships; but with that there has been a reduction in the rate of building lately; is that bringing us back to the proper condition?—It is bringing us in that direction; it has not brought us to that point yet. There is no doubt that the present comparative cessation of building ships will have that effect. Will you allow me to say that I believe that the excess, which I think is undoubtedly, was largely brought about, if not entirely, by over-speculation on the part of people, who either imperfectly understood the requirement of the shipping business of the country, or did not understand it at all.

10,945. Do you mean by that, individual shipbuilders or firms of shipbuilders, or do you refer to companies established with limited liability?—I refer not to shipbuilders so much as to shipowners who were able to command, on account of the remunerative character of shipowning at the time, a large amount of capital from practically irresponsible and ignorant people, and who employed it in building to a large extent. It was chiefly from that cause, I believe, that the excessive tonnage was created.

10,946. (Mr. Palmer.) That is, you wish to say that ships were built for which there was no special trade?—Precisely; but not only that; there were a great number of ships built for which there was no special trade—what we call tramps or regular cargo sailers; but there was a large number of that class of vessel built by people who had no reasonable expectation of finding any employment for them even.

10,977. (Chairman.) It is necessary to have some margin of ships, is it not, so as to be ready in case of any sudden increase of demand; you cannot supply ships at a moment's notice?—There may be a necessity of that kind, but I do not believe we have ever felt it. Trade gradually revives, and the effect upon shipbuilding is just as gradual. With regard to what I have just said, in many cases I know that ships were delivered to owners who had no employment for them, and who had new ships at the same time delivered from other builders laid up in the docks when they received their later deliveries.

10,948. The ships not ordered were built first and offered for sale afterwards?—Very largely that is so.

10,949. What was the first year that you spoke of as a year in which the business was in a flourishing condition?—1882.

10,950. And for the last three years has it been unsatisfactory?—Yes.

10,951. Is there any recovery or any prospect of a recovery at present?—There is no immediate prospect of recovery at present, that I can see.

10,952. Is shipbuilding going on now?—It is going on, but to a relatively less degree than in 1885.

10,953. Is there any change in the character of the ships that are now being built?—There is a change of this kind. Very great efforts are being made after economy. Ships are largely built of steel; indeed, they are almost entirely built of steel, and they are also built with more economical engines, and appliances of all kinds are sought to be embodied in them, so as to secure more economical working. I have an example, which I should be glad to give to the Commission. In comparing two favourable types of ships, not extreme in any respect, with two periods, I take a ship that will carry 2,800 tons dead weight, built seven years ago, and a ship of the same capacity built now. I have taken those two ships haphazard, knowing them to be good and favourable types. The newer ship burns 17 per cent. less fuel. The original capital in the newer ship is 22 per cent. less than the ship built seven years ago, and on those two items alone, on the working of the vessel, there is a saving of 15 per cent.; the effect of less capital being upon the insurance. In two larger vessels, carrying between 4,000 and 5,000 tons, there is the same saving in fuel, and difference in the gross capital expenditure. We therefore again make the saving in the two items that I have just referred to.

10,954. What was the tonnage of the first pair of ships?—The first two would carry each of them 2,800 tons dead weight, and the second two would carry about 4,500 and 4,900 tons; one carried 4,500 and the other 4,900. In working those two vessels there is saving from those two simple items alone of 16 per cent. That will show you the efforts that are being made to bring back the trade, so far as shipbuilding and engineering are concerned.

10,955. What trade are those vessels intended for?—The larger ones trade between this country and Bombay; the smaller vessels go all over the world.

10,956. Has there been any migration of business from the north-east coast to other parts of the country?

—No; not to any appreciable extent; we sometimes do feel it a little from the Clyde, when they are in a disturbed condition, and no doubt they feel it to a slight extent when we are in a disturbed state, but never to an appreciable extent upon the actual trade of the district.

10,957. Do you think, so far as you can judge, that the shipbuilding industry generally has been stationary, or that there have been migrations?—I think that it has been stationary; there has been no estimable migration.

10,958. Have you any difficulties with which to contend in the matter of labour?—We have two classes of difficulties. We have strikes occasionally. We have just had a strike of two months' duration in our shipbuilding department. That has been the result of very mistaken ideas as to the state of trade on the part of workmen. The second class of difficulty that we have with labour, is that there is a steady advance in wages. No matter what we may do to reduce the wages, there is a steady and persistent advance.

10,959. Have the changes in the hours of labour and the regulations had much effect?—Yes. In the engineering trade; taking the period before the nine hours' movement began, when our men were working 59 hours, and coming to the present time, when they are working 54 hours; taking the reduction of hours with the steady increase of wages on the whole of the classes of labour that we employ in engineering, there is a mean average increase of 21 per cent.

10,960. (Mr. Ercroft.) Could you give us the years and the per-centages of increase?—In 1871, 1882, and 1886.

10,961. Is that advance of 21 per cent. from 1871 to 1886, or from 1882 to 1886?—The advance is from 1871 to 1882. If you saw the figures, you would see that during 1882 and 1886 the alteration is very slight indeed generally throughout the whole period.

10,962. (Mr. Palmer.) Do you propose to submit those figures to the Commission?—Yes. (See Appendix.)

10,963. (Mr. A. O'Connor.) Would you call this skilled labour?—I have in these figures labourers; but the increase on labourers alone is 26 per cent. In the case of the fitters, their increase is 32½ per cent., and of boiler-makers and riveters 33½ per cent. Those are the highest skilled men in the engineering trade. In the case of the pattern-makers they are up as much as 39 per cent. Those are men that we employ ourselves. I am not now referring to other employers, but I am giving about the average rise, and that is not higher than the average rise in other districts. In ironworkers and iron shipbuilding we have two modes of payment; one by time, and the other by piece-work. The time wages over the same period as the foregoing have advanced 17·4 per cent., while the piece rates have advanced 21·8 per cent. In the piece rates, will you allow me to say that the class of men whom we call drillers have sustained a reduction over that period, but that is because we have practically substituted unskilled labour—any labourer who can make a driller; so that the rates obtaining in 1871 have fallen in that class alone. I wish also in this connexion to point out, referring to the second difficulty we have with the steady increase in the cost of labour there is a constant conflict going on, a perfectly peaceful one, between employers and skilled labour; and it is shown in endeavours to substitute skilled labour by machinery. And, as an example of what has been done in the last 20 years, I may state that in 1865 we produced a certain horse-power of engines, and in 1882 we produced a certain horse-power of engines much larger. The number of skilled hands we employed in 1865 was increased 45 per cent. in 1882 in producing this much larger horse-power, but the horse-power itself had increased 160 per cent., so that while we increased the horse-power twice and a half, we did not add 50 per cent. to the skilled labour as between 1865 and 1882.

10,964. (Mr. Pearce.) Is not that due to the modern construction of engines developing more horse-power for weight?—Rather the contrary; the engines are heavier now comparatively than they were in 1865. In 1865 we had few surface condensers, and we had the low-pressure boiler, now we have the higher-pressures, and very much heavier boiler. We have a larger amount of duty got out of the engines, and altogether the engines are not only more costly, but are heavier. That brings me to another very important point, and that is, that notwithstanding the enormous increase in the value of labour at the present time, the cost upon engines for labour is about the same as in 1865 per horse-power.

10,965. By horse-power do you mean indicated or nominal horse-power?—I am taking the horse-power upon a formula. I call it nominal horse-power. I give here the formula that will apply to both periods, so that we treat them exactly alike.

10,966. Will you put in that formula?—Yes (delivering in the same). Notwithstanding that we had brought down the cost of labour to about the same per nominal horse-power, the labour itself has steadily advanced by every test that we can apply to it, both by the weight of the engines and by the cost of the engines. In 1865 labour per nominal horse-power was 23 per cent. of the cost of the engines. It is now 30 per cent. of the cost of the engines. It is within that period that the conversion of the engines from low-pressure to high-pressure has taken place. I have not taken that into account, so that it will require to be added to the figures I have given. The same remark applies to the work on iron shipbuilding. The rate per ton of ironwork put into a ship has steadily increased. In the year 1865 the labour was 30 per cent. of the total cost of the hull; it is now 35 per cent.

10,967. (Chairman.) Is that relative proportion of labour due to the increase in the cost of the labour or partly due to the cheapening of the materials used?—The ratio is upon the actual cost. I have not taken out the difference of the value of the materials. It has the same effect, I have no doubt; but in the case of the engines, I gave you the cost per horse-power, which is a fixed and unvarying standard.

10,968. I mean if the materials were more expensive, they bore a larger per-centage to the cost of construction than they did when they became less expensive?—There is no doubt that that was so.

10,969. The reverse would be the case with labour; if the labour is dearer, of course it bears a higher per-centage; and I want to know how far the one corrected the other?—That I cannot give you precisely.

10,970. (Mr. Palmer.) Can you give the per-centage of skilled labour and unskilled labour, and the diminution in the cost of skilled and unskilled labour upon the engines?—No; the only labour that we call unskilled labour are the labourers. We have every branch of skilled labour, from the man who attends to the drilling machine to the man who is a fitter; but I have not a ratio as between those various classes.

10,971. Is there much movement in bringing forward unskilled labour to skilled labour?—Yes; a drilling machine man is occasionally moved up to a slotting machine or a planing machine, and a planing machine man ultimately in some cases, but not frequently, becomes a lathe man.

10,972. (Chairman.) Is there anything further which you wish to say about the labour question?—I would like to add, having some reference to the question which your Lordship puts to me, that, taking the standard and applying it to the hull of the ship, something corresponding to the horse-power as applied to the standard, to the engines of the ship, I would take the dead weight carrying capacity, and then the cost of the labour. We have succeeded in bringing down steadily the cost of labour per ton of the dead weight carrying capacity; but that is irrespective, of course, of the weight of iron in the ship.

10,973. (Mr. Pearce.) But that is not due to the

decrease in the rate of wages, is it?—No, it is due to the application of machinery, and to the performance of a large amount of work by machinery which was otherwise done by hand labour.

10,974. Is it not also due to the better form of ships for carrying dead weight now than that of 15 years ago?—I have not dealt with the period to which that would really apply. As between 1871 and 1882, not much difference took place on the east coast. We have been large carriers for quite that period.

10,975. It would be very satisfactory to know what the difference per cent. is in labour, taking the dead weight of material into consideration; that is to say, the rate per ton in working up the materials in the year 1871, and the rate per ton in working up the same materials in the year 1882. I ask that because that is the true measure of the rate?—I find that it would require a larger survey than I have had an opportunity of giving to the subject; but I have information here precisely in point, but owing to the different sizes of the ships, it would scarcely be conclusive. However, in the year 1871, in a ship having 769 tons of material in it, the cost per ton at that time was 2*l.* 13*s.*; in 1882, in a vessel having 939 tons of material in her hull, the cost was 4*l.* 6*s.* 10*d.* Both these ships carried as nearly as possible the same dead weight. In 1884, a vessel having 1,038 tons of weight in her hull, cost 4*l.* 5*s.* 2*d.* per ton for labour, and she carried 2,600 tons. In a vessel built in 1885, having 1,745 tons of material in her hull, the rate for labour was 3*l.* 13*s.* 4*d.* In another vessel, having 2,246 tons weight of material in her hull, the rate was 3*l.* 18*s.* She ought to have come out at less. The opportunity I have had being only about a week, has not been sufficient for me to take a survey over the whole of that part of the case.

10,976. Does that include wood as well as iron?—Nothing but iron. I have confined myself entirely to iron labour.

10,977. (Chairman.) Does the shipbuilding business in this country suffer from foreign competition?—Yes, I believe it does.

10,978. Have you anything to say upon that point?

—The extent to which we are suffering I am not prepared to say; but as a matter of fact, I know that we are sustaining competition for Government orders, which used to come to this country from foreigners; especially in Denmark, Sweden, Norway, and Lower Germany, and also in Holland they are making very strenuous, and I think successful, endeavours to supply their own requirements for both mercantile work, and for the work required by their Governments. They can buy the materials quite as cheap as we can. At the present time they can buy steel for shipbuilding purposes at a very reasonable rate. I hold in my hand a letter received this week from a trusted correspondent, who informs me that he has bought, for a large Government order that his firm has just taken, steel at 6*l.* 10*s.* per ton, delivered at the ship yard, and angles at 6*l.* 5*s.* per ton.

10,979. Where was this?—In Lower Germany.

10,980. This is an order for the German Government, I presume?—Yes; and he also informs me as to what his labour is.

10,981. (Mr. Palmer.) Is that steel produced in Germany?—Yes, it is entirely German steel.

10,982. (Earl of Dunraven.) Where is it delivered at that price?—It is delivered in Lower Germany, at Stettin and Kiel, they both have it at that price. In response to my having sent him a summary over a considerable period of our labour rates, my correspondent says:—"I had, however, to take a longer time than three months in order to get at the time average, because our piecework is paid for in this way. The pieceworkers have their time taken, and are paid at a certain rate per day every fortnight, just like the other men, and the surplus resulting from a contract is divided among them after the contract is finished, and in proportion to the money earned by the different men at their time rate. This, I consider a good plan, as it gives them a better chance

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"to save money. They are more likely to put some of the surplus by, than if they get high wages every week. There is scarcely any difference between the earnings of the men on the Government vessels and on merchant steamers. You must, however, take into consideration in comparing the figures, that our men do not work so hard, and so quick as yours, and I think that your men if they were to work here at our rates, would stand about half-way between your and my figures in their earnings." Then he gives me the piece rates. For platers the average is 5s. 6d. per day; at the time when our men went out on strike the earnings were 13s. 3d. a day. The riveters and holders on he gives me 4s. 17; our riveters' earnings, when they went out on strike, were 8s. Angle iron smiths 5s. 4d.; when our men went out on strike they were receiving a mean rate, as ascertained from nine establishments, on the east coast, of 12s. a day.

10,983. (Mr. Palmer.) When you said "our men," you meant the men on the north-east coast?—Yes.

10,984. Including all the ship yards?—When I said 13s., I meant our men at Jarrow, although to angle iron smiths, we were paying 10s. a day in Jarrow as against 5s. 4d. in Germany; but the average of nine yards on the east coast was 12s. Caulkers in Germany received, practically, 4s. or 3s. 9d., and when our men went out they were getting 8s. 2d., and the average rate was 8s. 8d. Drillers in Germany were getting 3s. 7d. or 3s. 9d.; we have just recently reduced ours from 4s. 10d. by 7½ per cent., because those are all really unskilled men.

10,985. Have you made a calculation as to the percentage of the difference of labour which you have quoted, as compared with the labour paid on the north-east coast upon the ship simply?—I have not made the calculation; I only received this communication before leaving home, but I have had an opportunity of comparing costs with this same correspondent. Before he occupied his present position he had the management of one of the largest shipbuilding places in Great Britain, and I knew him intimately to be very highly skilled; I had an opportunity of comparing the cost of production of an ordinary sailing ship, and I find that his labour is over 10 per cent. less than ours on an ordinary sailing ship.

10,986. (Mr. Pearce.) That is the total amount of labour for the ship?—Yes, I have also had an opportunity of comparing the estimates for ironclads and war vessels of different kinds, and in the element of labour he is always a long way more favourably situated than we are. That is one reason why I have laid such stress upon what I described as the peaceful conflict between skilled labour and ourselves; it is a social or economic law which we have most difficulty in dealing with.

10,987. (Earl of Dunraven.) Did I understand you just now to say that the proportion that labour bears to the total cost of production is practically the same now as it was previously; the rate of wages has increased, but owing to the increase, the cost of labour bears the same proportion as it did in 1882?—In shipbuilding there is not a material difference, but in engines there is, as I showed, a considerable increase.

10,988. An increase in the rate of wage?—The increase in the amount of wages bears a higher percentage to the cost of the engines. In 1865, the total cost of labour upon engines was 23 per cent., now it is 30 per cent.

10,989. (Mr. Palmer.) But does not that arise from the fact that you are building a more expensive class of engines; triple expansion engines?—In my first table I showed the extraordinary sphere that machinery has now, and notwithstanding all that machinery is doing, and the limited extent to which we employ skilled labour now compared to what we did formerly, still the rate that we pay has gone up 21 per cent. on an average over the whole number employed; so that that it has increased the per-centage which labour bears upon the total cost of the engine.

10,990. (Earl of Dunraven.) Do you know how that is abroad; do we stand at a greater disadvantage now with regard to foreigners, so far as labour is concerned, than we did formerly?—I should say if you go back 10 years there was scarcely any foreign work that you call competitive work. Probably within the last five or six years the competition has assumed something like proportions, and it is within that period that the change has taken place. I believe that our position is very much the same now as it was five years ago with foreigners, because they have had increased wages as we have had.

10,991. (Chairman.) What has been the effect of the bounties given in some foreign countries for the building of ships?—When the French bounty system came into operation, it gave an impetus to shipbuilding in this country, and it also gave a very powerful impetus to shipbuilding in France. In France, I believe, that shipbuilding has entirely collapsed within the last two or three years, and that there have been very few orders indeed placed for cargo-carrying vessels by French shipowners. With the bounties, however, in France, they still are able to build the ships required by the large shipping companies.

10,992. What has been the movement of shipbuilding in this country for foreign countries; has it been increasing or decreasing?—Up to 1883, I should say, there was no appreciable falling off in the orders received in this country for foreign owners. In 1884 there was a very great falling off, but I am not prepared to say that it was not due to the same cause that produced the large falling off in this country. It was not a proportionate falling off. It was larger in proportion than the reduction in our own country.

10,993. Was it due to over-production?—I should think so. I believe the French shipping community have found themselves handicapped in the same manner as our shipowners have done, by an excess of tonnage, and by another circumstance which has come within my knowledge, that the competition of British shipowners did a great deal towards rendering unremunerative the ships built in France for the French shipowners. But in 1885 there was a considerable increase again to the tonnage built in England for foreign orders, but chiefly, I believe, through the foreign war vessels that were placed in this country.

10,994. Do the colonies compete with us at all in building?—No. I have just a single illustration about what might be taken as competition. We tendered a short time ago for a very fine vessel, of small dimensions comparatively, for the Victorian Government. A firm in Melbourne took the ship at a less price than the net cost at which we could build her for in this country, and very shortly afterwards we received the order to make the beams of the ship and send them out to Melbourne; so that I do not look upon that as at all a competitive act.

10,995. Have you many orders in this country for ships in Canada?—I am not aware, but we have from the other Colonies. Australia has placed a considerable number of orders in this country, and New South Wales also has done the same.

10,996. I suppose Canada has the largest fleet of any of our Colonies, has it not?—I am not prepared to say.

10,997. How has the trade been effected by substituting steam vessels for sailing vessels?—The trade has been very largely extended by first of all the substitution of iron for wood. It is also practically admitted that iron vessels can be built of large size, of any dimensions in fact, with less wear and tear, and with very much larger carrying capacity, and consequently in every way better fitted for trade purposes.

10,998. And they last longer too, do they not?—Yes.

10,999. Would that to some extent account for the slackening in the building, that the vessels that we have last longer than they did?—I scarcely think it would,

because I believe the demand for vessels increased not in a ratio, but at an increasing ratio. The same effect was felt on shipbuilding and shipowning, by the recurring periods of depression, before iron or steel ships were built.

11,000. If the total number of ships employed or required continued constant, and iron ships took the place of wooden ships, it would require a smaller amount of shipbuilding, would it not?—You have another cause operating, an economic cause, and that is the changes of form and type and means of propulsion, or improvements in the means of propulsion, and appliances for discharging, and auxiliary help, such as water ballast, for trading purposes. Those, acting together, will sometimes lay aside a ship 10 years old as utterly useless. In fact, there will be very shortly ships laid aside, that are not more than six or seven years old, and in all probability, except in times of extreme inflation, they will never be brought into operation again.

11,001. Then those changes in fashion as we may call them, are enough to counterbalance the greater durability of iron ships?—Not entirely so. An old hull for example becomes rejuvenated by having new machinery put inside her, so that instead of its being altogether a disadvantage, it is an advantage to the shipowner to have a hull that will bear that operation which I have described, of having the machinery taken out and replaced, I think in every way that the greater longevity of a ship is an advantage, except so far as the machinery is concerned.

11,002. Do you think that the effect of the Joint Stock Shipbuilding has conduced to over-production?—No; I cannot see that there has been any prejudicial effect upon ship building by joint stock shipbuilding companies, but joint stock shipowning companies, I think, have been mainly the cause of the effect that I referred to in the beginning of my evidence, on the subject of the cause of depression.

11,003. (Mr. Palmer.) You mean single ship companies, as they call them?—Both single ship and other companies, that were formed on the joint stock principle by parties of the description that I referred to before.

11,004. Is it not the fact, that all our large companies are joint stock companies?—I do not say that all our companies have been the cause of this, but I say that those who have been the principal cause of it were joint stock companies; single ship companies and others.

11,005. (Mr. Pearce.) You gave us the prices of steel plates and angles in one place in lower Germany, do you know where that steel was made?—I cannot tell you the works where it was made. I had the information given to me, but I have not it with me.

11,006. Do you know whether it was in Westphalia?—I could not say.

11,007. At Dortmund?—Yes, I think it was.

11,008. There you have to bear the cost again of railway rates?—Yes.

11,009. Could you say what the railway rates are?—On that point I have a letter here from a firm representing foreign countries, through whom we tendered for material for a steel ship, and that will just answer your question. My correspondent says, "I refer to your quotation of 1st, and favour of 5th instant. The ship in question was to be built on a German wharf, and I am informed to-day that they have decided to take German steel. Perhaps it might be of some interest to you to know that plates were contracted for at 134 marks," (that is practically 130s.) "and angles, 118 marks" (that is only 57. 18s.) "delivered free on the wharf" (the shipbuilding wharf he means). "The railway carriage from the German steel works to this wharf is considerably heavier than the freight per steamer from here or Tyne." That is written from Middlesbrough. So that the rate of 6l. 10s. and 6l. 5s., which are our present selling prices, is less the amount of carriage that we have to put on our price to deliver it to the German ship wharf.

11,010. Do you know how much it is per ton delivered at the German port?—6s. at Hamburg; that is the port in question.

11,011. Then the price of steel at the port we may take to be 6s. less than the rate you have already quoted here?—Yes.

11,012. That is less than you could make the steel for at your own works?—It is less than we would at present sell the steel for.

11,013. We may calculate that German steel is cheaper than British steel for ship-building purposes?—For ship-building purposes in Germany. They are buying it for about the same rates that we are on the east coast, and for less than they are in Scotland, a good deal.

11,014. Can you tell us if that steel is made by the basic or the acid process?—I think it is the Siemens-Martin process.

11,015. There is a great amount of steel manufactured in Germany upon the basic process, is there not?—Yes, but I have not been able to trace it completely into the ship yards.

11,016. It is chiefly for rails, is it not?—Yes, and for many other purposes than ship construction. I have tried, but I have not been able to trace it yet as being actually used in shipbuilding. I know, however, that the tests to which the steel is subjected in Germany are very much inferior, in point of cost at any rate, to what it is subjected to in this country. My correspondent tells me that when you do submit steel to test, the German Admiralty charge 2s. a ton more than when they supply steel to pass the tests of the "Bureau Veritas"; and in this country we consider that Lloyd's test, and the Admiralty test, amount to at least 2s. 6d. a ton upon the cost of the Siemens-Martin steel.

11,017. You charge that, do you, for Lloyd's test?—Yes.

11,018. Have the plates used for ship-building purposes to be tested by Lloyd's surveyor?—Yes the tests are severely applied. We never sell steel except under Lloyd's test or the Admiralty test, so that the cost of testing is added in their cost of production.

11,019. Do you make a charge for plates that you put in Government vessels on account of the severity of the test?—No, but it is of course an item in their costs.

11,020. Are you aware that at the present time there are very large ships building at Stettin now for the German Government?—I have heard that the North German Lloyds are building six large vessels.

11,021. Are you aware that it was a compulsory matter, that the steel should be made in Germany for those ships?—Yes, I have heard so.

11,022. Do you know that the subsidy that was granted to North Germany was on the understanding that they were to be built in Germany?—I have heard so.

11,023. Do you know that the Germans have never built any ship approaching the size of those ships, until the Government had given them that subsidy to build the ships in Germany?—I believe they have never built any mercantile vessels of that tonnage or capacity; but they have built, as you know, war vessels with, perhaps, not quite so large a total displacement.

11,024. So that it really becomes a question of opening up quite a new industry in Germany, building these large passenger steamers?—So I believe.

11,025. Hitherto have those large passenger and mail steamers owned by German shipping lines been built in this country?—Yes.

11,026. Do you know the difference in the hours of labour in Germany and in this country? Have you got it stated in your tables?—I have not constructed a table on the information that I have had from abroad, chiefly because I received it so recently; but I know, as a matter of fact, that the hours are longer in winter time, and that in summer time they are very much extended in Germany and in Holland, and in all of the German shipbuilding places, and in

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Sweden, Denmark, and so on, beyond what they are with us.

11,027. Then you have to compete not only with a lower rate of pay, but with an increased number of hours?—No doubt we have.

11,028. (Mr. Palgrave.) Do not the hours in those northern countries which you have mentioned vary greatly between summer and winter?—They do as a matter of fact, but entirely, I believe, owing to the intervention of Nature, by the shortening of the daylight.

11,029. But does not that practically equalize the rate of wages as compared with England?—No, I think not. If you mean comparing their winter hours with our winter hours, I believe there is practically very little difference, if any, between their winter hours and our winter hours. On the whole I believe they work longer winter hours than we do.

11,030. Do you not think that their work is occasionally stopped altogether?—Not any more than ours. With us, in January and February last, we could scarcely work more than seven days in the whole of those two months. If you will allow me to refer to your question about overtime, I would like to say that we are frequently subjected to a proceeding of this kind by our workmen—When we were exceedingly busy, and it mostly is at the times when we are busy, the men give us a notification without any warning that they have passed a resolution that none of their men are to work any overtime, intimating the object to be, in order that a larger number of men of their craft should be employed. We have had notices of that kind from almost all classes of our men, in the summer time. When we had taken contracts to get through them as quickly as possible, we have been balked in that manner. Instead of there being an inducement in over wages to work overtime, the men have again and again given us notice, and refused to work overtime.

11,031. (Mr. Palmer.) Has not that caused considerable inconvenience?—Yes, it has caused very great inconvenience and loss.

11,032. (Mr. Houldsworth.) I do not know that I quite followed your figures, but I should like to ask one question to clear up the ground. You have told us from your knowledge that ships were built in German ports, for instance, at a cheap rate over all, and you have given statistics about wages, but I want to include everything that may be considered material; could you name an average per-centage over all; would it be a considerable amount or a small amount?—It would have to be entirely upon a supposititious case, because they do not build their ships on all fours with us; but assuming that they had one of our specifications to undertake I have no doubt that they would build the ship for 10 per cent. less total cost.

11,033. What ship have you in your mind?—I am taking a purely cargo ship.

11,034. A large one?—I am not taking an excessively large one, because they have had no experience of that kind. I will take a ship to carry 3,000 tons, and I should put it at 5 to 10 per cent. on the cost of the ship.

11,035. (Mr. Ecroyd.) I understood you to say that the average hours of labour in North Germany are greater than those in this country, taking summer and winter together?—I should say that they are.

11,036. Could you form an estimate as to the excess?—No, I could not. I have not been there to take the hours, and I have had no correct record of them, and I should not like to say. My impression is, from what I have been told by the managers who have conducted works out there, that there is a considerable difference in the summer time. I have had the hours given to me at Amsterdam, for example, and I find that they work more hours in summer time, from four in the morning till 10 at night, daily work. A portion of that time is overtime, but in summer time I believe in Amsterdam the regular working hours are something like from five in the morning to seven or eight o'clock at night.

11,037. You have spoken of a large advance in wages, that is to say, in wages for iron ships, between the years 1871 and 1882, and I think you told us that it was 21 per cent. ?—Yes, 21 per cent. on the average.

11,038. Had there been during the extreme depression of the last three years any reduction in those high wages?—We have just these last 10 days received a second reduction from the engineering branches included in the engineering trade. We have had two reductions, the first of 1s. a day, and the second of 1s. 6d. a day over 33s. a week.

11,039. But taking all kinds of labour that are employed, and reducing it to an average in the same way, you say that there has been a 21 per cent. advance; how much of that 21 per cent. has gone back again during the years of depression?—The iron shipbuilders who are on piece-work were earning on an average an increase of 21·8 per cent. That I arrived at after taking into account three reductions between 1883 and 1884, amounting in all, I am prepared to say, to 25 per cent.; I am not quite certain whether that includes a fourth reduction which I have just received from those men, so that we may consider that at the present time we practically have got all the reduction that we are likely to get; still the wages stand at 21 per cent. on the average above the wages of 1871.

11,040. You gave us one very remarkable answer in which you said that there was a continuous tendency to advance in wages?—Yes.

11,041. How do you account for what you call a continuous tendency to advance in wages in spite of the great depression of trade and the great inadequacy of employment?—The statement which I made, that there was a continuous tendency to advance, is supported by taking the wages over a period, from 1871 to 1882. Within that period there had been fluctuations, but the effect has been this, that having got to the bottom of the fluctuation, it has rested at a point above what it started from originally. Then when the next fluctuation takes place it does not come back to the same point, but to some higher point, so that the wages show a gradual rise, step by step, in each period.

11,042. Does that apply to unskilled labour as well as to skilled labour?—It does to the extent to which we employ unskilled labour. For example, in 1871 we paid our engineers' labourers 17s. 7½d. on the average; in 1882 we paid them 20s. 6½d.; I have omitted a part of 1871 when the 57 hours came in. In March 1886 we were paying 20s. 4d. We have now got the labourers down in that department, I think, as low as we really can of the men who are handy about machinery. The same applies to skilled men. The fitters in 1871 were paid 26s. 9½d. for 59 hours per week. In the latter part of 1871, after the 57 hours had come into operation, the wages were still substantially the same rate, 26s. 10½d., or a slight increase, but in 1882 they were 32s. 5½d. I have not taken the years between, because these will just show what I have stated. In March 1886 they were 32s. 4½d. Since then we have had a reduction of 1s. 6d. on all wages over 32s., and a reduction of 1s. on all wages at and under 32s.

11,043. You have spoken of the great depression in the shipbuilding trade since 1883, and that there exists a power of shipbuilding quite in excess of the demand; could you form any estimate as to the surplus power of production in existence over the average demand of the last three years?—If you will take the years 1882, 1883, and 1884, then I should say that there was no excess of power over what was produced within those years; but in 1885 there was a reduction of 32 per cent. upon the previous five years, and I should say that the tonnage at the present moment under progress, is not employing more than one-third of the power capable of being applied to the production of tonnage in this country. In the year 1883 there were 1,034,272 tons built, and on the

first of January this year there were 318,000 tons ordered or in-progress.

11,044. Could you give us what was built in 1885?—540,000 tons.

11,045. That is only about 54 per cent. of what was built in 1883?—Precisely so.

11,046. Is the power of building at present equal to what it was in 1883?—Quite so.

11,047. Is the number of people dependent for employment upon the trade as great as it was in 1883?—Except by the difference of those who have found employment in other directions.

11,048. Naturally there are always young people rising up?—Yes. There has been no alteration whatever, except such as will come from natural causes which affected the conditions that existed in 1883; we have the men and we have the machinery.

11,049. Could you again, I mean, turn out the same amount of tonnage as was turned out in 1883?—Certainly, there is no doubt about that. Will you allow me to support what I have said by telling you that in 1882 my company built 61,500 tons, and last year we built 23,732 tons; so that you see that we are capable of nearly trebling, in fact we could treble, our output of last year.

11,050. I want to know how these people live under these circumstances, having only a proportionate employment represented by 23,732 tons as against 61,500 tons?—I am very pleased to say that a large number of them live from the benevolent action of their own class. I am able to speak of more than one of the departments in my company's works (which perform all the operations, from getting the stone to the finished ship), and throughout the whole period, almost without exception, we have worked week and week about dividing the men into two divisions.

11,051. They are really then about half employed?—They are not quite half employed, because while we would naturally divide them into two divisions, we do not really divide them into two halves. We could not take in the whole; but what was not done by that means was done by the men who did work helping those who could not be taken in at all.

11,052. Then the result of it is, that the reduction in the rate of wages, of which you have told us, is a reduction in the income of the men, upon which they and their families have to live at that point, on about half the reduced weekly wage?—I quite follow you.

11,053. Then that reduces the men more than half?—Yes.

11,054. (Mr. Pearce.) Does that apply to the ship itself as well as to the ironwork?—To a large extent it does.

11,055. (Mr. Ecroyd.) What would be your estimate of the increased cost of building produced by this partial employment of your workmen?—You mean what would be the additional charge upon the cost, taking into account the interest upon the money expended in the plant.

11,056. I would put it in this way: The cost of your productions consists, in the first place, of wages and materials and stores for which you pay; and in the next place of the interest and depreciation upon the investment and fixed plant?—No, there you are mistaken. We do not charge interest; we take interest out of profits.

11,057. At all events you must charge rent and depreciation?—Yes.

11,058. If you are only producing 23,732 tons as against 61,500 tons, it must come to bear possibly much more heavily upon each ton of shipping produced, and there is an increased cost per ton of shipping in consequence of that state of things?—My answer would be divided into two. We have two divisions of plant—living and inanimate, machinery and men. For our employment of machinery, which is costing nothing to maintain in repair, we charge nothing. Any depreciation which actually takes place will be made up when the machines are started in better times. That is as far as what I call the inanimate plant is concerned. Now, the living staff which

we must keep, greater than in proportion to the falling off of the work, becomes a larger charge against the cost of production; and we have to stand the loss of that larger charge, and to add it to the cost, after having ascertained the fair cost—by distributing a fair proportion both to the machinery and to the living staff—and we make that difference a first charge against profits. Let me give you an example. I know, as a matter of fact, a large firm in this country who, in 1885, wrote off into suspense account 10,000*l.* for increased working charges, which they could not place against work in progress without placing themselves in a position in which they would be unable to compete with small establishments.

11,059. It comes to the same thing. You now, as I understand, say that you suspend the charge of depreciation, intending to charge an excess of depreciation when trade is brisker than at present; but that does not affect the fact that there is a loss in the fund for depreciation equivalent to the extent to which your plant has ceased to produce?—Precisely; there is, first of all, a loss on that plant; and secondly, there is a depreciation which takes place, apart from whether it is moving or standing; and that goes against your capital account, either immediately or prospectively. In some firms it is held in suspense; in others it is written against the year's operations at once.

11,060. That is only a question of book-keeping, and of the course adopted by different firms; but it does not touch the reality of the case. Taking your fixed charges, the charges on fixed investment, which cannot be removed, and dividing them in one case over the production of 61,500 tons, and in the other case over the production of 23,732 tons, what difference would it make in the cost per ton of shipbuilding?—It is not a very simple question to answer, but if you will wait a moment or two I will endeavour to put you in possession of the fact. The amount of working charges varies directly with the amount of working progress. As I have already said, the charges are of two classes. The one class, referring to tools and machinery, varies directly with the amount of working progress, and so that ceases to be a charge. But the other charges, which are standing and fixed charges, while they vary to a small extent in proportion to the working progress, will probably at the present time amount to, speaking roughly, 2 per cent. on the cost of the ship above what they would be if we were fully employed.

11,061. (Mr. Pearce.) But your charges amount to more than that?—Yes, but it is the difference of charge as between two periods. In busy times the gross charges have been as low as 6½ per cent.; at present I have no doubt they are somewhere about 8, so that that is about the difference.

11,062. (Mr. Ecroyd.) Do you anticipate a recurrence of the demand which would fully employ the power of shipbuilding in this country?—Most certainly I do; I am perfectly confident of it.

11,063. And, therefore, you do not suppose that it would be necessary for the labour which is now employed in the shipbuilding trade to seek permanently other employment?—Not in the shipbuilding trade. Of course the difference between an output, as in our own case, of 24,000 tons, and of from 60,000 to 70,000 tons, would make a very gradual ascent from the low period to the high period; and I would strongly recommend every man who is out of employment to find employment elsewhere as soon as possible, because the ascent must be gradual.

11,064. Do you see any prospect of the employment in shipbuilding in this country increasing proportionately to the increase of the population?—I should think it must necessarily increase with some regard to the increase of the population in this country as well as in proportion to the increase of the population of the world generally. But whether it should be in ratio with our own population, I cannot say. I should say that in all probability it will be in a much larger ratio.

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11,065. I am asking these questions particularly, because we have already elicited the fact in evidence of one kind or other, that in regard to the labour employed in agriculture and in regard to the labour employed in textile manufacture, both of them are seriously declining in proportion to the population of the country. I am anxious to know what is the prospect in the great industry of shipbuilding in that respect?—It has never been established yet, within my knowledge what that ratio was at any particular time. But if you take it that each ton of shipping turned out represents half a person, you will have pretty nearly the number of people that are directly employed in shipbuilding and engineering; or in other words, two tons of shipping represents one person, as is shown in these returns. Taking the year 1883, for example, with 1,034,000 tons, I should say that we had at least half a million of people actually directly interested in shipbuilding. That is apart from those indirectly interested, such as trades, people. What I mean by people directly affected, are fathers and their children, and relations living in the same house, in the first degree of relationship.

11,066. From the year 1874, when, I think, the decline of employment in English agriculture seriously began to take place, I suppose that a large amount of agricultural labour would be absorbed into an industry like yours?—I am not prepared to say, excepting that at about that time we received a considerable number of labourers; I remember that from Norfolk we got a number of men, and we have them yet. But the principal part of our labour is performed by the Irish.

11,067. They come from agricultural labour, I suppose, too?—I have no doubt they do.

11,068. It would be interesting to know whether that absorption of the labour which was thrown out of employment in connexion with agriculture, which took place in the shipbuilding trade is likely to be a real and permanent absorption, or whether those agricultural labourers must fall back again out of employment?—So far as my knowledge goes, there has in recent years been a very small employment indeed of English agricultural labourers in our trades. Any increase has been almost exclusively from the Irish.

11,069. (Mr. Birtwistle.) Do I correctly understand you to say that the price of labour has gone down 25 per cent. since 1871?—Since January 1884 we have upon the piece rates in our shipbuilding department received four reductions, and if you will put them down, I will tell you as nearly as I can from memory what they were: In the first place, I will deal with the platers. The first reduction was $7\frac{1}{2}$ per cent.; the next, I think, was 10 per cent.; the next was $7\frac{1}{2}$ per cent.; and the last was $7\frac{1}{2}$ per cent.

11,070. What were the wages that they were earning in 1884, before those reductions?—In 1884 they would be earning the same wages as they were earning in 1882, as we had no advance or reduction between August 1881 and January 1884.

11,071. How do you account, then, for the fact that you give 20s. $6\frac{1}{2}$ d. as the rate of labourers' wages in 1882, and you give it as 20s. 4d. in 1886?—I gave my first answer in reference to iron shipbuilders. The labourers to which those figures of 20s. $6\frac{1}{2}$ d. and 20s. 4d. apply are the labourers in the engine-works department. Between 1882 and 1886 we have received one reduction only. We have since received another reduction, but it is not in those figures. But you ask me what our wages were in 1884 in the shipbuilding department.

11,072. That is not the question. You said that the wages of those men were 20s. $6\frac{1}{2}$ d. in 1882, and that they are 20s. 4d. in 1886, with two reductions from it?—No, I said that these men are in the engine works department, and that 20s. 4d. only represents one reduction. It is 20s. $6\frac{1}{2}$ d. as against 20s. 4d.; it is only $2\frac{1}{2}$ per week, but that is the average, and very likely in that there would be one or two leading hands whom we did not reduce.

11,073. What is the difference in the rate of wages of those hands between 1871 and 1886 then; they are paid piecework, are they not?—No, they have a weekly wage. The rate in 1871, before the 54 hours came into force, was 17s. $7\frac{3}{4}$ d. In the same year, with 54 hours, it was 17s. $9\frac{1}{4}$ d.

11,074. You spoke, did you not, of another class of workpeople, who you said were earning 32s. $5\frac{1}{4}$ d. in 1882?—Those were the fitters.

11,075. And they received 32s. $4\frac{3}{4}$ d. in 1886?—Yes, that was in consequence of one reduction between 1882 and 1886.

11,076. But there is practically no difference; it is only a halfpenny?—I did not say that there was any more than that. I said that there was $32\frac{1}{4}$ per cent. increase on the rates of those men as between 1871 and 1882, or 1886.

11,077. What do you mean by the rates; are they paid by the piece?—No, I mean the amount of money that we paid a man for working 59 hours in 1871, as compared with the amount that we pay the same man for working 54 hours in 1886.

11,078. So that 26s. $9\frac{1}{4}$ d. was the amount paid in 1871, and 32s. $4\frac{3}{4}$ d. in 1886?—Yes, the difference between those rates is $32\frac{1}{4}$ per cent., taking the shortened hours into account.

11,079. I think you told us that foreign ships could be built at 10 per cent. less than our own ships?—At from 5 to 10 per cent. less.

11,080. Would that foreign ship be equal to one built in this country?—I would not disparage the German shipbuilders.

11,081. Would the workmanship be equal, letting alone the ship?—I think so. They have shown their ability to build their own locomotives.

11,082. Would you engage a foreign workman and pay him the same wages as you would pay to an English workman?—No, I do not say that we should generally; we have had foreign servants, but I do not say for a moment that a German workman, man for man, could stand alongside an English workman. My friend's letter told you so. My friend is a German, and I will give you his words, which are more important than mine. He says: "I think that 'your men, if they were to work here at our rates, 'would stand about half way between your and my 'figures;' that is to say, his men earn 5s. 6d. and our men earn 13s., that is a difference of 7s. 6d.; he would add 3s. 9d. to his men, which would be more than 50 per cent. added to his rate. So that he, himself, confesses that an English workman is 50 per cent. better than a German workman."

11,083. I think you told us that you had about 61 per cent. of the labour unemployed?—I should think that is about it.

11,084. From what source do those men live?—As I have explained, we have endeavoured, with the willing assistance of our men, to employ sections of them, either for a week at a time, or for a fortnight at a time, according to the class of work. In the rolling mills, for example, our puddlers work night and night about, different sets; and in the day also there are two different sets. So that we have two different sets of men doing the work for which one set would have sufficed. That has been made to apply to a large extent in other departments.

11,085. How have those people been supported who have had no work?—They have been largely supported this year within my own knowledge by public support; they have been supported less this year than they were last year by support from their own number.

11,086. By their own number, do you mean by their own trades unions?—No, by contributions from the individual men.

11,087. Have they not been supported by the trades unions?—One section of them have.

11,088. Which section was that?—The iron shipbuilders; they have been supported by the Boilermakers' and Iron Shipbuilders' Association. But on the other hand those men have not contributed any-

thing to the general fund. They have supported themselves, but no others.

11,089. (Sir J. Allport.) You spoke, did you not, about the steel manufactured in Germany being upon the Siemens-Martin process?—Yes, that which my friend referred to as having been bought for shipbuilding purposes.

11,090. And I understood you to say that the bulk of the steel made in Germany for shipbuilding purposes was made under that process?—I am given to understand so, but I do not know of my own knowledge.

11,091. That involves the importation of hematite ore, does it not?—Yes, they import largely from Spain, but they also have good ore in their own country.

11,092. But not sufficiently good to manufacture?—I believe they have developed the use of their own ore considerably.

11,093. That is not upon the Siemens-Martin process?—I cannot speak exactly upon that point.

11,094. But assuming that they do import ore, I suppose it is chiefly from Spain, and I suppose that ore is imported into Rotterdam?—And into Hamburg.

11,095. Rotterdam is the nearest port, is it not, to the works?—It is near to some of the works; but I cannot speak precisely as to the geography.

11,096. Still it is a very long way?—Yes.

11,097. And yet you say they can produce steel, importing the ore, and carry it by railway from either Hamburg or Rotterdam at a less price per ton than we do in England?—No, what I have said is that they deliver at the yards (I know nothing about their cost) at the same price at which we are delivering to our yards on the Tyne, and at a considerably less price than the price at which the Scotch works are delivering steel on the Clyde.

11,098. Then the price of the steel at the works in Germany would be about the same as on the Tyne?—Yes.

11,099. But you do not know of your own knowledge that the bulk of this steel is produced by the Siemens-Martin process?—I only know from correspondence. My friend who writes to me tells me that he has not used any but the Siemens-Martin steel, and that is the extent of my knowledge. But the German steel-makers are not in a worse position than the Scotch steel makers are. The Germans can import the Spanish ore quite as cheaply into their ports as we can into ours, and they have the carriage upon the raw material. The Scotch people are, for example, buying of us pig iron in the Tyne, we have to send that down to Grangemouth, and then they have to get it at an enhanced cost to their works; and they are also buying from Cumberland.

11,100. I was only comparing your own works at Jarrow with the German works?—Quite so.

11,101. (Mr. Pearce.) But the steel plates and angles are delivered in German shipbuilding yards cheaper than they are delivered at the Scotch shipbuilding yards, are they not?—Quite so.

11,102. (Mr. Aird.) Do you think that the present depression has been materially brought about by the large cost of production which existed in the years 1882, 1883, and 1884?—No, the depression occurred from causes which I think were quite independent of that, just in the same way as we had a precisely similar state of things in 1854 and 1855, in 1864 and 1865, and in 1872 and 1873. In all those periods the cost of production was very much higher than it was in 1882. I will give you an example of that as to the cost of engines. In 1865 engines cost 41l. 14s. per nominal horse-power; that was the maximum price that they attained to in that time of inflation. In 1873, which was the next highest point of inflation, they cost 58l. 6s. per nominal horse-power. Between the two periods there was a difference of design which will account for part of that, probably to the extent of 3l. or 4l. In 1882 they actually cost less, notwithstanding this difference of design, than

they cost in 1865, viz., 43l. 19s. In 1873, 15l. per ton of dead weight was paid for a ship carrying 3,000 tons. The highest rate obtained during 1882 was only 12l. for cargo ships. I am speaking entirely of cargo ships.

11,103. But at those earlier periods the opportunity of competition on the part of foreign countries did not exist?—No, there was no competition from foreign countries.

11,104. Whereas in 1882-3 there was active competition from foreigners, was there not?—Yes, but I think that had nothing whatever to do with the cheapening of the cost of production. What brought that about were the same causes that are operating now at home, economic causes, the necessity to place before the shipowner something that will prove a profitable investment to him, taking advantage of science and mechanics and our experience in overcoming natural difficulties. That was the prime cause of the difference of cost.

11,105. Then you do not think that the cost of production at that period encouraged foreign industry, so as to bring about the serious depression under which you now suffer?—No. Of course it must have had some slight effect, but it did not bring about the depression, because there was a very small amount of tonnage built for this country abroad, and it was simply built there because it could not be built in this country.

11,106. With reference to the labour question, we should be glad to have an expression of opinion from you as to whether you believe that the requirements of trades unions objecting to certain classes of workmen working overtime, so as to keep the general body of workmen fully employed, are prejudicial to the shipbuilding trade?—Yes, I think those requirements are prejudicial, because they proceed upon the assumption that we can always find a separate job for every man, and that by that means more men would be kept employed. Take the joiners for example. In fitting up a cabin (Mr. Pearce will correct me if I am wrong) there may be 500 jobs, and you will not be able to employ more than 50 men. But if you put on 500 men you have the whole number out of employment for nine-tenths of the time; and instead of taking a man from one job to another and keeping him employed, immediately he has done his job he will be out of employment, and you will complete your work too in a tenth of the time. That will be of no service to you, because while your cabins are being fitted up your engines are being fitted on board, and there the jobs are not so numerous, and each of them is longer. You have, therefore, your joiners thrown out of employ, and waiting for the next cabin being brought to the stage in which you can employ them.

11,107. And that course of action on the part of the joiners would be, not only detrimental to, but very much opposed to the wishes of the general body of the workmen?—I have no means of speaking as to that. I believe that so far as they are concerned, these regulations are come to in public meeting, and I never heard any of them profess anything else than that they met with their full concurrence.

11,108. Would it not be better as regards the shipbuilding industry, which is represented by different classes of workmen, that if trades unions continue, they should control all those men equally instead of their being divided up into several classes, all of them taking different courses of action?—No doubt, if we could secure united action, it would be very much better.

11,109. (Mr. Pearce.) Better for the employers as well as for the workmen?—Certainly; it would be better all round, but instead of that we have action of this kind taken. Last year we wished to effect a reduction of wages on the part of our joiners, having effected it in other branches. We discovered that the Boilermakers' Association coalesced with the Joiners' Association, and the carpenters also coalesced with the Joiners' Association. They did not make this inti-

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mation to me, but I was credibly informed, and I have had it since confirmed, that if we had caused a strike on the part of those joiners, and attempted to supply their places by men who would take the rate of wage that we offered, the whole of those bodies would have turned out against us.

11,110. (Mr. Aird.) Do you hold that the increase of wages which has taken place in the 20 years which you refer to, has practically absorbed all the profit which you say you obtained during that period from the introduction of improved machinery?—I am not quite sure that I understand your question.

11,111. Is it not the case that certain benefits have arisen in manufactures generally, and in yours in particular, by the introduction and development of machinery?—Yes.

11,112. Have all the advantages which thus accrue to that industry been monopolised by the increase of wages since 1870?—Most certainly not.

11,113. You believe that the advantages gained by the introduction of machinery are greater than the increase of pay to the workmen?—Unquestionably. I show that notwithstanding the advance of wages, by the application of machinery, we are able to sell a cheaper article and a better article now than we ever were before.

11,114. Is that owing to the introduction of machinery or to the less cost of material?—It is principally due to the introduction of machinery, and to improved designs, and to the adaptation of the designs to the machinery. There is a certain development going on in connexion with the whole art and science of construction, and we enjoy the advantage of that independently of what it may cost us for labour, and the public get the benefit of it. They have unquestionably got their ships during 1882 and 1883 at a very much less rate per ton than they got them at in 1872 and 1873; and not only that, but they have got a much more efficient and economical ship with a much larger power of earning money.

11,115. Do you consider that that is borne out, having regard to the fact which you mentioned just now, that a vessel constructed some six years since is found now to be unsuitable for the requirements of the trade, and is put on one side?—I see nothing in conflict with that fact in my last answer.

11,116. But does not the fact that those ships were so readily put aside rather suggest that there was a want of technical knowledge, a want of design, and a want of forethought in constructing those ships?—It must be remembered that knowledge increases very fast occasionally, and that it overtakes things that have been done under less advanced knowledge, rather more rapidly now than it did some time ago. Let me put in this way. In 1873 the ships of 1863 and 1864 were still good earning ships, and continued to earn profits through that high period, notwithstanding the introduction of tonnage built in 1873. But in 1882, the 1873 ships were not in that position; they were so far improved upon in the interval that a large number of those ships have never done any work since; and at the present moment I believe the period within which a ship has become comparatively useless has been shortened. I do not mean to imply at all that that will continue; I believe there is a limit to that, and that we may speedily reach that limit.

11,117. Do you think that the technical knowledge and power which is brought to bear in designing ships in England at the present time is equal to the similar power which operates in Germany?—I believe it is superior to the aggregate ability in any part of the world, but in some particular respects when we are dealing with natural laws or with natural properties, the Germans by their superior education can about equal us. We have a habit and an experience which is our own, which they have not, and to that extent we can more quickly arrive at conclusions in making investigations. And when we are dealing with the facts of construction and work they are not quite so experienced as we are.

11,118. Those remarks of course apply to the men

of higher class who design. What is your opinion as to whether the Germans have greater advantages than ourselves by the technical education which is given in Germany to help the working population?—I feel quite certain that they have an advantage over what we adopt on the north-east coast; I should not speak for the Clyde. I may say that almost all, practically I might say all, the best men in this employment in Germany, and Denmark and Norway, and Holland have been trained in this country, and have been many of them, under my own eye, and some of their appointments have been held under myself (and I am quite sure Mr. Pearce will be able to say the same thing), so that we have practically trained them; and, as a rule, they come to us with a higher standard of acquirements and education than men in similar social positions in our country possess.

11,119. If anything could be happily brought about which would improve the trade of Jarrow and the neighbourhood, how would that operate upon the labour market? Do you think it would result in an increase being demanded by the men, or that they would come to the more rational conclusion, that instead of working alternately week by week, they should each of them work all the week, and get their present rate of pay?—I have no doubt that if an improvement of trade took place they would prefer to work continuously.

11,120. And you do not think that any immediate demand for an increase of rate would come from the advisers of the men?—I think not; I should hope not, at any rate.

11,121. (Mr. O'Connor.) Have you known Jarrow for a good many years?—Yes, I have lived in it for 10 years.

11,122. Does your personal knowledge of the district go much further back than that?—Yes, I am a native of the district.

11,123. How long can you remember it; can you remember it 30 years ago?—Yes, quite easily.

11,124. Has the population very much increased during those 30 years?—Yes, very largely.

11,125. What is approximately the population now of the whole district?—I am not quite sure about the figures. We have within the Jarrow Municipal boundaries 36,000 people.

11,126. What do you think was the population within that same area 30 or 35 years ago?—I suppose probably about 1,000.

11,127. What do you suppose was the amount of ground rent paid in 1851?—I do not know what it is now, and I have no means of ascertaining what it was then, but I should think it would be something proportionate to the population.

11,128. I suppose that pretty well the whole of Jarrow is under ground rent, is it not?—Yes.

11,129. Does the ground landlord build ships?—No, I wish he would. He builds nothing but his own fortune, I think.

11,130. He never works for wages?—Not within my knowledge.

11,131. Then, from the proceeds of the industry of the population of the district of Jarrow, the ground landlord is now deriving a very much larger income than he did 35 years ago?—An enormous income.

11,132. Has he ever done anything by his personal effort to contribute, either to shipbuilding or to the other industries of the district in any way?—I am not prepared to answer that question from my own knowledge. We have not a very warm feeling towards him upon that ground, I may say; but on the other hand, personally, he is a man who stands very high.

11,133. I am only looking at him in his capacity as owner of the ground?—We feel that our landlord has done as little as it was possible for him to do. We have two ground landlords, one a lady, of whom I should like to speak with great respect; but she is rather worse than the gentleman in that respect. The one has done as little as he could do, and I think the other has, perhaps, done a little less.

11,134. For those pieces of land which have come under ground rent, say during the last 10 years, is the rate of ground rent the same per hundred square yards, or per thousand square yards, as it was 25 years ago?—Oh, no.

11,135. What would be the difference?—We recently had to renew a lease. A portion of our property was owned by the two landlords. The male landlord secured the fee simple of the portion that previously belonged to the lady; and we had to renew that portion to make it continuous with the lease of the other portion, and we had to pay 50 per cent. increase. We were asked to pay 100 per cent. We paid 200l. a year for it, and we got the lease conceded to us, after much difficulty, for 300l.

11,136. Of course, the landlord was not bound to renew the lease?—No.

11,137. And if you had not submitted to his terms, you must have surrendered much of that which you yourself had put up?—Quite so. That was done, notwithstanding that our works, though not absolutely the sole, were infinitely the most important contributors to the value of his whole estate.

11,138. That is to say, that he receives not only ground rent for the works which you keep going, but also for the ground upon which are built the houses in which your employes live?—Yes, and the houses of the tradespeople who come in consequence of the employes living there.

11,139. (Mr. Cohen.) Do the sums that the company pay in ground rent affect the condition of the trade to any appreciable extent; is it an element of sufficient importance to affect the condition of the trade?—Certainly it is.

11,140. (Mr. Muntz.) To what do you attribute the very marked decrease in your business, which, I think, you told us was in 1882 something like 60,000, and in 1886, 20,000 tons, a reduction of something like 66 per cent.?—We, of course, attribute it immediately to our not being able to receive orders. We are principally shipbuilders and engineers, and we trace that reduction to the glut which we see of tonnage, and to the fact that owners consequently not having all their tonnage employed, cannot order more. There being more tonnage than the requirements of the carrying trade need, those who have the stuff to send can only send what they have. The result is that there is a positive glut of tonnage in the market.

11,141. Is it not a fact that during the last 10 years there was a sudden determination to substitute steamships for sailing vessels?—About 15 years ago, about 1870, when the Suez Canal was opened, it gave a great impetus to the substitution, but before that it was gradually creeping up.

11,142. But since that time there has been a sudden determination to substitute steamships for sailing ships?—Yes.

11,143. And, consequently, upon that determination there was a great development, was there not, of constructive power?—Yes, a very large development.

11,144. That substitution being practically completed, the demand would cease, would it not, to a great extent?—Except so far as it might be kept going by the increased population of the world requiring its commodities.

11,145. But that would be a very small matter compared with the substitution while it was taking place?—The substitution was carried over a considerable period. The addition to building capacity and engineering capacity is necessarily a process which requires immense capital and a considerable amount of time, and it took three or four years, I should think, to make the conversion, and to overtake the demand made upon steam tonnage through the canal.

11,146. But when the steam vessels had been substituted for sailing vessels, did not the demand for the construction of steam vessels very much cease?—It did; and the consequence was that from 1876 up to 1879 a very small amount of tonnage was built. I believe that the average for 1875, 1876, 1877, 1878,

and 1879 was not more than about 300,000 to 350,000 tons a year. But the effect of the conversion was all spent before we had the late increase in 1880, 1881, 1882, 1883, and 1884.

11,147. But did not that increase arise from the fact to which Mr. Palmer drew your attention, namely, the development, you may say, of science with regard to the construction of steam vessels?—If you would take a curve as representing the depression and ascension, it is always quickest when you are getting near the top. We have a sudden rush, and that arises, not from any sudden acquisition of scientific knowledge, but from a large number of people agreeing that this is the time to build for prospective necessities; and it is because we are all ready and well fitted long before that we are able to do it, and that the effect takes place. But neither the conversion into steam, nor the sudden acquisition of power to produce, nor the scientific knowledge, in my opinion, can be shown to have had any effect whatever in producing the present state of depression.

11,148. But you told us that many of the vessels built, I think in 1872 and 1873, have been thrown aside as useless and others substituted in their places?—Yes.

11,149. That surely arose from the fact that science had developed?—But that does not exist to a wholesale degree. That is also a comparatively gradual process, because many of the steamers that are not fitted, and probably the majority of them, instead of being sensibly laid up, are kept in employment until they get over head and ears in debt, and they run their managing owner or the shareholders, and then they are sold for an old song, so that the result is only gradual. It is one of the things which is effected by the scientific changes and mechanical improvements.

11,150. The fact is that now, instead of depending for your demand upon the substitution of steam for sailing vessels and the great development of the steam carrying business, you now depend upon the gradual development in consequence of the increase in the population of the world, and also upon repairs and any alterations that may be discovered as being necessary?—Entirely, and that I believe was the normal cause of the increased demand in 1881, 1882, 1883, and 1884.

11,151. (Mr. Ecroyd.) You have spoken twice, I think, this morning, of the nominal horse-power; that is rather an indefinite term, and varies somewhat in different localities. What is, in your experience, the proportion between the nominal horse-power and the indicated horse-power?—I should say that a normal horse-power contains within itself from five to six times the power of a single indicated horse-power.

11,152. (Chairman.) You spoke just now of the advantages of technical education; I believe that you have some information with regard to the working of the educational system in your own works, have you not?—I have a great deal of information, but not in any specific form.

11,153. What is the character of the education that is given; is it education given in connexion with these particular works, or is it education given generally for the district?—We have, in connexion with Jarrow, perhaps the most successful Mechanics' Institute in the country. It is certainly perfectly successful, and, in that regard, I believe it is to some extent unique. It is maintained and used by the workmen; there are no contributions whatever from any extraneous source. In connexion with it we have science classes under the Science and Art Department, and they are conducted as such classes usually are. We send up a very large number of candidates, and we have one of the highest pass lists in the country in proportion to the number of classes; and we have, on several occasions, had the Medallist under the Science and Art Department for England. For example, one of our own foremen was Medallist in metallurgy; and we have had a Medallist in chemistry in Jarrow. Those sciences are cultivated very largely by the workmen. We give prizes, and so stimulate study,

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11,154. You find that the young men who are trained in your schools are better qualified to take the important appointments that are to be given?—Yes.

11,155. In what particulars are they educated?—Chiefly in engineering. They study steam; they study mathematics up to a certain point; and they study mechanical construction, mechanical drawing, and the construction of engines; and in the ship-building department they go into naval architecture in all its branches.

11,156. Have you been enabled by those schools to dispense with the employment of foreigners to any extent?—At the present moment we are able to entirely dispense with foreigners. We are actually employing some foreigners, but we could dispense with every one that we have; and at the present moment in our ship-building department, where, generally speaking, there is the largest amount of mechanical knowledge required, everyone of our best appointments is filled by our own men, either bred in our own town or from our own neighbourhood.

11,157. Have you at any time in your own experience known or heard of cases in other parts of the country where it has been necessary to employ foreigners on account of the superior education which they possess in these matters?—No, I never knew a case where an engineer or shipbuilder was at an absolute disadvantage in carrying on his work; but I do know of many cases where he enjoys certain economical advantages, and also some scientific advantages which he has enjoyed through the employment of foreigners. He is able to put his proposals in a higher and more important form by that aid. But that period, I think, may be considered as having passed away. I should say that, in Glasgow, it would be an entire slur to say that they were dependent upon foreigners; and there they carry on their work perhaps more purely scientifically than in any other part of the country.

11,158. (Sir J. P. Corry.) With reference to the unskilled labour that you employ, is it chiefly Irish?—In certain departments the larger proportion is Irish; but in some departments we employ chiefly English. The Irish do not form a large proportion of the whole.

11,159. Do you find any difficulty in obtaining labour of that kind?—No.

11,160. (Earl of Dunraven.) With regard to the future of the shipbuilding trade, I understand that you look to a brilliant future on account of the natural development of the increased demand of the world?—Yes, the demand of the world.

11,161. And you think that we shall get a large proportion of that demand?—Yes, a large proportion of it, no doubt.

11,162. But at the same time you stated that ships can be built on the continent 10 per cent. cheaper than in England?—Yes.

11,163. Do you consider that we shall be able to overcome that difficulty?—In 1882 and 1883 we ourselves built as much tonnage as was built last year and the year before in Germany altogether. In 1882 we built 61,000 tons, and in 1883 we built nearly 61,000 tons. Last year there were 50,000 tons built in Germany, and in the year before 60,000 tons, so that we ourselves at present are able to overtake the whole of the late capabilities of Germany. But what makes us on the alert is that what they are doing they are doing so well; and if they are able to increase as we have done, it will simply be a question of time when they will overtake us to a large extent. But on an equal footing we shall be able to keep them back by competing favourably with them, I have no doubt.

11,164. (Chairman.) Can you give us any infor-

mation with regard to the character of your workmen generally?—So far as our experience goes, it is that during the last 10 years we have seen a very marked improvement in the habits of the men and in their general conduct. We find them to be more attentive to their duty; we find them to be more intelligent in the discharge of their duty; we find them to be more amenable to rule and order, both amongst themselves and in all their relations to us; they are more thrifty, and a great deal more sober; and in every respect in which we can be affected by their personal conduct during the last 10 years we have found an immense improvement. I was anxious that I should be able to state that, in connexion with what has been said about their wages. I believe we get more, and better work now from our men than we ever did.

11,165. Is any large proportion of your men men whose families belong to the neighbourhood, and who have worked long in the same works?—Yes. Speaking generally, we are in the habit of saying that half of Jarrow belongs to our working men, and I do not think that we are very far out in that. Many of our best men have been with us for 30 years.

11,166. (Earl of Dunraven.) Do they own houses?—Yes. We have a man who has been at one description of work as a working man for about 30 years, and he has earned a considerable competence. He represents more or less a very large number of men engaged in our trades.

11,167. (Mr. Drummond.) To what do you attribute this great improvement in the workmen?—That is very difficult to say, but it is there. I have no doubt that it is attributable to a considerable number of causes. I believe we are beginning to feel now the advantages of education; we did not feel that five or six years ago. I believe the improvement is attributable chiefly to the moral agencies which are at work amongst the working classes. I believe that temperance has had a very great deal to do with that; I am not a blue ribbon man, so that I speak entirely without prejudice in the matter. I believe that all the agencies with which you are familiar are in operation and have contributed to the improvement, especially newspaper influences.

11,168. Do I correctly understand you to say that the workmen are more industrious, that they stick to their work better than they did?—Yes.

11,169. And you have really no fault to find with the workmen at all?—Not with regard to their conduct on the premises. I am speaking now of my own experience in Jarrow.

11,170. You were asked with respect to overtime, is it not your opinion that systematic overtime is detrimental to the workmen?—Not within the limits to which it is applied.

11,171. But I am referring to systematic overtime?—Systematic overtime is met as a rule by dividing the men into two classes, and having two shifts when we are exceptionally busy. For instance, we have a night and a day shift of machine men. We do not systematically work overtime; on the contrary we avoid it, because we have to pay the men time and a quarter up to a certain point, and time and a half after that point.

11,172. The regulation which exists in the trade with respect to overtime is really an advantage, is it not?—We have never seen it to be an advantage. It destroys that relation between us and our men which we strive to cherish.

11,173. Do you mean to say that that regulation exists against your will?—Certainly; they give us an intimation when it is exceedingly inconvenient and damaging to us, that for the present and for so long in the future they will not work overtime, and that is generally as I have already said, when we need it very much.

11,174. Is that at the time when there is a number of men unemployed?—No doubt it is so, because they allege that the reason for it is that the men may be employed.

The witness withdrew.

MR. JOHN WILLIAMSON examined.

11,175. (Chairman.) I think you are a merchant and shipowner at Liverpool?—I am.

11,176. Do you also speak for any general association?—I received a request from the Executive Committee of the Chamber of Shipping about a fortnight ago, in response to a request from this Royal Commission, to give evidence on matters affecting tonnage and cargoes carried, and as to the relations of the one to the other.

11,177. How long have you known the shipping trade of the country?—I have been acquainted with it ever since I went to business. Probably I may add a word or two to explain my position in connection with the figures which I beg to submit. I was made President of the Chamber of Shipping in 1878, and it occurred to me that shipowners were very much at sea as to the relations that their tonnage or carrying power bore to cargoes carried; and that it would be a very desirable thing to submit to the Chamber on that occasion, tables showing the volume of our export and import trades, as compared with the increase in tonnage. I first took the year 1869, as a year in which there was considerable depression in shipping. At that time shipping mainly consisted of sailing tonnage. No doubt the anticipation of the Suez Canal opening had a great deal to do with that depression. In 1872 again, after the canal was opened, there was a great burst of activity, and not only in trade generally but in tonnage, especially in the building of steam ships fit for that trade. I took that as a year when sailing tonnage was fairly employed, and at remunerative rates; and I thought that a fair basis to go upon as a point of departure from which one could see whether tonnage was in excess of the wants of trade or not. Then the next year that I submitted to the Chamber of Shipping was the year 1878, another year of depression. I should point out that in dealing with cargoes, I could only deal with the exports and imports from and into this country as we have no other information we have no coast-wise returns. Therefore, I only dealt with tonnage exclusively employed in the foreign trades of this country.

11,178. Have you no means of making any estimate of the quantity of tonnage employed coastwise?—Yes, the Board of Trade issue returns which are presented to Parliament every year, but they would be of no use in dealing with the figures of what we carry. I should point out that although I have taken the volume of trade, I have not dealt with values at all. We do a great deal of inter-colonial trade, and we also carry largely from foreign countries to the Continent; but, taking it all round, my figures, year by year, have borne a very fair proportion one to the other.

11,179. Should you say that the carrying trade is now in a satisfactory condition, and as profitable as it was formerly?—It is exceedingly unsatisfactory, and not profitable at all; I scarcely know a steam or a sailing ship that is paying its way at the present moment. There may be exceptions, but the rule for the last two years has been that the tonnage of this country is very seriously depressed, and is not paying expenses, and the value of this property has gone down enormously.

11,180. To what cause do you attribute this falling off?—There are a variety of causes. The chief of all is the excessive production of tonnage that there has been for several years past.

11,181. Is that excess of production in this country, or chiefly in foreign countries?—Dealing first with our own tonnage, you must remember that we have had a steady transition, and latterly a rapid one, from sail to steam. When you consider that steam tonnage will do probably three or three-and-a-half times the work that sailing tonnage will do, though it may not appear in the nett register tonnage as being so much in excess, you will see the tremendous rapidity with which our carrying power has been increased. There-

fore, in dealing with the tables which I have the honour to submit to you, I have taken sailing tonnage as its nett register is given in the returns of the Board of Trade, and I have taken the nett register of steam tonnage multiplied by three, what I call the effective tonnage.

11,182. You mentioned just now, did you not, that you considered that the carrying trade was less profitable on account of the increase of shipping?—On account of the excessive production of shipping.

11,183. Has that over-production been in foreign-built shipping, or in British shipping, or in both?—I have before me the report of the Chamber of Shipping which has just been issued. At that meeting I submitted my usual tables bearing upon these questions, and if you look at page 46 of the report, you will see at a glance how tonnage has increased, according to my methods of calculation. You will observe that in the year 1869, our nett register effective tonnage in the foreign trade was 5,054,721. In 1872, that is a year of prosperity when there was a great advance of shipping again, when the Suez Canal opened, the tonnage rose to 7,373,384. In 1878 it was 9,130,657 tons; and in 1879 it was 9,483,855 tons. Then we go on with the rapid building which took place after the American trade revival in 1879, when they could not get iron across quick enough from here, and there was a great craze also on the Continent for building. In 1882 the tonnage amounted to 11,902,464; in 1883 it was 13,162,970; in 1884 it was 13,641,097; and in 1885 it was 13,462,922.

11,184. Is this the quantity of tonnage actually produced?—That is the effective tonnage produced registered in the United Kingdom and employed after the deductions of vessels lost and taken from the register during each year.

11,185. But this does not give us the distinction between what was due to foreign building, and what was due to English building, does it?—That is the nett register tonnage of British shipping registered in the United Kingdom, multiplying steam by three, and not colonial shipping at all. I can give you the foreign tonnage to show how that has also affected us. There was built in the United Kingdom for foreign account in 1875, 110,259 tons nett register; in 1876, 44,527 tons; in 1877, 37,114 tons; in 1878, 105,760 tons; in 1879, 140,392 tons. Now we come to the time when they talked of bounties in France, and the Germans also went ahead; and then we jump up in 1880 to 201,810 tons; in 1881, 304,372 tons; in 1882, 341,709 tons; in 1883, 367,566 tons; in 1884, 243,589 tons. I have not got 1885.

11,186. (Mr. Palmer.) Are those all steamships?—The bulk of them are steamships.

11,187. Those are not all new ships, but merely ships removed from the register?—Those are vessels built specially for foreign account in the United Kingdom in the years that I have named. I shall give you the tonnage that was sold to foreign account during those years. In 1876 we sold to foreigners (and that of course came off our own registry) 78,156 tons; in 1877, 128,348 tons; in 1878, 126,636 tons; in 1879, 144,451 tons; in 1880, 182,049 tons; in 1881, 201,636 tons; in 1882, 245,577 tons; in 1883, 202,482 tons; in 1884, 117,170 tons; and in 1885, 141,930 tons. So that there again you see the same proportionate increases in Germany, and France especially. Then I can give you the development of steam tonnage built abroad and classed under Lloyd's registry during those years. I have no record of what was built under the other registers and classifications in those countries.

11,188. Have you not the French register?—I have looked over it but I cannot work the thing out at all. There was built abroad and classed in Lloyd's registry in 1878, 21,403 tons; in 1879, 26,561 tons; in 1880, 28,168 tons; in 1881, 23,427 tons; in 1882, 73,010 tons; in 1883, 83,425 tons; in 1884, 89,067 tons;

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and in 1885, 32,639 tons. Now I will give you again those three tables summarised; that is to say, vessels built in this country for foreign account, vessels taken from our registry and sold to foreigners, and also what was built under Lloyd's registry abroad. They are almost all steamships. I can only give the comparative figures from 1878, because I have not the number of vessels built abroad and classed in Lloyd's registry before that year. In 1878, the total tonnage was 253,799 tons; in 1879, 311,404 tons; in 1880, 415,057 tons; in 1881, 529,435 tons; in 1882, 660,305 tons; in 1883, 653,473 tons; and in 1884, 449,826 tons. That probably gives you a good idea of what we have done for foreigners in the increase of their tonnage.

11,189. There has not been much shipping built abroad for this country then, has there?—No, that is very small. Sometimes steamers are sold to this country again when the French owners have not succeeded; but there has not been much of that, I believe.

11,190. (Chairman.) Do you consider that we have as large a share as formerly in the carrying trade of the world?—There can be no doubt that the development of continental tonnage has deprived us of a great amount of carrying that we should otherwise have done. Trade has been developing in the most rapid way in the last dozen years, and we have kept pace with it. But we have lost the carrying of a great deal of trade that we had before undoubtedly.

11,191. Has it been the tendency of late years for trade to take the more direct course, and for the entrepôt trade to suffer in consequence?—Entirely so. The natural tendency of things for the last 20 years has been more and more to do away with our entrepôts trade, and to go direct from the place of production to the Continent; the Suez Canal developed that direct trade extraordinarily, so that England is not the entrepôt she was before. But our tonnage has been employed in doing that carrying, notwithstanding, until recently.

11,192. (Mr. Palmer.) You said that the steamers increased very largely after the opening of the Suez Canal; do you think that they increased in proportion to the displacement of shipping in bringing cargoes to the entrepôts in this country, and taking them from this country and distributing them round the shores of the Mediterranean?—It is very difficult to answer that question, but I might say that up to the opening of the Suez Canal, and a good while after that, we did the most of that trade for the Continent. But the enormous development of the trade that has taken place, even in our own country, is very remarkable. In that paper I submitted our total exports and imports in the year 1885 were in excess of 1872 by 70 per cent.; and as compared with the year 1869, 112 per cent. In other words, from 1869 up to 1885 our own imports and exports increased by 112 per cent. in volume.

11,193. But the opening of the Suez Canal developed the trade with India, did it not?—Very much, but our shipping has increased in greater proportion.

11,194. Did it displace any trade within your knowledge?—The natural tendency was to injure the trade as carried by sailing tonnage, and sailing tonnage is gradually dying out. It takes fits and starts, but, taking it all round, it is dying out steadily as compared with steam.

11,195. (Chairman.) Even in the long voyage trade?—There is a certain long voyage trade, such as the trade with San Francisco, which will always be done by sail until the Panama Canal is opened, if it ever is opened; and on the West Coast of South America, where vessels lie for a long time loading nitrate, &c., the trade will be done by sailing ships. But steam is everywhere now.

11,196. (Mr. Palmer.) You said, did you not, that trade was diminishing?—I have not said so; I have said that trade has increased enormously, not in value, but in volume. From 1869 to 1885 the trade of this

country has increased in imports and exports by 112 per cent.; that is to say, it has more than doubled.

11,197. The carrying trade has not diminished?—The carrying trade has increased; our tonnage has increased still more than that relatively.

11,198. But there is a large amount of tonnage lying idle at the present time, is there not?—Yes, but that arises from other causes. We have over-built.

11,199. (Chairman.) Has your attention been drawn at all to the proceedings of some associations or conferences, for the purpose of keeping up freights in some particular trades?—Your Lordship is referring, I presume, to brokers' rings. There are brokers' rings in the City of London and in Liverpool. I do not say that they have much to do with the depression. The only objection that I, as a shipowner, have to these rings is, that I think the shipowner does not get the full benefit of the freights earned by their ships, the rings have the pull of it; but I do not think that it affects the question whether ships are paying or not.

11,200. You do not think that it affects the cost of the voyages?—No.

11,201. It has been suggested to us by some of the witnesses that it caused a diversion of trade from England to Germany?—That is the natural course of things. From Australia and other places, and I believe also India, large orders have been given to continental makers of rails and other things, because the Germans and the Belgians have been executing orders at much lower prices than we could take, and of course naturally we had to send our tonnage across there to load up or take dead weight there, and come on to London and fill up with freight. Antwerp is becoming one of the largest ports in the world now, and notwithstanding that, I find that British tonnage is in about the same proportion at Antwerp as it ever was; that is to say, it is about two-thirds of the total tonnage entered inwards and cleared outwards of Antwerp.

11,202. Do you see any prospect of an improvement in the shipping trade?—None, not for years, until people cease building entirely.

11,203. (Mr. Aird.) But if people ceased building vessels that would depress still more the great shipbuilding industry of the country, would it not?—The shipbuilding industry, but not the shipowners.

11,204. Do you believe that the depression in the shipping trade is due to the competition between English vessels, rather than to the competition of foreign vessels?—Of course where you have an excess of tonnage there is naturally competition of one line with another line. If there was not that excess of tonnage there would not be that excess of competition, because there is plenty for all to carry; but you have probably three vessels for one cargo at present, *i.e.*, speaking figuratively.

11,205. But do you think that the competition is chiefly on the part of foreign vessels or of home vessels?—As I have already stated, we have over-built, and continental countries have increased their tonnage very largely too, which tonnage is doing what we did for them before. The result is shown in the large quantity of tonnage that is laid up all round here now; and that, notwithstanding the fact that we carried more cargo last year than the year before even; in 1885 there was more stuff carried than in 1884. That will surprise a great many, because they look at values; but that is the fact.

11,206. As regards the system that is adopted by foreign countries of giving bounties to the foreign owned vessels, do you consider that the effect of giving those bounties has been to take away business from the English shipowners, or simply to reduce the freights which the English shipowners will receive?—It has undoubtedly had the effect of producing tonnage, but I do not say that they have done very well with it. Except in the case of two French lines, I believe there is not a single French ship paying expenses; and in competition with our own ships we can beat them entirely in fair fight.

11,207. But do you think that the effect of giving those bounties has been to take away trade?—Yes; because their increased tonnage is doing business that we used to do for them.

11,208. Has it not also the effect of reducing the power of English shipowners to compete with the foreign vessels which are benefited by the bounty?—It may do so, but as I have already said, with a fair field, we will beat the French with all their bounties. Some of the old lines, the Messageries and the Transatlantique lines, which were established before the bounties, have got the benefit of them, and they are paying more than their expenses, whereas leading British lines across the Atlantic are not doing any good at all. But from all the information that I can get from my correspondents in Havre and elsewhere, the French bounties have done no good to French shipowners, many men have gone into bankruptcy, and there are many ships laid up unemployed.

11,209. So that while the French bounty system has been damaging to the British shipowning industry, it has done no good to those who have given the bounty?—No, except in the case of certain lines.

11,210. Do you think that the English shipping industry suffers through the higher rate of wages given to English seamen as against foreigners?—I do not think there is much in that. We have more men called seamen than we want at the present moment, and the wages of seamen are low enough in all conscience.

11,211. Do you think that the shipping industry is unfairly affected by the requirements of the Board of Trade, having regard to the competition that is necessary to be kept up with foreign vessels?—We have no doubt a great feeling of dislike to the meddling of the Board of Trade with us, and especially impending legislation has really frightened many people; many people have laid up their ships, and will not sail them now. At least they give that as a reason, though otherwise, they would not pay their expenses at the present moment; but they will get out of tonnage as fast as they can.

11,212. Do you consider that the charges made upon British shipowners for light dues, and the absence of such charges against foreign vessels is of any serious moment?—I do not think that it is of much moment; the whole thing does not amount to much individually. Shipowners have always endeavoured to represent to Government the desirability of putting our light dues in the same position as foreigners place their light dues; that is to say, that the Government pay the cost, and not charge shipping with them. But I do not think that there is much in that.

11,213. Do you think that the general depression of trade existing throughout the country has been one of the chief causes of the shipping trade suffering so very much at the present time?—No, because, as I pointed out, our carrying has been even greater in 1885 than it was in 1884. We carried an enormous quantity of cargo in 1885, amounting to 63,108,280 tons as against 61,429,538 tons in 1884. In 1883 we carried 61,260,309 tons; that is the largest carrying that we ever did in this country. But I should point out (and I think it is only right, seeing that this is a Royal Commission dealing with the depression of trade) that these excessive increases of exports have been mainly owing to the tremendous quantity of coal that we have been obliged to send out for steam purposes, for bunker purposes, and for depôts abroad, in order to keep this enormous steam tonnage going. Our productions in this country have decreased enormously in value and largely in volume by about 478,000 tons; but in the coals which ships have carried there has been a large increase, about 490,000 tons more than in 1884. Then another thing which I should point out is that we imported last year, making ample allowance for the stocks of grain at the end of the year compared with the year before, a quantity equal to over half a million tons of cereals in consequence of the deficiency in our harvest. Alto-

gether our imports in 1885 exceeded 1884 by 1,666,000 tons.

11,214. (Sir J. Allport.) What do the light dues amount to per ton upon the registered tonnage of a vessel?—I am sorry I cannot give you it right away; it depends a great deal upon where the ship comes from, or where she is going to. On shorter voyages you do not have to pay such heavy dues.

11,215. (Sir J. P. Corry.) I understand from you that you consider that one reason for the present depression of the shipping trade is the over-building?—I should say almost entirely.

11,216. Is there any other cause than that?—Yes.

11,217. Will you kindly tell us what the other causes are?—I named one, and that is the development which has taken place in the building of our own tonnage, and the purchasing of tonnage from us and building on the continent. But there is another one still, which I consider has a great deal to do with it, and that is the limited liability principle applied to single ship companies. It is not so much the fact of the Limited Liability Act being applied to single ships as the abuse of it, where men without means perhaps borrow a few pounds, build steamers, and get other people under false pretences (because it really is that) to invest money in shipping. The fact is notorious that even servant girls and small greengrocers all round the country have been induced to put their small savings into tonnage, and, in fact, those scheming fellows who have done this have actually been paying men to tramp the country, and given them a commission on the money which they have been able to get that class of people to invest in tonnage. That has had a great deal to do with the excessive increase of tonnage.

11,218. Do you think that there should be any change in the Limited Liability Acts?—I should not allow any man to start a single ship company unless he, *bonâ fide*, puts in a certain amount of money himself, and unless, also, the promoters of it have *bonâ fide* shares in the ship too, not a single share only. They very often have not more than a single share in the ship.

11,219. And the result has been that a great many people have been induced to go into shipping with the promise of large dividends, and during the excitement in the shipping trade a year or two ago they did pay large dividends for a voyage or two, but that has entirely ceased?—Yes. Then another thing is that, as you know, shipowners are very gregarious; when they see other people building they build too. Another thing that stimulated the building of ships in the years 1881, 1882, and 1883, was the series of very bad harvests that we had, when we had to bring corn from the ends of the earth, from San Francisco, from India, and elsewhere, because the American crop was a bad crop for two years; and that kept up freights for a time.

11,220. Would you recommend to this Commission that there should be some change in the Limited Liability Acts, so as to prevent one-ship companies being formed unless some such precautions as you have indicated were taken?—I should regard it as a very desirable thing to be considered. There is no doubt that there will be no more building in that way for some years to come, but in half a dozen years there will be another crop of fools ready to step in, and we shall have the folly repeated.

11,221. I gather from you that the only hope which you hold out for the improvement of the shipping trade is that shipbuilding should cease?—Of course we know that it cannot cease entirely; there must be a certain amount of tonnage built, but the building of the great cargo-carrying vessels, whether sail or steam, should be stopped, or else we shall have things as bad as ever. At the present moment we are actually building more tonnage than twice the losses in the year. I believe that the losses and withdrawals of our foreign tonnage in a year amount to about 170,000

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tons; at the present moment there are building, under Lloyd's Registry, over 400,000 tons gross.

11,222. So that the check has not come?—No.

11,223. Is not something due to the change in the type of the ship, and in the power of that ship of earning money?—Yes, several people are building just now steamers with what are called triplicate expansion engines, and they can sail and make a profit when the best of the previous type of ships will probably not make ends meet. To that extent the triplicate expansion boats have an advantage, and I am afraid that has an effect just now in increasing the tonnage.

11,224. Is there much tonnage laid up in Liverpool?—I should think there is. I am a member of the Mersey Dock Board, and we have every month submitted to us a list of the vessels laid up in the port. About three weeks ago, according to that return, one-third of our total tonnage in the port was unemployed. I should point out that this includes one or two big vessels engaged in the American trade, such as the "City of Rome," the "America," and the "Etruria," which were laid up during the winter months; but there is a large amount of other tonnage laid up. On the east coast in the Tyne ports, I believe there were something like 90 steamers laid up about that time unemployed.

11,225. (Sir J. Allport.) Do not the last year's returns of the Mersey Docks and Harbour Board show an increase in the tonnage?—No, there is a decrease in the tonnage entered inwards and outwards at Liverpool last year. Our accounts are made up to the 30th of June, and up to the 30th of June last year there was a decrease in the tonnage entered and cleared.

11,226. To what extent?—I cannot give the figures from memory, but there was a decrease.

11,227. (Sir J. P. Corry.) I was rather surprised to hear from you that there was more stuff carried in 1885 than in 1884?—There was, but I think I explained to a certain extent how that was.

11,228. Part of that was coal and iron, I suppose?—The coal exports amount to 30,000,000 tons (including bunker coal), nearly half a million tons more than in 1884. But I think that again should be explained. It is probably not so much that our steamers actually required it as that we had two war scares, and a good many transports were sent to Egypt and elsewhere; and not only had coal to be sent out on Admiralty account to the different depôts, and for the benefit of those transports, but other people, as prices rose, sent out shipments on their own account. The result was that at the end of the year the prices were lower than ever at the coal depôts, and we know now how much overdone it was. That was one factor in the excess of our exports of coal that year. As you will observe, our manufactures were considerably under what they were the year before in volume. But the volume of our manufactures is very small compared with our imports, if you leave out coal.

11,229. You were asked whether the interference of the Board of Trade had a prejudicial effect upon the shipowning interest or not; what do you think has been the result of that interference?—So far as the Board of Trade has allied itself to Mr. Chamberlain's agitation (and no doubt Mr. Chamberlain threw himself into that agitation in a way that surprised all his friends), no doubt it has affected the value of shipping property to a considerable extent.

11,230. Of course the value of shipping property is very much less now than it was formerly?—In the last two years it has dropped about 30 per cent. at least.

11,231. Cannot ships be built now for a less price than a few years ago?—I speak in the presence of Mr. Pearce, but a cargo boat I do not think would be built at much under 10 per cent. less than it could have been built for three or four years ago. Supposing that a steamer cost 50,000*l.* four years ago, you would not build the same ship now for much under 45,000*l.*

11,232. (Mr. Pearce.) I think you might take 15

to 20 per cent. less upon cargo steamers, but not on passenger steamers?—Yes, from the highest point.

11,233. (Sir J. P. Corry.) I think you said also that several shipowners were frightened at the prospect of legislation and laid up their steamers?—Some have laid up their ships.

11,234. But is it not the case that a good many of those ships which have been laid up will never come into profitable employment again?—No, I think not. The number now is not what it was in 1872. In 1872, as you are aware, a great development took place first in building steamers with the compound engine, and a large number of old boats built on the old fashioned system became practically obsolete. The condition of things now is entirely different, because almost every vessel has engines on the compound principle. I do not think there is much in the obsolete character of the boats; there are many which are comparatively obsolete, but that is not the case with the greater part of the tonnage.

11,235. Of course bad harvests in this country and on the continent have a great effect upon the shipping trade?—Undoubtedly they have; but you are aware also that we have not so far to go for our wheat, as we had before; we have not to go to San Francisco for so much, because India can give us all we want if we raise the price in this country.

11,236. You have spoken about the effect of French bounties; but you are of course aware that Germany and Italy have recently given bounties to the shipping trade?—Germany has not given bounties, but she is going to give a subsidy to two lines, one of them a line of steamers to trade to China and Australia, and also the North German Lloyds, and I believe those come into operation this year. I think four million marks is the amount voted to those two lines.

11,237. In Italy it is a bounty?—Italy has not developed much, if at all.

11,238. It has only been recently passed?—The German subsidy has recently passed.

11,239. But I think the Italian bounty has only recently come into operation?—I do not think there is much in that.

11,240. (Mr. Eeroyd.) Looking at the shipping traffic out of Liverpool, putting aside the coal trade, is there any marked or steady increase in the shipment of British manufactures?—There is a marked decrease.

11,241. How long has that been a decreasing trade?—In 1885 the total exports from this country were 38,617,994 tons altogether, including coal. Taking off 30,448,631 tons of coal, that gives you only 8,169,360 tons of British manufactures of all sorts, including iron. Then going back to 1882, the total exports were 34,994,000 tons, or call it 35,000,000 tons, and the coal exports amounted then to 26,533,000 tons. That gives about 8,500,000 tons as against the 8,169,360 tons, so that a considerable falling off may be observed in British manufactures.

11,242. Can you go further back at all?—I can go right back to the year 1869. I intend leaving these Tables with the Commission, so that you can see for yourself.

11,243. Is it your opinion that the decline in the export of British manufactures from Liverpool is progressive?—Of late years it has undoubtedly gone back all over the country; for some years back it has been gradually decreasing.

11,244. Could you indicate any particular branch of manufacture in which the decline is most apparent?—Yes, I could. Would you name any one trade that you would like to know about.

11,245. I do not want figures, but your own knowledge?—In the case of cotton goods the highest amount of exports was in the year 1881, when we exported about 796,000 tons of cotton goods of all descriptions. In 1885 the quantity was 725,000 tons. The quantity is very much reduced, but it represents a large amount of value. Then in the case of linen goods there is a corresponding reduction. Jute goods have fallen off slightly, but there has been very little

difference in the export of goods from 1881 to 1885, although the jute trade is in a very bad way.

11,246. Have you woollens?—Yes, woollens, worsteds, blankets, carpets; I have got all lumped together. In the year 1882, we exported 264,000 tons; in 1883, 254,000 tons; in 1884, 279,000 tons; and last year 261,000 tons; so that there is not very much difference between 1885 and 1882; but there is a diminution compared with 1884.

11,247. How is it as compared with 1869?—It is about 100,000 tons more. Iron also has fallen off very much since 1881 and 1882. Probably the best indication that you have of the manufactures of this country is in the iron manufacture. A paragraph, which I cut out of the "Times" last night, gives the mineral statistics of the United Kingdom for the year 1885 (it has not been presented to Parliament yet), and the falling off is about 1,500,000 tons in coal output. Then if we have an excess of 500,000 tons in exports, it shows 2,000,000 tons less used in our industries than in 1884, and 1884 was worse again than 1883.

11,248. (Mr. Pearce.) Do you think that the Board of Trade Regulations affect the shipping of this country adversely?—Shipowners have a feeling of antagonism to the Board of Trade, but I do not think that the Regulations are so very serious as that. When the Board of Trade attempted to deal with load-line legislation, there was an antagonism, as their system was unfair and fixed on no principle.

11,249. Have you seen the Tables of the Load-Line Committee?—I have.

11,250. Do you approve of them?—Yes, they are practically Lloyd's Tables, or nearly so. They have the principle underlying them which the Board of Trade Tables had not; I think that they are very useful and proper, and I hope that all ships will be put under them.

11,251. So far as regards those Tables, you do not think that they will affect shipping adversely?—No, I think not.

11,252. They were necessary, were they not?—I think so. I always objected myself to load-lines, because I knew that they could not be applicable alike to all classes of ships. The Board of Trade tables was a rule-of-thumb system. But the moment the Load-Line Committee came to a decision to adopt free-board tables, upon certain principles that are just and right, then I say, let it be universal, and I would approve of a compulsory load-line now.

11,253. Would you have the load-line according to the tables, applied to all foreign ships coming into this country?—That is a very serious question, but I think that as a matter of fair trade it ought to be done. It is a great question how far you could carry it out; but I think it is only equitable that if a foreign ship is at liberty to come in here she should be put under our regulations, or else she will carry more cargo than any of our ships would carry, and so far be an injury and injustice to our own shipping.

11,254. You do not know of any other regulations of the Board of Trade which are complained of by shipowners with any degree of foundation?—I would not like to speak much on that point. Many people raise questions about inquiries by the Wreck Commissioner, and matters of that sort, but I think that prospective legislation, such as has been shadowed out lately, has had a great deal more to do with depressing the values of tonnage. I am sure that our tonnage has gone down seriously in value through this proposed legislation of Mr. Chamberlain's, but I would not like to say at all that the Board of Trade Regulations have had any effect upon our freights. We, ourselves are entirely to blame in over-producing and losing sight of the fact that continental countries are increasing their tonnage, and also of the fact that steamers, now, even tramps, steam so much faster than they did half a dozen years ago.

11,255. Do you think that there is anything in the Board of Trade Regulations which would have a tendency to make the British shipowner transfer his

ships to a foreign flag?—I myself believe that if Mr. Chamberlain's proposed legislation of two years ago, the Bill that he brought out, was carried into effect, there would have been an immense quantity of tonnage transferred to foreign flags. In fact, I know of one firm in the city of London which was prepared to transfer something like 40,000 tons of shipping to the Norwegian flag, and they had their arrangements all made for the purpose if that Bill had passed. Shipowners could not have lived under such legislation as was proposed.

11,256. In the American trade you have to compete with those cargo-carrying steamers, known as ocean tramps?—You are speaking to me just now, I suppose, as a director of the Cunard Company. You are aware that in those highfliers which you have had the honour, if I may say so, of building for us, we do not carry much rough stuff or heavy weight at all; we carry more fine goods outwards, and the best class of produce homewards; so that while tramps no doubt have the effect of lowering the rates of freight, I do not think that they affect our trade so very much. We have too many lines, in fact, all competing with each other for the American trade.

11,257. But you can beat those cargo-carrying boats in the matter of carrying grain?—Yes, but a steamer will not go to America, to New York for instance, and bring across wheat at such rates as have been ruling lately at all. The rates have been ruling about 1*d.* or 1½*d.* per bushel. No tramp can go across in ballast and come back with wheat under 6*d.* per bushel to pay their expenses.

11,258. Do you know anything of the Austrian ring?—Yes, I know something of it.

11,259. Do you think that that has any bad tendency, so far as the trade of this country is concerned?—No, none whatever. We shipowners complain very much that the ring pockets the money, and the shipowners do not get their proper share. They not only get a very handsome return for the work they do, but there is also a very large sum of money over, which is put into a common pot, and divided amongst them all, as you are aware, periodically. But the shipowner does not get the full advantage of those rings. So far as the trade of the country goes, it has no effect upon it at all.

11,260. But it has a tendency to maintain a higher class of vessels to those ports, has it not?—I have no doubt it does, but I say again that the brokers themselves get the benefit of this a great deal more than the shipowner does, and I think if it was more equitable the shipowner would be delighted with these rings.

11,261. I think I understand you to say that you do not see any appearance of improvement in the shipping trade?—I see none.

11,262. Unless some new country becomes developed or some new circumstances come about?—I do not think that any development such as you indicate would have much effect, because if you refer to the development which took place before of that character, such as California and Australia in the gold mania times, you had only sailing ships to deal with. If you took up tonnage to carry stuff out to rapidly developing colonies it took a long time to send it, and so freights went up; but I do not think that you can look upon any condition of that sort now. A very seriously bad harvest would have an effect, or a very heavy war would have an effect at once upon a number of steamers.

11,263. That is to say, that would improve the position of the steamship owner?—Yes, undoubtedly, and sailing shipowners would get the benefit also.

11,264. But you do not think that it would do trade good as a whole?—No, we always suffer from that in the end.

11,265. (Mr. Palmer.) Do you think that the threatened legislation of Mr. Chamberlain had anything to do with bringing about limited liability companies in single ships?—Were the owners alarmed at the responsibilities that were likely to be thrown upon them individually, and in order to avoid that, did they

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form each ship into a limited liability company?—No, the limited liability development was previous to Mr. Chamberlain's agitation; but I have no doubt that it would have an influence with some legitimate shipowners who wanted to protect themselves.

11,266. Is there any reason for refusing to allow a number of men embarking their money in a ship, and wishful to limit their liability, to put that ship under the Limited Liability Act?—No, I should not oppose anything of the sort, but I say that it is the abuse of the limited liability principle that has done so much harm; it is not the principle itself.

11,267. It has brought a large amount of capital into shipping, has it not?—In a way. It would have been better to have been in the people's own pockets, because most of them have lost it all.

11,268. It has developed the mercantile marine very much, has it not?—Unfortunately it has too much.

11,269. If there were any improvement of trade, all the shipping that is now laid by would receive employment, would it not?—So far as development of trade is concerned, this country can only consume a certain quantity of stuff. Men can only eat so many loaves, and they can only put on so much clothing.

11,270. But you do not confine the carrying trade to this country?—Not altogether.

11,271. It is not the fact that many of these cargo steamers never come to this country at all?—That is quite true.

11,272. With reference to another point, what is the condition of the seamen in Liverpool?—I have had a great deal to do with this subject myself; I was the honorary secretary to a committee of inquiry into the condition of merchant seamen. It was commenced about the year 1869, and we dissolved the committee a few years ago, after working very hard to improve the seaman's condition, and to do all that we could for them. The result of that committee was, that we did a great deal of good. The men are better cared for, better housed, and better fed than before, and in many ways we stirred up attention to the subject. At the present moment there are, undoubtedly, a large number of so-called seamen knocking about, unemployed. One cause of that is, that we have a large amount of tonnage laid up unemployed just now, and that has been intensified within the last few months, because the Baltic trade and the St. Lawrence trades are usually closed during the winter months; there has lately been some relief in the Tyne and Clyde from the season now opening up. We have a large number of seamen, notwithstanding, unemployed; but I do not think those are the very best men. The best men in the mercantile marine go into lines like the Cunard, White Star, and lines of that sort, and you can get no finer seamen anywhere than those employed in the regular lines. A worse type of seamen go in sailing ships going long voyages, and in the worst style of tramp. Then you come to a residuum below that. There is another point which should not be overlooked, that some shipowners, but especially shipmasters, give a preference to foreign seamen. They are more reliable, and more steady, and they go on board ship; they do not skulk at the pier head, and, altogether, shipmasters prefer foreigners as a rule.

11,273. Have you many foreign seamen on board your regular lines?—No, not on the Cunard boats; we may have now and again a Dane.

11,274. But in other lines, have you many foreign seamen?—The P. and O. boats, and others have a large number of Lascars. Then you have also employed in some lines running between Australia, and China, and Japan, and San Francisco, a large number of Chinese, and they make excellent sailors.

11,275. Do you think that legislation has had anything to do with deteriorating the British seaman in putting them beyond the control of the shipowner?—I think that it has had some deteriorating effect; but I would not like to say that it has had much. I

may mention, for instance, the Payment of Wages Bill, which, I think, was passed in 1881 or 1882. One part of that Bill was passed on our strong representation. Seeing that there was practically no apprenticeship system to rear men in sufficient number for the Mercantile Marine, we said this:—"Insist that no man shall rate as an A.B. until he has been four years at sea as an ordinary seaman; and that will be an equivalent to an apprenticeship in the fore-castle." We thought we had got a fine thing for the Mercantile Marine when the Bill was passed, and that in a few years we should have plenty good A.B.'s; but in consequence of the wording of the Act, it has become a dead letter. After the Bill passed, I asked Mr. Gray how it was working, and he told me, that it had no effect at all, because captains are told: "You need not take any men in that way at all; you can rate any man as an A.B. 'you like,' so that it is a dead letter, and a most unfortunate thing it is.

11,276. What effect has the shipping office upon the quality of seamen? Formerly a seaman would go on board ship and see the captain of the ship, and be able to judge for himself of the quality of the ship, and of the captain before he hired himself to go in that ship; but now they are taken to the shipping office, and they know nothing of the ship, or any of the conditions connected with her, or the commander, and they are put on board like a flock of sheep and sent off; is that a correct description?—That was the way in which seamen were engaged and shipped a long time ago before the Mercantile Marine offices were opened; but I do not think that would suit the present state of things at all.

11,277. Is it not so now?—No, we have the Mercantile Marine offices now, through which all seamen are shipped. In the case of the Cunard line we ship all our men at the North Dock; but the general system is that all men are shipped and paid off at the Mercantile Marine offices, and I think it is a very good plan.

11,278. But they never see their ship, or captain, when they engage themselves?—The more thoughtful men when they know that a sailing ship is going to sea, will take the trouble to go round and select their ship, and leave their discharges with the captain, and when the shipping takes place they always turn up; those are good men, and they stick to their ship. But you have a good many stray waifs of a different class altogether.

11,279. There is a yearly increase of about 1 per cent. in the proportion of foreigners in our Mercantile Marine; how would you deal with that?—That I am afraid you cannot interfere with. It is a free country and shipmasters will take the men that suit them best. There is a great danger to this country in having those men, we have at least 25,000 or 30,000 foreign seamen in our mercantile marine now, good men; and in the event of a war those men would all leave us; and, of course, in the meantime they are getting acquainted with our coasts and harbours, and they would be a source of danger to us.

11,280. (Mr. Aird.) Are you aware that an agitation is now going on in Germany for reducing the railway rates to encourage the transport of coal from German ports?—I am not aware that it is.

11,281. If the result of such agitation is to lessen the rates, will not that still further be to the detriment of the general shipping industry of this country?—No doubt, if they stimulate exports of coal from any other country it will affect our exports, because the depôts elsewhere can only take a certain quantity. But I do not think that Germany is in a position to ship coal to affect us so much as all that. Belgium would affect us more than Germany; Belgium is quite free. But then again Belgian coal is not liked abroad.

11,282. You have spoken about rings; is it not a fact that they exist only for outward shipments, and that their tendency is to maintain and keep up the rates?—Entirely outwards.

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11,283. Then those vessels being able to take outward cargoes at profitable rates are much more likely to bring homeward cargoes at less than a paying rate?—You would require to say to what part those ships were going, because the rates outwards and the rates homewards vary according to the country you are going to. There are some countries where you import more in volume than you export to. Their homeward rates are higher than outward ones. Take the case of Australia, for instance, in sailing ships the rates out would never pay them, although they are larger out in proportion than to most other countries, such as India.

11,284. But speaking generally, the effect of the ring is to maintain and keep up the rate, is it not?—Undoubtedly; but there is another object, and that is to keep outsiders from competing, by levying rates upon them, or buying them off.

11,285. But still it keeps up the rates for outward ships?—It does.

11,286. And, therefore, leaving perfectly open the shipowners who go out under that covering security, they are more liable to bring back produce at a less rate, and thus to encourage the introduction of foreign produce into this country?—That is a very wide question. I assure you that at the present moment while the rings are in full operation the rates out and the rate home are not paying the ships' expenses.

11,287. But if the rings applied equally to homewards, would not the result be what I have suggested?—You could not do that; it would not work. The only ring that I know of, if you might call it a ring (but really it is an arrangement), is in the case of wool from Australia, and in the case of tea from China. There is a sort of rule, that if you begin at a penny per lb. for wool from the colony, if you finished loading with a halfpenny per lb., you must take the whole lot at a halfpenny; to that extent, I think there is a ring, and in the China tea trade it is very much in the same way.

11,288. With regard to the limited liability principle, as applied to one ship companies, do you think that that difficulty would be got over if it was prohibitory for vessels to take advantage of the Limited Liability Act, unless it was a company formed of six shipowners, or some given number?—I am afraid that it would scarcely be possible to limit it in that way; but I would say that the person who was promoting it, the so-called managing owner, should have a distinct and material interest in the enterprise

himself as a guarantee for his *bona fides*; and also that the other six, who must be in the company according to the Companies Acts should also have a distinct interest.

11,289. You think that the responsibility of the managing owner of one of these companies should be similar in fact to the responsibility of the owner of a vessel who did not take refuge under the Limited Liability Act?—That is rather a wide interpretation again; but I think that if it was insisted that the managing owner should have a distinctly material money interest in that ship, it would put a stop to abuses. Many a responsible and excellent man who has started a steamer, puts in a few thousand pounds, probably all that he has, and those who have gone in with him are men of substance. That is all *bonâ fide* and right. But in the case of very many who start ships, probably the money put in is their first brokerage on them; they have no means at all.

11,290. As matters stand at present, is it not very prejudicial to the owner of a vessel that it may be run down by one of those single vessels, because there is nothing for him to fall back upon, to recoup him for any damage that may be done?—Those ships are generally insured, and there is a statutory limit of 8*l.* per ton attached to the ship that runs down the other. Underwriters on the ship that runs down the other will pay three-fourths of the statutory liability, viz., 6*l.*; and then, generally, the owner protects himself as to the other fourth in a mutual indemnity association.

11,291. But is there any obligation to insure?—He is bound to do so for his own protection; if he does not insure all his co-owners would lose their money if the ship went to the bottom.

11,292. If he had any desire to save the premium and not to insure the vessel, there is nothing to fall back upon?—No.

11,293. (Mr. Pearce.) But is not that increased to 15*l.* per ton in case of loss of life?—Yes, even in case there is no damage to the other ship. If you lose life to a large extent you may pay up to 15*l.* per ton on life alone; but in no case of material damage and loss of life together can you exceed the 15*l.* If there is no loss of life you come up to 8*l.*

11,294. While it is quite possible that the steamer that runs into the other is not worth 15*l.* per ton?—Then you abandon the ship; but the owner can be sued in this country up to the amount of 8*l.* per ton, and for loss of life up to 15*l.* per ton.

The witness withdrew.

Adjourned to Wednesday next at 11 o'clock

TWENTY-NINTH DAY.

Wednesday, 7th April 1886.

PRESENT:

THE RIGHT HON. THE EARL OF IDDESLEIGH, G.C.B., IN THE CHAIR.

THE EARL OF DUNRAVEN.
THE RIGHT HON. G. SOLATER BOOTH, M.P.
MR. JOHN AIRD.
SIR J. ALLPORT.
MR. L. L. COHEN, M.P.
SIR J. P. CORRY, M.P.
MR. C. J. DRUMMOND.

MR. H. H. GIBBS.
MR. W. H. HOULDSWORTH, M.P.
MR. W. L. JACKSON, M.P.
MR. G. A. JAMIESON.
MR. P. A. MUNTZ, M.P.
MR. A. O'CONNOR, M.P.
MR. C. M. PALMER, M.P.

MR. G. H. MURRAY, *Secretary*.
MR. T. H. ELLIOTT, *Assistant Secretary*.

Mr. RICHARD CATTARNS, junior, examined.

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11,295. (*Chairman*.) I think you are the general manager of the General Steam Navigation Company?—I am.

11,296. How long have you been connected with that company?—In round figures, 12 years, commercially speaking.

11,297. Has the company found of late any serious diminution in the quantity of goods carried in their vessels?—Not a serious diminution in the volume; during the last two years particularly it has been slightly decreasing, but not to any very material extent.

11,298. That is as to the volume; has there been any difference in the character of the cargoes?—There has been a considerable difference in the character of the cargoes. The reason why the volume has been maintained has been in consequence of the very material increase in the tonnage from the continent to London. From London to the continent it has been less both in volume and in value.

11,299. Are there any particular trades in which you could give us particulars with regard to that?—The falling off has been considerable in colonial produce, and also in the quantity of transshipment goods that have been brought into London and that have been taken on to the continent, and also in the manufactured goods that have been made in this country, and taken on to the continent. In former years that used to be the most important and remunerative part of our business, but of late years that has fallen off considerably. The essence of my company's business in former years, and we speak with a very long experience of something over half a century, was this. We used to take more manufactured goods outwards which paid a very good rate and colonial produce; and we used to bring provisions, cattle, &c., butter, fruit, and that description of produce homewards. We used to have a very large passenger-carrying traffic also. The passenger traffic has died away mainly in consequence of the better service of the railway companies; and now our provisions and cattle traffic homewards has fallen off largely in consequence of the markets having shifted, and of competition from the American dead meat trade and from New Zealand and South America; and the manufactured goods outwards have also diminished, but otherwise the provision trade has continued and certainly increased also.

11,300. Is the carrying trade now less profitable than it was?—Very materially so, particularly in our case, largely in consequence of the altered description of goods which can no longer pay the rates that we formerly earned.

11,301. Has there been an increased competition by shipowners?—There has been in our short trades

a very considerable increase of the competition, particularly under the foreign flag. And again, another reason why things have not paid so well as they used to do, has been the competition by the foreign flag direct to continental ports, also the British merchant has had less profit earned upon his business, and that we have felt again, because, in order to maintain the British ports, and therefore to maintain our own business, our rates have had to come down to an alarming extent; as much as 50, 60, and 70 per cent.

11,302. What do you mean by the short trade?—Our trades are in the home trade; that is to say, between the Elbe and Havre; those we should call the short trades; and then, in addition to that, we have our Mediterranean trade, which for our purposes we should describe as our long trade.

11,303. Have you any American trade?—No; we trade no further than the Greek Islands. We have a large trade, the largest trade by a long way to the continent.

11,304. (*Mr. Palmer*.) Does all your trade centre in the Thames?—Practically so. We occasionally trade to other ports, but we endeavour as far as we possibly can to centralize our trade, both arriving and starting from London. I ought to add as regards the remunerative part of our business, that we feel very severely indeed the railway competition in reference to rates. We have no means, as matters at present stand, of either controlling these rates, or of obtaining any check upon them, or any knowledge in connexion with them; and we have to complain very bitterly, not only as regards ourselves but as regards the trade of the country at large, that in consequence of the railway system, our business is completely cut up, and in some instances, I believe I may say, absolutely ruined. I have a few instances of railway rates, but I do not know whether your Lordship would care to go into such details.

11,305. (*Chairman*.) I think it would be well if you would just give the Commission an illustration of the way in which the railways have affected you?—Speaking generally, I may say that our complaint with regard to them, if it may be so put, is that we do not compete, as regards the railway companies, on our merits. We have no objection at all, nor, so far as I know, has any steamship company any objection, to compete with the railway companies on merits; but we complain that the railway companies, in order to support competition with the sea-borne trade, carry the trade that is sea borne at rates which leave the railway companies a loss. We should have no objection, speaking generally, to compete with the railway companies, if the railway companies made up their through rates to the continent based on a rate equal to the same rate that they would charge for ordinary

traffic to a shipping port; but we have to complain that, in order to compete, they reduce their rates to most ridiculous proportions, as we think. We have great difficulty in learning what their rates are, because, without mentioning names, the railway rates in some instances are not published. My remarks do not apply to the main trunk lines, but there are such things as travelling goods managers who reduce rates as required, and without their being published at all. I may take my principal competitor, the Great Eastern Railway Company. They are carrying at the present moment sugar to Hull. The distance from London to Hull is 174 miles, and their rate is 22s. 6d. a ton. That gives them a proportion, I think as nearly as possible, of 1½d. per mile; whereas they are taking sugar to Hamburg, a distance of 590 miles, at the rate of 8s. 6d. per ton, that is to or from, which leaves them a rate of about 3/20d. to and from London *via* Harwich. Our complaint there is, either that the rate to Hull is a great deal more than it ought to be, or that the rate to Hamburg is a great deal less than it ought to be. If those rates were brought down to a proper figure we should have no objection at all to maintain our competition.

11,306. (*Mr. Solater Booth*.) With whom would your competition be?—I am speaking now of the Great Eastern Railway Company.

11,307. Your competitor would be the shipping company who are benefited by this change of rate?—No, this is the through rate granted by the Great Eastern Company from London to Hamburg, utterly regardless of the Steamship Company. I have no knowledge at all what the Steamship Company get out of it.

11,308. (*Mr. Jackson*.) Does the Steamship Company belong to the Great Eastern Company?—No, in that instance, not; but the ship is running under a foreign flag. How far such a course is legal or not, I am wholly unable to say; but as a matter of fact, if you go to the Bishopsgate Station they will grant you a through rate of 8s. 6d. per ton from Hamburg to London for sugar in competition with myself, and then, taking the whole mileage from Hamburg to London, say 590 miles, that leaves them a rate of 3/20d. per mile.

11,309. I understood you to say distinctly that that was the rate from London to Hamburg?—The rate is the same both ways; but you may take it from Hamburg to London because no sugar goes from London to Hamburg. I have only selected these instances amongst many. If you take starch to Leeds from London, or from Leeds, either way, the distance I take to be 196 miles, and the rate 27s. 6d. per ton, say 1½d. per mile. Starch to Antwerp *via* Harwich by the Great Eastern Railway, and in this case in their own ships, 230 miles distance, pays a rate of 11s. per ton, equal, as nearly as possible I think, to 11/18d. per mile.

11,310. (*Mr. Muntz*.) What benefit does the Great Eastern Company derive from quoting these extraordinary rates?—I believe none whatever. I take it that it is positively an absolute loss. Indeed evidence has been given before a Committee of the House of Commons in 1869 that it was impossible to carry the traffic at that rate.

11,311. (*Mr. Cohen*.) Is that for the benefit of the trade between the two countries?—I think not, for this reason: that if the Great Eastern Railway Company are carrying the traffic at a loss to Hamburg it is perfectly clear that they must be meeting that loss somehow; and I suggest to this Commission that the only way in which they can do it is by charging exorbitant rates on inland British traffic in order to support those losses, and that therefore upon the monopoly which the Legislature gives these railway companies, and the privileges under which they work they are enabled to do two injuries: first, they injure the natural trader of the country, the shipowner, by competing with him at a loss; and, secondly, they injure the home trader by compelling him to pay rates in order to support those heavy losses.

11,312. (*Sir J. Allport*.) Can you tell me what evidence you are alluding to in 1869?—It was the evidence given when the Great Eastern Company were seeking Parliamentary powers and facilities to run ships from Harwich to Hamburg. The evidence, I think, is that of Mr. Harrison, who was the engineer to the North-eastern Railway Company. I find it was given before the House of Lords, and I believe upon that evidence the Bill was thrown out.

11,313. (*Mr. Palmer*.) Was he speaking on behalf of the North-eastern Railway Company?—The opponents to the Bill were my company and other shipowners, and he gave evidence on behalf of the opponents.

11,314. (*Chairman*.) What is the next instance?—If we take drapery from Manchester to and from Boulogne, a distance of 279 miles, the rate is 45s., or about 2d. per mile. Then the lowest rate, that is the railway import rate, from London to Manchester, 188 miles, is 40s., which equals, as nearly as possible, 2½d. per mile. I merely give that as a comparison between the two rates, because we do not contend for anything approaching equal mileage rates, or anything of that sort. We contend that the railway companies should not be permitted to make use of their powers and privileges for the purpose of obtaining very large rates for land-borne traffic for the British producer or the British consumer, in order to support very low rates for sea-borne traffic to enable them to compete at ruinous rates with the steamship companies.

11,315. (*Sir J. Allport*.) Did I understand you to say that the rate from Manchester to London for export was 40s.?—Yes.

11,316. Are you not wrongly informed. Is not the export rate from Manchester to London 25s.?—I will look at the rates, and I will correct it if I am wrong. I think I am wrong, for I think the heavy drapery is excepted from the 25s. rate. I have here the continental through rates, the Conference rates, and the exceptions from French ports to Manchester, and I have got here heavy drapery carted in England 45s.

11,317. What is the date of that?—The 1st of September 1885. Perhaps I may be allowed to hand it in to the Commission; and I shall be very glad, of course, to correct anything that I have said if it is wrong.

11,318. We have had a witness here who complained that the home rate from Manchester to London was 40s. and the export rate 25s.?—That may be for certain classes of goods.

11,319. That was for Manchester fabrics for exportation?—My information has been taken from that calendar.

11,320. I am referring to the evidence of the manager of Messrs. Cook and Sons, St. Paul's Churchyard?—He ought to know.

11,321. If he has stated that he is wrong you think?—No, pray do not put it in that; I should be very sorry indeed to put it in that way.

11,322. Messrs. Cook and Sons are large exporters to the continent, and I think you will find that for their home trade they were charged 60s., but for their export trade they were charged 45s.?—It may be perfectly possible that I have been taking the local rates instead of the export rate. In that case the only difference in my answer would be that that is the local rate, and not the export rate.

11,323. (*Mr. Palmer*.) By what railway is this tariff; is this the general tariff, including all railways?—The tariff there is for the Conference; and it refers to the Midland, the London and North-Western, and the Great Northern, which are the members of that Conference.

11,324. Have they the same rates?—Yes, they have the same rates.

11,325. Are there no competing rates between them?—No. If the railway companies have to meet each other, they compete upon merits; but it is only where they have to meet steamship companies that they compete upon rates.

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164 THIRD REPORT OF THE ROYAL COMMISSION ON DEPRESSION OF TRADE AND INDUSTRY:

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11,326. (*Chairman.*) I understand you to say that in addition to the competition by the railways which has reduced the profits of your carrying trade, there has also been a considerable competition on the part of foreign vessels?—That is so; we do feel that, and it is an increasing competition.

11,327. The competition of railways has not been sufficient to deter people from entering into this competition with the sea-carrying trade?—No. The railway companies are wholly unable to compete with us for the great volume of our trade, except for the valuable classes of goods. They affect the actual trade of our country more than they affect the general carrying business. We carry as much in one ship in a week as they could carry in a fortnight.

11,328. Which are the countries which are now competing with you most actively?—Germany. France has tried it, and as your Lordship is aware, they have the bounty system in France. That will come in under one of the other questions, but the country with whom we have the warmest competition, and whom I will not say we fear, is Germany.

11,329. (*Mr. Jackson.*) Have they any bounties?—They are just about beginning the system. They have already authorised a bounty to be granted. They are about to compete with us in our own Colonies, in Australia, and they are giving a heavy bounty. The company that have secured that grant is the North German Lloyds from Bremerhaven, and they are about to run a very important service. We have built their ships in this country partly, and some of them have been built in Flensburg, and so on.

11,330. (*Chairman.*) You are not, as at present advised, inclined to attach much importance to the bounty system with regard to ships?—No. France has never succeeded, and America has not succeeded; and I think that we ought to be quite capable of meeting it; but with Germany it may be a different thing. They are a more pushing and businesslike and enterprising people, and it remains to be seen whether it will seriously affect our carrying trade; but I do not much fear it. Bounty system for ships, as a rule, do not answer.

11,331. (*Mr. Jackson.*) Would you say that the Germans are more pushing and enterprising than the Americans?—No, but the American is rather a speculative man, whereas the German is a hard-headed pushing man, and does not give up an enterprise in a hurry.

11,332. (*Earl of Dunraven.*) Is there any bounty in America?—There has been a bounty in America, I think, but I am not aware whether it has been continued or not.

11,333. Do you mean on shipbuilding, or on the running of ships?—On the running of ships. There never has been any bounty on shipbuilding in America, so far as I know.

11,334. (*Chairman.*) Have you noticed any change of late years in the *entrepôt* trade of the country?—A very considerable change indeed. That is how the best part of our trade has diminished to the continent. Ships are now going direct to the continent. The French *surtaxe d'entrepôt* has had the effect of removing very largely the trade which used to rest here as an *entrepôt* trade. As you are aware *surtaxe d'entrepôt* is 30 francs per thousand kilos; that applies to cereals and colonials, and it has had the effect of accumulating in their ports, particularly at Havre, colonials and cereals which to a certain extent used to rest in this country.

11,335. Has Havre taken up the position of an *entrepôt*?—Yes, that is the great *entrepôt* of France. There was a time last year when Havre was so crowded with goods of all descriptions, that locally, I am told, they were unable to cover it by their insurance. Their insurance values got so very high that they had to effect their insurances here and elsewhere on the continent, in consequence of the enormous risks that were centralized in Havre. It is a very curious fact. As your Lordship is aware, no doubt, all vessels have to go into French ports direct,

otherwise the goods incur this heavy tax of 30 francs per thousand kilogrammes, and the only way to get over that difficulty is to send them through Belgium, and now we are enabled to send goods, if they are transhipped in this country, up the Scheldt through Ghent on to Antwerp, and thence to France, and so avoid this duty of 30 francs; but if they go from London to a French port direct, the goods incur this charge of 30 francs.

11,336. Are there any other circumstances besides the effect of the tax, that have changed the *entrepôt*?—Yes; goods are now taken in direct. The vessels go direct to the port, and British ships also, and largely ours. We have at the present moment the Donald Currie steam line from the Cape, the Union Steamship Company, the Royal Mail Steamship Company, all going into Hamburg, taking their goods direct, and they also call at the French ports. The Royal Mail Line has to do that, and to go into Havre when their goods are sufficiently voluminous that they can afford to pay the expenses and land their goods there direct.

11,337. (*Mr. Palmer.*) Do they call at those ports first, or do they come to London to distribute their goods?—Generally speaking the Royal Mail stop at Havre first. Sometimes they land their goods at Southampton, and then go back to Havre. Then for the North German ports, for Hamburg and Antwerp, they either come to London or they go to Southampton and discharge a part of their freight and then go on to continental port and load again. At Antwerp we have the P. and O. Company loading their ships with large quantities of traffic first. This is for outward goods, and then they come into London and complete their cargoes and go on, and so with a great number of other ships, the Australian ships in particular.

11,338. (*Chairman.*) Have you any figures that you could give us to show how entirely the trade of this country has fallen off?—No; I have not. The best figures that you could obtain upon that point, I should imagine, would be from the dock authorities, who would have them in their own control. There are no figures, that I am aware of, published under any authority.

11,339. But your company do not possess correct information upon that point?—We do not; we have no means of doing it.

11,340. (*Mr. Selater Booth.*) Are the Commission to understand that you wish it to be inferred that the shifting of the *entrepôt* business from this country implies a corresponding diminution, or falling off, in the profits of shipping?—No, not necessarily, but it fosters competition.

11,341. You spoke of the great English shipping companies as loading at Antwerp, and loading at Havre, and so on; and, therefore, it does not follow that because England ceases to be the *entrepôt*, the shipping interest will suffer in proportion?—Certainly not. I think the honourable Commissioner asked the question, pure and simple, Has the *entrepôt* trade of this country fallen off? My company have suffered somewhat, but still we hope that we shall be able to make it up elsewhere; whether we shall do so is another question, because directly the trade gets into the course of going direct to destination to particular countries, naturally the foreign flag competes with us; that is the reason why lines have had to go direct in order to prevent the trade drifting into the hands of the German flag, and the Belgian flag, and the French flag.

11,342. (*Chairman.*) But if goods which were formerly brought from the places of production to England, and then distributed to other countries, are brought direct from the country of their production to the country at which they are ultimately wanted without coming to England at all, does not that imply the employment of a smaller amount of shipping?—To a certain limited extent, yes; but only to a limited extent. As I said before, if it does not rest here, this country loses the intermediate charges, such as

warehousing and lightering, and the carrying of it from this country to the Continent. I take it that it does so affect us. Of course it affects the interests of the middleman in this country; it affects the brokers who have been doing it in Mincing Lane, and that kind of thing, and various incidental business in connexion with the purchasing and selling on commission of goods; it affects them; but still it is only natural that goods should go direct to the consumer. Speaking as a carrier, I cannot object to that, because lessened intermediate charges mean improved trade facilities.

11,343. Has your attention been drawn at all to those conferences, or combinations, which go by the name of Freight Rings?—A great deal. I presume by that your Lordship means freight rings of shipowners, because, of course, we all have freight rings. The tariff, which I have had the honour of just handing in to the Commission, is that of a conference of railway companies, the London and North-Western, the Midland, and the Great Northern; these are agreed rates. That is a freight ring in a certain sense of the word, and in the same way there are freight rings in shipping companies. They agree rates, and they work admirably both for the ship companies and also for the merchants, and, I think also, nationally. They can do more than individual shipowners can do to meet foreign competition, and they do so. They agree rates amongst themselves, and they support consequently the regular lines of traffic and prevent irregular competition, which must be good for the merchants in the port. If it were not good for the merchants, and they were charged exorbitant rates, it stands to reason that competition would soon stop that, for the essence of maintaining a freight ring is to secure the general goodwill of the merchants, and to do this it is, I believe, generally arranged that shippers are charged the lowest market rates of the day.

11,344. You do not think that there is a danger from their maintaining too high rates bringing additional profit to the Conference, and driving the public into the employment of other lines of communication?—No; we have to live upon the profits that we make out of our business; and if the rates were too high, competition would very soon step in and put a stop to it, and the rates would have to come down and loss ensue. We have a large capital in our ships, and consequently that capital has to make a return, and we can only do that by carrying traffic at remunerative rates. We are not protected from competition. There is nothing to prevent it in this country. Any shipowner can come in and attack us; and therefore, whether it is a cheap ship or whether it is an expensive one, it stands to reason that we can only get those freights that are ruling.

11,345. (*Mr. Jackson.*) Do you think it is an advantage to the British merchant that trade rings should fix a much lower rate of freights going direct to Germany than to London from China?—To the British merchant, individually speaking, I should hardly think so.

11,346. Or to the British merchant collectively if you like?—I think you must look at it from a general point of view and consider the reason why that is done.

11,347. You told us just now, I think, that you thought it was an advantage to the merchant that these rates should be fixed by the freight rings. We had a merchant here the other day who gave evidence concerning the conduct of a freight ring in fixing a much lower rate of freight where they were running in competition with German ships direct from China to Germany, than from China to London?—It is perfectly possible that many instances may be given in which it works awkwardly. I do not quite see how that can affect the merchant; but it is perfectly possible that if raw produce can be delivered in the port of Hamburg cheaper than it can in the port of London, it is a serious thing. But on the other hand you must recollect that that is competition, and that if the British manufacturers cannot support a carrying company and obtain from that carrying company the same advantageous rates as the German manu-

facturers or consumers can command, then by the doctrine of the survival of the fittest, it is perfectly clear that the Hamburg man will get the best rate, and the shipowner must follow the trade; he cannot look at such things from a national point of view; and if the Hamburg people and the German trade compete with the British trade, I think it must be for the good of the nation, speaking of the country at large, that the British shipowner should be found to have sufficient enterprise to carry goods to the continent at the same rate as ships under the German flag can do.

11,348. (*Mr. Palmer.*) We have heard in evidence from a manufacturer in Scotland that they send their goods by way of Hamburg to Australia; in consequence of the higher freights from London arising from these freight rings; is not that a great loss to our national shipping and to our coasting trade as well as to the trade of London?—Assuming that to be the case, as you put it, I think it would be very awkward indeed; but I should be disposed to doubt it extremely, I daresay that gentleman may find it cheaper to send his goods from Hamburg and so on, than from Scotland, but that is not owing to the high rate of freight from London to Australia, because of the rates of sea-borne freight from London to Australia are as high as they are from Hamburg to Australia; but he would have to bring his goods up from Scotland to London probably by land carriage at a given figure, say 20s. or 25s. a ton whilst he is able to take them from Leith to Hamburg at a very much lower figure, say, 7s. 6d., 8s., or 10s. per ton, and consequently it becomes cheaper to him.

11,349. This was from Dundee, I think?—And from Dundee the same thing. It probably becomes cheaper to get the traffic from Dundee to a continental shipping port, than from Dundee to London as a shipping port.

11,350. (*Sir J. P. Corry.*) Are you quite sure that the freight from Hamburg to Australia is the same as from London to Australia?—I can speak from my own knowledge as to that. The through rate from Hamburg to Australia, *via* London, is the same as from London to Australia.

11,351. That is not my question. Are the rates from Hamburg to Australia the same as from London to Australia, without calling at any intermediate port?—I should think so, without a doubt. If the London rates are higher than those from Hamburg, the London rates would come down immediately, because the London people cannot afford to allow the competition from Hamburg to Australia. I do not know whether you are dealing at this moment with sailing ships or steam ships, but comparing sailing ship rates generally with steam ship rates, then the sailing ship rate from Hamburg would be less than the steam-ship rate from Hamburg, but the sailing-ship rate from London would, I have no doubt, be the same.

11,352. I think you are mistaken in that?—I may be; I do not run to Australia. I am giving you general information.

11,353. (*Mr. Palmer.*) Would you consider this answer to question 6195 from this gentleman to be correct; the question is: "Why are your goods sent by way of Hamburg"; and the answer is: "On account of the cheaper freight by reason of the depression of the shipping trade; they can send them cheaper than by way of London and Liverpool." The next question is: "To what places do they go from Hamburg"; and the answer is: "To the Brazils, the West Coast, and the River Plate."—That does not apply to Australia, you see. My answers were limited to Australia, as that which I know something of. The Brazil trade is one that I am not acquainted with. London, as a matter of fact, has a very small Brazilian trade.

11,354. (*Chairman.*) You are not of opinion that the Australian Freight Ring is mischievous?—No, quite the reverse.

11,355. Is any pressure put upon the outside sailing ships to compel them to join the Ring?—Upon this question I can only answer from hearsay, and not

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from my own knowledge. So far as I am aware there is none whatever. You could not press a shipowner to charter his vessel to anybody at any figure whatever; they are much too independent for that.

11,356. (Mr. O'Connor.) Whether foreign or British?—Whether foreign or British.

11,357. (Chairman.) You do not believe that there is any truth in the statement that if a shipper supports an outside vessel the ring boycotts his goods, and will not allow anyone to deal with him?—No, I certainly think nothing of the sort; but I have no doubt there may be this amount of foundation for such an observation, that if a shipper ships with your enemy, or your competitor, it is quite possible that he is not looked upon from such a friendly point of view, and he does not reap the advantage which I believe are given in regard to returning primage at the end of a period; but as to any suggestion of boycotting his goods, I am quite sure that no carrying corporation or conference would ever dare do such a thing.

11,358. (Mr. Jackson.) The boycotting is only to the extent of not returning him so large a rebate as others?—If you call that boycotting it is perfectly possible that it may go to that extent.

11,359. (Chairman.) Do you consider that there is perfect freedom on the part of shippers to use what vessels they like?—Quite so. That could not be called boycotting, because the gentleman has had an opportunity of shipping with a competitor, as it may be to his advantage, by probably securing a lower rate. Your Lordship sees that in cases of this sort, where there is open competition, anybody can come in, and in the case of any outsider, directly he puts his ship on against a regular line, the only chance he has of getting a freight at all is by taking the tariff of the regular line, and going round amongst the merchants and accepting so much less. That is the only chance, and it stands to reason that it is so. That is a difficulty which all regular lines have to contend with. Therefore, if the gentleman has taken advantage of that, he has secured already the advantages that he might otherwise obtain.

11,360. You think it is reasonable that a man who had done that on one occasion should be refused permission to ship by what vessel he pleased on a subsequent occasion?—I should doubt such a fact unless your Lordship stated it.

11,361. Upon the whole you think that these combinations are natural, and that they are rather advantageous than otherwise?—Yes. That exists not only in the shipping trade but in every trade; and I am quite sure that it is only by such combinations and their accumulated resources that they are able co-operatively to meet foreign competition, and that at the present moment the foreign flag is being combated so successfully as it is.

11,362. What has been the effect of the opening of the Suez Canal upon the business which you represent?—It has had a great effect. In the first place it has afforded a shorter route to the southern manufacturing districts of Europe by enabling the shipowners particularly of a foreign flag to use the southern ports, Trieste and Genoa. In Genoa remarkably they have had a great spurt, which is partly owing to that. It has also had the effect of enabling ships to do a great deal more work than they did before. They make a great many more voyages, particularly to India, than they did before; and that has brought a very much larger volume of goods to be carried than formerly, but of course it has had the effect, like all glutted markets of reducing values.

11,363. Have you anything further to say upon the general question of the depression of the shipping trade, and the causes to which it is owing?—Speaking generally, so far as my personal experience, and that of my company is concerned, we believe the depression in the shipping trade to have entirely sprung from natural causes; that is to say, from the very large number of ships that have been built, far in excess of the demands of the trade of the world, and that that

has arisen mainly from the single-owned vessels, from the facility with which gentlemen were enabled to give flourishing prospectuses to large farmers and other persons who were not acquainted with shipowning as a business, to put their capital into these single-owned vessels. It is perfectly possible that a ship might bring for two, three, four, five, or six years a very considerable profit; that is if you do not set aside a percentage for repairs, which repairs are not required in a new ship, and a percentage for depreciation, you may show an apparent amount of profit varying from 15 to 17 per cent. That, of course, shows a very flourishing balance sheet to the country shareholders, and that is spread through the country, and we have had a large number of those vessels built, and now naturally they are in difficulties. Their competition has knocked down our rates, but they will die out, and we must wait for them to die out. No legislative enactment, I take it, can cause any diminution in the number of ships. It is the limited liability company principle that has worked it; and I suppose we must allow it to go on until it dies a natural death. I think that the entire cause of the great depreciation of shipping arises from that.

11,364. Are there no amendments that you would like to see made in the limited-liability system to prevent the mischiefs that arise from it?—I have thought over the matter very carefully, and better heads than mine might be able to suggest some alteration. Of course I should be very glad to see those gentlemen got rid of and prevented from reappearing, but I can hardly imagine anything that would do that.

11,365. Have you ever thought of the French system of *Commandité* in which those who are managing the business are responsible to a large extent of their means, whilst the simple *commandités* are responsible to the amount of their ship?—I have not thought over it in that way, and I doubt whether that would have the effect of putting an end to those gentlemen issuing those enticing balance sheets as they do and are still able to do. That is a question of liability with regard to their trade conditions, and that kind of thing; but I do not very well see how that would prevent new companies being started unless it was brought fully to notice from whom they obtain the capital.

11,366. At present in some of those cases the interest in which the shareholders and managers have is simply their interest in the shares; they know nothing about the business they are carrying on?—Entirely so.

11,367. If those who were managing the business were responsible to a larger extent would they not be more likely to take care that the business was carried on with the same attention that would be given by ordinary merchants?—I am quite sure that it ought to be the case, but whether it would be so I doubt.

11,368. Are there any other points which you would wish to bring under the notice of the Commission?—We do desire to urge upon this Commission that the general principles under which the trade of the country is carried on at the present moment should be better considered than they are, or ever have been, and we think that the best way of doing that would be by remodelling the constitution of the existing Board of Trade. At the present moment the Board of Trade exists only in name. It is very ably worked by the gentlemen who are permanent officials, and who are very able men, and we have no suggestion to make against them or against any public officials, but we do think that we ought to have a Minister of Commerce, and we do think that he should be advised by the Chambers of Commerce, in order that the merchants might have an opportunity of bringing forward their views in a more authoritative manner than they can now do. At the present moment the trading interests of the country is never focussed. We had no means whatever until this Commission sat of bringing forward our

views in anything approaching a shape than could be well understood. And we cannot help thinking that if there had been a Minister of Commerce advised by the Chambers of Commerce with a little more authoritative status, the result might have been that this Commission would never have been required to sit at all; and certainly that these difficulties in regard to the depression of trade would have been well understood long before this, and that it would not have required us to come and tell you details which may be more or less correct and more or less tainted with our individual interests and feelings. I do urge strongly that we should have a Minister of Commerce with a Chamber of Commerce. We also urge most strongly that our consular authorities should give more attention to commercial matters, and should be more numerous. Speaking for myself, and I know for other too, although we have nothing to say against our consular authorities, who in most instances are gentlemen of the highest position and standing, yet if we require commercial information we get it largely from the French or the Germans or the American consuls abroad. I am speaking of the continent now. We do think that if those gentlemen were informed that it would meet the views of the authorities of this country that their attention was directed, as we think it ought to be directed, to trade matters, the whole of the trading community would be far better advised than they are at the present moment. I do not wish them to interfere with trade in any way; but to collect information in a clear and understandable shape, and that it should be always at our disposal and readily obtainable at first hand; and I urge that these gentlemen should be in connexion with our Minister of Commerce. Then I also urge, and it is a grievance that some feel strongly, and although it may appear a detail, yet it does our country a certain amount of mischief that the tax in connexion with our legal procedure is most objectionable. We have most able judges and so on, and of course we have no complaint to make on that point; but upon the pure cases of trade disputes, little questions and sometimes big ones, but really only involving the necessity of some impartial third person to decide them, we think it is very hard that we should have to wait sometimes years, and also incur a charge of 100*l.* or 200*l.* or 250*l.* for law costs before those little questions can be decided. It is not so abroad.

11,369. (Mr. Palmer.) You mean that the Tribunals of Commerce decide them?—Yes. As I say, it not so abroad; we are able to go to the Tribunal of Commerce; and at once to have the matter decided. For instance I have a case at the present moment pending. It is not a difficult thing, it is a very small matter. It is the case of a little injury to some sugar which arrived in this country. The doubt is what is the injury. Both parties are perfectly willing to pay. The difficulty is to arrive at what is the amount of injury. The gentlemen in Germany say, "We think it ought to be 25*l.*" The gentlemen in London say, "It is 60*l.*," and who is to decide? In Germany they could have an official survey and settle the matter at once, but there is no procedure in this country to enable us to have an official survey. There is no public authority in this country that can appoint a surveyor in order to obtain a really authoritative statement of what is the damage to that little parcel of sugar. I shall have to bring an action against the gentleman, and have all the expense of the judge and jury, and the learned counsel at a cost of 200*l.* or so, and all that detail before we can ascertain whether that sugar was damaged to the extent of 20*l.* or 30*l.*

11,370. (Mr. A. O'Connor.) Could you not refer such a point to arbitration?—No doubt it could be referred to arbitration, but the mercantile community will tell you that they would rather have a law suit at whatever cost, speaking generally, than an arbitration. It is generally less expensive and more satisfactory. If a dispute occurs in Hamburg or in Boulogne, the first thing you do is to demand a survey; and at the expense of a few francs the sur-

veyor says the injury is so much, and the whole thing is settled for a matter of 40, 50, or 60 francs, and the whole dispute is brought to an end and disposed of. That is a great grievance, and it is one which injures the country generally. It puts a tax and a hindrance on trade, and people become frightened of it. The cost in connexion with these matters is truly serious. Then again, on a matter such as this railway rate question, which we consider very serious indeed, we think that chambers of commerce should have more authority than they have at the present moment. We think that we should be enabled to go before some mercantile authority and to lay our views before them with our reasons in an understandable shape, I mean such a tribunal as could understand the merits of the difficulty, and have authority to initiate a remedy. At the present moment directly a shipowner speaks about a railway company, they say: "Oh, you have 'competitive interest,' and he is hardly listened to. But it is not always competitive interests. As I have tried to impress on this Commission, we do not fear competition; we are perfectly prepared to fight the railway companies on their merits, and on the same figures, but we do object to their capital being employed against us. Then there is one other matter which I might bring before the Commission, and that is the multiplication of public holidays. The effect of these public holidays has been somewhat curious. It has gone far beyond anything that the Legislature, I fancy, ever intended. Bank holidays are very good things for the banking interest, but the effect has gone a long way beyond that. All business is now practically stopped for something like 12 working days in the year.

11,371. (Earl of Dunraven.) What are the 12 working days?—It may not be quite 12 days, but a very good 10 days. If you take the Easter holidays at the present moment, business will practically cease on the Thursday evening, and it will not really be resumed before the next Wednesday morning.

11,372. (Mr. Palmer.) That is no fault of the Act, is it?—Yes, it is; and we always had Good Friday; formerly the working classes obtained in an unauthorised way Good Friday and Easter Monday, but the Public Departments were not closed, except on the Friday and Sunday, but now all business ceases; the Custom House closes on Friday, and again on Monday, consequently no business of any sort can be done, and, as a matter of fact, no business is done.

11,373. (Mr. A. O'Connor.) It is not closed on Tuesday, is it?—No, it is not closed on Tuesday, but you cannot resume business again immediately.

11,374. That is only four days out of your twelve?—That is Easter. Then if you take Whitsuntide there are three days. As a rule, business ceases on the Friday, and it does not resume again before the Wednesday morning.

11,375. (Mr. Palmer.) The Custom House only closes on Monday?—Yes, only on Monday.

11,376. (Mr. O'Connor.) What is the next?—Then you have got the August Bank Holiday, which is the same thing. The Custom House closes on the Monday; and then you have Christmas time. It just depends upon what day Christmas Day happens to fall; it may be only three days, but it may be more; if it happens to fall, for instance, on Friday or on Thursday, you do no business until after Bank Holiday, that is the succeeding Monday, has gone by, and then you must always allow one day to get in order. The Tuesday following the Bank Holiday is no working day at all.

11,377. Why should the Bank Holiday operate in that direction more than Sundays?—It is the fashion of this country; the working classes make a great deal more of the weekday holiday than they do on the Sunday. This has had the effect of practically stopping business. For the banking community it is a wise and proper thing, and I do not object to it at all; but with us it shuts up our capital, and the working classes earn no wages. We close our factory on the Thursday night, and taking Easter, for instance, we

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do not re-open again certainly till the Wednesday. As a matter of fact, this year we shall open on the Tuesday because we are very busy, but only in the middle of the day.

11,378. How does that compare with the holidays on the continent?—The holidays on the continent are very irregular and they have not the same effect; but really we have more holidays now in our country, authorised holidays and unauthorised holidays; than they have on the continent, whilst we work shorter hours when we do work at all. If you have a Saints' day, for instance, on the continent you only have a part of the people not working.

11,379. And they are not so many?—No, they are not so many. Saints' days are getting less and less observed than they were.

11,380. (Chairman.) Is there any other point that you wish to bring before the Commission?—I do not make any serious case of this public holidays question, but I thought it might be interesting to mention the effect of it.

11,381. I should like to ask a question with reference to one point which you have mentioned, namely, the idea of a Minister of Commerce. Will you explain a little more what your idea of a Minister of Commerce is. Should it be a department of the State with a political chief, or should it be a separate department under some other chief, like the Board of Customs or the Excise; or do you contemplate having a certain constitution like the India Office with a Minister and a Council, the minister being removable with the Government of the day and the Council being of a more permanent character. Which is the kind of Ministry of Commerce that you look to?—Supposing you appointed a Ministry of Commerce, you would of course have certain permanent officials connected with that Ministry of Commerce, and I presume a President, or something of the sort. I should wish the Minister of Commerce in my humble opinion to have a seat in the House and be amenable to the House, and to go out with political parties, and on general principles I am quite sure it would be found that it would be desirable as parties came in and went out that that minister should be changed.

11,382. In what respect would he differ from the present President of the Board of Trade?—I was going to say that there would be a council necessarily attached to the Minister of Commerce, and therefore to that extent he would differ from the Board of Trade. At the present moment the Board of Trade, so far as I understand it, is so only in name. As a matter of fact, trade questions, as such, are practically never dealt with on general principles by the Board of Trade. If I might illustrate that question I should like to do so. Some years ago there was a proposition by the Metropolitan Board of Works to throw a bridge across the River Thames. In view of what was being done on the continent, and as to which all the authorities here seemed perfectly ignorant, I advised my Board, and my Board felt it to be so, that it was a most disastrous thing to close a certain amount of the fairway navigation which enabled the shipping of former times to come into the heart of the city of London, and that it was right to take the question up from a general and public point of view. I inquired through the City, but found few persons able or willing to look upon the matter from the general point of view that it was bad in the interests of the public at large, and I found that my company stood alone in the matter, except only the wharfingers, who were immediately affected. The result was that my company fought the Bill in the House of Commons before the Committee at a very great expense for two months before Lord Henry Lennox's Committee, and ultimately the Bill was thrown out on the general question. Next year a somewhat similar Bill came up, but not with this particular Tower Bridge, but another bridge. I then brought the matter before my Board. There was a serious loss in time and a great expenditure of money, and I suggested to my Board that the proper thing for them to do was to petition

the Board of Trade to take the question up as a public one as seriously affecting trade. We might be prejudiced, and others interested might also be tainted in their views, and therefore the Board of Trade ought to take the thing up. I did petition the Board of Trade to take the thing up, and urged they should look into it, and if necessary they would either support it or oppose it. The answer that I received from the Board of Trade was that they had nothing to do with it, but that it rested with the Thames Conservancy. The Thames Conservancy have nothing else to do but to attend to the navigation of the river. General trade questions, such as a comparison of facilities between the Port of London and the Port of Hamburg or Antwerp, it is not their province to consider. There is no public authority in this country who are prepared to consider such trade questions as these, so far as I know, and the result was that again my Company had to oppose, and we did oppose it again, and this particular bridge Bill was again thrown out.

11,383. According to your theory there ought to be a separate ministry to which such a case as that would naturally go?—Yes, who should decide between all of us and generally after hearing our case, should advise as to what was the proper course to take.

11,384. Would you give to that Minister of Commerce the same powers as the Board of Trade has now with regard to railway and shipping questions and other administrative classes of business that they have to deal with?—I should imagine that it would be the best for the public that it should form a department of the ministry.

11,385. What is your idea of connecting it with the Chamber of Commerce. Do you mean that there should be any persons elected or appointed in connexion with the Chambers of Commerce?—Yes. I should urge that a Chamber of Commerce should be selected from the leading merchants, from Manchester and the different towns, and that at least one or two members of that chamber should be persons selected by the Ministry of Commerce.

11,386. How are they to be chosen in the first place?—I apprehend that the Chamber of Commerce would be elective bodies.

11,387. Elected by whom?—I see no difficulty in maintaining a register of merchants of different trades in the Ministry of Commerce, and that they should form a constituency from which these gentlemen should be selected.

11,388. You would not take the present Chamber of Commerce and give them any powers, would you?—I have no doubt it would come to the same thing. At the present moment your Lordship sees that the Chambers of Commerce are formed in this way. The members all pay a small subscription of a guinea a year, I think it is, and if you do not subscribe you are not a member of the Chamber of Commerce. I take it you would not take the subscription as being any basis upon which the constituencies should be founded.

11,389. Is it open to anybody who please to pay a guinea a year to be a member of a chamber of commerce?—Yes, and the more people who subscribe the better they like it.

11,390. Should you consider that to be an advantageous basis upon which to found an elective system for a Council which is to monopolise all the commercial affairs of the country?—I take it that it has worked well on the continent, and if it works well there I do not see any reason why it should not work well here.

11,391. What sort of numbers do you consider that the council should consist of?—There would have to be a council which might be broken up into executive committees, and the council would be as large as the Commission would think right. Surely there ought to be some means whereby the trading community of a country like this should be able to make their voices heard, but they cannot do it now except through the "Times" newspaper.

11,392. Have you formed any idea of how many members the Chamber of Commerce should be composed of?—I have no idea.

11,393. You would hardly have a council of anything like the number of the present Chambers of Commerce?—No.

11,394. There must be, therefore, an elective chamber to be elected by all of the members of all Chambers of Commerce?—Yes, I should say so, and I think there would be no difficulty in creating a constituency that would do.

11,395. The locality where there was the largest number of persons ready to pay a guinea a year would get the largest number of votes in the appointment of the council?—I thought I guarded myself on that point when I said that the guinea a year could form no possible basis.

11,396. I want to know what is to form the basis?—It is difficult to say without thinking the subject out very carefully, and I have not done so. It is a very crude suggestion of mine, but I think there certainly might be a register, and there should be no difficulty in obtaining a register. At the present moment you have a somewhat similar system in the Thames Conservancy Board. There you have an elective board, and there you have the Board of Trade appointing a member, and you have, or are supposed to have, various shipowning and other persons who are connected with the Thames Conservancy elected as members, and those members go there, and I think they get 100*l.* a year, or something like that, in the way of fees. It is a board of 30 or 35 members connected with the River Thames, and it has a very large and important jurisdiction.

11,397. (Mr. Houldsworth.) Do you know what the constituency is for electing the members of the Thames Conservancy Board?—The constituents are all registered, and they spring from shipowners, and from passenger shipowners, from wharf owners, and then from certain public bodies; the Board of Trade send a certain number, and the City of London Corporation a certain number; and then, as to the up-river navigation, some of the corporation up there, or the towns, or the boroughs, send a certain number.

11,398. Who is responsible for making this register, and what is the qualification for being upon the register?—I think that the Thames Conservancy Board is responsible for making up the register. They have an Act of Parliament, under which they are constituted.

11,399. Do you know what the qualification is for being upon the register?—So far as the shipowners are concerned there is no difficulty in arriving at their qualification, because there is a register of the shipowners at the Custom House.

11,400. (Mr. A. O'Connor.) Are they not the riverine occupiers; is not that the qualification?—Partly so, and you also have a representation of shipowners, barge-owners, and occupiers, and wharf-owners. Those together with the Board of Trade and City of London Corporation form the constituency, I think; but they have got special Acts of Parliament, a whole volume of them, and they are a lately-formed board.

11,401. (Mr. Palmer.) I would ask you, with reference to your recommendation of this Minister of Commerce, I apprehend you mean that he would not take up all the duties of the Board of Trade, for surveying ships, or surveying railways, or matters of that character, but mainly such matters as now are entrusted to what are called the commercial departments of the Foreign Office?—That is precisely my idea. Our complaint at the present moment is that the Board of Trade deal with details, and ignore principles. I suggest that the Minister of Commerce should take up principles, and leave details to a department. We are bothered with details, and if they would leave details alone a little more we should get on much better.

11,402. You mean that they are to get statistical information, to give advice upon commercial affairs, and to deal with commercial affairs generally?—Precisely; to deal with principles.

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11,403. Would you make a Minister of Commerce a high officer, a cabinet minister?—I would do everything in order to give him the weight which in my humble judgment attaches to the most serious responsibility in this country.

11,404. Without dispensing with the Board of Trade, but so far overlooking the commercial affairs of the country?—I certainly would not bother the minister with details, indeed rather the reverse. At the present moment, if you have any objection to what the Board of Trade do, you have to appeal from the Board of Trade to the Board of Trade; and appealing from the Board of Trade means appealing from the permanent officers to the permanent officers, and I think that should not be. I think that if there is any fault committed we ought to have a responsible officer of State who should be able to deal with the question in such a way as a great officer should deal with it.

11,405. You stated that he should be advised and supported by a council. Do you mean that that council should be something of the same character as the council elected by the Associated Chambers of Commerce?—Yes, precisely so; that is exactly what I do mean.

11,406. You think that the Chambers of Commerce, for instance I may say the north of England, should have a representative on the council?—I do think so.

11,407. And that Liverpool, and Manchester, and Birmingham, and Sheffield, and all the great centres should also have a representative on the council?—Yes.

11,408. And that Council should consist, if it is possible, not exceeding eight or ten members; is that what you mean?—That is precisely what I mean.

11,409. And such council would be a council, I apprehend from what you say, of the most representative commercial men in the country?—Precisely so.

11,410. (Earl of Dunraven.) You said at the beginning of your evidence that the exports of products from this country to the continent had fallen off?—Yes.

11,411. Did you mean that the demand abroad for colonial produce had fallen off, or do you mean that it goes direct to the continent from abroad?—It goes direct, or it comes to those southern competing ports, Trieste and Genoa, which used not to be the case.

11,412. Is it carried in British ships, or in foreign ships?—Both, but largely in foreign ships.

11,413. You said that you had no apprehension on account of the French bounties on shipping?—I do not think there is any.

11,414. Do you know how the bounty is given?—It is given in proportion to the mileage run.

11,415. And that would keep up the long voyages?—I think it would keep up the long voyages, and the result would be that they would generally extend their voyages in order to get a large bounty, but so far it has not worked well.

11,416. Do you think that that would account for the fact that a large proportion of colonial produce is carried in French ships?—I have hardly suggested that; what has left our flag has gone to the French flag.

11,417. You think it has not?—I do not think it has. There is a very important company, the Messageries Maritimes, which has got a large number of ships, and they carry a large amount of cargo, but I do not think that any of us fear them.

11,418. The effect of the *surtaxe d'entrepôt* is to encourage produce being brought straight to the port of distribution?—Yes, it encourages the cargo going straight to the French port, which is a direct attack upon the British port, because the trade used formerly to come to the British port, and I take it that practically these 30 francs per 1,000 kilos is a direct attack on British interests.

11,419. Must not it also tend to encourage goods to be carried in ships belonging to the nation that gives the bounty, and imposes a surtax?—To a limited extent, yes.

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11,420. Do you not think that that would encourage the carriage of goods in ships belonging to that nation?—Yes, to a certain extent, but not to such an extent as should alarm the British people.

11,421. (Mr. Palmer.) You have just been asked about this bounty system, and you say you do not fear that any competition by the French mercantile marine is likely to supersede ours in almost any trade excepting the Messageries Maritime. That is a main line of steamers, which is not the ordinary carrying trade of the country?—No.

11,422. The Germans are competing with us and are giving bounties?—Yes.

11,423. Is it not a fact that the Germans are building their ships according to the most modern type, quite as cheaply, or even cheaper than our ships?—No doubt.

11,424. Is it not also a fact that the foreign seamen are more appreciated in our ships than English seamen, and that they are increasing easily in numbers?—I am sorry to say that it is so, and therefore I look to this Commission to obtain all the best evidence that they can on the various points on which I have spoken. Amongst others I have asked our masters, and other masters upon the point, and they all say the same thing, that the Norwegians and Swedes are more reliable men and more amenable to discipline, and altogether better working men than the British seamen. However, we do not employ them.

11,425. That is to say in your special trade?—In our regular trade if we were ocean-going people we should.

11,426. What is to prevent the German mercantile marine superseding you if they can build their ships cheaper, and if they can man them with foreign seamen entirely. If there are no restrictions from the Board of Trade, or any legislation of that character to interfere with them to prevent them superseding or working their ships at a cheaper rate than you do, and with the bounties added?—I said just now, or I meant to say, that the German competition I felt myself to be a more serious affair than anything that had yet happened in this matter, and for more reasons than one, but the German ports Hamburg and Bremen go right into the heart of manufacturing Europe and business Europe, and consequently if German bounties create an important German trade, and any further assistance should be given, seeing that the great portion of the traffic carried is traffic imported or ultimately going to a German consumer, that becomes a new and serious matter, but we have not yet had any experience of it. It is possible that it may come, but it has not come yet.

11,427. Have you had any experience in your competitions with German ships between, we will say, the great trade between the Thames and the Elbe and London and Hamburg?—Yes.

11,428. Have you found that you are competing at a disadvantage because of the German shipping?—Yes.

11,429. In what respect?—In the first place, they are free from a great many detailed restrictions such as our Board of Trade put upon ourselves.

11,430. I want to ascertain what legislation is interfering with you as against your competing with foreign shipping in the same trade?—The powers of the Board of Trade have particularly, for instance in the passenger cargo traffic, interfered with us materially. Our vessels, although they are larger, for instance, than our German competitors' vessels, cannot carry by law anything like the same number of people, although they could safely do so, that the German people can do—and, as a fact, when we had an emigration service between Germany and this country going on to America by the National Line or the Anchor Line, or someone of the large Ocean Lines from the Thames, we were completely prevented from competing in consequence of the German people being able to do what we could not do under the Board of Trade restrictions—and the same thing applies now.

Emigrants are frequently coming back to this country going to Germany and we should be the Line to carry them but for the reasons described. The Germans have a certain rule, so long as they provide for the safety that is all they care about it. They do not care for the accommodation; our Board of Trade look into accommodation, and the safety as well; that is one of those details which we should like to have an opportunity of dealing with the Ministry of Commerce.

11,431. Had not a German ship the power to bring up 300 or 400 passengers from Hamburg or Rotterdam into the Port of London, whereas your ship could only bring up 150?—Precisely; that is exactly the thing that took place.

11,432. And the Board of Trade would not interfere with them for doing so?—Precisely. I reported one case, which I may now mention, to the Board of Trade two or three years ago, and the answer that I got from the Board of Trade was that it was under the German flag, and therefore they could not interfere.

11,433. In such a case as that, would you propose that the Legislature should refuse to allow that ship to land passengers into this country?—No, that is just the point. I should like to be able to go to a person of responsibility aided by a council of commercial members, and lay the facts before them and the reasons, and to see whether these hard-and-fast rules that the Board of Trade now make were really necessary to the case, and whether they could not be so modified as to enable us to meet this competition. At the present moment the Board of Trade is admirably conducted by its permanent officials, but the permanent official says that he really cannot go outside his rules although he does meet us to the best of his ability. I wish again to repeat that I am not complaining in any shape or form.

11,434. There is no want of courtesy or attention on their part?—I have never personally experienced any.

11,435. But still the law is so?—Yes, the law is so, and these gentlemen cannot alter it. I think that we should have no difficulty in giving reasons to induce it to be altered; but at the present moment there is nobody to go to.

11,436. There is no question about appeal; it is a question of law?—Hardly so. I may say certainly not so. When the law was first established, when the Board of Trade was first created, this large volume of rules that the Board of Trade now have did not exist. This volume grows, and these long rules grow. When our British Mercantile Marine was created, everything was done to assist the mercantile marine, and whilst I cannot say that anything is done to hamper it now, still we are subject to a daily growing volume of rules dealing with a vast number of points, all more or less troublesome.

11,437. It comes to this, that the Board of Trade have thought it right to pass those rules probably after mature consideration, and with the sanction of Parliament; and after they have been passed they have to legislate upon them for our own ships; would you extend that legislation to foreign ships; and how could you do it or how would you propose to do it?—In the first place, these rules, I presume you are well aware, form no part of any Act of Parliament; they are rules that come out of the brain of the Board of Trade officials.

11,438. (Mr. Jackson.) But they are authorised by Act of Parliament?—But those rules are not sanctioned by Parliament.

11,439. (Mr. A. O'Connor.) Have they not statutory force?—Yes, they have statutory force under an Act of Parliament, but all those detailed rules form no part of any schedules to an Act of Parliament; they are made under the authority of an Act of Parliament. The Board of Trade have certain general powers, and it is under those general powers that the rules are made.

11,440. (Mr. Palmer.) But they are not exercised beyond the Act of Parliament?—They do not put in

the Act of Parliament such things as how many waterclosets a ship shall carry, but there is a rule to that effect.

11,441. (Mr. Jackson.) Have they not the power to enforce the law under the Act of Parliament?—Yes.

11,442. Therefore it has the same force as an Act of Parliament?—Probably that is so.

11,443. (Mr. A. O'Connor.) Have they power to alter the rule without another Act?—Yes, they have power to alter with regard to the safety and accommodation of the passengers; but we do not want any Act for that purpose.

11,444. (Mr. Aird.) I think you say you have no appeal?—No, we have no appeal except to the Board of Trade.

11,445. (Mr. Palmer.) I think they have power now with reference to the fixing of the load line?—Yes. We had a load line laid down under the Plimsoll Act, but for a foreign ship there is no load line necessary.

11,446. Do you find that foreign ships carry not only a vastly larger number of passengers per registered ton, but also a vastly larger amount of cargo than your ship is permitted by the Board of Trade to do?—In our particular trade we do not experience that; we do with passengers, but not with cargo.

11,447. Do they not load their vessels deeper than yours?—We do not experience that to any very appreciable extent. And not only that, ours are uninsured ships, and therefore, as a matter of fact, we do not even make use of the load line that the Board of Trade have established.

11,448. Do you build your own vessels?—No, they are built under contract. My Board are very careful on that point. Their orders are rather to load light than deep. And then we carry a great many live stock on deck, and it would not be at all convenient to load deep.

11,449. You state that shipping had been very much overdone by excessive building; may I ask, have you built for your company any vessels since the depression of trade?—It is difficult to know when the depression of trade first commenced.

11,450. Say in the beginning of the year 1884?—No, we have not built any. We completed one in 1884, but I do not think that we have built one since the commencement of 1884; but we built a great many in the five or six years preceding.

11,451. (Mr. A. O'Connor.) You have told us that the depression of trade is due to over-building; have you any theory to account for the over-building in the shipping line?—Only that which I have suggested, the single owned ships, and the belief of people that remarkable profits were to be made out of ship owning, which when analysed by practical men could be shown to be really not profits at all.

11,452. It has been suggested to me that there are cases in which when a steamer was built a certain number of 64ths were allotted to different persons, when the managing owner found that he could not put upon the market so many shares as he anticipated, he managed to convert the ship into a limited liability company. Do you think that that has often occurred?—Yes.

11,453. And that, even in spite of the protest of some of the holders of the shares?—That I have no knowledge about; but, I should be inclined to doubt it. Of course, if anybody else has said so, he would know more about it than I do.

11,454. Did you ever hear of a case in which the shareholders have met, and have put a resolution to lay a steamer up because of its running at a loss, but it has been out-voted by the managing owner and certain other shareholders who were interested in supplying the ship with stores and other things of that kind?—I have heard of such a case, but I have not an individual case present to my mind. I have no doubt that such a case is not of infrequent occurrence.

11,455. You say that you do not insure your own

ships; you have a good many of them, I presume?—Yes, we have.

11,456. Is there not a system, on the north-east coast, of mutual insurance clubs?—Yes, there is a very large system of that kind.

11,457. (Mr. Jackson.) Where is their office?—There are several offices, but they are generally on the Tyne, speaking from memory.

11,458. (Mr. A. O'Connor.) I suppose that when a limited liability company's ship joins the North-East Coast Mutual Insurance Clubs, a good many inland shareholders would have a liability upon them in connexion with the mutual insurance business which they could not have suspected?—Yes, I should think so.

11,459. Is the cost of insurance abroad higher or lower than in Great Britain?—Generally, I should think, lower, and in some cases I should say considerably lower; whether it is quite as safe is another question.

11,460. What would you say would be about the value of the management of a ship of a couple of thousand tons burden?—I should think that a question impossible to answer. It depends so entirely upon how those profits are made up. There are men who would manage it and take discount on every bill that is sent in, in which case the manager could well afford to work the ship without any commission at all and make a very fair income out of it.

11,461. Just about that question of discount, I should like to ask you a few questions; but first of all may a director of one of those insurance companies be also a ship repairer or a dock owner?—I should think so. I am not aware of any rule to the contrary; but on such a point as that I give my evidence under all reserve. I speak more from hearsay than from personal knowledge.

11,462. You could not say then whether the clubs insist on a survey being made by their own officer or whether the shipowners' surveyor's certificate is accepted in the case of repairs?—If you mean such repairs as would fall upon the insurance society, I cannot say that; of course I have frequently had brought to my attention repairs that are required in London; but very few offices exist in London. I know, as a matter of fact, it is always done by their own officer in London, and a very respectable and good man he is.

11,463. Have you any idea whether there are any special advantages, or any advantages to a shareholder in a ship, by a system of mutual insurance clubs?—I should say that there are advantages, because he has to cover almost every risk that that particular ship is likely to incur more fully than he could do otherwise.

11,464. I suppose that the managing owners of the ships in these limited liability ships are also often insurance brokers, are they not?—Yes, they may be so.

11,465. And they would prefer the mutual system?—Yes, they would, as a rule.

11,466. Do the managing owners of ships who are also insurance brokers, prefer the mutual system?—I had in my mind, at the moment when I answered the question, a case in point, in which the insurance brokers are not simply insurance brokers, but they are also the managers of mutual insurance societies.

11,467. I suppose, in order to find employment for a steamer, it is necessary, as a rule, to employ a broker?—For outside steamships, always.

11,468. Are not the managing owners of those limited liability ships also frequently shipbrokers?—Yes.

11,469. If a broker is the managing owner of a ship, and he sends it to the office of another broker who is also a managing owner, I suppose that good turn would be returned by that other broker?—Yes.

11,470. A managing owner could not charge brokerage for getting a freight for his own vessel, could he?—Unless the terms of his agreement are such that he is so permitted.

11,471. Is that usual?—Yes. Supposing a managing owner has a line of steamers or one steamer to

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work, and he receives as his remuneration 5 per cent. or 2½ per cent. on the earnings of that steamer, clearly he would be entitled to a commission on the earnings under her charter.

11,472. He would get the brokerage, would he not, if he secured another steamer, other than that in which he himself was owner?—Yes; the practice, I think you will find, is that the broker chartering and the broker for the chartered vessel divide the commission.

11,473. That is the practice, but it is the unavowed practice, is it not?—No, I think that is the practice of the trade.

11,474. Is that pretty well understood?—Yes. In the case of myself, as managing owner of ships, belonging to a public company, and the general manager of the company in that sense, the broker comes to me to charter a vessel, we pay the brokerage, and the company gets the credit of half the amount.

11,475. I suppose that sometimes the brokers are also the managing owners, and claim as their remuneration the whole of the brokerage, and also a commission on the gross earnings of the ship?—I am afraid they do.

11,476. Will you tell me what is the meaning of the expression "Address Commission"?—It is the commission payable under the charter to the person to whom the ship is addressed on the other side.

11,477. Is the address commission inserted in the charter-party at the suggestion of the broker who is not the freighter, or the merchant, or the man who is the managing owner of the ship?—I have no doubt that it forms part of the earnings of the gentlemen who are engaged in the negotiation. It is a very old-fashioned term, and has been the regular system of remuneration for very many years. The addressee of the ship used to be in every case the charterer's agent. That was the old-fashioned rule, but those old-fashioned rules have been developed into something totally different. It is the addressee of the ship as distinguished from the consignee of the cargo.

11,478. Do you think that the address commission, and the brokerage, and this kind of thing generally, are regarded by the managing owner of the company as something which is kept from the shareholders?—No.

11,479. You told us that you were engaged to a certain extent in the Mediterranean trade?—Yes, we have a regular line to the Mediterranean.

11,480. You coal your own ships of course from the port of London?—Yes, we do, or from Newcastle.

11,481. Do you know anything of the quantity of Welsh coal in the Mediterranean?—No, I should think that that is a very unknown quantity.

11,482. Has it not very largely increased of late years?—Yes. If you want to buy coal, or an outside shipper goes in to buy coal, they will give you so-called Welsh coal; but whether it is Welsh coal or some other coal it is not quite clear. No doubt the consumption of Welsh coal in steamers is increased as against that of north country coal.

11,483. Can you tell us anything about the system of bunkering in connexion with the Welsh ships, under a charter where the charter is to bunker?—It is a most objectionable system. If the charterer charters a vessel, and her cargo is to be put in at Cardiff, or another Welsh port, he contracts to pay so much freight for that cargo of coals, and makes it a condition that he shall take bunker coal at a certain price, which price I need hardly say is always a something beyond the market price; of course as to quality you are wholly prevented from in any way checking it. My company, being a strong company, positively decline, at any figure, to do business on such terms as those.

11,484. Is not that rather confined to limited liability companies' ships?—Yes; because those vessels are seeking ships; they have no regular trade, and therefore they have to go where those persons who employ them send them.

11,485. Are there a great many of those ships?—Yes, a vast number.

11,486. Are they on the increase?—They were on the increase.

11,487. They build them so light that it is very easy to increase the supply of tonnage?—Precisely.

11,488. Do such charters as those you have mentioned, that have those stipulations with regard to bunkers, also have stipulations as to paying off the crews, and victualling, and disbursing the accounts generally in favour of the same parties?—I am not aware of that.

11,489. Is not the system really worked on behalf of the managing owners?—No doubt in some cases.

11,490. Who are interested in getting up those ships?—Entirely.

11,491. They have their own personal interest as distinguished from the interest of the ship?—Naturally. Of course when I speak of such managing owners, they are only the bad ones. There are a great many who work this business in a perfectly honest and legitimate way; only there are a large number in the trade who are reaping those undue profits.

11,492. When the boats are at the home ports are they disbursed by the broker who manages the ship?—I do not quite follow you as to what you would mean by the home ports. If the ship has gone to the port at which the owner lives I apprehend that he would disburse her out of the freight receipts that he would get.

11,493. And does he get a commission on that?—I should think it is very likely.

11,494. I suppose the managing owner is interested in that commission?—I should think that it is very likely.

11,495. What is about the largest commission charged in ships on the freight?—It varies entirely upon the credit of the person desiring it.

11,496. With regard to those charters that you have been alluding to that are obtained upon the Tyne for coal and other things, I suppose that they are principally in the south-west and not in the north-east?—I have never experienced any difficulty in connexion with that in the north-east. There we deal more with the coal owners and the colliery owners immediately and officially; whereas in the Welsh shipping ports it goes into the hands of the middle-man.

11,497. Has this system of ship management been condemned by the capitalists in the north?—I am not aware that it has; but I should think it is very likely.

11,498. (Mr. Palmer.) You were asked a question as to whether it was not to the interest of the managing owner to insure his vessel in the Mutual Insurance associations in preference to Lloyds or the large Marine Insurance companies; and I think I understood you to say it was so. Is it not the fact that the Mutual Insurance associations merely draw upon the ship for a percentage upon the loss which has been incurred?—Yes.

11,499. So that there are no premiums paid upon the insurance?—Precisely so.

11,500. And is it not the fact that the commission paid to the insurance broker is upon the premiums effected upon the amount of insurance?—I should think that is very likely to be the case.

11,501. So that although he gets no profit upon the mutual insurance, he gets a commission upon the premiums upon the insurance effected at Lloyds and other large insurance companies?—Certainly. Of course there is a great deal of competition for this insurance business.

11,502. There are Lloyds, and the large marine insurance companies, and the mutual insurance insurance clubs?—Yes; there are a great many mutual insurance clubs who are always glad to compete for tonnage to go into their societies.

11,503. Is it not the fact that taking the biggest insurance there is a much larger insured tonnage spread over it?—Yes.

11,504. It is not merely a question of getting premiums?—Not that I am aware of.

11,505. With regard to questions which have been put to you which rather reflect upon the ship management of the north of England, may I ask you whether it is not the fact that the managing owner of a large ship is paid a percentage upon the profits of that ship, giving credit to the ship for all brokerages and premiums and other charges?—I am quite certain that it ought to be so. I have no doubt that there are great difficulties in connexion with it; it is a growing system, and it is coming back again to the old system, and if that system is adopted it will work as well as any other. I hope that you will not imagine that I intended to reflect in any way upon any particular district of the country.

11,506. (Mr. A. O'Connor.) Is the inflated supply of tonnage to be at all attributed to the multiplication of ships under the limited liability principle, and if so is that in any degree to be attributed to the system under which the managing owners have interests in the ship and brokerage and commission, and supplying the ships stores, and disbursing the ships generally, apart from the interest of the particular ship of which they are the managing owners?—I distinctly believe so, but that applies generally, and not solely to either the north, the south, or the centre of this country.

11,507. (Mr. Houldsworth.) I should like to ask you a question on the suggestion which you made with reference to a Minister of Commerce. You are of course aware that the President of the Board of Trade sits in the House of Commons, and is the responsible minister?—Yes.

11,508. Then so far that covers the same ground as your suggestion of a Minister of Commerce?—Yes, to the extent of being the responsible minister in the House.

11,509. Do you know any reason why the President of the Board of Trade, in his present position, cannot consider principles, as you suggest that a Minister of Commerce would do?—I know no reason why he should not, I only regret the fact that he does not.

11,510. Is it in your opinion the fault of the individuals who are Presidents of the Board of Trade, or can you point out any reason why he should not consider principles?—I should be sorry to suggest that there is any fault due to any individual. On the contrary, I have no doubt that the Presidents of the Board of Trade have done what they considered to be their duty; but I do not think that they have ever considered it in relation to the country at large, as I illustrated by the suggestion that the Board of Trade might take up important questions.

11,511. The President of the Board of Trade is in exactly the same position as the Minister of Commerce that you propose; you would not suggest that any more instructions should be given to the Minister of Commerce than to the President of the Board of Trade. His position would be the same, and the Minister of Commerce might refuse to deal with principles as much as the President of the Board of Trade?—Distinctly; there is no doubt about it, that the work of the President of the Board of Trade ought to be as complete as that of the Minister of Commerce.

11,512. Having got that far, you suggest a council as probably strengthening the department of the Board of Trade or of the Minister of Commerce. A council might be added to the President of the Board of Trade, and that would satisfy your suggestion, would it not?—Yes, of course I have not attempted to develop it; it is a crude idea.

11,513. But it would cover a great deal of ground if a council were added to the department of the Board of Trade?—Precisely so; it is a necessary part of my scheme that the mercantile community should be able to make their voices heard in a more authorised manner.

11,514. Then I come to the case which you gave us, in which you said that the Board of Trade said that it was not part of their duty to take it up. Do you know whether there was any reason why they should not have been able to take it up; do you know any law or any rule which would have prevented them; was not the answer that you got simply an answer from the department that they did not feel inclined to take it up?—No.

11,515. Do you know any reason why they were unable to take it up?—I know of no other reason, except that I assume, and I believe, that they would not consider it a part of their duty to deal with it. Rightly or wrongly I have been under the impression that the duties of the Board of Trade at the present moment have rested solely in the President, and that practically he limited his duties to dealing with statistical information which was brought before him, whilst the permanent officials were divided, one important person, Sir Thomas Farrer, being the secretary; then there was an under secretary for shipping, and an under secretary for railways.

11,516. Are you aware that the Board of Trade at the present moment do a great deal more than deal with statistics; are you aware that deputations are constantly going to them on all subjects connected with trade, and that they deal with them in legislation and in other ways?—I am well aware that deputations go before them; certainly.

11,517. Are you aware that deputations of various kinds get satisfaction and get what they want?—Certainly; deputations go before the Board of Trade and give the Board of Trade a great deal of information which I cannot help thinking that the Board of Trade ought to have on their own account, and that they ought not to require deputations to lay this information before them.

11,518. The point which I now want to come to is this: is there anything in the particular trade or business which you represent which gets less attention from the Board of Trade at the present moment, and from the President of the Board of Trade than other trades in the country get; does the Board of Trade consider it less its duty to deal with those matters which you have to bring before them than they do with regard to other trades?—We think that these points are not sufficiently considered. We think that taking out the vexed question of competition between the Railways and ourselves, those general principles ought to be known to the Board of Trade, and ought to be understood by the Board of Trade. We think, referring again to that question of the bridge, that if the Board of Trade had been aware of what was taking place with regard to general principles, that is to say, the movement of the continental ports to give the facilities which those bridges were absolutely going to destroy, I say we think that that should have been sufficient to have induced the Board of Trade, if they had been aware of it, to have taken the matter up, and to have done as the War Office did in the same case, namely, to have taken care to let the committee know what was taking place in that instance. I think, if the Board of Trade had done their duty as they ought to have done having regard to that matter, they ought to have been represented in an inquiry of such importance as that, without our having to ask them to go there at all; they ought not to require the initiative of an individual.

11,519. Might you not be in the same position if you had a Minister of Commerce instead of the President of the Board of Trade?—It might be so, unless it was distinctly understood and laid down by Parliament that this gentleman was to go there to represent the interests of commerce generally; but nobody takes up commerce now.

11,520. That could be done, could it not, by Parliament. If any such action would avail in the case of a Minister of Commerce, Parliament might express the same opinion with regard to the President of the Board of Trade?—Quite so.

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11,521. Then the reorganisation of the Board of Trade might cover the ground suggested by you with regard to the Minister of Commerce?—I should think it very likely.

11,522. (Mr. Jackson.) When you spoke about the increase of shipping, has not there been a great deal of improvement in ships during recent years?—Yes, great improvement.

11,523. Are the ships that have been built during the last three or four years on those improved principles capable of competing more effectually than the old ships?—Distinctly so.

11,524. And are they able to earn a profit at less rates?—Distinctly; they carry a great deal more goods, and at no greater expense, and in many cases at a great deal less expense.

11,525. Do not you think that that has had something to do with the laying up of a number of old ships?—Yes.

11,526. And that therefore the increase in shipbuilding in recent years has been to a certain extent justified by the fact that they were ships which, at the time they were being built, could work at a profit?—I should be very sorry to go so far as that; it was the new demand in reference to the competition in the business of shipowning that required all these new ships to be built.

11,527. But was it not rather a necessity of trade that they should be built, because the old ships could not continue to compete with a fair profit?—I cannot answer that question as to what proportion of the old ships were laid up as against the new ships; it is a very small one, I think.

11,528. For the sake of illustration, is it not rather like a man employing in his business a new machine which does his work cheaper than an old one?—The question is a very fair one, but I do not think it is warranted entirely by the fact. I think your assumption is greater than the fact justifies.

11,529. You think that the improvements do not go to the extent which my question would seem to imply?—No, the improvements are very large, but already the old ships have in some cases died out, and in other cases the modern ships that have been built have a great deal more than replaced the old ships that have been laid up.

11,530. That is to say in quantity?—Yes.

11,531. Are improvements in shipbuilding still going on?—Yes.

11,532. Are the recently built ships able to work at less rates than those built even a few years ago?—Yes.

11,533. I rather gathered from some answers of yours to Mr. Palmer, that you thought that the Board of Trade interference, works to some extent to the disadvantage of the British shipowner as against the foreigner, in their competition?—I did say so; I think it is a point for consideration. I should be very sorry to bring a charge against the Board of Trade, or even a complaint, but I think there are details which ought to be considered with regard to that matter.

11,534. You do not want to put it as a material and constant charge against the Board of Trade, but rather as against the system which has been adopted by Parliament?—Exactly so; that is very much how my answer was intended to be construed.

11,535. If I gather your views correctly, they are, that we have had rather too much legislation than too little?—Exactly; we have a great deal too much of this interfering legislation.

11,536. And you think that that legislation is tending rather to destroy our power of competing than to increase it?—Precisely. I think there has been a tendency to remove the responsibility from the shoulders of the person who ought to bear it, that is to say, the shipowner himself. I think there has been an undue fear of punishing men who do not do their duty, and I think that the law ought to be strong enough, or the Department ought to be strong enough, to enable you to punish a man under the common law of the

land; that that ought to have been done and ought still to be done.

11,537. You spoke about foreign ships and foreign seamen; do you happen to know whether there are any statistics available which would show the percentage of the losses of ships, Foreign and British?—I think such statistics are available; I have not got them present to my mind, but I think there is no doubt that they could be obtained.

11,538. Do you know whether the percentage of losses of foreign ships is greater than of British ships?—I do not know that.

11,539. You said something about the question of insurance abroad being cheaper than in this country, but you rather seemed to doubt whether it was as safe; do you know, as a matter of fact, any cases in which insurances effected abroad have not been recoverable?—No, I rather gave expression to a feeling which existed in my own mind, and I believe it has existed in the mind of others, that foreign insurance companies are not quite so desirable as British companies.

11,540. You mean from the British point of view?—Yes, if you like to put it so. We are not accustomed in the city to look upon things from a national point of view; you must not altogether regard it merely as a British matter.

11,541. I suppose you are accustomed to look upon the point rather as a matter of pounds shillings and pence?—Yes.

11,542. Do I gather that from your point of view, as a question of pounds shillings and pence, you could effect an insurance cheaper abroad than you could at home?—Yes; but it must be understood that when you are effecting an insurance you are going to do so so as to recover your loss if there is one, without any very serious difficulty, or too many questions; and there is just that doubt. It is sometimes suggested that it is not wise to insure abroad, and that you can recover with far less trouble through London offices or British offices that you can through a foreign office. It may be a little prejudice.

11,543. I quite agree that it is desirable to encourage British offices as far as possible. You spoke in your answer to Mr. Houldsworth about the proposal for a Ministry of Commerce with reference to the Board of Trade; and you instanced a case of what you call the unfair competition which has been going on between railway companies and shipowners, and that that ought to be known to the Board of Trade. There is no difficulty in making it known to the Board of Trade at present, is there?—I am not aware to what part of the Board of Trade we should go. Of course if we did go, they consider if it was their duty to take cognizance of the fact. Of course, if they took cognizance of the fact, they would take the trouble to go into the question and to analyse the system which otherwise is complained of.

11,544. Let us carry it a step further. Assuming the President of the Board of Trade to be exceedingly desirous to hear all the facts and to take all the trouble which you suggest as possible he might have to take; having got that fact, what would you have him do?—I think that the Railway and Canal Traffic Bill would not have altogether taken the precise shape that it has at the present moment. I think that a somewhat similar Bill would have been propounded many years ago. I think that no Bill would have been authorised by the Legislature unless there were protective clauses in that Bill to present such a disastrous state of things as in my opinion exists at the present moment.

11,545. Let us see how you are to be protected against the disastrous state of things which now exists; would you have them raise the rates which the Great Eastern Railway Company are charging?—Emphatically, no.

11,546. How would you remedy it?—I would have them say that if a merchant has to pay 10s. a ton for his goods at Harwich, the Great Eastern Railway Company should not be allowed to make up the

through rate to Hamburg, *via* Harwich, at less than 10s. per ton.

11,547. Then you would have them to raise the rates of the Great Eastern Railway?—No, I would have them lower. If it pays them to carry their goods at 10s. a ton, *via* Harwich to Harwich, surely it must also pay them to carry the goods at 10s. a ton to Harwich straight.

11,548. What benefit would it be to them?—If these gentlemen can afford to carry their goods for 10s. a ton to Harwich and still charge the same to Hamburg, it is quite certain that they ought to raise their through rate or else be wiped out of existence; but I take it if they are carrying at a loss their Hamburg traffic, they are recouping themselves that loss out of the higher rate locally to Harwich. Then I say that it is wrong, and that they ought to bring their through rates in proportion up to their local rates; they ought not to be allowed to subsidise, out of their local rates, their foreign through rates proportion.

11,549. Do I understand you that, supposing their rate to Harwich were lowered, you would be able to make use of that lowered rate, to compete with them from Harwich?—I suggest the principle that the rate locally to Harwich should be no higher in proportion than the through rate *via* Harwich to Hamburg. Arguing upon that principle I say that if a railway company can afford to carry that at 10s. a ton, they can afford to carry their local traffic at 10s.; and if they do that, I am quite prepared to fight them upon those terms, which are their merits.

11,550. You would be prepared to recommend that the same thing should apply to goods from Leeds or Liverpool, that they should be made to correspond with the through rate to New York?—I do not follow you.

11,551. If the rate which is at present charged from London to Hamburg is to be the full proportion of the charge from London to Harwich, and the through rate from London to Hamburg is to bear in exact proportion to the rule throughout, would not it be precisely the same that the rate, say from Leeds to Liverpool, should bear a similar proportion of the rate throughout to New York?—I am well aware that that suggestion is about to be offered, and I think it is wrong. I think that railway companies have no business with New York at all, and that it is an operation for the purpose of obliterating the powers of the public to discriminate as to what their rates are. I think that they have no right to one rate for one thing, no matter where it is going, and another rate for another thing, to the same place. If it is going to Liverpool it ought to be the same rate to Liverpool, whether it is going to New York or anywhere else, or going to stop there. That is exactly how it is done. I say that the public are never able to check what these rates are. These gentlemen have no right to have different rates according to where goods are going. How can that possibly affect them?

11,552. Then, in fact, you would give to the Board of Trade power to decide in every case what rates the railway company should charge from a given point to a given point?—No, emphatically no. I would give the Board of Trade, or the Minister of Commerce, or whoever was the governing authority, the power to say that if they carry to Harwich for one man, whether it is a through rate or not, at 10s. they shall carry for every person at 10s. a ton from the same point.

11,553. Would not that have the effect of stopping railway companies from ever lowering the rates to individuals?—I should hope so. I think it is very wrong to give a preferential rate to any individual.

11,554. Then the result of such interference would be, if they not to raise the rates to maintain the rates, which otherwise might be lowered?—No; I think that the railway companies have obtained monopolies and privileges, and therefore I think that the Legislature is bound also to provide an authority which shall see and carry out, that those rates shall

be no more than are necessary to enable the railway company to live, and to get a proper return upon its capital.

11,555. What would you consider to be a proper return upon the capital?—I am sure you will forgive me answering that question.

11,556. I want merely to show how impracticable would be the suggestion that you are making?—I hope that you have not succeeded. You have not from my point of view, at all events.

11,557. (Mr. Drummond.) You have referred on one or two occasions to the Tower bridge as an illustration of your argument. I gathered from your remark that you consider that the President of the Board of Trade, or some one else in that Department, should have taken the initiative, instead of your company. Did I understand you to say that your company took a very large amount of trouble in the interests of the public in that case?—Precisely so.

11,558. May I ask you whether your company are not directly interested in this bridge to this extent, that you have offices or wharves pretty close to the proposed new bridge, and the interests of your company were effected personally?—I presume you are dealing now with the bridge which has already been authorised. I dealt with the bridge which was not authorised.

11,559. And the two things are not parallel?—They are not; on the contrary, the present bridge was a matter as to which, as soon as we could assist the authorities, we did the best that we could in the matter. I was referring to the inquiry in 1879, and not to the present inquiry.

11,560. (Sir J. P. Corry.) Did I understand you to say that the tonnage which you carry between London and the continent is less than it was say 15 years ago?—It is a slightly diminishing quantity, but not seriously diminishing. It is not going on increasing as it ought to do with the increased business and increased population, but it is rather the reverse.

11,561. It is not increasing as it was, say ten years ago?—No, certainly not.

11,562. Does that arise from the increase of foreign ships, or is it the natural depression of trade that causes it?—I do not think it is the depression of trade; I think it is the increase in the number of vessels that go direct into the continental ports.

11,563. The opening of the Suez Canal, of course to a certain extent interfered with your Mediterranean trade?—Yes, it did interfere largely. We had no Mediterranean trade before it was opened, or at the time it was opened, and we have commenced our Mediterranean trade since then.

11,564. Do you find that those foreign ships have been increasing in number, in greater proportion in the last two or three years than they did formerly?—Yes, certainly, in a greater proportion than formerly.

11,565. And your complaint is that those foreign ships are not restricted by the Board of Trade, as you are, in the carrying of goods or passengers?—Yes. I may observe on this point that in my own particular company we feel the restrictions upon passengers more than upon goods.

11,566. Are you aware that the United States Government, in the passenger trade, interfere with British ships carrying passengers to New York and United States ports?—I am not aware of that, beyond what I have read in the papers in connexion with the Atlantic trade.

11,567. Do you think that if the United States Government interferes with the passenger traffic in British ships carrying passengers to their ports, it would not be a legitimate thing for the English Government to interfere with foreign ships bringing passengers to this country?—I suggest that these are all arguable points. I take our point of view that probably it might be a good thing nationally, but others take a different view.

11,568. If it is done by the United States that is a precedent for this country acting in the same way

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against foreign ships?—You may say that that is a precedent for doing it, but of course two wrongs will not make a right.

11,569. You attribute the increase of shipping largely to the single ship companies, as I understand you?—Yes.

11,570. Do you think that is rather an extension of the limited liability principle which was not contemplated?—I do not think that it was ever contemplated.

11,571. Could you suggest any improvement in the limited liability principle, so that even if the one ship companies were continued, there would be a somewhat greater restraint upon them than there is just now?—I have not given my mind to that at all. I should be glad if something could be done, but I have not given my mind to it.

11,572. Do those single ship companies come into competition with you at all in your trade?—Not much. The continental trade is a peculiar trade. It has to be done in fast, small, and consequently very expensive ships; and that does not seem to suit the single ship companies. The continental trade is a very peculiar trade; and the vessels have to be enormously expensive; they are the most expensive class of vessels running, taking them relatively per ton.

11,573. With regard to bounties, you say that you have not felt any effect from the French bounties; but I think you say that in Germany they may interfere with you?—I think it is possible that in Germany they may become serious.

11,574. You are not aware that the Italian Government has also introduced a system of bounties?—Yes, but the idea is hardly sufficiently developed yet, for Italy has not got the trade that they have in Germany. In Germany they have got a foundation to start upon; the manufacturing industry of Germany is an enormous industry at the present moment. Most of the vessels are actually engaged in the trade that they get either through Germany, or Holland, or Belgium, or France, and consequently the Germans had a very great point to start from, besides which they are able to get their heavy cargo direct from the ports, having water communication into the interior.

11,575. I understand from you that, as far as your company is concerned, you have not increased your tonnage since 1884?—No, but we did our best before that.

11,576. And that was what brought about an enormous increase of tonnage?—Before 1884 it was so. We were desirous to replace the old vessels that were wearing as rapidly as we could. In our own case we have laid up a few of the old vessels, but I think they are exceptionally few.

11,577. Your tonnage-carrying capacity has increased very largely owing to the later ships that have been built?—Yes.

11,578. With regard to those "Freight Rings," I think you told us that, on the whole you did not disapprove of them?—No, I do not.

11,579. What is the difference between a "Freight Ring" and a "Railway Conference"?—I have no objection to either. I think they are both very reasonable and very proper things for the trade of the country. The traders of the country do not want rates that are going perpetually up and down. The merchant likes to have certain rates upon which he can always rely. It does not suit a merchant to have his competitor carrying at 15s. a ton, while he himself may by accident have to pay 17s. 6d. So long as these gentlemen are assured that everybody will get equally and fairly treated, that answers every possible purpose. The conference that exists with railway companies works admirably; it simply prevents competition amongst themselves, which is a most desirable thing within limits.

11,580. Was not there a complaint against the railway rates, that they carry in competition a large part of the traffic of the sea, and that they carry it at a less rate than it is possible to be done at if it had not been for the less proportion of tonnage that went

by sea?—Yes, that is one of my complaints. I have not desired to weary this Commission by going into them all, but I have other complaints also. That is just what happens. If it suits them they arbitrarily take a less freight rate to bring their goods to London instead of sending them to Hull, although Hull is the natural port; there is no check upon their rates; they do just whatever they like.

11,581. Then the fact remains that where a railway company are the owners of a fleet of steamers running in connexion with the foreign trade, they do carry at lower rates than you can possibly do?—No, they do not do that; they do not carry at lower rates than we can possibly do.

11,582. Then you do carry in competition with them?—Certainly, but they carry at such ridiculously low rates as to leave both parties a loss; and we have nothing to make up our loss because we have no monopoly; we have to get our living out of these goods that we carry in competition with those gentlemen. They have a large passenger traffic, and they have a large local traffic, and they are using these means of profit to enable them to fight us in this way; and we suggest that if they did not have those losses they would be able to lower their rates for their inland traffic; and therefore it would be greatly to the advantage of the country at large if they were not allowed to make losses which they have to make up from the results of their local trade.

11,583. (Mr. Houldsworth.) Do you say that they carry lower than you do?—No, they do not carry lower than we do; but they are carrying at rates which I rightly or wrongly say are losses to them.

11,584. (Sir J. P. Corry.) I presume that your trade has suffered, like other trades, from competition and from the general depression of trade?—That is so; we have suffered very greatly indeed. Our earnings have fallen off a very heavy percentage.

11,585. (Sir J. Allport.) I understood you to say that the low rate which you gave between London and Hamburg, 8s. 6d., was for sugar from Hamburg?—Yes.

11,586. Is it not more frequently the case that ships take a low freight for carrying certain classes of heavy goods to fill up their holds?—Yes.

11,587. Is it not the fact that spelter is sometimes brought from Hamburg at 6d. or 1s. a ton?—I have never heard of its being so low as that. I should think it quite unlikely.

11,588. Does not that account for the very low rate from Hamburg?—Certainly not.

11,589. Do you not know the fact that many steamers take iron rails and steel rails from here to New York as low as 25s. per ton?—Yes, I have no doubt that that is so.

11,590. Do not you think it is for the sake of getting a heavier rate for the return cargo?—Certainly.

11,591. I understand you to say that the railway rate from Manchester to Boulogne was 45s., and from London to Boulogne 45s.?—Yes.

11,592. Is it not the fact that they are shipping goods there, heavy drapery, at 30s. a ton?—If it is so, of course I have made a mistake. The rates have been extracted for me to-day, and if you tell me that that is so for heavy drapery, I accept it.

11,593. I am reading from the return which you yourself quoted. When you speak of the rate of 45s. a ton, is not that the rate from the French port to Manchester, and does it not include the cartage from the ship to the station in London, and from the station to the consignee in Manchester?—I should think not; but if you say it is so I will accept it. I have not got the list before me.

11,594. This return which I hold in my hand purports to be the Continental Through Rate Conference, and it gives the through goods rates from French ports, namely: Boulogne, Calais, Dieppe, Havre, Honfleur, Cherbourg, Granville, and St. Malo, then it gives the rate as 30s., which practically amounts to what I put to you before, that the rate to

London is 25s. for shipping goods. Then there come the exceptions (printed in very thick type to attract attention) from French ports; and the rate to the British manufacturer is 30s. from Manchester to Boulogne and so on, whereas from those ports to Manchester it is 45s., which includes as I said before cartage in London and cartage at Manchester?—If that be so as you are putting it, I have no doubt that you are right.

11,595. And the same thing applies to exports from Bradford, Nottingham Leicester; this low rate of 30s., a ton of which you complain is for manufactured goods from all those towns going to the continent?—Yes. Then there is yarn, which I apprehend would be considerable from Boulogne to Nottingham.

11,596. What rate have you got there?—I have got here yarn from Nottingham to London, 128 miles, 25s., equal to 3½d., and yarn from Boulogne to Nottingham, 219 miles, 43s. 4d., equal to 2½d.

11,597. This does give the local rates from London to Nottingham?—No, it does not. I think you will find that what I have been stating to you lately are the local rates. It has been wrongly put to me here. I accept your correction, that from Boulogne the rate is 45s. a ton for heavy drapery.

11,598. The rate for shipping goods from Nottingham to all those French ports is 27s. 6d., and the rate from those French ports to Nottingham is, as you say, for the same articles, 43s. 4d., but that again includes cartage in London and in Nottingham; do you think that that injures the trade of this country?—I should think that it could not be for the benefit of the trade of this country if you could take yarn from Boulogne to Nottingham at less money than you could take it from London to Nottingham.

11,599. I am not asking you about the rate from London to Nottingham, but what I want particularly to call your attention to is, that whereas shipping goods could be taken from Nottingham to any of those places on the continent, say, for 27s. 6d., from these places to Nottingham, it is 23s. 4d.; and again, I ask you is that for the benefit or injury of the British manufacturer?—Putting it in that way, if you are dealing with manufactured goods, I should think it would be for the particular benefit of the British manufacturer.

11,600. You have stated, as a general proposition, that the railway companies should charge precisely the same rate to all shipping ports without reference to the destination of the goods, the same as they do for local traffic consumed by local people in Liverpool, or Bristol, or London, or any other shipping port?—Yes.

11,601. Have you considered what effect that would have upon the 200,000,000l. of foreign exports; have you considered that if the railway companies were to charge a uniform mileage rate upon the whole of the foreign trade, which they charge upon the local trade, what effect that would have upon the trade of this country?—No. If I have left upon your mind the impression that I have suggested uniform mileage rates, I have been very stupid, because I did not intend to do so.

11,602. I am not speaking of uniform mileage rates, but you do advocate a uniform rate, say from Birmingham to Liverpool. If a manufacturer in Birmingham is sending 100 tons of goods to America, you say that upon that 100 tons the railway company should be compelled to charge the same rate from Birmingham to Liverpool as he would be charged upon one, two, or three tons sent to an ironmonger in Liverpool for local consumption; that is your suggestion, I presume?—No; again you are putting a suggestion which I have not made. I have never drawn a comparison between 100 tons to America, and one or two tons to an ironmonger in Liverpool.

11,603. Take both as 100 tons?—If you say both 100 tons, I say distinctly that, in my opinion, the railway company should be compelled to take those respective 100 tons to the port of Liverpool, utterly regardless of their ultimate destination.

11,604. Again, I ask you, have you considered what effect that would have upon the foreign trade of this country?—I should think it would have a very admirable effect upon the whole trade of the country.

11,605. I should hardly have anticipated that it would have a beneficial result upon the national commerce?—That is exactly the answer which we always receive, that it is a suggestion against competition, and I protest strongly against such a suggestion.

11,606. (Mr. Aird.) With reference to these preferential rates which are given by railway companies to foreign produce, do they not give those same rates to foreign produce that comes into this country, and equally do they give them advantages for the produce going out?—I have every reason to think that they do.

11,607. And therefore that would tend to increase foreign produce being brought into England, and therefore would it not be detrimental to many of our industries?—Yes, if you take fruit, potatoes, and things of that sort that come in from abroad, they pay a very much less rate than local grown produce going to the same destination.

11,608. Is not that very prejudicial to the fruit industry of England?—I should say very much so.

11,609. Do you know of any circumstances in connexion with railway questions which bear out the suggestion which was made, that the railway companies carry goods which are brought to England in foreign vessels at a less rate than goods which are brought in English vessels?—I am unable to support that suggestion except in the one case of the Hamburg competition, with which I have to deal, and in which the goods are brought to the port of Harwich. The foreign vessels under the foreign flag certainly, do get most advantageous rates extended to them, and I should say, speaking for the competition, which I mainly feel, that the railway companies have in every case had out of their capital to create their ports, and that therefore they only get such traffic to their ports, as they can do by some unnatural inducement, which inducement is the rates; and therefore they do get ships to their port. Taking the Great Eastern for example, they have been unable to get any appreciable number of British ships to Parkeston quay except their own, and they have got ships sailing under a foreign flag there, and they do give to that ship in order to make a competitive through rate these excessively low proportions over the land mileage. Then again, owning the port, they are of course able to give very great facilities and allowances with regard to port charges, placing their port at a very great advantage as compared with a port like London, or Hull, or Liverpool, where those ports are maintained by public authority, and everybody, whether foreign or British, has to pay alike.

11,610. If foreign produce is brought over and receives its own advantages in this country, aided also by bounties being given to shipping, and the facilities of railway carriage on the other side, all that tends to encourage the introduction of foreign produce into this country?—Very much so.

11,611. And that in competition with our own?—Very much so.

11,612. With regard to those rings, to which reference has been made, do not they exist only for the purpose of controlling and keeping up freights for goods sent from this country, outward bound?—I think you may take it both ways. The Australian trade ring is limited solely, I think I may say, to exports, but there are other conferences, as they generally prefer to call them, with regard to inward traffic, as well as outward.

11,613. (Chairman.) The China trade for example?—Yes.

11,614. (Mr. Aird.) Do you think that there is any material difference in the rate of freights for exports and imports?—It is a totally different description of traffic.

11,615. And it would be no practical use to take that as a comparison?—No, I think not.

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11,616. With regard to the question of holidays to which reference has been made, you gave Mr. O'Connor a total I think of some 12 days which were devoted to holidays?—There or thereabouts.

11,617. You did not, I think, include in that number the holiday which will be taken on Saturday afternoon, and which practically renders the Saturday inoperative for any useful purpose of business in this country?—It is so certainly.

11,618. In a ship-building yard and works like your own, and other similar enterprises, does not that add very seriously to the cost of production by the machinery lying idle practically on Saturday?—It is so; and if I may give you an illustration, last half year when business was very depressed, and I was very anxious indeed to lessen expenditure so far as we possibly could, I found it worth while suggesting to our superintendent engineer to close our factory from Friday night till Monday morning. It was not worth our while to light our fires, and bring our men in for half a day on Saturday, and consequently the working men lost their wages, and we lost the interest upon the capital and so on.

11,619. Upon the question which has been raised by the noble Chairman with reference to the matter which you have referred to, of a Minister of Commerce and a permanent board to deal with these questions, may I ask you if you are aware that in Germany, about 1880, when depression was said to exist there very seriously, Prince Bismarck constituted a Council of National Economy, to inquire into the state of trade in the different parts of Germany, urging this council also to advise the Government where any matters affecting trade had to be dealt with?—I was not aware of that, but it is just what I should expect.

11,620. Do you not believe that that would be the description of council which would be of material advantage in dealing with the various industries of England?—It would be a very useful council, something that would enable the chief to bring the thing before the authorities in an understandable and honest shape, without prejudice or personal feeling.

11,621. Are you aware that Prince Bismarck, at the time when this council was decided upon, made a speech in which he alluded to the regrettable retrogression in trade and commerce, and the want of really competent advice in matters of trade in times of emergency, and the absolute necessity of some practical organisation to advise and work with the Government on questions of trade and commerce, and agriculture?—I have no doubt that he said it, and that is just the thing that we want here.

11,622. (Mr. Muntz.) You have stated that the Great Eastern Company carry sugar from Hamburg to London at 8s. 6d. a ton, which you say is undoubtedly a loss?—I believe so. Of course I have no idea what is the proportion of the through rates. We cannot learn that by any possibility, but I should say that it must leave them a loss.

11,623. What object have they in carrying at a loss?—That is what we can none of us understand, and we should very much like to have it explained. Of course if the result is that competition is driven away, or if it is shown that the Legislature is going to give to the Great Eastern for example—I do not wish to keep hammering upon them, only that I really know more about them, and that is the reason why I mention that particular company,—if I say the Legislature is going to give to the Great Eastern the control of the traffic, with the result, for instance, of our ships (and we do the largest trade of that class of anybody) being diverted from the port of London to the port of Harwich, I apprehend that would be a particularly awkward end.

11,624. The port of Harwich, I imagine, was very much created by the Great Eastern, was it not?—The old port of Harwich was not, but the Parkestown port was built by them at a very heavy expenditure.

11,625. That undoubtedly does account for the great facilities of this traffic to the continent?—No more than any other port.

11,626. Is not the trade conducted through Harwich more rapidly to the continent?—Not a bit of it, not to Hamburg; their speed of transit is not so great as through London by our own vessels.

11,627. Surely it is more rapid, taking it for the country generally, to send goods to Harwich, and then to Antwerp *via* Harwich, then *via* London?—You are speaking from the north probably; you mean from the manufacturing districts in the north.

11,628. Say from the central districts; from Liverpool and Manchester?—I do not see why it should be any quicker. I am not aware of it.

11,629. Is that done?—No, not from Harwich, certainly not; but there is this distinction, that they have a daily service to Antwerp, and there is no daily service *via* London.

11,630. Do not you think that the Great Eastern Company confer a benefit upon the trading community by the construction of the port of Harwich, whence goods can be shipped as well as through London by the General Steam Navigation Company?—I think not; we are not the monopolists of London.

11,631. I want to know whether you think that the Great Eastern Company have conferred a benefit upon the trading community by the construction of the existing port of Harwich?—I should say certainly not, because if that were so you would have a very much larger trade brought to the port of Harwich. The facts can but speak for themselves. If they have secured the traffic through the port of Harwich the question answers itself, but as a matter of fact they have not done so, and there again I think the question answers itself. Speaking as shipowners, we do not care anything about the port of London. I have had occasion to give evidence before committees, and I have said we have no interest in the port of London, except that of capital, and if the trade could better be done at the port of Harwich, we should have no hesitation in going to the port of Harwich.

11,632. I understand your point to be that the trade could be more economically conducted through Harwich than through London or Liverpool, where the charges are heavier?—I am sorry if I was so understood. I never intended to say so. On the contrary it stands to reason if goods are shipped in the port of London, and taken to Antwerp direct, they ought to be taken much cheaper, than if they were put into the train in London and put into the boat again at Harwich.

11,633. Surely there must be an advantage to the trading community to have two ports, rather than one for the shipping of their goods; it creates competition does it not?—Yes, but you are aware that there are docks at Hull, and Harwich cannot compete against Hull for the manufacturing districts.

11,634. Does it not?—It does distinctly, but only by taking those unduly low rates.

11,635. But the trading community in the meantime are benefiting by it?—I do not see how. On the contrary I say they are very much injured, because in order to support their loss, whether rightly or wrongly, I assert, and I am open to correction, and in order to maintain this competition they have to impose those unduly high rates locally to enable them to bear that loss.

11,636. That is a mere assertion of yours?—Yes, and I have no means of confirming it.

11,637. Is it not very difficult to divert passenger, or goods traffic, from one route to another?—Very.

11,638. Would it not be necessary, that the Great Eastern Company, having constructed a port, and wishing to divert traffic from the port of London and other ports to their new port of Harwich, should make a sacrifice to divert that traffic?—Yes, no doubt, and a very large one.

11,639. Would it not be quite legitimate for them to make a sacrifice of that description?—That is a matter of opinion, but if I might answer that question a little further it certainly might be a very serious thing if in completing the operation of diverting the

traffic to Harwich they ruin the shipowning community altogether.

11,640. Surely there is no probability of them getting rid of the shipowning community altogether?—I do not say that there is.

11,641. Might not the sacrifice be merely made for the purpose of diverting a sufficient amount of traffic to their port of Harwich, to render that port profitable?—That is a question of course of figures, and possibly a useful question of argument, but what the officials of public companies have to deal with is to get the largest tonnage, and to do the largest business that they possibly can to satisfy their companies.

11,642. Is it not possible that the Great Eastern Railway Company have made this sacrifice for the purpose of establishing a traffic at the port of Harwich without charging additional rates to the other portion of the community?—I think there is no doubt about that.

11,643. And that the other portion of the community are not suffering by it at all?—Yes, but if the result of the tariff maintained for the diversion of the traffic is to induce them to maintain rates, which they ought not to maintain, and they are, charging unduly high rates, if they can afford to carry certain traffic to one part of the country at a lower rate, and if they have obtained monopolies and privileges from the Legislature, they are bound to respect them, because they carry with them certain duties, and they ought to perform those duties, and to maintain their business in an ordinary regular way.

11,644. But you have not shown that they are charging unduly high rates; you have merely shown that the Great Eastern are carrying certain traffic at a presumed loss?—If traffic can be carried *via* Harwich at a certain figure, supposing that any other traffic is carried at a higher figure to that place than that, I assume from that argument that every ounce of that traffic is carried at an unduly high rate.

11,645. Is that a fair assumption. Is it not quite open for the Great Eastern to carry traffic at a loss to Harwich for the purpose of establishing a port at

The witness withdrew.

Mr. GEORGE BAKER FORSTER examined.

11,652. (Chairman.) Do you appear on behalf of the Northumberland Coal Trade Association?—I do.

11,653. Can you tell us what the extent of that association is?—Practically it embraces the whole of the county of Northumberland with few exceptions, but only Northumberland, it does not extend into Durham.

11,654. How long have you been connected with that association?—Since its formation.

11,655. What class of coal are you principally connected with?—Principally steam coal; there is a certain per-centage of coking and manufacturing coal; but it is principally steam coal.

11,656. About what quantity is raised in the year?—Between 7,000,000 and 8,000,000 tons in Northumberland alone.

11,657. Is the greater part of that produce used in this country or is it exported?—The bulk of it is exported.

11,658. Where does it go to?—To the Baltic, Germany, France, Spain, Italy, India, Egypt, South America, and all over the world in fact.

11,659. What is the present condition of the trade?—We consider it in a very depressed condition.

11,660. Will you explain what you mean by "depressed," do you mean depressed in point of the quantity produced or the prices obtained and the profits earned?—Both in point of demand for our produce and in point of the price which we get for it.

11,661. Is the amount of capital invested reduced?—No; it is not much reduced, hardly any I should say.

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Harwich, but if they do not make any additional charge upon the other portion of the community?—If they are making a loss, they must be making an undue profit out of their other traffic to meet that loss, and I say that you cannot support that argument for a moment from my point of view.

11,646. If I understand your argument it is this: that because they are carrying at a loss to the port of Harwich for a specific purpose, therefore they are bound to carry at a loss over all the other portions of their line?—I put them in that dilemma.

11,647. Is that a fair position to put them in?—I think it is the only reasonable position that, as a man of business, I can put them in.

11,648. (Mr. Houldsworth.) You said in a previous part of your examination that the railway companies do not carry this foreign traffic at a less rate than shipowners could carry it at; I asked you the question distinctly, and I think you said that they do not take it at a less rate than it could be carried in a ship; did I understand you rightly?—No; I said we would carry it at that rate because we would not retire from the competition.

11,649. Would you answer this question? With regard to the rates as they exist from Harwich to Birmingham, or any place you like where these preferential rates take effect, can the railway companies take goods at a less rate than they can go by sea?—No.

11,650. How is that consistent with your answer to another question with regard to this diverting of traffic to those railway ports from other ports when you spoke of diverting the traffic from the port of London to Harwich?—I ought rather to have used the words "seeking to divert."

11,651. You think that it is not exactly similar?—Temporarily and occasionally it is exactly similar, because if they do get the greater part of the traffic, they get it because those rates are reduced so low. Of course we should endeavour to recover the traffic back again, and with success frequently, by charging precisely the same rates; but they underquote us wherever it is possible from time to time with a view to divert the traffic.

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11,662. Has it been lately increased?—It has been increased within the last five or ten years.

11,663. Has the quantity of labour employed been increasing or decreasing?—It has been increased lately.

11,664. Could you say what were the comparative increases and decreases for the last five years as compared with the periods 1865 to 1870, 1870 to 1874, and 1875 to 1880?—In the last five years the volume was considerably greater than in any of the other four periods.

11,665. Have you any figures to show that?—Yes. Unfortunately we cannot give you the exact figures for the earlier stages, because the statistics of Durham and Northumberland were not then separated. In the third period from 1875 to 1879 the out-put was nearly 6,000,000, and in the fourth period 1880 to 1884 inclusive, it was 7,205,000 tons, and in 1884 itself it was 7,500,000 tons.

11,666. Have you any account of the value?—In 1871 the value was 1,500,000L; in 1875 it was 2,357,000L; in 1876 it was 2,164,000L; in 1877 it was 1,600,000; in 1878 it was 1,300,000L; in 1879 it was 1,200,000L; in 1880 it was 1,700,000L; in 1881 it was 1,700,000L; in 1882 it was 1,760,000L; in 1883 it was 1,900,000L, and in 1884 it was 1,900,000L.

11,667. That shows some improvement towards the end in the last year or two?—Yes, it shows a little improvement in the gross amount, but the tonnage has increased.

11,668. The tonnage has increased in a larger proportion, has it?—Yes.

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Mr. G. B. Forster. 11,669. Can you give us the price per ton?—In 1871 the selling price of all coals raised was 5s. 4d. I have not the prices for 1873.

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11,670. (Mr. Jamieson.) Where are those prices obtained?—At the pit head. In 1871 it was 8s. 5d. 85; 1875, 7s. 8d. 76; 1876, 6s. 7d. 04; 1877, 6s. 1d. 45; 1878, 5s. 0d. 2; 1879, 4s. 6d. 5; 1880, 4s. 11d. 25; 1881, 4s. 10d. 14; 1882, 4s. 11d. 84; 1883, 5s. 1d. 92; 1884, 5s. 1d. 70; 1885, 4s. 11d. 97; 1886, 4s. 7d. 21.

11,671. (Chairman.) With regard to the number of persons employed, how have they varied?—There again I cannot give you the number employed in Northumberland separately from Durham for the earlier periods; but from 1875 to 1879 the average was 23,395; from the beginning of 1880 to 1884 it was 23,674, and in 1884 25,423. I have not the statistics for 1885.

11,672. (Mr. Jamieson.) Have you got out the calculation per ton per man for the same time?—Yes. In the first period it was 253 tons per man, in the second period 304 tons, and during last year it was 295 tons; that is per man for the whole year. Of course the number of days varies very much.

11,673. (Chairman.) Has the rate of wages altered during that period?—Yes, the rate of wages has altered. In 1876 the standard rate for a pit hewer was 6s. 1d. per day; 1877, 5s. 3d. 88; 1878, 4s. 9d. 5 to 5s. 2d.; 1879, 4s. 8d. 06 to 5s. 2d.; 1880, 4s. 9d. 5 to 5s. 2d.; 1881, 4s. 8d. 06 to 5s. 0d. 56; 1882, 4s. 9d. 5 to 5s. 2d.; 1883, 5s. 0d. 37 to 5s. 5d. 1; 1884, 4s. 10d. 94 to 5s. 3d. 5; 1885, 4s. 10d. 22 to 5s. 2d. 77; 1886, 4s. 9d. 5 to 5s. 2d. The larger wage being due to men who work half an hour longer.

11,674. (Mr. Palmer.) Do not the owners find them houses rent free?—Yes, they do.

11,675. And also their coals free?—Yes.

11,676. And certain other perquisites?—Yes.

11,677. (Mr. Aird.) How many days in the week do they work now?—It varies with the state of the trade. In 1885 they worked 8·66 days in a fortnight, 4½ days in a week, on the average.

11,678. (Chairman.) In the return which you have given us you have begun rather after the great period of excitement in the coal trade, have you not?—Yes.

11,679. Have you any facts or figures to give us that would show what the effect of that great excitement was?—So far as I have gone. I have not any statistics to give the Commission.

11,680. Perhaps you could give it us in a general way?—I could give you the per-centage of advance paid by the owners in wages. Taking 1871 as the basis, they were advanced in the beginning of 1872, 10 per cent., in the middle of 1872 a further 22 per cent., and in the beginning of 1873 a further 18 per cent., making a total advance of 50 per cent. on wages paid in 1871. I find that I can give you the average wages of hewers at that time from another table. In 1871 they were 6s. 1d. a day; in 1872 they were 6s. 8½d., per day; then the next advance raised them to 8s. in July 1872, and in March 1873 they were raised to 9s. 1½d. That continued until 1874, when they were reduced 10 per cent., making them 8s. 6½d. In October of the same year they were reduced a further per-centage making them 7s. 8d., in March 1875 they were reduced 10 per cent. bringing them down to 7s., in February 1876 they were reduced 8 per cent., bringing them down to 6s. 6½d.; in October of the same year another 8 per cent., bringing them down to 6s. 1d.; in December 1877 they were reduced a further 12½ per cent., bringing them down to 5s. 3d. 88; in November 1878 they were reduced 8½ per cent., bringing them down to 4s. 9½d.; and since that time they have practically been regulated by a sliding scale.

11,681. (Mr. Drummond.) May we take it that in proportion as the wages have been reduced the number of days' work have been reduced?—No, the

per-centage of shifts lost by men being idle has decreased.

11,682. Could we have those figures put in?—Yes, certainly. See 11,688.

11,683. (Mr. Palmer.) How much do you calculate the house and coals and other perquisites to be per day, to be added to the wages which you have just given?—I should think between 10d. and 1s. The present standard wage for our 7½ hours pits is 5s. 2d., and it should be fully 6s. with the perquisites, because of course they get house coals and garden whether they are working or not.

11,684. So that 1s. has to be added on to the wages you have given all through?—About 10d. to 1s.

11,685. (Mr. Jamieson.) Has a workman anything to pay for keeping his tools in order?—He finds his picks and pays for sharpening them; I do not know the exact sum, that does not go through our hands, but it is not much. Where we work with candles he pays for his candles, but where we work with safety lamps we find both the lamps and the oil; and we find the drills that he uses.

11,686. (Mr. Palmer.) Is that rate the net rate; for instance, do you take anything off for the powder he uses in blasting?—No he finds the powder where he uses powder for blasting.

11,687. What would that amount to?—I have no actual data of powder used. I believe it is estimated to cost 2d. to 2½d. a day.

11,688. (Mr. Drummond.) Could you give us the days that they are at work?—In 1873 the pits worked 9·58 days a fortnight; in 1873 they did away with working on the alternate Saturdays; before 1873 we were accustomed to work 11 days a fortnight and to lie idle on the alternate Saturdays. In 1873 the men declined to work on the alternate Saturdays, and then the average fell in 1874 to 8·89; in 1875 to 8·67; in 1876 to 8·34; in 1877 to 7·35; in 1877 the average was affected by a strike and also in 1878 it was affected by a strike, but during those years they returned to working 11 days a fortnight; so that in 1879 the pits worked 8·79 days; in 1880, 8·96; in 1881, 9·30; in 1882, 9·64; in 1883, 9·84; in 1884, 9·33; and in 1885, 8·66. Those were the average days on which the pits worked. Of course the whole of the men did not work all the time. The following shows the average days the men worked:—1873, 8·58 days; 1874, 8·01; 1875, 7·7·90; 1876, 7·77; 1879, 8·33; 1880, 8·47; 1881, 8·73; 1882, 8·97; 1883, 9·11; 1884, 8·67; 1885, 8·12.

11,689. (Sir J. Allport.) Are the wages paid upon time or tons?—The wages I have given you are entirely based upon tons.

11,690. (Chairman.) What was the effect of the Mines Act of 1872; had it much effect on the work?—It affected our working considerably.

11,691. Would you describe the effect of it?—In our district, in the two counties of Northumberland and Durham, there are two shifts of men worked in the same places, and of course when the pits were reduced working from 12 hours, first to 11 and then to 10, it materially affected our powers of getting the coal out which was hewed by the men who were at work. The consequence was that the men's hours were shortened, and although they worked very hard they really had not time to do their work properly. Of course at the same time we had to increase the per-centage of off-hand and surface men, horses and engines, and the various appliances for getting the mineral to the surface so as to keep up our quantity, or as nearly as we could keep up our quantity, drawn during the 10 hours which we had formerly drawn in the 12 hours, and those various interferences in time considerably increased the cost of getting the coal.

11,692. Was the effect of it to diminish the output?—Not to any great extent; great exertions were made to keep the output up.

11,693. The output in some parts of the country was diminished, was it not?—Yes, I believe it was.

11,694. But not in your district?—No, not materially.

11,695. There was a great rise in price, was there not, at that time?—There was.

11,696. Did that lead to the opening of any new collieries in your neighbourhood?—Yes, it led to the opening not of very many in our neighbourhood, because the ground was pretty well taken up; but it did lead to the opening of new collieries and to increasing the power of the older collieries.

11,697. How long did that high time last; when should you say that the effect of the reduction of the production and the increase of price passed over; it did not last many years did it?—No; in 1874 a reaction set in, and continued to 1879.

11,698. How long do you think the period of excitement lasted?—About three years.

11,699. Are there any special causes that have affected your industry which have brought about the present depression, or to which you attribute the present depression?—Not any more than what I have already described; the increase of the power of production and the comparatively stationary state of the demand, and to some extent I am told that the German and Scotch coals compete with us now principally in the Baltic.

11,700. Do you see any prospect of improvement in your industry?—No, I think it is much worse this year than it has been for the last four or five years.

11,701. Are there any measures that you can suggest that would improve its condition whether by legislation or by voluntary action?—I cannot suggest any measure by legislation certainly.

11,702. Are there any burdens that fall upon you which you specially feel?—Local taxation has increased very much within the last 20 years.

11,703. Have you any data with regard to that?—No, I have no statistics.

11,704. Have you anything to say with regard to the charges of railway companies or the expense of conveyance?—No. I may say that we have appointed a committee to consider that question, but I am not in a position to make any observations at present.

11,705. Have you anything that you wish to say about the charges of royalties or ground rents?—No, I do not wish to say anything except that I do not think that that has been a cause of the depression in our county to any extent.

11,706. Have you anything to say with regard either to foreign competition or to the legislation of foreign countries as affecting your trade?—No, I am not aware that that affects our trade at all.

11,707. (The Earl of Dunraven.) To what cause do you attribute the good times that there were in 1872 and 1873; what was the cause of the great demand then?—I think that it began with the disturbances on the continent in the Franco-German war, which diminished their output abroad, and in 1872 there was a spurt on that account which was gradually dying away. Towards the end of 1872 the prices were falling and they would probably have gone back in the course of a year or two to their normal level; but in 1873 we had the Mines Regulation Act come in, and there was a general fear that coal was not to be had, and that the markets would not be supplied. That is the only reason that I can find.

11,708. You do not look forward to any great revival?—It is a difficult thing to look into the future. I have no reason to think that there will be a revival soon. We did hope in 1882 and 1883 that things were reviving, but we have since turned downwards again.

11,709. (Mr. Palmer.) You spoke about an association. What is the object of that association? Is it to raise the price of coals, to equalise the price of coals, or was it an association to defend yourselves against the action of others?—It is called the Steam Coal Trade Defence Association, and its object is simply limited to defending its members from any attacks or to help them in any of their relations with labour, or with rates, or with anything of that sort; but it does not interfere with prices in any way

whatever; it does not know of prices except in so far as they are necessary to regulate the sliding scale of wages now in force.

11,710. Have the working men an association of a similar character?—Yes, the Miners' Mutual Confidence Association.

11,711. Which was the original association?—The Miners', I believe.

11,712. Yours is a defence of your rights?—Yes, that is what we call ourselves, a Defence Association.

11,713. What has been the effect of the two associations upon wages generally; have they had the effect of avoiding strikes and regulating the price of wages?—Yes, very much so. We have a joint committee of six on each side. We meet at stated intervals and consider any questions of local complaints, but we do not interfere with the general rate of wages. The joint committee has nothing to do with that, it belongs to the county; the two associations meet together for discussing the general trade of wages, &c.

11,714. I think you mentioned that you had a sliding scale for wages; was that a sliding scale agreed upon by the two associations based upon the price of coals?—Yes.

11,715. And therefore the wages that you have given during the various years have been brought out in accordance with that sliding scale?—From the year 1879. Prior to that they were determined by meetings between the two associations, arbitrations, and strikes.

11,716. Is that sliding scale completely satisfactory to the owners of the mines as well as to the working men?—That is completely satisfactory in the way of keeping things quiet and preventing disturbances; but of course the price of coals is so low now that the cost will have to be further reduced in all respects.

11,717. Why does not your sliding scale effect the reductions that you speak of?—It does to a certain extent.

11,718. But they are not sufficient?—I do not think when it gets into this lower depth that it is sufficient.

11,719. Coal is now about at the very lowest price at which you have known it?—It is very nearly.

11,720. Do you happen to know any collieries that are making money; or are most of them losing money in the county of Northumberland?—Some of them which are favourably situated are making money, but I should say that the bulk of those who are working the thinner seams are not making money.

11,721. Does that arise from a more severe competition with Welsh coals, German coals, and Scotch coals, or does it arise from your working cost having increased from your having been obliged to work the thinner seam?—It is affected by both; no doubt the cost affected by working the thinner seams, and competition, and the want of demand, have affected the price, so that the price has gone down, whilst the cost has been going up.

11,722. Then this competition only enables you to work some eight days a fortnight, or four days a week; is that so?—Yes; 4·33 days per week.

11,723. Are the pit wages at such a rate as to enable your miners to subsist on four days' work a week; is that the result?—I have given you the wages. We pay 5s. 2d. a day.

11,724. With the addition of perquisites?—Yes, a house and firing.

11,725. Did you ever propose to your men to work more days a week and take less wages?—I told you that at one time they only worked 10 days a fortnight; that was the maximum. In 1877 or 1878 they agreed to return to working 11 days. We are quite willing to work the 11 days if we can get the trade for them.

11,726. Your trade, therefore, is falling off?—Yes.

11,727. You said that the Mines Act when it was introduced enhanced the price of coals by restricting the hours of working, and many other causes which you mentioned; could you say how much per ton it enhanced the cost of working?—No, I could not give

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the exact figure; nobody can, I think. It is generally taken at about 6*d.* or 9*d.* a ton for steam coals, but that is only a guess.

11,728. Those who have embarked their capital in the collieries in Northumberland have gradually been placed at a disadvantage both from legislation as well as from the severer competition from other localities. At the present time I understand you to say that there is little or no profit made upon most collieries working in Northumberland?—I should think not; but of course my association does not know anything about profits.

11,729. You know the trade sufficiently well to be able to express your own opinion?—I do not think many people are making profits.

11,730. Most people are making a loss, are they not?—I would not venture to say that; they may or they may not.

11,731. Have they received any relief from the owners of the royalties?—I believe they have, but my association does not know anything about royalties; that is not one of the points that are included in our defence.

11,732. You understand the trade sufficiently, apart from the association, to be able to say whether the royalties have been materially diminished in consequence of the different incidents that you have stated?—I believe there has been some reduction without any corresponding advance in very good times.

11,733. Is it not the fact that royalties are very onerous upon colliery owners at times like this?—Of course anything is onerous when you are working at a loss; but I do not think they are at all extravagant.

11,734. What about is the royalty earned?—I cannot say exactly, but I should say that it varies perhaps from 4*d.* to 5½*d.*

11,735. It is about 4½*d.*; is there not also in addition to that a tax for carrying coal from one royalty through another, which materially increases the cost of producing coal at the pit's mouth?—At some collieries there is, and at some collieries there is not.

11,736. That is to say wayleaves underground?—Yes.

11,737. And outstrokes?—Yes; outstroke, shaft, and wayleave rent.

11,738. And instrokes?—I do not think people charge instrokes.

11,739. And wayleaves?—They do not charge more than three privileges, outstroke, shaft, and wayleave.

11,740. Is the privilege of crossing from one royalty to another charged for?—Yes, that is sometimes charged.

11,741. The royalty owners have innumerable means of extracting a considerable rent out of those collieries?—If the colliery consists of a lot of very small royalties, of course there is a good deal of this wayleave rent to pay; if, on the contrary, it is a large estate self-contained, it has not a farthing to pay.

11,742. I have here a letter from a gentleman who says they were producing some 600,000 or 700,000 tons of coal a year, but all those wayleaves, rents, and incidents, and the amount paid as royalty, come to something like 26,000*l.* per annum for the last 10 years; is not that a dreadful tax upon a low-priced article like coal, in competition with coal produced elsewhere?—Yes; I think that all these rentals ought to be arranged by a sliding scale, so as to vary with the selling price of coals.

11,743. Do you represent very largely lessors?—Yes, I do, and I do not know any collieries that are paying so much as the sum you mentioned.

11,744. After all that is done about it at the pit's mouth then comes the question of the wayleaves from the collieries to the tramways?—Yes, where you are not on a public line.

11,745. Before leaving the subject of royalties do you not think that where legislation interferes and compels the colliery owners to change their whole system a portion of that loss should fall upon the lessors?—That is a question which does not enter into our association.

11,746. I want your opinion upon it?—I am not giving evidence of my own individual opinion.

11,747. Do you know anything about royalties abroad?—No, practically nothing.

11,748. In some countries they are next to nothing?—Next to nothing. In the first instance concessions are obtained, and those concessionaires make great profits out of them.

11,749. I wish to ask you one or two questions about wayleaves?—I do not think the association knows anything about wayleaves.

11,750. We want to know why it is there is such depression, and we want to account for it in some way, whether it is by the coalfields being exhausted, or the excessive charges of royalties and wayleaves, or whether it is from the action of the miners. Those are the important points, and it would appear that miners and coal owners agree that the royalty owners and those who exact high payments for carrying coals down to the shipping places, do not appear to have entered at all into this depressed condition of trade, is that so?—I do not know. I never heard it suggested that wayleaves or the carriage of coal was the cause of depression. In fact, as I said before, it has never been taken into consideration by our association till a few weeks ago, when we appointed a committee to look into the question of railway rates and transit generally.

11,751. That is on public lines?—Yes.

11,752. I am speaking of private lines?—I do not know anything about them.

11,753. The point which I wish to ascertain from you would be whether the depression does not arise from those high charges which you say have not been entered upon?—I think not. I am not aware that those charges have risen lately or within times of depression.

11,754. Would it not be the fact that if you oppress trade with extraordinary charges, you bring about depression?—I do not think that the oppression of trade in 1872 by those wayleaves brought about much depression in 1873.

11,755. That was a time of inflation?—Yes, or before that. I have been connected with that trade for 28 years and I have never heard anybody suggest that the royalties and wayleave rents were oppressive till the present time.

11,756. I have here a statement upon the wayleaves of Northumberland, and I would ask you whether you consider that 600*l.* per acre per annum is not an oppressive charge to pay for carrying coal?—I could not answer that question; I would require to know all the circumstances of the case.

11,757. It is all over private lines?—I am not prepared to give evidence upon that. That is a question which my association does not take up.

11,758. I expected to have your private opinion, because you have such great experience in all these matters, and of course the Commission would wish to know what circumstances led to this depression, with a view to seeing whether legislation could remedy it. In your opinion do you think that there should be power given to a certain department in the State to grant a wayleave upon fair and proper terms, after investigation, in the midst of a coalfield such as the Northumberland coalfields, and to grant a privilege of carrying those coals at a fair and proper remuneration to the landowners, without having to go to the expense of an Act of Parliament for each line?—I think a much better solution would be for all coals to go on to a public line; then you would have no difficulty or trouble.

11,759. When you cannot get a railway or public line you must go for an Act of Parliament for every colliery that you open. Is not that the case?—No, it is not the case on our side of the country; we are all on public lines.

11,760. You say that collieries ought to go upon public lines; then every colliery you think would require to have an Act of Parliament to get the coals on to a public line?—No, there are four railways

running through the steam coal district within a very short distance of each other, three of which are private lines, and one a public line.

11,761. But you cannot carry a ton of coals a single yard without putting yourself into the power of the man who owns that line?—If you get on to a public line my personal experience is that the public lines make a branch up to the boundary of the property in which the colliery is situated, and then they have no wayleave to pay.

11,762. That is if they have an Act of Parliament?—Yes.

11,763. If they have not, what then?—If they have not then they have to make a bargain with the person over whose land it comes.

11,764. And then they have to pay for it?—Your suggestion would be that a colliery owner would get an Act of Parliament for each. He might get a general Act of Parliament to bring him in; but it amounts to that, that you would have to get a general Act of Parliament to give the colliery owner a right to make lines over anybody's land he chooses.

11,765. For the purpose of developing the mineral property?—Quite so. If I was acting for a colliery I should like that very much.

11,766. I think you said that you had not entered much upon the question of local taxation; is it very onerous for mineral property?—Yes, it has increased very much in the last twenty years.

11,767. In what proportion?—The local board rates are the most oppressive.

11,768. And the education and sanitary rates?—They are not very heavy, but the local board rates are very heavy.

11,769. How is that levied on collieries?—It is levied on collieries on the basis of the poor rate.

11,770. How is the poor rate levied?—The poor rate is generally by negotiation or an appeal.

11,771. Is it levied upon the value of the colliery, or upon the quantity produced, or how is it?—Up to this time it has always been an estimated price per ton on the quantity produced. We had two arbitrations this year, and a case is now before the court as to whether the basis of estimating at a price per ton is a right one.

11,772. Does it rise or fall with the price of coals?—In some unions it does; in the Morpeth Union it does; in the Tynemouth Union it does not.

11,773. You could not say how much per ton the railway rates would be upon the average through the year?—No.

11,774. (Mr. Muntz.) You have told us that the output of coal in Northumberland is from 7,000,000 to 8,000,000 tons?—Yes.

11,775. And that the royalty is something like 5*d.* per ton?—I said 4*d.* was the lowest, but I know a case as low as 3*d.*

11,776. What would be the average?—Something like 4*d.*, I should think. Of course that is entirely a guess.

11,777. Calculating it at 5*d.* it amounts to 166,666*l.* per annum. Can you give us any idea as to the amount of capital invested in working mining undertakings in Northumberland?—No, I am not in a position to say that.

11,778. (Mr. Jamieson.) I understood you to say that the demand for coal in your district had fallen off?—Yes.

11,779. Do you adhere to that, in the face of the statistics showing that the output in 1875 and 1879 was 6,000,000 tons, and in 1884 7,200,000 tons, and now upwards of 7,500,000 tons; has not the demand been maintained?—Not in proportion to the increase of the mines.

11,780. But if you put out 25 per cent. more in 1884 than you did in 1875, that is not all stocked; it is away, is it not?—Yes, but the proportion is increasing. I said that the output had been increased owing to the inflation of 1873, and the demand was not sufficient to carry off that.

11,781. But it has carried it off?—No, it has not, because we have only been working short time.

11,782. You were putting out at the time of inflation, or immediately after, 6,000,000 tons, and you are now putting out 7,500,000 tons?—Yes; but I said that during the time of the inflation, or immediately afterwards, the power of working was considerably increased.

11,783. In consequence of that there has been an increase of 25 per cent. on the output, but the public demand is exhausted?—Yes.

11,784. Do you adhere to your statement that the demand has fallen off during this year?—Certainly. Last year we only worked about 4·3 days a week, as against 4·6 in 1881.

11,785. If you bring in additional men to work, that would not be any test of the demand; the demand is measured by the number of tons which are used in the year?—It has fallen off a little in the last year or two.

11,786. But on inquiring into the depression of the present period, and contrasting it with 1875 and 1879, I think you would admit that the demand can hardly be said to have fallen off?—Not compared with 1875 and 1879.

11,787. Or even with 1880 or 1884?—No, the absolute demand has not fallen off; it is only the relative demand.

11,788. That is a demand relative to what?—Relative to the power of production.

11,789. But not to the power of consumption?—No.

11,790. Does that mean that having more capital more labour is introduced into this business than for a time it is capable of utilising?—Certainly.

11,791. That is what it really comes to?—Yes, that is what it comes to.

11,792. From 1875 to 1879 the number of men employed, you told us, was 23,395?—Yes.

11,793. And for the period up to 1884 it was 23,676?—Yes.

11,794. And now it is about 25,100?—Yes.

11,795. To what do you attribute the increase, in those recent years, of about 10 per cent. in the number employed, at a time when the trade was rather dwindling?—I do not know that it was between 1880 and 1884.

11,796. That brought an influx of men into the pits?—Yes.

11,797. The days per fortnight which have been worked have gone on in a somewhat fluctuating manner, until now they are about 8½ days per fortnight?—Yes.

11,798. Is the difference between 8½ days, and the 11 days which the men may work attributable to the want of work or to a disinclination on their part to work?—The 11 days was the most that they could work, but they absolutely worked only 8·12, whilst the pits worked 8·66.

11,799. But the pits could work 11 days; that is your calculation now?—Yes, if we had the trade.

11,800. Therefore we are to say that the depression is measured by the difference between 11 days and 8·66 days?—Quite so; because of course if you have full work there is always a certain percentage of men idle, off work, from idleness, or sickness, or various other causes.

11,801. Supposing there were a recurrence of that bright time, it would send your work up to 11 days?—Yes, yearly up to 11 days, probably.

11,802. What would be the effect upon the wages of the men, with your 25,000 men now employed?—Do you mean what would be the effect as regards number?

11,803. As regards the men and the wages?—They would get so many more days a fortnight.

11,804. Are the men now available to fill those pits at full work; if there was a full working demand would the men be available for this full 11 days a fortnight?—Certainly; it does not make any difference as

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to number of men between working 11 days and 8·66 days.

11,805. Then there is the labour now to put out the full output of which your works are capable?—Yes; you may take 10½ days, allowing half a day off for idleness.

11,806. When a man is working his 8·12 days a fortnight, you do not mean to say that each man is working that time?—That is the average of the shifts actually worked.

11,807. Would it not be incorrect to assume that a man working in the works in Northumberland just now would be having 8·12 times the daily wages that you have given here?—That is correct.

11,808. Each man?—Yes, each man on an average.

11,809. I understand that you would not be working the full period; each man has a full period, and there would be no one who would be working 8·12 days a fortnight?—They are working 8 days on an average; a man could work 8·66, but he only works 8·12; that is the loss of half a day.

11,810. With regard to royalties and wayleaves, is it not the case that the wayleaves which are charged do not really affect the tenant at all; is it not simply an adjustment as between owner and owner?—You mean that the man gets a royalty for less money if he has to pay wayleave upon it; in many cases it is so.

11,811. So that so far as the public or the trade are concerned we may dismiss wayleave and outstrokes and everything else; they do not really enhance the lordship on his coal?—I do not think they affect the question of depression at all.

11,812. Do they affect the landlord in relation to the tenant at all?—Of course if a man has a lot of wayleaves to pay he is in a much worse position to compete with anybody who has no wayleaves to pay.

11,813. Is he so if he is paying a less royalty?—But he is not always paying a less royalty.

11,814. That is an accident, is it not?—Yes.

11,815. As a matter of argument, is it not the fact that the wayleave or the outstroke merely adjusts the rates of individual landlords between themselves, and does not affect the body of landlords in relation to the body of tenants?—I do not think you can state that as a particular law, but naturally if a man is taking a tract of colliery, and he is aware that he has to pay a halfpenny a ton wayleave on it, he will offer a halfpenny a ton less.

11,816. What would be the effect if the royalties were immediately struck off by Act of Parliament or otherwise?—The effect of that probably would be that coals would be greatly cheaper; that would be the immediate effect.

11,817. Would not one effect be an immediate enlargement of the tenant's interest?—Yes, certainly.

11,818. The direct effect?—Yes, certainly.

11,819. As soon as that direct effect had been realised, and the coal fields had begun to pass from hand to hand, would not the effect be that the earnings required to recoup that enhanced value would be got only by keeping up the price of coal. Supposing a colliery to be sold after it had been relieved of the burden of the royalty, of course its price would be enhanced by the value of the royalty?—Naturally.

11,820. And that enhanced price the manager would have to get out of the output, would he not?—That would depend entirely on the selling price of coal at the same time. If the royalties were done away with at a time like the present when there is a greater pressure for low prices than ever, the price would probably go down and the colliery would not become more valuable. If the prices rose so that the colliery owner and the colliery worker could command that increased price, then of course the value of his colliery would be increased; it would be the same as if he worked his own colliery.

11,821. The immediate consequence of what I am now assuming would be the enhanced value of the colliery to the lessee?—Depending upon these two circumstances, whether the owner could retain the advantage of his 4d. per ton or whatever it is.

11,822. You mean that the public would insist in participating in it?—He would get what the public market would allow him.

11,823. Have you had any experience in fixing rates and royalties with regard to the selling value of coal in your district?—Yes.

11,824. Has that worked favourably as between landlord and tenant?—I think so. I have had considerable experience in other districts in fixing a royalty on iron ore, which has worked very satisfactorily, and on coal also.

11,825. Do you think that that would tend to alleviate the complaints which are made of the incidence of royalties in times of depression?—I think it would entirely do away with any cause of complaint, because at present during very good times the landlord complains that he gets no benefit.

11,826. At present the whole of the benefit of the good times enures to the tenant, whilst complaints are naturally made in bad times of the pressure of the burden?—Quite so. Whenever I have had an opportunity I have always endeavoured to institute a sliding scale to meet that.

11,827. With regard to the local rates in England, is the maintenance of roads one of the local rates which you have to defray as a coalowner?—Yes, it is.

11,828. You said that the local rates were very high in some cases, including the maintenance of the roads; has that been considered by your trade in that county as an unfair burden?—No, because we are the people that use the roads principally, and in the outlying districts generally.

11,829. Do you use the roads for the conveyance of coal?—Only between our houses and the pits.

11,830. But you are charged upon the whole output of your coal?—Yes, we are.

11,831. I do not suppose that an appreciable fraction of that goes upon the roads, does it?—No.

11,832. Therefore if you are charged rates for the maintenance of the roads upon your whole output, does it not occur to you that that is an excessive charge?—Perhaps it is. We have not considered that question. The roads in our district are not very oppressive.

11,833. (Mr. Drummond.) I gather that the relation between you and the men is fairly good just now?—Very satisfactory.

11,834. As long as the sliding scale exists I presume it will remain so?—Yes, it could not be interrupted.

11,835. So that the present depression under those circumstances is in no way attributable to the current rate of wages?—I think it is to some extent.

11,836. How would that be if the sliding scale is mutually agreed upon between you?—It entirely depends upon whether we made a good bargain or not.

11,837. Still you have no just cause of complaint upon that ground?—If we have cause of any complaint I think it is just. I think our expenses are too large for the price we are getting for the coal.

11,838. Do I gather that the miners are perfectly willing to work more days if there were work for them to do?—Yes.

11,839. May we take it that the men are more industrious than they were some years since, as a rule?—No, I do not think so.

11,840. Is there an improvement in that respect, or the reverse?—I think the per-centage of idle men is not so great as it used to be in the good times. In 1873 the per-centage of idle was 10; now last year it was only 6·3. Of course, naturally, if a man is working 10 days he is more likely to take a holiday than if he is only working eight, because he cannot afford it in bad times.

11,841. I gather that the idle people you spoke of are not necessarily idle together; the per-centage would include idlers from all causes?—Yes, from all causes. Still we consider that those causes remain constant, and that idleness is the cause of the difference between the 6 per cent. and 10.

11,842. (Mr. Aird.) Are we right in assuming that the association which you represent are satisfied with the arrangement that at present exists for royalties, wayleaves, and such like charges?—They have never considered it at all. It is not a point in their constitution to do so.

11,843. Does it not occur to you that if those charges affect unduly a large interest they should be considered?—That is for the large interest to determine. The question whether a negotiation or dispute with the lessors could be best conducted by an association or by individual members is for them to determine.

11,844. Do not you think that a lot of gentlemen, business men living upon enterprise, and getting together a large number of working men, would have thought out such a thing as that for themselves before they came to appeal to the Royal Commission?—I am not aware that they are appealing to the Royal Commission at all. We are asked to give evidence here, but we are not appealing to the Royal Commission.

11,845. Individually not so; but the country is appealing to the Royal Commission to relieve them?—The only thing that I can conclude from that is, that the royalties have not been so onerous as to draw their attention to it, or that they have thought it should be treated individually and not by the Association.

11,846. That is your opinion, although you decline to express it as the general feeling of your association?—No; I tell you that as only my assumption, from the fact of their not having entertained it. I think if they thought that the royalties were so onerous as to cause depression, and if they thought that by interfering they could do any good, they would have done so at once.

11,847. Therefore you make no suggestion which would be so valuable to us as to the means which would remedy and improve the mining industry of Northumberland?—No; I think it depends entirely upon the question of the selling price and the cost. Of course, if the selling price remains low, then the items of cost must be reduced very much.

11,848. What means would you suggest to enable the cost of production to be lowered so as to obtain more demand?—I should suggest a reduction all round; royalties, rates, labour, railway carriage, and everything.

11,849. Do you believe that if the cost of the production of the article could be materially lessened in

The witness withdrew.

Adjourned to to-morrow at 11 o'clock.

that way the general trade of the district of Northumberland would increase?—Yes, I think it would.

11,850. And that it would also give more employment to the workmen who depend upon that industry?—Naturally; I think they would work more days in a fortnight.

11,851. If, for instance, the workmen who are affected so seriously by it were again to work 11 days per fortnight, instead of 8·66, receiving the fortnightly wage as they do at present, that would lessen very much the cost of production?—No doubt.

11,852. And so it would bring trade into the district which otherwise would not come?—No doubt.

11,853. Do you think that the workman would be any worse off if he was to be employed the full week, instead of idling, as he is at present, a considerable part of the time?—He would be worse off if he was to get exactly the same as he is getting now per week.

11,854. But he would be improving the trade?—Yes, I think he would.

11,855. In what respect would he be worse off?—A man cannot work five days a week and be kept for the same amount of money as a man who works only four days a week.

11,856. Whether he is at work or not, surely the cost of keeping him is the same?—No; certainly not.

11,857. Is it your opinion that a man at work requires more to keep him than a man who is idle?—Certainly; he requires more support.

11,858. Then it is not your experience that a man who is idle is apt to spend more money than a man who is engaged in labour?—I am keeping drink and things of that sort out of the question.

11,859. But dealing with the stern reality?—Of course I can only take the steady class of men, the bulk of the men; and I suggest that they cannot be kept for the same money.

11,860. Do you think that the men work as willingly as they did 10 years ago?—I find in cases like that they work quite as willingly.

11,861. And are as anxious to benefit the trade and their employer as they were in days gone by?—I do not think they think much about the trade or their employers. I mean specifically.

11,862. (Chairman.) Is there any other point which you wish to bring before us?—I think not.

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7 April 1886.

THIRTIETH DAY.

Thursday, April 8th, 1886.

PRESENT:

THE RIGHT HON. THE EARL OF IDDESLEIGH, G.C.B., IN THE CHAIR.

THE EARL OF DUNRAVEN.
MR. J. AIRD.
SIR J. ALLPORT.
MR. L. L. COHEN, M.P.
SIR J. P. CORRY.
MR. C. J. DRUMMOND.
MR. H. H. GIBBS.
MR. W. H. HOULDSWORTH, M.P.

MR. W. L. JACKSON, M.P.
MR. JAMIESON.
MR. N. LUBBOCK.
MR. MUNTZ.
MR. A. O'CONNOR, M.P.
MR. PALMER.
MR. W. PEARCE, M.P.

MR. G. H. MURRAY, *Secretary*.
MR. T. H. ELLIOTT, *Assistant Secretary*.

Mr. JOHN SCOTT examined.

Mr. J. Scott.
8 April 1886.

11,863. (*Chairman*.) You are a shipbuilder at Greenock?—I am a shipbuilder and marine engineer.

11,864. What should you say was the present condition of the shipbuilding industry in Scotland on the Clyde?—In proportion to its extent it is more depressed than it has ever been in my recollection.

11,865. How does the depression show itself; is there a smaller amount of tonnage built, or is the profit on shipbuilding reduced?—The amount of tonnage is smaller than it has been for many years; and I think I may say that shipbuilding profit, so far as shipbuilders are concerned, has disappeared; and, further, the wages of the men in the employment have been very much reduced from what they have been in recent years.

11,866. Have you any figures that would illustrate what you say?—Yes, I have. Shall I give them as regards the rates of wages?

11,867. Will you please give any that you think are significant and important?—I speak of course of the Clyde district with which I am more familiar; but possibly it very much represents the whole of the industry. I think the rate of wages at present, taking the various trades employed in iron shipbuilding, is nearly 40 per cent. less than it was in 1882–83, and 10 per cent. less than it was in 1879, which was the lowest year of recent periods.

11,868. Had there been a rise in wages between 1879 and 1883?—Yes, there was a rise between 1879 and 1882 of not very far from between 40 and 50 per cent., varying of course in different branches of the trade; but I should think overhead it might be quite taken at that; that rise has all been lost, and the rate is now less than it was in 1879.

11,869. Does that apply to all classes of labour?—Yes, except to common labour; it applies to almost all the tradesmen; not to the shipwrights or joiners, but to almost all the workers in iron.

11,870. With regard to unskilled labour, what is the difference in the rate of wages?—That is very little less; it has remained almost stationary; possibly there is a slight fall, but not much.

11,871. Which year do you take as maximum or the level year?—1882–83.

11,872. That is as to the wages; I was asking you as to the production of labour?—That year corresponded for production.

11,873. What figures have you to show what the amount of building was at that time and what it is now?—I had a return of the number of vessels built on the Clyde in the various years from 1864 down to the present time, but I have, unfortunately, mislaid it.

11,874. Perhaps you will put it in your evidence later on?—Yes. I may say that, in round numbers,

the amount of building is considerably less at this moment than one half of what it was in 1883.

11,875. Is that due in anyway to the transfer or migration of business from the Clyde to other parts of the country?—No, I do not think so; it is due entirely to the cessation of orders by the shipowners of the world.

11,876. So far as you know, does the same state of things prevail in other shipbuilding places?—I think so; I do not think any migration of shipbuilding industry has taken place in recent years; the only example of course which occurred in Britain was the cessation of the mercantile shipbuilding of London, but that occurred many years since.

11,877. That was the time when the great migration to the Clyde from the Thames took place?—Yes, principally, and partially to the east coast, but that dates back from somewhere like 1856 till 1857 and 1860.

11,878. Has there been any growth in foreign building during this period; while ours has been declining what has been the progress in foreign shipbuilding?—The number of establishments on the continent capable of producing iron ships has very largely increased since 1880, but at this moment the larger part of them are depressed equally with the home shipbuilding. Their power of production has grown up by the establishment of a large number of yards all over Europe that did not exist prior to the year 1872, and by increase in power of those which formerly existed.

11,879. Which foreign countries have been doing the most in the way of shipbuilding?—I think the largest increase has taken place in Germany, but in France there has been a considerable increase also, partially in the number of establishments, but more particularly in the increased size of establishments that existed in 1879 and 1880.

11,880. Do you consider that the production of ships on the whole has outrun the demand?—I think there are means of production in the world for building a very large number of ships, more than are likely to be required for some years to come.

11,881. At the present time you say that there are more ships available than there is any demand for?—Quite so.

11,882. Is that, do you think, owing to the falling off in the demand, or to the greater power in the ships to make frequent voyages, and to do the work quicker?—When one looks at the statistics prepared by our own Board of Trade and by the various societies who interest themselves in that matter, one is very apt to be deceived by simply reading the words “tons of shipping” without looking at its composition, because the modern steamship and the sailing ship also, but steam-

ship especially, are capable of doing a great deal more work than was done by an equal amount of tons of shipping in past years; that has made, of course, a very large difference in the available tonnage; it does a great deal more work than was done in past years by an equal amount of tonnage simply looked at statistically.

11,883. (*Mr. Palmer*.) Steamer for steamer or sailing ship for sailing ship do you mean?—Steamers especially, but sailing ships to a certain extent. I think sailing ships are making voyages faster than they used to do, and carrying probably, with respect to tonnage, a larger amount in a given time, delivering a larger amount of cargo.

11,884. Steamers carry how much more than a sailing ship?—In what proportion do you mean; to net register tonnage or gross?

11,885. Take it the same?—It varies very much with the different classes of steamers; those that are prepared simply for carrying cargo are delivering rather less than the sailing ship in proportion to their tonnage and displacement too, which is due to the weight of their engines and the coal they have to carry for the voyage.

11,886. It is estimated that a steamer will do three and a half times the work that a sailing ship will?—Yes, that is so in relation to the superior speed, but not to the amount carried each voyage; I believe the comparison to be quite correct.

11,887. (*Chairman*.) Do you mean us to understand that when you hear of a ship of 500 tons now, it means a larger carrying capacity than was meant by a ship of 500 tons 20 years ago?—I do not think there is a very large difference in that respect; but the capacity for doing work is very much greater, because a steamer and a sailing ship also of 500 tons covers a larger amount of ground than before, by the improved form, and probably by the superior management on the part of the owner; and the available amount of cargo she can deliver in any given time is certainly greater now than it was 30 years ago.

11,888. The nominal tonnage being the same in the two ships, the modern ship would carry a larger amount of goods?—Yes, she does a larger amount of ton miles at the present time than formerly.

11,889. In addition to that she would make the voyages quicker, and, therefore, more frequently?—Quite so.

11,890. Are there any special reasons which you can assign for the present depressed state of the shipbuilding industry?—No; I think no special reason can be assigned more than that to which I alluded just now: the large abnormal increase of tonnage which took place in 1880, which seems from all good authorities to be excess of what the world required or has since required.

11,891. In what direction do you look for improvement?—To the increased activity of our merchants, if that is possible, in importing larger quantities of produce into this country, and to the general development of the trade of the world.

11,892. You do not think there should be any limit upon the production of ships?—I think there must be a diminished production of ships for some years, because, although I do not speak as a shipowner, it is almost a matter of notoriety that the shipowners have been having a very bad return upon their capital, and they are not likely to order any large amount of tonnage until that state of matters has been altered.

11,893. Then assuming that the over-production of the world is to be met by an increase of trade mainly, what is your view with regard to the English and Scotch shipbuilding as compared with foreign shipbuilding, do we compete on equal terms with foreigners?—The state of matters as regards foreign orders in past years, which formed a very large part of the employment of the shipbuilding interest in this country, especially, I think, on the Clyde, has been changed since the French Bounty Law of 1880 to a very considerable extent, and by the recent action of the German nation in giving subsidies for certain lines

of steamers which to me appears to be a sort of cloaked bounty. I think we shall have very much less foreign shipbuilding to do than we have had hitherto.

11,894. Are there fewer orders now for foreign ships to be built than there were on the Clyde?—With one or two exceptions, which are special ones, I do not think any foreign ships for continental nation are building on the Clyde now.

11,895. Twenty years ago were many foreign ships building?—Yes, a very large tonnage. I can give you a return of what has been built for foreign countries on the Clyde during the last 20 years.

11,896. What difficulties have you to contend against besides the question of the bounties; are there any other points on which you feel yourself hampered in competition with foreign countries?—There is the double question, so far as France is concerned, that not only have we suffered by the law they passed in 1880 giving a bounty to shipowners for running ships, but they also give a bounty to the shipbuilders in France for building ships; and that has placed them in a position of so great advantage that, with very trifling exceptions, the shipbuilders of Britain cannot hope to have orders from that country, at any rate, to the extent which they received in former years.

11,897. Have you any difficulties to contend with in the matter of labour?—On the Clyde since 1876 there have been no labour disputes of any moment; there have been trifling disputes in various establishments confined to those establishments alone; but there has been no general trade difficulty since 1876, when a very serious strike and lockout occurred.

11,898. Is there much difference in the price of labour in foreign countries and at home in your trade?—There is a very considerable difference between France and this country. I think, speaking in round numbers, the wages paid to the corresponding trades may be taken at francs to shillings; in this country, where a man is earning a shilling, in France he is earning a franc. I will put in a table showing the rates of wages paid throughout the whole shipbuilding district of France given in very great detail, which may be of interest to the Commission; it shows the rates payable to each class of workmen throughout the various shipbuilding and engineering centres of France prepared with very considerable care.

11,899. That is a table that shows the different rates of wages?—Yes, and I think the result will be found to be that the corresponding French workman earns a franc where our workman earns a shilling, which is a difference of 25 per cent.

11,900. Are the hours of labour shown in that table?—Yes; they are, as a rule, in France 60 per week as against 54 in this country in the shipbuilding trade.

11,901. On equal terms of wages and hours of labour, to which do you give the preference, the foreigners or the British?—I give the preference to the home workman certainly; I think he produces rather more per hour, especially when working on piecework; he is a more skilful workman to a certain extent, and he is a more hardy workman; and I do not think that he is so easily discouraged.

11,902. Do you think that the fact of his being a superior workman is enough to countervail the shorter hours of labour and higher rate of wages?—I do not think so; especially where a workman is working with machine tools, as he is to a large extent just now, the difference is in favour of the foreign workman; where it is simply a matter of hand labour I do not think there is so much difference; but when tools come into operation there is an enormous difference, especially as regards the increased hours of labour, because there is a larger turn out from the tool.

11,903. How should you say that the shipbuilding trade has been affected by the substitution of steam vessels for sailing, and of iron for wood?—I think that the substitution of steam ships for sailing ships gave a very large impetus in past years to the shipbuilding trade; but at the present moment, on the Clyde, at any rate, there is a larger proportion of sail-

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ing vessels being built than steam vessels. In the gross amount of tonnage building on the Clyde the proportion of sailing vessels is larger at this moment than it has been for a great many years.

11,904. Why is that?—I presume the shipowners find that a sailing vessel is a more profitable investment for their capital for the moment than a steam vessel.

11,905. Is that for the long trade?—Yes, large sailing vessels, mostly of 1,600 to 2,000 tons gross register.

11,906. Is steel much used now instead of iron?—The use of it is becoming almost general now; the number of iron vessels has decreased in proportion during the last two years considerably on the Clyde; many firms are using nothing else but steel.

11,907. What effect has the opening of the Suez Canal had upon the demand for ships?—About 1871 and for four years from that time it stimulated the production of steam tonnage enormously, by the shortening of the route to India; although it has since, I think, not had an advantageous effect to the shipbuilding industry, because from the shortening of the route the steamer has been able to deliver in the course of the year a very much larger amount of cargo than it could have been done if it had to be transported round the Cape.

11,908. Has the operation of the Limited Liability Acts had any important influence on the shipbuilding industry?—I think on the Clyde it has not had so much influence as on the east coast; but the system of owning in that way no doubt during 1882 and 1883 stimulated the shipbuilding in great Britain to a very enormous extent, and I believe very prejudicially.

11,909. In causing over-production do you mean?—Yes.

11,910. (Mr. Pearce.) You mean so far as shipowning is concerned, not shipbuilding?—The shipbuilder, of course, assuming he had a good price, no doubt earned in 1882 a certain advantage from the introduction of capital into the shipowning trade, in that form, but I think it has been to his disadvantage since, in consequence of too much capital having been poured into the trade in that particular time.

11,911. His Lordship asked you what influence the Limited Liability Acts had upon this. And I think from your answer you implied that the Acts had stimulated shipbuilding, but did you not refer to the shipowning being stimulated?—Yes, that was with regard to shipowning. There are some very large shipbuilding establishments conducted in this country under the limited liability principle, but I fancy that still, the majority of firms are conducted as private concerns; I do not think the Limited Liability Act specially affected the shipbuilding interest as such, but indirectly as regards their products only.

11,912. (Earl of Dunraven.) You spoke about the effect of the French bounties on the running of ships; that would affect any ships sailing under the French flag, would it not?—I think that the French have overbuilt themselves as well as we have.

11,913. I understand you to attribute the depression in our shipping trade partially to the double effect of French bounties; I do not quite understand how French bounties on the running of ships can affect our shipbuilding trade?—It does so in this way: the French Bounty Law of 1880 gave a double bounty to a ship built in France as against one that was not built in France, therefore the interest of the French shipowners who formerly got a large amount of tonnage built in England is to have their ships built in France, because if they are running they earn twice the amount of bounty which they would otherwise do. So far as the shipbuilding is concerned the first effect of the passing of the French Bounty Law of 1880 was this. That law contained a provision, that every ship which had obtained a French register within a certain period after the passing of that law, was, whether built abroad or not, to be considered as a French ship; consequently the moment the French shipowners knew that this law was about to pass they at once invested very considerable amounts of capital in England by

purchasing ready-made ships, and they continued that operation after the passing of the Bounty Law by ordering a large amount of tonnage here, because there were not establishments at that moment in France to enable them to satisfy their demands. The owners in Britain who sold that tonnage to French owners re-invested their money here, and that was one of the reasons why there was such a very large development in shipbuilding in 1882 and 1883, but the effect of that has been disastrous, because double the amount of tonnage (so far as the shipowners of the world are concerned) was called into existence, that which was owned by the French who purchased here, and that which was re-invested by the British owners who had sold to the Frenchmen.

11,914. You think that the foreigner has a certain advantage over us in the cheapness of labour and longer hours of work?—In answer to the noble Chairman I referred simply to France, and I adhere to that; but I intended to supplement that by saying that in Germany I believe the difference is even greater; in Austria it certainly is. The rates for skilled workmen there are extremely low. I refer to Trieste, Fiume and that neighbourhood, where a great amount of iron shipbuilding goes on.

11,915. Do you think that without the bounties we should be able to compete with them?—If a French shipbuilder had no bounty on building he could not obtain an order for building at all.

11,916. Is there any bounty in Austria?—No, I think not; they give a very large subvention to their Austro-Hungarian Lloyd's Company, who build their own ships and have a very large establishment for it. The Germans have no direct bounties as far as I know; they are allowed now, I believe, to use imported articles free of duty for shipbuilding if brought from this country, or at least at a modified rate; but there is no direct bounty. Recently, however, the German Government has voted a very large amount in subsidies for the promotion of German enterprise over the world with the condition that the ships shall be built in Germany. That operation has not yet come into effect, it is only being carried out. The same remark applies to what is being done in Italy just now, where a similar bounty law to that of France is on the point of coming into operation; I think it has passed through the Italian Parliament, if not it is in form. It is a similar bounty law giving a premium to Italian built ships; and that law which is about to be introduced will to a certain extent shut out the Italian building from us.

11,917. Are there many orders from Italy now being executed?—I believe that the shipowners are moving, but I do not think that any orders have been placed. A very large amount has been done for Italian shipowners in Britain; whether that will be continued remains to be seen. There are one or two considerable establishments in Italy capable of building vessels, and, certainly, able to supply the proportion of tonnage owned by Italy.

11,918. (Mr. Pearce.) Can you tell us the rate of bounty paid by the French Government to the shipbuilders and to the shipowners?—Yes, I think I can.

11,919. Perhaps you will be good enough to put it in?—Yes, I have it in detail here. I will put in a statement showing the whole amount of money which has been paid under the French Bounty Law up to 1884. The amount paid to shipbuilders is 60 francs per gross register ton, and 120 francs per ton on the weight of the machinery and mechanical appliances fitted on board the ship. The amount paid for running bounty varies according to whether the ship is a sailing ship or a steamer, and the bounty is reduced each year in accordance to the age of the vessel and the number of years she has been earning bounty. I put in a table showing the whole amount paid under the bounty law up to 1884. The figures for 1885, I believe, have not yet been ascertained.

11,920. Sixty francs per ton on the register tonnage and 120 francs per ton upon the weight of the machinery would represent, I assume, somewhere

about 15 per cent. of the value of the ship?—Quite that; as a rule, I think, it would be more than that, in consequence of the low price of ships in France and here. I think it was 15 per cent. of the value of the ship at the time that the law was passed, but I should think that now it would come to something like 22 per cent. on the value of the vessel. It will vary according to the amount of fittings in a ship, because the bounty is a standing one; it does not increase with the fittings of the ship. On a low valued ship intended for cargo carrying the bounty is greater than on a mail steamer, which may be more expensive.

11,921. Then, so far as building ships is concerned, that law absolutely prohibits a shipbuilder in Great Britain building for France?—I think so. I have myself had a great number of orders from France in past years, and I consider it a country almost struck off the books for the future, except for the French coasting trade. The coasting trade get no bounty, so that there may be a possibility of our getting orders for steamers of that description.

11,921a. And independently of that advantage in the first cost, is it not the case that the French shipowner has another advantage in ships built in France over those built in Great Britain?—I think I have already stated that in answer to a previous question; he obtains double the bounty if the vessel is built in France to what he would if it was built abroad.

11,922. And as a shipbuilder you do not expect to get more orders so long as the present law exists?—Not for over-sea steamers, only for the French coasting trade possibly.

11,923. In the French coasting trade, are you aware that British-built and British-owned ships are not allowed to trade coastwise?—Yes, certainly, the French coasting trade is a close trade. The coasting trade has a very elastic meaning in France; it is a coasting voyage to go from Marseilles to Algiers, or any Algerian ports, and also, I think, down on the Morocco coast for a very considerable distance. I rather think from that long voyage British ships are shut out, and even from Dunkirk to Algiers.

11,924. From any French port to Algiers.—Yes.

11,925. But our laws would admit of French-owned ships doing our coastwise trade?—Yes, our coastwise trade is open.

11,926. (Mr. Palmer.) Does that appertain to the whole of the French colonies as well as Algiers?—No; the voyage to and from French colonies is an over-sea voyage; but Algiers is one of the French departments, and is counted as being in France, and the trade from Algiers to Marseilles forms a very extensive industry.

11,927. (Mr. Pearce.) And the ships over sea draw the bounty of course; any vessel going over sea to the extent of a thousand miles gets a bounty, is not that the case?—Yes.

11,928. Then the Germans are subsidising their merchant steamers with a view of creating a mercantile marine in the same way, I presume?—They have done it in the form of a subsidy instead of by bounty.

11,929. Not as postal subsidy but as a mercantile subsidy, to encourage the mercantile marine?—I do not think they have any letters to carry, and if they had that was amply provided for by France and Great Britain already.

11,930. If they have any letters they belong to the Postal Union, in which they are mostly carried by British ships?—Yes. Those subventions have been given with the condition I have already stated, that the ships shall be built in Germany, in order to encourage the German home trade.

11,931. Am I right in assuming that up to the year 1880, the shipbuilding, so far as foreigners are concerned, might be very well taken at one fourth of the amount of shipbuilding doing in this country?—I believe so; I think that is not very far from it.

11,932. And since 1880 we are practically left out of building, for foreigners on account of the sub-

sidies granted by foreign countries to their own shipbuilders?—Yes, certainly; since the very first blush of the French Bounty Law, I think that the amount of tonnage ordered from us by France is very small compared with what it used to be; and the German orders have also decreased in late times very much.

11,933. You formerly had a shipbuilding establishment in France, had you not?—Yes, 20 years ago I had considerable experience of that.

11,934. In your experience did you find a very great difference in the amount of labour that a Frenchman turned out in a day compared with the amount that a Scotchman turned out?—Some of the classes of workmen in France I found did most excellent work. The shipwrights I think will compare with any shipwright here; I found them working too long hours.

11,935. What hours were they working when you first went there?—Twelve hours a day. I reduced that to 10 hours, and I found that it was advantageous so far as I was concerned.

11,936. When they were working for 12 hours a day do you recollect what you paid them?—I commenced by paying them 4 francs a day of 12 hours; that was ultimately raised to 4½ francs. That was the highest rate that I paid there. The men at the same place I am aware are at this day getting 5 francs.

11,937. When you were paying them 4 or 4½ francs a day, do you know what similar classes were paid in this country?—Six shillings at that time on the Clyde; and in London of course, and in some of the other ports they were getting more. In the Clyde at that period the rate was 6s. per day. It remained so for only a short period, but I think the average for the same period might be taken at 5s. 6d.

11,938. Am I right in assuming that one inducement that you had in opening a shipbuilding establishment at St. Nazaire was on account of the cheaper labour; I do not mean to say that that was the only inducement, but was not that one of the inducements that you had?—I was forced to open an establishment there; that was one of the results of the commencement of the French National Subvention to shipping in 1864. They gave me a considerable contract for ships to be built in Scotland with the condition that I would build the remaining part of the fleet in France, and it was considered advisable by my firm at the moment to accept the contract. That was the reason of the establishment of the yard; that was the whole fleet of the French Transatlantic Company when it was first established.

11,939. These ships for that company, which is the second largest company, I believe, in Europe, outside Great Britain, with the exception of those which you built at St. Nazaire, were, up to the year 1880, all built in England or Great Britain?—I think they have been; I can put in a return of that; I have that here.

11,940. And are you aware that since 1880 they have been building very large ships to a considerable extent?—The French Government in 1884 repeated the operation of 1864, when they contracted anew at the expiry of the first subvention of the French Transatlantic Company, they again insisted that the ships should be built entirely in France, and they are being so built; the orders have not come on this occasion to Britain; they are building four very large ships of 6,500 tons register just now under compulsion.

11,941. (Mr. Palmer.) Where is that being done?—Two at St. Nazaire and two at La Seyne, the yard of the Forges et Chautiers de la Méditerranée.

11,942. Do you know whether it is the case that the French shipbuilders are building for other nations besides France at the present time on account of the subsidy they get from the Government for building ships?—I think they have some Spanish orders in hand, but to a small extent; I do not believe it is very important, but they are doing in the south of France some foreign orders for the Mediterranean business and their own neighbourhood.

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11,943. So that really at the present time the shipbuilding yards in the Mediterranean are competing against the shipbuilding yards in Great Britain?—From what I know of figures, I think they are in a perfect position to do so. If I were a shipbuilder in France to-day I should not fear to do so under the Bounty Law of 1880.

11,944. And the bounties given by France and the subsidies given by other nations have contributed largely, have they not, towards the depression of trade existing in this country in the shipbuilding trade?—I think they have, because they have taken away from us one of our best and very important customers whom we used to have, and whom we do not seem to be likely to recover. It has greatly injured the shipbuilding interests, on the Clyde very particularly. That centre obtained a very large amount of high class ships to be built for France, and a very large number have been built there from time to time.

11,945. Will you put in a statement showing the number of hours of work in the different countries in the shipbuilding trade and the rates of wages?—Yes, I think I can, to a certain extent, very much in detail for France; I think I can put it in also for Austria, and I can obtain it, if it is of interest to the Commission, for Germany, with a fair prospect of being accurate.

11,946. (Mr. Palmer.) You have given very valuable evidence upon the French bounties for shipping; is it not a fact that when this Bounty Law was passed for granting bounties large companies were established throughout France for the purpose of building ships?—Several companies were established. One or two of them were for the extension of existing establishments and for the purpose of throwing more capital into them. One or two were entirely new companies which were formed, but I think of those new companies only one actually took root.

11,947. Did they not all fail in their objects so that none now exist?—I am not in the secrets of those who have been prosecuting the business. I know that two if not three companies were proposed which never became companies at all; they issued their prospectuses, but I presume they did not obtain their capital. One of them purchased a large area of ground at Havre, and I think ordered a certain amount of machinery in this country, and on the continent also; but that company never became existent and never built a ship.

11,948. (Mr. Jamieson.) Was that purely a French company?—Yes.

11,949. (Mr. Palmer.) For shipowning as well as shipbuilding?—I think they intended to own ships as well. I think that was part of their project.

11,950. You said that some orders from Spain had been transferred to France in consequence of the bounties given upon ships built in France; would it not be to a great extent arising out of our unfriendly relations with Spain on the subject of shipping, that they may be introduced into France; you are aware that Spain has put a surtax on all goods and manufactures from this country of every description, and we have not the most favoured nation clause in connexion with Spain; might it not thus arise that there is a surtax upon ships built in this country and in favour of France?—That is quite possible, but I do not know it of my own knowledge, it may be so, but I cannot state it.

11,951. If it is not so, to what would you attribute the building going to France?—I believe the Spanish law is this: that a Spaniard, unless the law has been altered lately, cannot contract with an Englishman to build a ship at all; he can only buy an existing foreign ship. The Spanish contracts in past times, my impression is, have been made through English houses, who at first registered the ship in their own name, and then transferred it; I do not know what duty was afterwards paid on the introduction.

11,952. Before leaving the question of French shipbuilding I shall be glad to have from you some of the figures in your tables, merely in order to com-

pare them with the information which we have got from our foreign consuls. We have had it from Havre, for instance, that engine-fitters entered at 6 francs a day; what is your estimate of that in the west of France?—I have it here. At Nantes and St. Nazaire the chief engineers are being paid 6 francs a day; but the average is 5 francs.

11,953. Boiler makers we have at 7 francs; what is your information?—6 francs for the very best men, and 5 for the others is the rate.

11,954. Foundrymen we have at 5 francs and 50 centimes; is that your figure?—I do not happen to have those; mine is a shipbuilding return only.

11,955. What do ship carpenters get?—5 francs a day, as I have stated already.

11,955a. Caulkers 8 francs?—No, I stated that it was 4 francs 20 years ago; I stated in my evidence that the pay was now 5 francs.

11,956. When you speak of 20 years ago I see there is also a report from this consul that the price of skilled labour has advanced from 25 to 40 per cent. in 20 years; is that your experience?—No. I stated that on the Clyde, while that was being done, shipwrights were being paid 6s. a day. That lasted a short time; but the average 20 years ago at which the French workmen were paid was 4 francs a day, when it was 5s. 6d. in Britain during that same period. I was comparing a period. My statement was not regarding 20 years ago, and the rise and fall of wages; it was between 1879 and 1883. In answer to the noble Chairman I compared the years 1879, 1883, and 1886.

11,957. These are the wages of last year, of which we have returns?—I think I can re-state it. In 1879 I think the wages on the Clyde of the average ironworkers were somewhere like 10 per cent. more than they are just now. I cannot exactly state 10 per cent., but it is a fair figure to take. I say we are now 40 per cent. lower at the present moment than we were in 1882 and 1883; those are the figures. I did not state that they had increased 40 per cent.

11,958. They are 40 per cent. lower?—Yes, than they were in 1882 and 1883.

11,959. At the present time do you mean?—Yes; I have put in a table showing the whole rates that will bear that out.

11,960. You mean that skilled labour has fallen 40 per cent. since 1883?—The piecework rates paid to piecework contractors who do a large amount of the building of iron and steel ships built on the Clyde, have fallen on the average 40 per cent. since 1883.

11,961. Do you still maintain, then, that the wages of French workmen are 20 per cent. below the English workmen?—No, I did not say so; the figures I was asked about, and which I gave, are regarding 1864, when I was a shipbuilder myself in France. I was asked what I paid the workmen, and I stated, in continuation of that, that I believed they were now receiving 5 francs a day, which I see on reference to the table is exactly what they are receiving at La Ciotat and La Seyne, the two large Mediterranean building yards; 4½ francs a day is the rate for a shipwright. In the Atlantic district the labour rate is higher, but in the Mediterranean district the shipwrights are receiving 4 francs 50 centimes, for which they are working 60 hours a week.

11,962. The French shipwright is working 60 hours per week?—Yes.

11,963. At 4 francs 50 centimes?—Yes, he is paid by the day there, he is not paid by the hour; that is, at La Ciotat and La Seyne, the two very large establishments on the Mediterranean capable of building the largest ships. The other rates I gave you are for St. Nazaire and Havre, which are the Atlantic ports.

11,964. But there is a considerable difference, is there not, in the wages in the north of France and west of France from those in the south of France?—Yes, that is so; I fancy the climate has something to do with that.

11,965. With regard to the German shipbuilding, have you much experience upon that question?—

I have seen a number of establishments there, and visited them.

11,966. Lately?—Within the last 18 months or two years.

11,967. They are using, are they not, all their own steam manufactured steel in their own country?—I believe they begin to do so now, they did import their iron from the east coast of Britain at one time, a very considerable amount of iron when steel was not used; but I believe now they are using almost entirely German produce.

11,968. Have you such information that you can speak with accuracy on that point?—Yes, I know several of the gentlemen who used to send them iron from here, and there was a large amount of business done with Scotch iron in Germany. They bought the iron and shipped it to Germany at the east coast ports.

11,969. Are they using the basic process of steel, or the Siemen's process?—I am perfectly aware that basic steel is used in Germany, but I cannot answer the question.

11,970. There is a considerable difference in the cost according to the quality, is there not?—I happen to be a little of a steel maker, but I cannot answer that.

11,971. Is it not the fact that Lloyd's prohibit your building your ships on the Clyde of basic steel?—I know that they propose to do so, I do not know that the circulars are actually issued. I believe they will be quite right if they do so, as I think it is very dangerous, I have never used it myself.

11,972. Do you know the price of steel, at the German shipbuilding ports which you have visited as compared with what it is on the Clyde?—No, I cannot give you that at the present moment, it is so extremely low here; I do not know that it has fallen so low in Germany.

11,973. Is it as cheap as it is on the Clyde?—I can give the price on the Clyde.

11,974. But not in Germany?—No.

11,975. Have you compared the prices generally with the Clyde?—My impression is that it is considerably less in Germany. I have offered to have a table prepared, which I can have done, with a considerable amount of certainty; I have none here now in the meantime.

11,976. When you visited the shipbuilding yards in Germany did you discover whether the machinery and the appliances they have in their yards are equal to what we have in this country?—I think a great many of them are equal, for this reason, they possess very nearly the same machines as we do, and they have ordered a great many of them in this country.

11,977. Then a skilled man at that machine would of course produce so much more in so many more hours?—Yes, I stated that advantage already; that is certainly one great advantage which they have with regard to the cheap workmen working 60 hours a week with tools; that is an advantage greater than the mere relative difference in the wages, because there is the extra production of the two hours to add in the ratio.

11,978. Did you examine the class of work which they were doing in the shipbuilding yards?—Yes.

11,979. Do you think it is equal to what you do in the Clyde?—In most of what I saw; I do not recollect any that I saw which I did not consider fairly good. I examined one ship within the last week or 10 days in Austria, a very large ship of 5,000 tons, building in Trieste. I examined her minutely outside and inside and I never saw better work done in this country.

11,980. Then taking it generally, you are of opinion that they can build ships as cheaply in Germany as we can in this country?—I think they can certainly.

11,981. And that would be in a great measure the reason why these large steamers instead of being built in this country, during the last year or two,

are now being built in Germany?—So far as my own knowledge goes at this moment I do not think many ships are building for Germany, except two at this moment which are building by the firm of Mr. Pearce; and although he can answer the question better than I can my impression of his contract is that he would not have got those vessels to build for Germany if they could have made the engines in Germany; but they do not happen in Germany to have the means and power to do that. I understand that those vessels are going over to Germany without any cabins in them, and that the cabins are to be fitted up in Germany, that those vessels were ordered empty that their cabins might be added after in Germany; whether that is to be done cheaper or not, I cannot say.

11,982. (Mr. Pearce.) You do not know the reason of that, do you?—No, I do not know the reason of it.

11,983. (Mr. Palmer.) With regard to shipbuilding in Italy which you have spoken of, are they extending the shipbuilding in Italy with British capital?—I have heard a rumour of that but I do not know of my own knowledge.

11,984. Both shipbuilding and engine building?—I am perfectly aware that Armstrong Mitchell and Company are putting up at this moment, at Castellmare near Naples, on a piece of ground granted them free by the Italian Government, a large factory, principally to be destined to heavy gun making; that is being made; it has not yet started.

11,985. You are also aware, are you not, that there is a large firm going to commence building ships and engines in that country?—I have heard a rumour, but I do not know the accuracy of it.

11,986. (Mr. Jamieson.) Do you adhere to the statement which you made that the difference in wages at the present time may be measured by the difference between a shilling and a franc, between French wages and the English wages, or did that apply to the period of your own experience in France?—I offered to put in and have here a complete table showing the whole of the rate. The first figure I gave was in 1864 for shipwrights; the second figure was of the present day; and I take it that the average in Britain just now is very nearly in the proportion I stated generally of francs to shillings; that the British shipwright, taking the average of the country just now, is earning 5s. where the French shipwright is earning 5 francs.

11,987. Was that the same proportion 20 years ago in your experience?—No, the proportion against Britain at that time, at the actual moment I made the calculation in 1864, the rate was this: the rate was 6s. on the Clyde as against 4 to 4½ francs in France.

11,988. There has, therefore, been somewhat of an approximation between the value of labour in the two countries; the divergence is not so great as it was 20 years ago?—The rate in the south of France just now is exactly the rate I paid in 1864, and I believe it was then the same in the south of France; consequently the French wages have remained stationary.

11,989. In south of France?—Yes, there is not much difference; there is only 4d. a day; while the rate of wages has varied much in Britain during that time. It has never descended so low before. When I first commenced business in 1850 the rate of pay for a shipwright in Scotland was less than the French rate; it was 3s. 6d. a day; but now the average in past years has been, I fancy, not very far from 5s. My tables will show exactly the average, because I have them prepared over a large number of years.

11,990. You said, I think, that the system of bounties by foreign states had in your opinion materially contributed to the depression of the shipbuilding trade in this country?—So far as those countries which have given the bounties are concerned, they have.

11,991. And, therefore, that has had a material effect on any depression under which the trade you conduct is now suffering?—I think it has augmented the depression, because it has removed one of the important clients whom we used to supply with ships.

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11,992. Am I not right, therefore, in classifying that as one of the causes which, in your opinion, have contributed to the depression in your trade?—Yes, I think so.

11,993. Have you any remedy to suggest for that?—I do not know that I have as regards that bounty, it is a very difficult one to meet I think. I think some other bounties could be met, but that bounty is a very difficult one to meet.

11,994. Therefore that is a cause of depression to which you can suggest no remedy at present?—No, I cannot suggest a remedy for that, I have thought of it very much.

11,995. Who began the system of bounties; was it not France?—France was the first nation to commence bounties.

11,996. Then Germany followed suit?—No, Germany has not given any bounty, but it followed by giving a subvention, and Italy is now following Germany.

11,997. And you are already excluded from Spanish orders?—No, I do not say that we are excluded from Spanish orders, but there may be an advantage for the Spaniard to order in France. The amount of Spanish orders is not very large, but they have been good customers of this country, and I think that for larger ships they will probably be so still when they have occasion to order. I would not press the case of Spain. I know, as a matter of fact, that work has been done in France for Spain, which had not hitherto been done, possibly because the French shipbuilder is now in a position to compete so far as prices are concerned with the British shipbuilders, because of the bounty which is given him on account of building; in former years he was handicapped.

11,998. I understand that what you saw the other day in Austria convinces you that the work of foreign labour if not equal, is fast approximating to equality with the British labour?—I have never visited an Austrian establishment before, and I cannot compare it progressively; but I saw what it was to-day, and I must say, that I was very much astonished at the excellence of the work both of hull and engines.

11,999. Then, so far as Austria is concerned, the effect of this system has been, if not to create, certainly to benefit the character of the work of the Austrian workman. Formerly, if I mistake not, the Austrian Lloyd's got a number of steamers built in this country?—Yes. They happen to be building two in this country just now, and they have ordered them here simply, I believe, because they could not build them sufficiently fast in their own establishments to be ready to compete against the German vessels that are going under the subvention to sail from Trieste.

12,000. So that if the motive of the Austrian Government was to create, stimulate, and keep up a sufficient system of native shipbuilding it has been in your experience successful?—There is no doubt of that whatever; they have certainly very fine establishments.

12,001. You have also seen the German establishments, have you not?—Some of the private ones.

12,002. Would you apply the same answer to them?—I do not know that the Government has directly done anything for shipbuilders, but I have not the least doubt that by their recent action the German Government did assist, by giving large Government contracts in the establishment of a large works at Kiel, and that establishment still continues; that was done by giving the building of the large vessels for the German navy, but not mercantile ships.

12,003. But if those bounties or subventions had not been given, would it be correct to believe that those ships which you saw building at Kiel would have been built on the Clyde or the Tyne?—I visited Kiel two years ago, and that was rather prior to the date of the subvention. I think that there is a feeling of equality unquestionably, that if they could get an equally well-built ship they would like to see it built at home. That is a perfectly natural feeling that exists on the continent; and Germany, especially, is

more anxious to see her industries develop, national as well as governmental.

12,004. You have been considering that effect and feeling the effect in your own business; are you able to suggest any remedy that can be applied to that?—No, I do not see any remedy with regard to that branch of our business; I am very sorry for that, but I think we must bear it.

12,005. (Mr. Houldsworth.) Is the cost of ship-building in France, which you seem to know a good deal about, at the present moment cheaper than ship-building in England over all; can a ship be produced at less cost?—From what I know of the power of production of French workmen, and from what I know of the rates paid at the present time, my impression is that a vessel could be built possibly rather cheaper in France than in this country, especially in the northern provinces, where the material could be delivered from England at a very low rate of freight; I fancy steel could be sent from Wales to St. Nazaire as cheaply as it could be sent along the coast from any of the steel works, or even from Scotland; the rates of freight are very low.

12,006. And the labour part of it, in relation to the production, is rather cheaper?—Yes; and the French shipbuilder now is placed, through the bounty, in a position to have his material at as cheap a rate as the British shipbuilder.

12,007. Am I right in saying that the labour part of it is rather cheaper?—Yes, I think so.

12,008. With reference to production?—Yes, I put it in that way.

12,009. Then it is not very much cheaper, as I gather from your answer?—I have no personal experience of watching French workmen working for 20 years nearly, but I have been told by men, on whose judgment I can rely, that they have improved during that period considerably. Even without taking that into account, looking at the rate of wages which they are now being paid and the amount of work which I know they could produce 20 years ago, and not giving them any credit for having improved during that period, I say that a French shipbuilder is in a superior position, and I have a very large experience; I had over 3,000 Frenchmen in my employment at that time, so that the field was rather large for observation.

12,010. (Mr. Drummond.) You seem to consider that the French workman must necessarily have improved during the last 20 years?—I am told that they have; I cannot state that from absolute knowledge. I have seen the work they turn out, but I have not seen many of them working; but without giving them credit for it, I think that they cannot have fallen off, and my impression is that they have improved; they have better machinery.

12,011. Would you say that the British workman had also improved in a similar ratio?—I do not know that the British workman has improved very much, but I think he has greater facilities in the way of tools and appliances put into his hand, and perhaps on the average he has improved. I think the improvement is more due to improved facilities.

12,012. That would apply equally to the French employée, would it not?—Yes, the French would have equal facilities with the British, and the same tools.

12,013. Taking all things into consideration in the matter, from the experience you have had, do you consider that a French workman is as well or better off than the British workman, taking into consideration the cost of living, house-rent, &c.?—I watched very carefully the men I was acquainted with at that time, and they were very steady and industrious men. I think I had at that period between 300 and 400 men who were proprietors of small pieces of land, very much resembling the crofters in the West Highlands. There was a great objection to that for the regular carrying on of the work, because at three periods of the year they were obliged to absent themselves, in the sowing period, the reaping period, and

the time when they cut their peats; they used peat fuel very much; that was an objection to the regular carrying on of the establishment, but those men, in addition to carrying on that occupation, were also shipwrights of a very respectable class.

12,014. If you had the choice of employing either the one or the other, which would you prefer, taking all things into consideration?—As a Scotchman I think I would rather have Scotch workmen; however, those men were very excellent, I do not wish to disparage them. I must say, at the same time, that I think that the Scotch workman during the crisis just now has conducted himself with a very large amount of courage, and has behaved through this very serious crisis, when so very large a number of them are out of employment, amounting, I think, to at least 36 or 37 per cent. of the whole trade, with a great deal of prudence and courage.

12,015. With your large experience, as a matter of fact it would not be practicable, would it, for English workmen to work for the same wages as the French workman does?—No, I do not think so, with the style of living and specially what has sprung up amongst the working classes during the last 20 years, I do not think that he could do so in this country.

12,016. Do you or do you not attribute the present depression to the current rate of wages in this country?—No, I cannot say that I do; I think the current rate of wages has fallen now on the Clyde for the skilled men to a rate that if they were to fall lower it would not be worth his while to be a skilled man at all, he had better be a labourer, because part of the work that forms the average of his employment is very hard work; it has got to such a rate now that I do not believe that it will remain at that rate at all. If the slightest rush of prosperity comes on, I believe there will be a sharp rise again; the low rates are abnormal at present.

12,017. (Chairman.) Do your men generally belong to benefit societies?—Yes, they do; I have on the table the last report of two of those, the Iron Shipbuilders and the Amalgamated Society of Engineers.

12,018. (Mr. Drummond.) They would be trades unions?—Yes, and very excellently conducted, both of them; in some respects they come in antagonism with the employers, but I think both of them are well conducted trades unions, and are in many respects useful to the employers.

12,019. In fact, your relationship with the workmen has been very good?—Always. I have been mixed up with general strikes about wages where there were differences of opinion.

12,020. As a matter of fact, there are very few workmen on the Clyde, are there not, who do not belong to one or other of those trades unions?—No, I think there are considerable number of engineers who do not, and a certain amount of the iron ship-building class, but not so many in proportion.

12,021. But nearly all the iron shipbuilders and boiler-makers would belong to the union, would they not?—Very many of them.

12,022. And the blacksmiths?—No, some of them belong to a small local society, some belong to the Amalgamated Society of Engineers, which covers that trade. At the present moment the Amalgamated Society of Engineers in round numbers represents 50,000 workmen, and about 4,000 or 5,000 of those are out of employment. Of the 26,000 shipbuilders throughout the country there are between 7,000 and 8,000 of the members of this society out of employment.

12,023. With your lengthened experience, would you say that the morale of the workmen has improved in that time?—Yes, I think there is less dissipation, principally perhaps from the less amount of wages.

12,024. Is there less neglect of work?—I think at this moment there is very little neglect of work in my experience.

12,025. (Mr. Pearce.) Can you tell the Commission what was the highest rate of wages in the years 1882 and 1883; take, for instance, riveters?—I have,

unfortunately left my papers at my hotel; but during the high spurt time in 1882 and 1883 riveters were earning at that time if they chose to attend to their work (many of them did not) between 2*l.* and 3*l.* a week working piecework. The rates were abnormally high, and I believe they were higher on the Clyde than in any other part of the country.

12,026. (Mr. Jamieson.) How long did that last?—About 15 months.

12,027. (Mr. Drummond.) Were these the highest rates of wages in the trade at the time?—Yes, I think the riveters earned more than anybody else; the platers earned very high wages too. It is very difficult for employers to ascertain how much their men do earn, because they have a large number of labourers working with them whom they themselves employ.

12,028. Would those be net earnings?—Yes, to a good workman working steadily.

12,029. After he paid his unskilled labourer?—Yes.

12,030. (Mr. Pearce.) What apprenticeship do these riveters have to go through?—Three years I think they require for the society.

12,031. And a labourer after having been three years apprenticed to a riveter can go and earn 3*l.* and 4*l.* a week?—He did at that time, but he cannot now. I believe that a man working steadily at that rate now is earning about 28*s.* a week if he can get work, but the difficulty is that he cannot. If he works well and is not interrupted by too much bad weather, I think he can earn that, but I do not allege that he can earn that during the whole of the year. I do not think he can make that during the whole 52 weeks, but he can during the time he is working.

12,032. (Sir J. P. Corry.) I understand that the wages in the iron shipworks are at the present time 10 per cent. less than they were in 1879?—Yes, I think so; it varies between the different classes of work.

12,033. I suppose that at the present moment the wages of iron shipbuilders are about as low as you have ever known them?—I believe so. I believe that a steamship can be produced so far as labour is concerned cheaper than it ever was before, partly due to the wages and partly due to the improved machinery.

12,034. The shipwrights' wages have not been reduced, I believe?—The wages of shipwrights have remained longer stationary than in other branches.

12,035. And the engineers?—The engineers' wages have been less fluctuating also. The engineers' wages during the spurt in 1882 never rose to the same excessive extent as those of the iron shipbuilders. They got, I think, a rise of about 15 per cent., but they never went to the extreme rate.

12,036. Am I right in supposing, from what you have told us, that you look for greater competition from the German and Austrian and French shipbuilders in the future than has been the case in the past?—I do not think that we may look for competition from them in the sense of their sending ships for British owners, but I look at it from the absence of business to fill up my own and my neighbours yards.

12,037. They will be able to produce for themselves what formerly they gave orders for in this country?—I think so.

12,038. With regard to the limited liability principle, has that had much effect upon the shipping trade on the Clyde?—I would not like to speak too positively upon the subject. We have two limited liability ship-building companies only on the Clyde, whilst we have at least 40 private firms. One of these limited companies has been very recently formed.

12,039. The opening of the Suez Canal gave a great impetus, did it not, to steam shipbuilding?—Yes, very large. That was one of the reasons of the very busy time which took place between 1870 and 1876, and another reason was the large amount of capital that got loose abroad after the termination of the Franco-German war which came in the top of the Suez Canal business.

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12,040. You think that at the present moment the existing tonnage is more than sufficient for the work that there is to do?—I think so. I am very sorry to be obliged to say so, but I think it is the case.

12,041. You cannot suggest any way in which this depression in the shipping trade could be met?—I believe it will be met to a certain extent by the owners who are possessed of sufficient capital endeavouring to possess themselves of ships which will, if possible, from improved machinery, outstrip the old class of vessels, and that that may form a slight and partial employment for the shipbuilding industry; but looking at it simply as a question of tonnage, and not of quality of tonnage, I fear that there is a dark time before us.

12,042. But there has been a great improvement of late years, has there not, not only in the form of the ships but also in the machinery?—Yes, a very considerable improvement is being developed at this moment in the machinery of steamers, which will tend to a reduction in the cost of fuel to the extent of about 15 to 20 per cent.

12,043. You refer, I presume, to the triple expansion engines?—Yes. I believe there is some hope of the shipbuilding industry being kept moving through that improvement.

12,044. I presume that the change from iron shipbuilding to steel has also given a slight impetus to shipbuilding?—I do not think that that tends materially to absolutely determine anyone to build, but I think that it possibly may do so now, presuming that the value of steel remains relatively to that of iron what it is at this moment. It is cheaper or as cheap to build a steel ship as to build an iron ship. There is almost no difference in the cost.

12,045. (Sir J. Allport.) Did I understand you to say that there were four very large ships being built in France for this country?—No, there are four vessels of about 5,500 tons each being built for the Transatlantic service from Havre to New York—very fast ships, which I fancy will be quite able to compete with our British ships in speed.

12,046. Shipbuilding in France generally is in a depressed condition, is it not?—Unquestionably it is depressed, and I should think that relatively to their power of production they have about the same quantity of orders in France that we have in Britain. Their position is not better than ours certainly. A large number of steamers are laid up in the port of Marseilles just now; and, notwithstanding the bounty, they are in a very depressed condition as regards their shipping matters.

12,047. In answer to a question put to you with regard to the bonus, supposing there was no bonus given to shipbuilding in France, could they build ships as cheaply there as in England?—No, the shipbuilder would be out of it altogether, the bonus is the key of his position. He gets a fixed bonus per ton register, and that fixed price is in excess of the duties upon materials.

12,048. Does your remark about the cheapness of shipbuilding apply to Germany, do they build ships more cheaply than we can?—They have no direct bounty in Germany at all. The only preference that the shipbuilders have got in Germany is through the action of the German Government in obliging certain classes of ships which they have subventioned to be built in Germany, thereby finding trade for the German shipyards; but there is no direct bounty so far as I am aware given in Germany at all.

12,049. They are obliged to build the ships in Germany to obtain subsidy?—Yes, a certain number.

12,050. And that of course has to be taken into consideration in building the ships?—Yes, with regard to what they are building at this moment.

12,051. Supposing that there were no subsidy could they build ships as cheaply in Germany as we build them in England?—My impression is that a ship can be built as cheaply in Germany as in Britain just now, for the reason that some German shipowners who, within a very recent period, were in the habit of having their ships always built in England, are now having

them built in Germany. I cannot give you absolute figures, but those men were very keen buyers, and I think they would not have gone to Germany unless they had an advantage.

12,052. Is not the question of the subsidy to ships after they have been built to be taken into consideration?—No, the subsidy does not affect the calculation at all.

12,053. You cannot get the subsidy for foreign built ships, can you?—The German subsidy is entirely limited to German built ships.

12,054. Surely it must be given with the object of encouraging the building of German ships?—But the vessels are built for the open trade, and not for the subsidy at all.

12,055. With regard to the coasting trade, do you know whether there is much of the coasting trade carried on in foreign ships?—My impression is that there is not very much, but there is some no doubt; I cannot speak for the whole country; I do not observe much of it on the Clyde.

12,056. Supposing there was any considerable amount of the coasting trade carried on in foreign ships, would that come under your observation?—I think I should hear of it, by noticing the advertisements, or by hearing of it in some way possibly. Talking of the coasting trade, which is a short trade, there is one way in which another class of bounty, I think, has affected the shipping trade, and in consequence the shipbuilding trade. A large part of the sugar which is imported into this country is coming at short freights from the continent, with a very small amount of freight paid on it, whereas formerly it was carried over sea from the colonies, or from India, or Java, or other sugar producing countries employing over sea vessels, and a much larger amount of tonnage.

12,057. You say that sugar is being imported these short distances at very low rates of freight?—Yes, very low rates, and very short distances, employing a very small amount of tonnage to do the work.

12,058. Could you give the Commission the figures?—I cannot give the figures for it, only the fact that it is being done. The number of tons that come from the continent can easily be ascertained, there is no doubt that the longest distance is from Hamburg, or some of the immediate neighbouring ports, but from Antwerp and Hamburg principally, while formerly the equivalent amount of sugar was brought either from the West Indies or Java, or from some of the East Indian ports.

12,059. Do you know what the freight is from Hamburg?—6s. 8d. is the rate per ton, and I should think that to London it must be very nearly the same. It does not come except to London and the Clyde and Liverpool, and I should think that the freights are very nearly the same to each.

12,060. In the earlier part of your evidence you spoke of ships of 500 tons. I suppose that the building of ships of 500 tons, either sailing or steam, in the large carrying businesses is very limited?—Yes, I think it was Lord Iddesleigh that put before me the case of a 500-ton ship as a matter of comparison; the number building of that size is extremely limited.

12,061. The sailing ships built lately have been of a carrying capacity of 4,000 tons, and even 5,000 tons, have they not?—Yes. There is one British sailing ship, I remember of 3,000 tons register, and there are several of 2,500 tons, and a considerable number from 2,000 tons downwards. I think that is how it stands just now, there is only one ship of 3,000 tons.

12,062. (Mr. Aird.) Do you think that the high prices to which you have referred as being paid for labour in 1881 and 1882 contributed in any material degree to the falling off of the shipbuilding industry?—I have no doubt that it made the termination of the spurt more abrupt, because shipbuilders were obliged to ask for high rates, and obtained a very high price for the ships, and that possibly terminated the inflated period a little sooner than would otherwise have been the case. Possibly in the long run that was rather a blessing to the shipowners, because they might have

been induced to have ordered more tonnage than they did if the prices had been cheaper. The normal price of ships in 1883, at the end of it, ran up very much, and I think it stopped the orders for tonnage.

12,063. Is it not the case that the high prices occurred just at the time when our foreign competitors were in a position to enter into the shipowning and shipbuilding industry?—It occurred just simultaneously. That was one of the reasons of the inflation which I explained previously. The amount of tonnage purchased and ordered by France in order to take advantage of the bounty was one of the reasons of the shipbuilding inflation of 1882, combined with the institution of single shipowning companies at that time.

12,064. And of course that work was carried out in this country?—Yes, and at that same period the Atlantic companies ordered some very big ships, which was caused by the competition for high speed across the Atlantic. All these things were simultaneous.

12,065. As regards the labour question, how many days per week do the men work in your yard?—Six days a week, five days for nine hours, and the odd time is made up on Saturday.

12,066. Do they work those six days?—They make the time up in some manner. In some establishments they only work five days a week in summer, but they make up the 54 hours by working extra time on the first five days of the week.

12,067. As regards the workmen, what per-centage do you suppose are unemployed at the present time?—Of the members of the Iron Shipbuilding Association, whose ramifications extend throughout the whole of Great Britain and Ireland, there are between 7,000 and 8,000, and they calculate that the skilled workmen unemployed are 24 per cent. of them in number by their own returns. I cannot verify them, them.

12,068. You have referred to the Austrian vessels. Do you find that the Austrians, in dealing with their machinery and ironwork, give more technical thought to it than is given to the consideration of this question in this country?—I do not think so. I think that all those nations follow us very much. They do not lead us; they follow us.

The witness withdrew.

Mr. ALFRED HEWLETT examined.

12,075. (Chairman.) You are managing director, are you not, of the Wigan Coal and Iron Company?—I am.

12,076. And besides that you have taken part in the preparation of the report which has been communicated to the Commission on the part of the South Lancashire and Cheshire Coal Association?—I have.

12,077. That extends, of course, beyond the concern with which you are yourself connected?—Yes.

12,078. Taking your own works, the company is a very large producer of coal and iron, is it not?—That is so; they produce nearly 2,000,000 tons per year.

12,079. What are you doing in the way of iron?—At present about 100,000 tons, but we have only one half of our furnaces at work owing to the depression of trade.

12,080. What number of workmen do you employ?—About 10,000.

12,081. You have put in, I think, on behalf of the South Lancashire and Cheshire Coal Association a statement with regard to the condition of trade?—I have.

12,082. You refer especially to the trade in the years 1873 to 1885 in illustration of the causes which have led to the present depression of trade?—Up to the end of 1884, I think, I have the figures. When I

12,069. You do not think that they have given greater care and thought to it than is given in England?—I think not; I think that they have copied, with a great deal of care and thought, some of our British schemes.

12,070. May not that be a reason for there being that great improvement in their shipbuilding industry?—I do not think that they have improved upon us. They have spent a great deal of time and thought in many establishments on the continent, in making calculations on what they have copied from the British, but I do not think that in any case they have improved upon them.

12,071. Are you aware that the bounty which the Italian Government has given to shipbuilding is 24s. per ton on vessels, 8s. per ton per horse power on machinery, and 2s. 5d. per cwt. on boilers?—I was aware that it was about those figures; I had not them precisely. These are virtually the same as the French; they have nearly copied them.

12,072. That is in addition to the bounty upon navigation and the freight rates?—Entirely; that is the shipbuilding case.

12,073. Would the shipbuilding industry in this country be materially assisted, do you think, if the Government of the country were to distribute their orders for naval requirements in a more regular manner in the future than has been done in the past?—Yes, I think so. I think it would be a fair thing for the workmen spread over the country, that they should be distributed. That, I believe, was not the case in former times, because very little of it came to Scotland, I think.

12,074. That would very much aid the labour market, and it would tend to keep prices more at one regular level?—It would equalise the employment between different parts of the country, and prevent the migration of the workman, frequently at great expense to himself and to his fellow workmen. If the Government work were distributed evenly, of course it would tend to equalise the rate of wages between the different parts of the country, and to prevent the migration of the workman, which is always disadvantageous to the employers of the neighbourhood from which he migrates, and to the workman himself as far as regards the expense of migration.

wrote the report the figures for 1885 were not published, but they have since been published.

12,083. Perhaps you will kindly state in summary, so that we may have it in the evidence, what you consider to be the causes of the present depression?—Commencing at the beginning, when the last Mines Act came into force, which was called the Mines Act of 1872, there was an immense increase going on in the consumption of fuel. The immediate effect of the Mines Act was to check production; there was less coal got while the demand was increasing, and that brought about a very high range of prices for fuel in 1873 and 1874, and that in its turn induced a very large outlay in reopening mines which had been disused for some time on the one hand, and an immense amount of capital was expended in opening new mines on the other hand; and it was not long before those two points brought up the production of coal to a greater amount than the demand for it, and the prices of fuel have been falling pretty nearly ever since. I put in a table showing the increase in the production in some of those years, which is rather remarkable (*delivering in the same, see Appendix C. to Second Report, p. 416*).

12,084. I observe that this table begins with the year 1873. You do not carry your statement any further back, do you, so as to show what had been

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'the output just before this period of excitement?—I took that year because it was the first year the Mines Act came into force; it began on the 1st of January 1873. I cannot tell from memory what the output was in 1872, but I should think it would be slightly more than it was in 1873.

12,085. Looking at this table which will appear upon our minutes, I see that the output in the first year was 128,000,000 tons, was it not?—That is so.

12,086. Then in the second year it fell to 126,000,000 tons?—Yes.

12,087. Then it rose again and went on rising up to the year 1883, when it had risen to 163,000,000 tons?—Yes, that is so.

12,088. And then in the following year 1884 it declined to 160,000,000 tons?—Yes, that was the first year that there was a decline, and I think I am right in saying that in the year 1885, for which the figures were published last week, there is a further decline of somewhere about a million and a half tons.

12,089. Then even supposing that there was a further decline in the year 1885, taking those two years into account they stood higher than the output in any year previous to 1883?—Very much so, because there were a great number of very large collieries opened during the years beginning with 1873, and going on probably to about 1876, and those collieries, although they are none of them fully employed, in other words they do not work every day of the week, yet their capabilities are so great that the output must almost of necessity be more than it was at the beginning of the period which we are considering.

12,090. How do you account for the great rise that there was in the output between the year 1879–80 and the following years?—In this way: that the new collieries took several years to complete, and therefore their output could not have been so large until a few years had elapsed.

12,091. Have the coal fields been working full time all the time?—No, I should think not in scarcely any district in the kingdom. I should fancy that the average of last year would not exceed four days a week, and I think that is quite an outside average.

12,092. What has been the return from foreign countries of the output of other countries?—There has been a large increase in several other countries. In the case of France, for instance, taking the same period again from 1873 to 1884 inclusive, there has been an increase almost progressive, if not quite so, from 17,485,000 tons to 20,127,000 odd tons in 1884. But it is right to remark there that they also decreased a little between 1883 and 1884; they had decreased about 1,400,000 tons between those two years, otherwise it is almost progressive.

12,093. In Belgium also there has been a slight falling off, has there not, last year?—Slight, but not very large.

12,094. (Mr. Palmer.) Have you any information about the year 1885?—No, I have not. I do not think it is possible to get a return of the statistics as yet. Then in Belgium there has been an increase somewhat fluctuating, but taking 1873, the output in Belgium was 15,778,000 tons, and in 1884 it was 18,041,000 tons. In Germany in 1873 the output was 36,392,000 tons, and in 1883 (the last figures which were accessible to me) in February, it had increased to 55,000,000. It had not been quite, but nearly progressive; except in the first year 1874 it had been a progressive increase. Then in the United States of America the output in 1873 was 51,000,000, then it fell for the next to 46,600,000 tons. Then it rose again and it has risen to 99,851,000 tons in 1884. I ought to remark there that there is a very great difference between 1883 and 1884. In 1883 the figures given are 72,000,000 tons, and in 1884 99,000,000 tons. In getting these figures from the offices I tried to ascertain how that was; I failed, but I believe it is this, that in some of the former years some anthracite coal had not been included which was included in the year 1884, that is the only way in which I can account for it, and

I believe that is the real explanation. It seems such an enormous difference between the two years that it is almost impossible that something should not have been omitted in some of the former years, otherwise it has been almost a progressive scale.

12,095. (Chairman.) With regard to the British returns those are official, are they not?—They are so; I think they were got from the Home Office.

12,096. So that we may rely upon them as certainly accurate?—Yes; I think the figures may be actually relied upon, but it seemed to want explanation as to the enormous increase between the two years.

12,097. That is with regard to the United States?—Yes.

12,098. I want to know from what source you get the information which is contained in your second table on the output of foreign countries?—The figures of production from which I have been reading were supplied by the Home Office.

12,099. Those are the figures for the United Kingdom?—No, the table includes foreign countries also. The first table of the output in our own country is taken from the reports that are furnished to Parliament every year—the mines inspectors' reports, in fact.

12,100. And the other table comes from the Home Office?—That is so; the other countries which are down in the table are not of any moment except so far that there is a large increase, but the total number of tons is very small. Russia increased from 1,170,000 tons to 3,780,000 tons. Austria not very much, from 5,000,000 and odd tons to 6,500,000 tons. The great increase in this table is in Germany and the United States of America.

12,101. I see you give a table also of the number of colliers employed, and the amount produced per man?—That is so, that is on the first table. That is also taken from the inspector's published reports, and that shows that the output per man employed fell during 1873–74; it began to increase in 1875 and it kept increasing until 1883, and it fell off a little in 1884. Of course it is quite natural to assume that when wages are very much higher the production per man will be lower, there is not the same necessity for working so hard. The colliers in this country are paid by the amount produced, not by the day.

12,102. Have you given us in this paper any return of the rise and fall of wages?—I have not got with me the figures of wages, but as a matter of fact the wages increased about between 50 and 60 per cent. between 1872 and 1884. Since that time wages have been gradually receding, and now taking the price of coal the wages paid are pretty much at the same level as they were in 1868; 1868 was the lowest point of wages; and taking the wages paid and the prices realised for coal in that year, and comparing them with the wages paid now and the prices realised now, there is about 5 per cent. more paid to the collier than there was then; so that the scale went up pretty well 60 per cent. in wages, and it is come down all but 5 per cent., and that 5 per cent. stands against the trade at the present moment. It is only fair to say this in connexion with the question of wages, and it is a most important consideration. I am speaking now more particularly of my district of Lancashire, although a collier earns about 4s. 9d. a day clear, we can only provide him as a rule with about four days or four and a half days' work per week; so that although the wages are higher per ton of coal than I think they ought to be, when you can only multiply 4s. 9d. by 4 or 4½, it is not a very high wage that he takes home at the end of the week. It is fair to consider that: in other words, he cannot live upon much less.

12,103. (Mr. Palmer.) Does the 4s. 9d. include house rent and coals?—No, it includes nothing; he has to pay for his rent and he has to pay for his coals; we do not provide him with anything in our part of the world; he pays and is paid; we do not provide anything free. He may have his cottage, perhaps, at

a shade less rent than anybody else; but, however, I do not reckon that at all; I consider that he is paid too much on an average for the work which he has to do. In most cases the houses in Lancashire do not belong to the coal owner, as they do in Northumberland and Durham. In Northumberland and Durham it is otherwise, I believe; so that in considering the question of wages it is only right to present that side of it to the Commission. If we could provide five and a half or six days a week (unfortunately colliers do not like to work six days a week; they like to work at the outside five days one week and six another, that is the very outside that a collier is at work); for the collier I think the rate of wages ought to be reduced; but as it is through our being unable to provide that for him I do not think it is possible to give him less.

12,104. Do you pay the wages every fortnight?—Every week. They used to be paid fortnightly until the beginning of 1880, I think it was, or 1881. Then the colliers made a great grievance that they were not paid oftener. I think that was the summary of it; but, however, they had their wages paid weekly, and they have had it ever since. They promised in return that they would work every day if we asked them; but unfortunately since that time we have not been able to ask them, it has been quite the other way about.

12,105. (Mr. Drummond.) Have you any miners' union in that district?—Yes, there is a union. I should think that probably about 28 or 30 per cent. of the men are in the union, the rest are not in the union.

12,106. What is the name of the union?—I do not know. I think they call themselves the Lancashire and Cheshire Federation; but I really do not know. We never ask a man whether he is a unionist or not; we make no difference with a man whether he is or not.

12,107. (Chairman.) The table that we have been looking at shows a large increase in the output of coal; very much of that has been accounted for, has it not, by the increase in the export of coal during that period?—There has been a considerable increase in the export, unfortunately not so much as the increase in the output, but a further table shows that the quantity was in 1873, 12,077,000 tons; that went on increasing, and in 1874 it was 13,381,000 tons; in 1875, 13,978,000 tons; in 1876, 15,690,000; then it fell a little, and in 1877 it was 14,880,000; in 1878, 14,998,000; then it rose again in 1879 to 15,740,000; in 1880, 17,891,000; in 1881 there was a little fall, 18,759,000; in 1882 it went up to 19,926,000; in 1883 to 21,670,000; and in 1884 to 22,354,000 tons: so that between 1877 and 1878, except in those two years, there was an increase. The quantity in 1883 was 10,276,000 and odd tons more than in 1873; but the output of coal during the same time had increased by 32,000,000 tons, so that there were 22,000,000 tons thrown upon our own markets more than in the first year, plus the additional export. The figures of the declared values are very remarkable during that time. The first year was the height of what is called the coal famine, and the 12,000,000 tons represented 12,370,000l. Then in 1884 the 22,000,000 tons only represented 10,000,000l.; so that in one case it was 1l. a ton, or rather over, and in the other case it was about 10s. Of course the first year was an absolutely abnormal year. The price of coal was a great deal higher than it ever ought to have been, in one sense. Of course it could not be helped, but it was a great deal above its normal value, and it had to come down gradually, and now it is perhaps as much below its value as it was above.

12,108. From the year 1873 to the year 1879 there was a steady decrease year by year in the value of coal raised?—That is so.

12,109. The fall being from 12,370,000l. to 6,793,000l.?—That is so.

12,110. The whole of that time the quantity pro-

duced rose steadily every year from 12,000,000 tons to 15,740,000 tons?—Yes.

12,111. After that I observe that there has been a recovery in the value from 6,793,000l., which had been touched in 1879, year by year, up to last year?—I think not. If you take the tons and the price together you will find that the price per ton has been steadily decreasing.

12,112. I am speaking of the total value?—Yes, of the total value that is so; but the quantity has increased more than the money, so that the price per ton is less each year.

12,113. The total value, which had fallen from 12,000,000l. to 6,000,000l., began to recover from 6,700,000l. till it came up to 10,000,000l. in 1884. Of course there has been an increase in the output, but has it been a greater proportion or a less proportion than the increase in value; it has risen from 17,000,000 tons to 22,000,000 tons somewhat in the same proportion, has it not?—Yes, that is so.

12,114. Have you any general remark to make upon this table as showing the fluctuation in the value?—No; I think the table very much speaks for itself; but the output has increased so largely that a lower price has been obliged to be taken for coal exported; and it may be said at once that the value of the exported coal is pretty much the same as that of the coal sold in our own country. There is no very wide difference between the two, they have gone *pari passu* pretty much.

12,115. All that coal which has been used in our own country having been so largely reduced in price must have been an advantage to our manufacturers and others who have been employed and making use of coal in this country?—Probably it has been an advantage to everyone, except the unfortunate coal-owner; I think that is very likely.

12,116. Looking at the question in connexion with others, in connexion with the general question of the country, there can be no doubt that that decrease in the value of coal must have been an advantage to the coal-using manufacturers and others?—Clearly to the coal consumers it must have been an advantage.

12,117. With regard to the general condition of the coal trade at present, do you call it satisfactory or unsatisfactory?—So far as the coalowners are concerned now it is eminently unsatisfactory. There are very few collieries indeed which are paying at all now. I consider our own works a fairly average type of colliery; it is a very large concern, it has some of the best coal in the kingdom, and it has some that is not so good; and unfortunately all that we were able to earn in last half year was about 15s. per cent. We have capital of close upon 2,000,000l., and we were only able to earn about 6,000l. during last half year on the 2,000,000l. Another half year I think 25s. was the rate per cent. I am afraid that that is not very far from the average, at any rate in Lancashire. So that from those figures it will at once be apparent that there is very little profit on coal at present, in Lancashire at any rate, and I am afraid that in most other districts it is pretty much the same.

12,118. You impute that loss in the value of the coal partly to over-production, are there any other causes that weigh upon the coal industry to which you would draw attention?—Over-production is one element. Then, again, I think that the railway companies ought to help us more than they do as regards the question of rates. Certainly an adjustment of rates never was more urgently required than it is now. Practically the rates are pretty much the same as they were before the coal famine began. The rates were raised during the coal famine, but most of those rates have been taken off again. Since our report was written, I do not mean to say in consequence of the report being written, but within the last two or three weeks there have been reductions made and more particularly in respect of iron. Some of the rates are still, as I think, high. I do not mean to say they are above the parliamentary maximum, because they are not; but they are a great deal higher than I think

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the trade is able to bear at present, and when we see that railway companies fortunately are able to pay pretty good dividends it makes us unfortunate coal-owners think that we are very much worse off than they are, although we find them so much of their work. So that we think a readjustment is required in the question of railway rates. I had occasion about a fortnight or three weeks ago to send my brother, who is my *alter ego* at the works, over to Germany to see how it was that the Germans were able to make what is called *spiegel iron*, which is a form of pig iron, and sell it close to our own district much cheaper than we can ourselves, and I find that taking our rate from Wigan to Liverpool, which is a distance of about 21 miles, for the same material we pay 2s. 3d. per ton, that rate having been reduced on the first of this month from 2s. 6d., that is a rate of 1'28d. per mile. Taking the two rates which he ascertained whilst he was there, the one being from Dusseldorf to Antwerp or Rotterdam, which is a distance of 157 miles, the rate is 5s. per ton, equal 39d. per mile. There is another rate from Siegen to Cologne, a distance of 66 miles, and there the rate is 2s. per ton, that is 36d. per mile, so that although I admit that for longer rates the decimal ought to be less than it is for shorter ones, there is a very marked difference there. Taking our rate, 1'28d., and the other two at 3d., there certainly is a very striking difference there, and in my judgment it is quite clear that unless some relief can be had in the way of rates, it is impossible to keep on producing coal and iron as we are doing now. It is clear that with the figures which I have given the Commission there is little or no profit at all, and we certainly shall have to look about us or we shall be ruined. I instance that as one thing which has been the result of investigation in Belgium and in Germany. It is only fair to name the other two points which specially weigh upon us, and which are wages and royalties.

12,119. Upon the question of railway rates, does not the prosperity of the railways in this country materially affect, and beneficially affect, the coal and iron trade?—I do not think I can quite view it in that light. Of course if a railway company is rich and able to do its work very well it is in a much better position for carrying than it otherwise would be, but if they get too large a share it is clear that the other traders, or freighters as we call them, have to suffer.

12,120. You observed just now that there had been an increase in the quantity of coal used for home consumption, in what way do you suppose that coal to have been used in manufactures or to a considerable extent in railways?—I should think it is pretty equally divided over domestic consumption and in gas making, in which there is a very large consumption; I should think the largest increase has been in the making of gas, but taking everything else I should think that it has been pretty well divided fairly over domestic consumption and manufactures.

12,121. Next to the question of traffic I think you mentioned the question of royalties?—Yes. Upon the question of royalties I would say, first of all, that in Germany, in Westphalia, it seems that the royalty paid there is a per-centage of the selling price of fuel at the pit's mouth, and that per-centage is 2 per cent., whereas in England the royalties are generally fixed at a certain amount per ton to the lessor, not being on the selling price but being a matter of private contract or bargain between the lessor and the lessee. I think that, although they vary very greatly, the average in England is probably somewhere about 8 per cent. In our own district at the present moment it is between 9 and 10 per cent. In some districts it is less, and in some it is more, but I should think that the average over the country probably would be about 8 per cent., so that our royalty is four times as high as it is in Westphalia.

12,122. To whom is the royalty paid in Westphalia?—To the Government. The mines belong to

the State and the royalty is fixed by the Government officials. I am not naming this to lead the Commission to think that I want to interfere between lessor and lessee, for I do not want anything of the sort; I think it ought to be a matter of private bargain, but I think it is only right to point it out, as one of the burdens upon us, in other words it is one of the causes of the depression in the coal trade at present, as it enables our competitors in those countries to take orders for foreign iron and various other items which otherwise I think would come here. That is one element. But with reference to the question of royalties, I also want to name this, that in England in addition to, or in contradistinction to, the question of royalties which we may say is at so much per ton of coal there is a dead rent always fixed, and that dead rent as it is called merges into the royalty. I will explain this as clearly as I can. If I take a lease from a landowner he probably will ask me, say, 1,000l. a year and 6d. per ton royalty, or whatever it may be, and I have to pay that 1,000l. a year whether I get any coal or whether I do not get any coal. If I get 500l. worth of coal one year, and I get 1,500l. worth the next year, I pay 1,000l. each year. In other words, the landlord must have his 1,000l. a year whether you get the coal or do not; but if you get less in a series of years you have a right to recoup yourself during the lease the amount that you have overpaid. But I wish to point this out, that that is governed by the length of the lease and by the termination of the lease, and I do think that where a lessor has been paid for his coal, and the lessee has not been able to get it during the lease, the lessor ought to allow a longer term in which that coal is to be got, because he has had the money in his pocket ever so long. Taking our own case at the present moment, we have overpaid 260,000l. for coal to be hereafter gotten, more than a quarter of a million and more than an eighth of the capital of the company; I do not know that I have any right to grumble about it, and I am not grumbling about it; but I do say this, that at any rate we ought to be allowed to get it; that even supposing the exigencies of trade have not allowed us to get it during our lease we ought to be allowed a further period in which to get it. I do not know that I should even go so far as to say that I want to make it a legislative enactment, but the difficulty really is this, that supposing I were to go to the lessor when my lease is just expiring, and, say, I have overpaid "20,000l. to you, will you give me 20 years longer, "or 10 years longer, to get that coal"; he would say, "I am a trustee, I am a limited owner, and I have "no power to do it." I think that he ought to have power to do it.

12,123. How many years has your lease been running?—It was only an ideal case. I had not a real lease in my mind, but the amount which I named, 260,000l., refers to a great number of leases. I suppose we probably have a couple of hundred leases. In Lancashire, unfortunately, we have a great number of very small properties, at any rate in the neighbourhood of towns, and you are obliged to take them all, at any rate you are obliged to take a compact piece, otherwise you have to work the coal in such a way that it would be worked at a very great disadvantage. It is a disadvantage which I dare say applies more particularly in the neighbourhood of towns and in Lancashire. For instance, I know that in some parts of the country a coalowner would be able to take 8,000 or 10,000 acres from a landowner and then he would not want any more probably; but in our own case, I suppose, we may have perhaps 20,000 acres on lease, and I should think we probably have a couple of hundred leases, and everyone of those leases has a certain rent, or fixed rent. In order to work it in the most advantageous and safest manner we now adopt what is called "wide work," that is to say, we start wide and sweep the coal clean away until we get to the extremity. If you have, say, to one pit 15 or 20 leases you are paying probably on a dozen of them from which you are getting no coal whatever, because you have to keep

stepping along, as I may term it, and the amount of overpaid rent to which I alluded before amounts up very rapidly. I rather press upon the Commission that, at any rate, having paid that there ought to be power given to an owner, if he be a limited owner or trustee, to enable his lessee to get the coal for which he has paid, even if he cannot get it during the lease.

12,124. Why do the lessees enter into those contracts which are so unfavourable to them; they are not compelled to do so?—They are not unfavourable taking one lease at a time, but when you come to multiply them they become unfavourable in that way. Supposing that there is a field of coal of 20,000 acres, it is probably divided up into a couple of hundred leases, and we are obliged to take them all in order to get the coal regularly, otherwise we should have to cut round little bits of property in a way that would not pay at all, and therefore it is that they begin to press upon us in that way. Then of course also the question of trade comes in; when the trade is not so good we do not like to get so much coal as we otherwise would, but we keep on paying this rent and we want ultimately to be able to get the coal.

12,125. Is it not in the power of any lessee or intending lessee to make a bargain which should make the payment dependent upon the amount raised?—The power only extends to the duration of the lease. Supposing you take a lease for 25 years and you pay for 20,000l. worth of coal and only get 10,000l. worth, at the end of that 25 years you lose the other 10,000l.

12,126. But you knew that when you entered into the bargain?—Yes, that is quite true, you do know that; it is a question of bargain no doubt, but in a mining lease not only is the question of trade involved but there is the physical question underground; these are faults and difficulties which you cannot foresee when you sink your pit. In our own district on part of the mining take the Wigan Coal and Iron Company, I suppose at the present moment I am paying something like 1,000l. a week for dead work in crossing faults of which we knew nothing when we sank the pits, that acts as a physical question against our carrying out the bargain in its integrity; and I think it is only reasonable that having paid for the coal there should be time given in which to get it, and even then I only want to have the power given to lessors to do it. I do not ask that he should be made to do it, but I think it is very hard that one should be met with the reply, "I have not power to do it; I am "a limited owner and I have not power."

12,127. What should induce a man to pay money or to give back what he had bargained to receive?—I think that he ought only to be paid once for the same thing. I do not think it is fair that he should put it into his pocket twice; if he has been paid for it once. I do not think he ought to ask for it again.

12,128. Supposing that the lessor is considering the bargain that he is going to make, do you not suppose that he takes into consideration all those points, and according to them he fixes the sum that he will ask for the regular annual payment?—You see he has a per ton rental of coal absolutely, whatever is got out he is paid for at per ton, but in order to tie the lessee down to work vigorously he says, "I must have a dead rent as well for it," and by reason of that dead rent he puts a quantity of money into his pocket for which the lessee has not got the coal; and I do submit that although it was a bargain that it should be got within a certain time, it is only fair that the lessors should have the power at any rate of allowing it to be got after the lease has expired.

12,129. What is the usual length of a lease?—They vary very much, from 20 years up to 60 years. Of recent years the tendency has been to lengthen leases because the pits are very much deeper, and the mining is more difficult; about 20 to 25 years was the average length.

12,130. (Earl of Duarven.) As a matter of fact, limited owners and trustees are precluded from granting leases of 60 years?—I believe that is so; at any

rate that is the answer I have always been given, and I believe that is so as a matter of law.

12,131. Supposing there were no dead rent, what kind of security would the lessor have that his coal would be worked at all?—If there were no dead rent we should be very happy of course, but it is only fair to point out the other side, even of that. It would scarcely be reasonable not to have any dead rent, because I might go and try to acquire an immense territory, and not work some of it for a very long period, and consequently the owner would not get anything. That is the real reason why a dead rent was put on.

12,132. If you pay a dead rent for a certain number of years, you are allowed to recoup yourself during the lease, are you not?—That is so.

12,133. It comes then to be a mere question of the length of the leases?—That is quite true, but then very often it is the case that the limited owner has only power to grant a certain number of years. When I have asked for a longer lease I have often been met with this, "I have only power under the terms of my "settlement to grant 25 or 30 years," or whatever it may happen to be. That very often happens, and a lessee should always take care to have a long enough lease.

12,134. Do you not find, as a rule, that the lessors, if pressed by their lessees, refuse to make modifications of the terms of the leases?—It is a very difficult thing to get a modification of a lease after it has once been made.

12,135. Would you not say that, practically speaking, the lessor is very much at the mercy of the lessee, and that sooner than have the pit shut up and stopped he would give more favourable terms?—I do not think, as a rule, the lessor is at the mercy of the lessee. Just now, I dare say, a lessee would get more favourable terms than he would have got a few years ago, but, as a rule, taking the average of years, it has been rather the other way round, it has been pretty much the same as it was with farms up to five or six years ago, there were more tenants wanting farms than there were farms for, and consequently it was not the tenant but the landlord who had the better bargain, and that was so between lessor and lessee in mining. I daresay that in negotiating leases now the terms would be rather more in favour of the lessee. I do not for one moment to cast any aspersion upon the lessors, I am trying carefully not to do so, but I am bound to point out that they are under a disability as regards the matter I have named, and I should like to see that disability removed, I have nothing to say against them at all.

12,136. Have not the royalties been largely reduced in existing leases?—Not in our district, I am sorry to say. I am at present engaged in trying to get my certain rents reduced, but up to this time I have been entirely unsuccessful; I have not given up all hopes, but in our own district there has been little or no modification, I should say, in the royalty per ton. I do not consider that in the Lancashire district the royalties as a rule are excessive per ton.

12,137. What is the average amount of the royalties?—I should think that the average of royalties would probably be about 6d. per ton. I do not know that they are very excessive, but the other branch of the question I should press very heavily. I have heard (this is only hearsay) that the royalties in Northumberland and Durham have been reduced, it is regarded as a very great secret. I have got no particulars whatever. I have asked about it, and I am informed that it is so, but it is a sacred secret which will not be divulged to anybody, but the simple fact that there has been a reduction.

12,138. What is the price of coal in your district?—I should think the average selling price of coal, which includes everything, including the small coal, is about 5s. 6d. per ton at the pit's mouth.

12,139. Do you mean to say that coal not worth more than 5s. 6d. per ton on an average is paying a royalty of 6d. per ton?—That is so.

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12,140. (*Mr. Palmer.*) Is not your case a somewhat exceptional one of having all those small properties under various leases?—I should think that that difficulty obtains more in Lancashire probably than in most other districts. I do not think that it applies to the Wigan Coal and Iron Company alone, but to most of the collieries in Lancashire, because these small ownerships obtain over a good large portion of Lancashire. I daresay it applies to the district, but not to the individual.

12,141. How do you deal with the passing of coals of one property through another; do you pay extra for that?—No; as a rule there are no wayleaves paid in Lancashire. It would be manifest that with such a number of small royalties if we had to pay wayleaves to A., B., and C. to bring the coals to D. it would be utterly impossible for us to make it pay, so that as a rule there is a free wayleave in all leases. There are some exceptions, but that may be said to be the rule.

12,142. Have your royalty rates increased of late or declined?—In the leases which were taken from about 1872 to 1875 they were at a very much higher rate, no doubt; since that they have fallen to about the normal rate.

12,143. Have you made an estimate of how much per ton has been the cost put upon the working of the coal in your district in consequence of the Mines Regulation Act?—I have always estimated it myself at about 8*d.* per ton. It is a very difficult thing to estimate it accurately, but I should think in our own district it comes to very nearly 8*d.* per ton in one way and another.

12,144. Is it your opinion that as by legislation the cost of getting coal has been increased that increased cost should be distributed between the lessor and the lessee?—If my estimate be correct the disadvantage, if you may so call it, under the Mines Regulation Act is greater than the amount that the lessee receives. Unfortunately every Act of Parliament which has been passed in relation to mines has increased the cost, and so far as our own works are concerned I may safely say it has not increased the safety. I would not say that perhaps all through the country, but so far as our own works are concerned I have always made safety the first study, and I do not think that the effect of the Mines Regulation Act on our collieries has been to save one life a year.

12,145. Have you difficulties in the renewal of your leases?—Yes, there generally is a difficulty in renewing a lease for this very reason, that if the lease expires there is an amount paid on it for the coal which has not been got. If I renew it, I want to have power to carry forward that amount and very often the owner says I have no right to do it. I cannot do it; and therefore in steps that difficulty.

12,146. Have you any association of employers in your district?—Yes. This report which I have handed in really was made by me for what is called the South-west Lancashire and Cheshire Coal Association.

12,147. Are the miners in a union equally strong?—Yes, I think quite as strong; but the Lancashire and Cheshire Coal Association does not enter into the question of wages. We have a sub-association in West Lancashire in which our works are situated, which deals with wages if need be.

12,148. The two associations do not settle the wages, I suppose, as they do in Northumberland and Durham?—In Northumberland and Durham there is a sliding scale, and at the present moment I am doing my utmost to bring about a sliding scale for our own district. We have been at work upon it for some time, and I am quite satisfied that it is the very best way of arranging the matter.

12,149. You spoke of there being very small profits in the coal trade; do you write off the depreciation of the mine before you speak of profits?—Yes, always. In our own case we write off something like between 60,000*l.* and 70,000*l.* per year. It is absolutely necessary, otherwise we should be paying dividend out of capital. We must try to establish a fund which will replace the capital when the coal is exhausted.

12,150. (*Mr. Muntz.*) I would like to ask how did the Mines Regulation Act affect you to the extent of 8*d.* per ton?—First of all in the arrangement as to the managers. The managers formerly were not required to have certificates, but since the Mines Act came into operation they have had to have certificates. Then there are all sorts of forms to be arranged and filled up. The hours of labour of the boys and the women who are employed on the surface of mines were reduced, and we are interfered with in a number of ways of that sort. It is a most difficult Act to work. It is bristling with pains and penalties in every possible direction, and it cannot be carried out without very considerable cost.

12,151. It strikes one as a very large amount; the value of the coal you state to be 5*s.* 6*d.*?—That is so at the present moment.

12,152. But you say that at the present moment the Mines Regulation Act affects you to the extent of 8*d.* per ton?—I should say it does.

12,153. If you couple the royalty of 6*d.* per ton and the Mines Regulation Act 8*d.* per ton that makes 1*s.* 2*d.*, and that is equivalent to something like 22 per cent. upon the gross amount of coal?—Yes. Then in addition to that there was the Employers Liability Act which came into force in 1880, if I remember rightly. That immediately affected our company to the extent of about 1,100*l.* a year, making the arrangement which is called "contracting out of the Act," by giving a consideration to the men in respect of the Act. If I remember the figures rightly they told me that it cost us 1,300*l.* or 1,400*l.* a year. All those things come against us.

12,154. Could you suggest any alteration in the Mines Regulation Act which would keep up the efficiency and yet reduce the loss that you sustain by the working of that Act?—In our own case I should say that it has not increased the efficiency of the working one bit.

12,155. Then you are practically throwing away that 8*d.* per ton under the Mines Regulation Act?—I think so; my own feeling always was that the Act of 1860 contained abundant powers for safety. In 1872 for the first time a commercial regulation was brought into the Mines Regulation Act which was the weighing, which is a very costly matter in itself. At every pit head there are two weighmen, and, I think, they get a guinea a week each or thereabouts. In our own case we employ 30 or 40 of those men, and the collieries have an equal number, and it is so much thrown away in my judgment.

12,156. Then would you suggest a modification of the Mines Regulation Act?—I am afraid that it will only be modified in one way, that is upwards. I do not think it could be made easier. I suppose that the Government have a measure to be brought in almost immediately, which is to follow the report of the Mines Commission, and it is a certainty, in my judgment, that that will be the more onerous than the existing Act, it will increase the expenses again, and it will either come out of the coalowners' pocket, or out of the pocket of the consumers.

12,157. If I understand you correctly, you think that if you repealed the Mines Regulation Act with regard to the collieries in your district the working would be quite as efficient and quite as safe, and you would save 8*d.* per ton?—That is my own feeling about the Act of 1872, certainly. I do not say that that is the feeling of the colliers; I do not know whether they would go with me or not, but I daresay that so far as our own works are concerned they would, but possibly they might say that it is not so everywhere.

12,158. But you state that, as a matter of fact, in connexion with your own pit?—I do. I consider that we were quite as safe before the Mines Act of 1872 passed as we have been since.

12,159. Is there a loss or a profit on the getting of coal in your district at the present time?—I think it is just about a balance. I gave you our own figures, which may be taken as entirely representing

coal, for the iron works were doing nothing at all, neither profit nor loss. The result of last half year was simply a profit at the rate of 15*s.* per cent. per annum. The profit for the half year before was after the rate of 25*s.* per cent. per annum.

12,160. (*Mr. Jamieson.*) How many tons per annum are you putting out just now?—Nearly 2,000,000 tons a year.

12,161. Therefore 8*d.* a ton upon that would come to about 66,000*l.*?—Yes.

12,162. And that you consider to be the loss that you sustain from the operation of the Act?—I think so.

12,163. In answer to Lord Dunraven you said that the reason of the complaint which you had to make of the dead rent exceeding the shorts was the numerous small proprietors that you had?—That is, to a very large extent, so.

12,164. How would you obviate that difficulty, keeping in view the right which a proprietor no doubt has to get his coal worked if it be let to a lessee?—I do not think you can obviate it, except in the way I have named, that if a lessee is not able to get it during the lease he should, as of right, have an extended term after the expiration of the lease to get the coal for which he has already paid.

12,165. That would be virtually extending the lease for the benefit of one of the parties, would it not?—Not quite so.

12,166. Supposing that coal had gone up in price in the meantime, would you raise the price of the coal coincidentally with the extension of the lease?—It is something that you have paid for already, and I think you ought to be able to take receipt of it.

12,167. Is not that somewhat a fallacy, if you have excluded the landlord during the currency of the lease from letting it to any other body?—That is not so, I think, because he has been in receipt of a rent all the time; we will not call it a good rent, if you like.

12,168. If the practice is not dissimilar in your district from any that I am acquainted with, the dead rent is considerably below what the working rent would be if the colliery were in full work?—It is not so in our case, because in many leases where we are getting coal we are not able to get up to the dead rent. I suppose that we pay 50,000*l.* for dead rent per annum to a number of persons, so that I do not think I quite agree with you.

12,169. In taking a lease would you stipulate to pay a dead rent which would be equal to the gross royalty on the full output of that lease?—It is not assumed to be so, but for the reasons that I have named, the faulty nature of mining ground, and so on, you very often cannot get the amount even that you stipulated to pay.

12,170. But the royalty owner in giving up for 60 years his right to work gives a concession to the tenant which is an advantage to the tenant?—It is so, of course, and his own.

12,171. And very often that advantage, if I am not mistaken, arises from the necessity which the tenant would have of working that coal in order to work adjacent coal?—It is absolutely a necessity in our district that a number of leases should be taken together, because the ownerships are so small that no one on earth would sink for the small ones.

12,172. Therefore the mere royalty in that piece of land will not be the total advantage which the tenant gets from the lease?—He has to take into consideration in negotiating all his leases that he must have a number of them, otherwise he cannot set a colliery on foot at all.

12,173. Or he might have a rival work introduced into the midst of his works?—That might be so if the rival could get a sufficient area. But what I want to point out is, that the small areas make it absolutely necessary that there should be a number of them taken, and that neither A. nor his rival would take a piece of it; he would have to take the whole, because mines are now getting so deep that you can never set a colliery on foot for less, roughly speaking, than

50,000*l.* Therefore there must be a sufficient area to it, and the lessor of course has his dead rent, and if you get more than your dead rent he has the royalty on that also.

12,174. You spoke, did you not, of the length of leases being from 20 to 60 years in your district?—Yes, I think 60 years is the outside.

12,175. Those are qualified, I suppose, by breaks, are they not?—No, breaks are not customary in our district. There may be some isolated cases in which there are breaks, but they are very few indeed.

12,176. And it is an absolute lease for that length of time?—It is.

12,177. The pressure of the royalties has been complained of; have you in your district the principle of paying by a fluctuating royalty with the price of coal?—No, it is a fixed royalty. The plan in the district is that you pay so much per foot thick per acre.

12,178. Do you think that a fluctuating royalty would obviate the complaints which are now made?—I think that a fluctuating royalty would probably be better; although I am bound to say that it used to be a fluctuating royalty, and that it has come round to a fixed one.

12,179. Was that in consequence of the high prices?—No, I think it was in consequence of the difficulties in the accounts; it involves looking into books, and keeping statistics and so on; but that is not the branch of the subject that I pressed so much.

12,180. When you inquired into the question of the German royalties and found that they were 2 per cent. on the output value, did you inquire as to whether the German Government ever made concessions of these royalties on the footing of getting the 2 per cent., and whether the vendors thus clothed with the right to the mineral under the burden of 2 per cent., disposed of their right to other people at a great profit?—I am not clear about that, but the foundation of it is a concession. A person prospects a piece of ground; he applies for a concession, which is given to him almost as a matter of course; and then comes the question of the 2 per cent. Whether he has the right to dispose of it I cannot say.

12,181. But if he had the right to dispose of it and were to let it, say, at 8 per cent., paying 2 per cent. to the Government, and taking 6 per cent. to himself, the trade would be in precisely the same position as it is here, would it not?—That must be so, no doubt.

12,182. What is the 2 per cent. on?—On the gross selling value of the coal at the pit's mouth.

12,183. (*Mr. Gibbs.*) Is the dead rent that you spoke of an addition to the royalty on the output, or is it in the form of a minimum royalty?—It is a minimum rent merging into the royalty.

12,184. Supposing that you had paid for what you had got, as you say, during one lease, how do you recoup at the end of the lease?—At present we have no power. I should propose to have an extended term.

12,185. You would only recoup yourself, therefore, by an extended term, and not by any giving back of money?—No, I do not think you could get money back.

12,186. It is possible that the trustee under a will or otherwise might only have the power to let for 21 years or for 60 years; and I understand you to say that it would be well if he had the power of extending the term?—Yes, that is as far as I go really.

12,187. In the case of a landowner on whose land coal has been discovered, is it not the case that at the present moment, however good the seam, it would be hopeless for him to expect to get his mine worked?—I should think it would. I should think that very few persons would be sufficiently enterprising to start a coal pit just now.

12,188. That being the case, in what way does a lessee under an old lease differ from a person who is negotiating a new lease of a new mine; has he not the same command, can he not say, "No, if you do not give me better terms, if you do not give me a

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"longer lease, or a diminished royalty or a diminished dead rent, I will pack up my traps and be away?"—But he cannot do that; he is bound to pay the minimum rent to the end of the term, whether he works the coal or not.

12,189. But at the end of the term he might refuse to take a fresh lease?—Supposing that the lessor has had 20,000*l.* or 30,000*l.* paid for coal not gotten, and that he happened to have a pit on his property, he would say, "Very well, you may go as soon as you like."

12,190. Then, in fact, you are under compulsion by the hope of getting back that which you have already paid?—Yes.

12,191. Do you think that the present low price of coal is in any way affected by the appreciation of the currency?—I think it is quite possible that it is; but I speak with great hesitation about that, for I confess that I do not know enough about it, and I think that I ought not to offer an opinion upon it.

12,192. Do you know that in Germany, in the royal mines and other mines (I think there are two great systems of mines in Germany) the fall in price there was not quite contemporary, but nearly so, with the new currency measures of the Government?—I have heard that that was so, but that is all.

12,193. Did you ever see a report by Mr. Mulvany, an Irishman, who had a great deal to do with mining in Germany?—I have heard of him.

12,194. I was in Germany lately, and I brought home his report (which Mr. Murray has in his hand) where Mr. Mulvany shows you by years the apparent effect of the change of currency; you have never seen that report?—No, I have not.

12,195. (Mr. Drummond.) Have you yourself made any efforts to make with the lessors such an arrangement as that which you suggest to the commission and which the lessors think would be fair?—I am just in the agony now of doing so.

12,196. But anything of the kind which you suggest must be voluntary?—I think so. I think that you can only go to this, that a lessor ought to have the power given to him if he has it not. Then private contract comes in.

12,197. With respect to royalties, do you think it would be an advantage if they were owned by the State in this country?—No, I do not at all, and I will tell you why. I think that mines and surface ought never to be separated. You have such complications in working that if one man owns the surface, and another owns the mines, no end of difficulties arise. They never ought to be separated in any circumstances.

12,198. With respect to the Mines Regulation Act, was not one of the important conditions of that Act the regulation of boy labour?—Yes, the regulation under which boys should enter a mine. The age was reduced, if I remember rightly, about a year by the last Act. It had been reduced very materially before by the Act of 1860.

12,199. Was it an advantage?—I do not think it was, and I will tell you why. In many cases in Lancashire the mines are very thin in section, and if a boy does not go in pretty young he would never go in at all; and I believe that is one of the greatest disadvantages of the Mines Act; that it has discouraged persons from going into the mines.

12,200. But, as a matter of fact, you have more miners now than you have work for, I suppose?—I can scarcely say so. You have more miners than you can keep at full work, but it does not follow that you have too many miners because you are obliged to fill the area of your pits.

12,201. Is there any hope of your ever being able to keep them in full work?—Not in the immediate future I am afraid, and I confess that I do not see any hope of it at all.

12,202. With respect to the Employers Liability Act to which you referred, was that contracting out of the Act, as you have described it, mutual?—It was so.

12,203. Was it quite mutual?—It was. I may say that the miners' representatives say that we coerced the men, but it is not the fact, it is quite the contrary; it was perfectly voluntary, and I believe that now fully 90 per cent. of our men would be very grieved indeed if the arrangement were done away with, because it is a most excellent arrangement for them, and I will show you why. The cases under the Employers Liability Act would probably not reach 10 per cent. of all the accidents happening, whereas under this arrangement the men have a consideration for every accident that happens. Supposing that a man is laid off his work he has 10*s.* a week however long he is off work; whether he is laid off for five years, or 10 years, or 20 years, he has 10*s.* a week; and in the case of death his widow and children are very well provided for indeed. For that he pays 4*d.* a week, and we pay 1*d.*

12,204. Is the proportion of accidents considerably less now than it was before the passing of the Act?—I should say not at all; I do not think there is any difference whatever.

12,205. (Mr. Gibbs.) With regard to the royalties in the present depressed state of the coal trade, royalties do no doubt press heavily on the collieries?—Yes, I think that is so.

12,206. In former times the coal trade was in a very buoyant condition, was it not?—For a short time.

12,207. For some time?—Not for very long. Speaking roughly, I do not think that the coal trade of the kingdom for the last 35 years has made 5 per cent. on the capital expended. In that I am including every failure and everything; but I do not believe that it has been a 5 per cent. business for 35 years.

12,208. On the whole has there not been an average good trade, and has not the owner of the royalties been in a somewhat worse position than the coal lessee, when the trade was extremely good, and when the royalty owner still got only his minimum rent?—No doubt for the two or three years when coalowners were getting very high prices for the coal, it might fairly be said that the lessor perhaps had not his share; but I think that if you take a period of even 20 years he has had quite if not more than his share.

12,209. You do not think, therefore, that it is a sufficient answer to any complaints to say, "You must take the sweet with the sour." You have had more of the sour than you think belongs to you?—I think that we have had more than our share of the sour. But I do not complain of that branch of the question; I wanted to point out the difference in Germany. I do not advocate the compulsory reduction of royalties.

12,210. I think you say that in Germany the State royalty is so much, but you do not know how much may be exacted besides by the middleman?—I do not know that. I know that very often, not in Germany, but in France, it is a very costly matter to get a concession, to begin with.

12,211. (Mr. Palmer.) With reference to the Employers Liability Act and your having contracted out of it by your paying so much and the men paying so much, had you previously to that Act a miners' permanent relief fund in existence?—Yes, we had. We (speaking of the coalowners) made an arrangement with the permanent relief fund; we got them to take up an additional sum from us, and to frank us from the Act in respect of an additional 10 per cent.

12,212. You have merged the arrangement of that fund into your new arrangement since the passing of the Act?—That is so.

12,213. (Sir J. P. Corry.) What was the quantity of coal exported last year?—I have not the figures for last year, but in 1884 it was 22,354,000 tons.

12,214. We were told by one witness that he calculated that it was 30,000,000 tons last year?—This is absolutely taken from the official report.

12,215. So that his calculation would be nearly 8,000,000 tons astray?—This is for 1885. I should

not have thought that the figures would be more for 1885 than for 1884; but I think you may take it that these figures are absolutely right; I took great pains to make them so at any rate.

12,216. (Sir J. Allport.) With reference to the paragraph in your report, in which you say that the railways are killing the coal trade, you stated that during the inflated period of the coal trade the railway companies increased their rates?—Yes, that was so.

12,217. Can you tell me to what extent per ton they increased them?—Taking London it was increased 6*d.* per ton, I believe.

12,218. But that was taken off afterwards, was it not?—Yes.

12,219. Do you remember what the selling price to the companies of steam coal for locomotive purposes went up to in 1873 and 1874?—I do not know what the contracts were of course, because I never contract for locomotive coal.

12,220. Are you aware that there were no contracts beyond a limited amount?—There were a number of contracts with the London and North-Western Company.

12,221. But they never made their contracts beyond 12 months?—That is so.

12,222. Will you tell me what was the price of coal to the London and North-western, or to the Midland, or any of the larger companies before the inflation came?—I should think that before the inflation came probably the price was about 6*s.* per ton at the pit.

12,223. And would prevail not only in Lancashire but in Derbyshire and Nottinghamshire?—I should think so.

12,224. Do you know what the prices went up to during the inflation?—Yes, I think I do; I daresay they would be 17*s.* or 18*s.*

12,225. And the railway companies advanced their rate to London 6*d.* per ton?—To London the advance was 6*d.* But I should like to point out this in connexion with London, that the rates now are a great deal higher than they have been.

12,226. But during the competition between the companies they went very low, did they not?—I do not know whether it was in the competition time altogether, but I can give you the time at all events, and you will know whether it was in the competition-time. I know the price came very much lower than that, and it must have been a very low figure. In August 1872 the rate was 8*s.*, then in October it went up to 8*s.* 6*d.*, and then later it went to 8*s.* 9*d.*, at which it remained until 1878.

12,227. That is from Wigan?—That of course is from Wigan; but I should like to point out that it was at one time as low as 6*s.* 7*d.*

12,228. At what time was that?—It was 6*s.* 7*d.* in 1871.

12,229. What was it in 1872?—In 1872 it vibrated; it was 6*s.* 7*d.*, 7*s.* 1*d.*, 7*s.* 4*d.*, and 8*s.*

12,230. Do you not remember that during 1871 and part of 1872 there was a great competition, a sort of fight between the companies?—I knew there was in 1871; I did not know when it terminated.

12,231. Does not that account for the low rate in 1871, because that is not a normal condition of things?—That is a very low rate.

12,232. But practically the rates during the inflation were advanced 6*d.* per ton, but the price to the railway companies for the fuel that they consumed advanced from 6*s.* per ton to 18*s.*?—I think that was about it.

12,233. And then, when the prices went down, the companies reduced the rate, did they not?—After some little time they did.

12,234. Has it not been customary for the railway companies and the coalowners to have this arrangement, that the companies had nothing to do with prosperous times, and never advanced their rates during those particular times, and that their argument was, "You have no right to ask us to reduce our

"rates when times are not so prosperous"?—I do not think that, with the exception of those two or three years, we ever had any abnormal time in the coal trade. It never was very prosperous; as I said, it was about a 5 per cent. business; so that I do not quite think that that argument applies.

12,235. I cannot quite reconcile that answer with the fact that most of the coalowners out of profits have sunk fresh pits, extended their works, and done a very great deal?—They have perhaps simply put back the capital, otherwise they would have come to an end, and died a natural death.

12,236. I will put it in another way. Is it not the fact that if you take the two years 1873 and 1874, all the collieries in the United Kingdom had their capital pretty well returned to them?—No, I say it is not so, because we did not get our capital returned, or anything like it.

12,237. Not with your collieries?—No, nothing approaching it.

12,238. There may be one or two particular exceptions, because you happen to be exceptionally placed as regards your royalties?—No, I do not think so. I should say that taking Lancashire through that was not the case.

12,239. My remarks apply more particularly to Derbyshire, and Nottinghamshire, and Yorkshire?—I have no doubt that some of those collieries did better during what is called the coal famine than most places.

12,240. And I should not be far wrong I think, in saying that they had their capital entirely returned out of profits?—That is a happy state of things that I have not experienced, and I should not like to speak for them at any rate.

12,241. But with regard to this killing of trade, there has been no advance in the London rate, which is perhaps the most important item of the English coal traffic; has there been any diminution in the supply of coals to London?—No, I should think the contrary. But I will tell you how I account for that. During those years of what we will still call the coal famine, the number of new pits in the Midland counties was greater than in any other places, in fact there was more unoccupied mineral ground there; and the rate thence being so much less than the rate from Lancashire, there has been a large quantity of coal which really has no other outlet than London.

12,242. Do you know what is the difference between the Lancashire rate and the average rate of Derbyshire, Nottinghamshire, and Yorkshire?—I ought to know it, because I send coal from Cossall; I think it is 15*d.*, but I am not quite sure.

12,243. Is it not less than 1*s.*?—No, I think it is more.

12,244. Is it not about 1*s.*?—I should have said that it was 15*d.* speaking subject to correction.

12,245. Are you aware that the railway-borne coal into London from 1873 (the most inflated period) to 1885, has increased from 5,147,000 tons to 7,070,000 tons?—Yes, it must increase in accordance with the population, as a matter of course.

12,246. And with the exception of that increase of 6*d.* per ton, which remained on for about 18 months, there has been no advance in the rates?—No, there has been no room for an advance.

12,247. But as the companies have never, with the exception of that single 6*d.*, advanced their rates in prosperous times, is it not fair that they should not be called upon to reduce their rates in adverse times?—No, I do not think so. The prosperous times were very short. I should say that we have had a normal state of trade, with the exception of two years and a half.

12,248. I will put it in another way. Do you know what the railway companies are paying for their steam coal now?—I should think probably about 5*s.* 6*d.*

12,249. Only 6*d.* less than they paid at the cheapest time?—But do not forget that it costs a great deal more to get it, in consequence of the Mines Regulation Act, the Employers Liability Act, and various other things.

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12,250. Does not the remark about parliamentary interference with the working of these industrial institutions apply to railways as well as to collieries?—I do not think quite so much so.

12,251. Do you know of it of your own knowledge?—I have a general knowledge of railways, of course.

12,252. Do you know that the cost of railway working has increased from about 48 per cent. to 53 per cent.?—I know that, taking it roughly, 50 per cent. is considered about the average.

12,253. That is, in making certain calculations. Do you not know that railways at the present moment are being worked at about 52·75 per cent.?—I daresay it is so; I will take it from you.

12,254. Then practically the cost of working railways has increased from 48 per cent., say, to 52 per cent.?—That does not anything like compare with our disadvantages.

12,255. I want, if I can, to get you to acknowledge that the railway companies have been quite as much interfered with by Government inspection, and so on, as the coalowners?—I think not, because the Mines Act and the Employers Liability Act are costing us more than 4 per cent., which is the difference between 48 and 52 per cent.

12,256. Four per cent. upon what?—Upon our working cost; and I take it that the working cost is what you are naming, so that although I know that there has been interference with railway companies, I think it is more marked and more onerous in the case of mining than in the case of any other branch of industry.

12,257. But when you talk about the railway companies killing the trade, there is a justification, I think, for the railway companies keeping up their charges which have been always moderate in the carriage of coal?—I do not venture to say that they were not been moderate, but what I do say is that the coal trade cannot afford to pay them now, and that if the railways do not help us they are going to kill the coal trade.

12,258. Do you know what is the average rate for coal to London now per ton per mile?—I should fancy that it is 30*d.* probably.

12,259. It is a little more than that. Do you know what their parliamentary rates are?—Yes, 1*d.* per ton per mile up to 50 miles, then 3*d.*

12,260. Are they not 14*d.*?—It is manifest of course that if the maximum charge were enforced no coal would come to London, say from Wigan.

12,261. Granted that the rate is 40*d.* You are the owners of railways yourselves, are you not?—We have to work colliery lines, of course.

12,262. What can you work the colliery lines at per ton per mile?—You puzzle me; I really could not tell you. But it would not be a fair comparison, because we are always stopping and starting; it is all shunting work with us.

12,263. There is a great deal of shunting in the carriage of coal by the public railways, is there not?—We cannot take hold of a waggon and carry it 200 miles from Wigan to London.

12,264. Did you ever examine the railway companies' accounts as to what they do in shunting and the number of engines that they have employed?—They must have a great deal of shunting no doubt, but they carry more valuable traffic than coal, and we have nothing else.

12,265. Would you be surprised to hear that the Midland Company have upwards of 30 engines constantly employed in nothing but shunting, for which they get no payment?—The latter part of the question I could not say anything about.

12,266. Excepting in the rate per mile that is charged. Can you tell me what, in your estimation, would be the cost per ton per mile, say for carrying coals from Wigan to London?—No, that I cannot tell, it is outside my knowledge; I have not the power of doing that.

12,267. Would it not have been quite as well if you had ascertained what the cost of working was before you had put in such a paragraph as this, that the railway companies are killing the coal trade?—I have no power to get the information. If I asked a railway company what the cost of working was, they would tell me, "That is our business and not yours."

12,268. Did you ever ask a company?—No, I have not done so; I should not venture to ask them. I am bound to look at what I consider the trade will bear; and I say that it will not bear for carriage now what it did prior to the coal famine.

12,269. Then you think that the railway companies ought to reduce their rates; but whether that reduction will involve a loss in the carriage is not for your consideration?—One can judge that by their dividend to some extent.

12,270. Does the dividend depend upon the carriage of coal?—All I know is that railway companies are always very anxious to bring coal owners forward when they want a new line, as though they wanted that traffic at any rate.

12,271. They want traffic of every kind, do they not?—They seem to me to place particular reliance upon coal upon those occasions at any rate.

12,272. Still you do not know what the cost of conveyance is?—I do not know what it is of course. That is outside my knowledge altogether.

12,273. (Mr. Aird.) Do you believe that if the railway companies met the difficulty which you suggest by reducing the rates, they will obtain back a considerable portion of that reduction by the increased quantities of coal which would be produced in the collieries of the United Kingdom?—I do think so, and that is my principal reason for suggesting a reduction. I do not want to rob the railway companies; I would rather see them carrying more traffic.

12,274. If the collieries were the property of the railway companies, is it your opinion that coals would be carried at a much less rate than they are carried for at the present time?—I think so. There is a very remarkable instance on that very point as to quantity. Some 20 years ago there was scarcely any coal at all exported from Liverpool; and the coalowners of West Lancashire set their heads to work to get a lower rate to Liverpool, and they determined to get up a railway company of their own. Then the London and North-western Railway Company took them by the hand because they did not want another railway, and there was a rate agreed upon between the London and North-western Company and the coal owners of West Lancashire of 14*d.* per ton all round, a group rate as it is called, to Garston. When that line was opened the whole of the coal exported at Garston was 100,000 tons a year; in 1884 it was 1,100,000 tons.

12,275. (Sir J. Allport.) That is many years ago, is it not?—That would be about 12 years ago. It was in 1865 or 1866 when the Act was passed, and it took perhaps three or four years to make the line.

12,276. That is about 18 years ago?—Yes; but it is a very remarkable increase.

12,277. In reference to Mr. Aird's questions, the falling off in the production of coal has been from 163,000,000 to 159,000,000 tons, that is to say, a falling off of 4,000,000 tons, has it not?—I suppose it would be about that.

12,278. In spite of the great reduction in the consumption of coal in all the iron works in the kingdom, the reduction has only been 4,000,000 tons; is that so?—That is the whole reduction.

12,279. Then is it fair to assume that if the railway companies were to reduce their rates there would be so large an increased consumption?—I do think there would be a largely increased consumption.

12,280. How would that increased consumption be brought about?—I think it would help the coal trade, it would help the iron trade, it would help the chemical trade, and it would help every trade in the country.

12,281. Do you know what the public rates are to the iron works?—They vary enormously; of course I

do know, because we pay something like 100,000*l.* a year in respect of iron.

12,282. Do you know that taking the bulk of the iron works in this country, coal is carried to those iron works at very low rates?—I do not consider that the rates for iron are low.

12,283. I did not say for iron; I say for coal to iron works?—That is a branch that I cannot tell you about; because of course we produce our own coal, and that is the reason of our iron works. We use our own coal at our furnaces.

12,284. Surely you will admit that the great falling off in the blast furnaces, so many of them being thrown out of blast, would account in a great measure for the falling off of 4,000,000 tons in the year?—I do not think I should say so. Although there have been fewer furnaces in blast, the construction of furnaces has been so much altered in the last dozen years that a furnace puts out 30 per cent. more than it did.

12,285. Does that apply to furnaces generally?—To blast furnaces.

12,286. Does it apply to South Staffordshire?—It does.

12,287. Are there many of those large furnaces built in South Staffordshire?—They are not very large furnaces; but the process of manufacture has improved so much, owing greatly to the high price of coal, that furnaces turn out a great deal more than they did. Therefore you must look at the number of tons per annum, and not at the number of furnaces in blast.

12,288. Have you the returns of the production of pig iron in South Staffordshire?—I have not; but I do not think that they come up to the 4,000,000 tons of coal that we have under discussion.

12,289. Has not the production of pig iron in South Staffordshire fallen off more than 50 per cent. in the last few years?—I should not think so, but I should not like to say.

12,290. I put these questions to you from personal knowledge of these things?—If you tell me that it is so, I will not deny it for one moment.

12,291. Take the Middlesbrough district, the Cleveland district, where all the furnaces are upon the most improved principle; can you tell me the number of furnaces out of blast there?—No, I have not the number in my mind, but I know that there

The witness withdrew.

Adjourned to Wednesday next at 11 o'clock.

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are a good many out of blast there. I know that we have one half of our own furnaces out of blast.

12,292. (Mr. Aird.) Do you believe that but for the private arrangements which exist among the large companies the rate for the carriage of coal would be less than at present, and so the coal industries would be benefited?—I think that must be so.

12,293. Are you able to let us know the character of the private arrangements to which I refer?—I can only tell you what I am told when I go to negotiate a rate. I am told, "I must go and consult the other companies; I cannot fix it myself;" so that it is clear that there is an arrangement between them.

12,294. And you believe that that is detrimental to the coal industry of the country?—I think so; I believe it is generally detrimental.

12,295. (Chairman.) With regard to the Westphalian system, what is the position of the owner of the surface; is he compensated in any way?—I am not sure as to that. That is a branch of the subject which was not brought before me. I should think that he naturally would be compensated. But I feel strongly that where there is a divided ownership between the land and the mines very great difficulties occur in regard to subsidence and compensation, and so on.

12,296. Do you know whether the same system prevails in other countries besides Germany, Belgium for instance?—In Belgium there is a somewhat similar arrangement. First of all, the mines belong to the State, and next they are let by concession; but whether it is a license, such as it is in Westphalia, or whether the royalty is arrived at in another way, I am not sure. Might I mention one point that I forgot to mention before, it is as to the labour in Belgium. I wanted to compare the labour there with our own labour, and I only took a part of it. The labour of colliers there is paid at the rate of 3*s.* 4*d.* per day; our own men earn about 4*s.* 9*d.*, so that there is nearly 40 per cent. against us upon the question of colliers' labour. In the case of ordinary labour there is about 15½ per cent. against us. I do not say that labour ought to be cheaper in England, for the very reason that I named before as to the number of days that can be worked; but there is the fact that we have that difficulty to contend against in competing with the Belgian or with the German iron works.

THIRTY-FIRST DAY.

Wednesday, April 14th, 1886.

PRESENT :

THE RIGHT HON. THE EARL OF IDDESLEIGH, G.C.B., IN THE CHAIR.

THE RIGHT HON. THE EARL OF DUNRAVEN.
THE RIGHT HON. G. SCLATER BOOTH, M.P.
MR. J. AIRD.
SIR J. ALLPORT.
MR. L. L. COHEN, M.P.
SIR J. P. CORRY, M.P.
MR. C. J. DRUMMOND.

MR. W. F. ECROYD.
MR. H. H. GIBBS.
MR. W. H. HOULDSWORTH, M.P.
MR. W. L. JACKSON, M.P.
MR. A. O'CONNOR, M.P.
MR. R. H. INGLIS PALGRAVE, F.R.S.
MR. W. PEARCE, M.P.

MR. G. H. MURRAY, *Secretary*.
MR. T. H. ELLIOTT, *Assistant Secretary*.

Mr. JOHN BELL SIMPSON examined.

Mr.
J. B. Simpson.

14 April 1886.

12,297. (*Chairman*.) I think you represent the Durham Coal Trade Association?—I do.

12,298. Is that confined to the county of Durham, and does it extend over the whole county?—It is confined to the whole county of Durham, and not to any other county. The total output of which at present is 28½ million tons per annum, and the men and boys employed are 76,936.

12,299. What is the general account which you have to give of the state of the coal trade in that county?—I suppose a general account is that we are very much depressed. The main cause is simply that the development of our trade has been at a greater rate than the expansion of the industries we supply. And, furthermore, our output of coal and the exports are not increasing at the same rate as in the other districts of the country. I have prepared some statistics both as to the output and export of the whole country to different countries during the periods which have been named from 1865 to 1884. In the first period the total export of coal from this country has been 10,000,000 tons per annum roughly.

12,300. In what period is that?—From 1865 to 1884.

12,301. The whole time?—Yes, per annum.

12,302. (*Sir J. Allport*.) Is that average?—Yes. During the next five years the total export of coal was per annum 12,800,000 tons; then we come in the next five years to 15,600,000 tons; and during the last five years it is exactly 21,000,000 tons per annum; making a total increase between the first period and the last of 106 per cent. That is the export to the whole of the countries, and I have specified in the table to which countries all these coals have gone, with the relative per-centage to each country.

12,303. Without going minutely into the different countries, can you say what is the proportion of home trade and foreign trade?—The total output of the country, if we take the last five years, is 156,000,000, and the exports are 21,000,000, or about one eighth. With respect to exports from the part I represent, I am sorry I am obliged to include in that the Northumberland coal trade, as the statistics do not separate them; but we may take it as representing Durham as well. The total output there during these five periods, if I may give them in that way, is in the first from 1865 to 1884, 4,600,000 tons per annum, in the second 5,760,000 tons, in the third 6,211,000 tons, and in the last period 7,300,000 tons. These are from the ports of the Coquet, Blythe, Tyne, Wear, and Tees, and the ports of Seaham and Hartlepool. So far as they are concerned, our exports have increased at the rate of 57 per cent. as compared with the 106 per cent. of the whole country; and in this way we say that our exports have diminished in proportion to the other districts. We are also relatively less in output as

compared with the total output of the country. In the first five years the total output in England, Wales, and Scotland was 103,000,000 tons per annum; in the second period it was 121,000,000 tons; in the third period it was 133,000,000 tons; and in the fourth period it was 156,000,000 tons; making an increase in these periods, from the first to the last, of 51 per cent. With respect to Northumberland and Durham, we have in the first five years 26,000,000 per annum; in the next five years we have 30,000,000; in the next five years 30,000,000; and in the last five years 36,000,000; and that gives us 37 per cent. increase in our district, as compared with the total increase of the country of 51 per cent. In our competing counties of Yorkshire and Wales, I may state that in Yorkshire they have increased 89 per cent. during these periods, and in Wales 81 per cent.; so that to a certain extent we say that they have taken away our trade from Durham. I have a statement of coals shipped coastwise from our ports, which shows an increase during the last 20 years of 9·6 per cent.—from Yorkshire 6·86 per cent. and from Wales 31·22 per cent.

12,304. Have you any return of the values as well as of the quantities?—Yes. I have a return which has been prepared by the accountants for our sliding scale. Probably you are aware that both in Northumberland and Durham we have sliding scales by which our wages are regulated; and if that would be interesting, I could put in the arrangements of the sliding scale to show how it is based. Of course the statement is based on the ascertainment of the coal at the pit's mouth. Since 1875 we have been going on that basis, and we have the particulars from that period which show a very considerable decline in prices. In 1871 the average price of all coal raised, as given by the accountants, was 5s. 2d. a ton at the pit's mouth on 23,570,000 tons raised. I do not know whether it is necessary to go into all these figures.

12,305. Will you please give us one or two that will show it generally?—I can just roughly state it. We had no ascertainment between 1871 and 1875. We had the great year of 1873 intervening, and any difficulties with our men were arranged without any general ascertainment of selling price; and it was only in 1875 and afterwards, when we had to go in for reductions, that we then instituted a sliding scale, depending on the selling price of coal. In 1875, which was the first ascertainment, the price was then 6s. 8d.; in 1876 it went down to 5s. 6d.; in 1877 it was 5s. 1d.; in 1878 it was 4s. 8d.; in 1879 it was 4s. 4d.; in 1880 it was 4s. 7d.; in 1881 it was 4s. 7d.; in 1882 it was 4s. 8d.; in 1883 it was 4s. 11d.; in 1884 it was 4s. 8d.; and now, in this last year 1885, it has gone down to 4s. 6½d.

12,306. What was it at the time of the coal famine?—In 1873 we had no ascertainment, it would be a

mere guess. These figures, therefore, show that we have 21 per cent. increase in the volume of coal sold, and we have received only 8·65 per cent. more in money.

12,307. How do you account for the falling off in the profits of your business?—We account for it in this way: in the first place, the lessened selling price of coal, then the Mines Regulation Act has very much increased our cost, and then there are the trades' unions and the restrictions which they have put upon our business in many ways. Those are the chief causes which have interfered with our profits. We have no exact figures as to what the cost imposed upon us by the Mines Regulation Act is; but it is variously stated from 5d. to a shilling a ton. In my own case, in one very large colliery with which I am connected, I have endeavoured to make out what the Mines Regulation Act has cost us, and I cannot put it at less than 6d. a ton.

12,308. Why have you not got that 6d. a ton out of the market?—Because the consumer will not give it us. The public were very philanthropic about passing the Mines Regulation Act, but they do not care to pay for it, and it comes out of the coalowners' pockets.

12,309. Can the consumers help themselves?—Of course they get our coal, but unfortunately in 1873 the coalowners thought that there was going to be a famine of coal for ever, and so a great deal of capital was put into the collieries to extend the collieries, and to get a larger quantity of coal, but after a time the coal was not wanted to the extent they could work it.

12,310. Then there is a competition between your own coal producers to get rid of their surplus stock?—No doubt.

12,311. It is not foreign competition that is the evil in that respect?—No, it is not foreign competition. Of course we see from these statistics that the increase of coal from foreign countries has been very large, and during the last periods you will see from these statistics which I put before you, that during the later periods into some of the countries, especially the large producing coal countries, Germany and France, the export has not been so great as it was.

12,312. Then are we to understand that the demand has not fallen off, but that it has not increased so as to enable you to get out of the public the additional cost which is thrown upon you by the Mines Regulation Act?—Yes, that is certainly it. The demand is not equal to our powers of production. Although we are producing this large quantity of coal throughout the country of 160,000,000 tons, still I am quite sure that we could produce 20 per cent. more if it were wanted, unless the miners restricted their labour, as they did in 1873, for some time; and, no doubt, as they get more money, the natural tendency is to restrict their labour, they take matters more easily, and want a little more time to expend the money they get.

12,313. How far do you consider the depression in the coal trade is due to the depression in our manufacturing businesses, and the consequent demand for a less supply of coal?—I think that it is due to a very large extent to the manufacturing businesses of the country, because our home consumption is the largest element in the question; and although there is such a large increased production of coal, yet, in many ways, economy of coal has been exercised in manufactures, of iron notably, and in other ways; and even in our collieries, where at one time economy of fuel in the engines was not considered to be worth thinking about, every one now goes in for economy of coal, in putting down new machinery; and that has been the same, no doubt, since 1873, in every branch of manufacture.

12,314. Does the substitution of steel for iron to so great an extent as is now the case affect that materially?—It does, certainly. I do not know the exact statistics, but no doubt evidence will be given by those who know the figures quite well to the effect that a much lessened quantity of coal is now required to make

a ton of pig iron. In some instances they are taking the iron direct from the furnace and making it into steel, which of course lessens very much the use of coal.

12,315. I see that in the paper which has been sent us by the Durham Coal Trade Association, of which, I suppose, you were cognizant, there is a statement given of the approximate per-centage of the output used as house coal for gas manufacturing, and for coal made into coke; that is given for the year 1873; but you seem to have no subsequent information, is that so?—We have no statistics to show what that is.

12,316. How were those statistics got in 1873?—I do not remember. There was some special reason for them, no doubt, at the time. It is rather a difficult matter to get the statistics exactly; but I take it that it would be pretty much the same per-centage now.

12,317. Are there any points that you could suggest to us for consideration for the improvement of the condition of the trade?—My impression is, that it is simply a question of supply and demand; and the wages question is the great question with us now; but, of course, that must regulate itself.

12,318. You do not look for any alteration of the Mines Regulation Act?—We hope that there will be no further alteration, although there have been rumours that shot-firing is likely to be done away with in mines. If that is the case we shall be very much crippled, because many of the collieries must be laid in.

12,319. You do not desire to see any reactionary legislation?—I do not quite see in what direction it could be.

12,320. Is there anything that you wished to say either with regard to the carriage of coal or with regard to the royalties on coal?—So far as the carriage of coal is concerned that is rather a difficult question. In our district we have the North-eastern Railway Company, which is the principal railway company, and their carriage costs us about 1d. per ton per mile, and then there is something for shipping. I do not know, myself, that they could very much reduce that rate. If the coal trade goes on in this condition, getting down to such a low price as 4s. 6d. per ton at the pit's mouth, it will be a question whether collieries can go on. It is a matter of policy for large railway companies to consider whether they cannot reduce their rates to a minimum. Then there is one other matter. The cost of production of coal has been increased by reason of the taxation caused by school board and new rates in every direction. In the case of one particular colliery with which I am connected, the rates upon a ton of coal amounted to about ¾d. in 1871, and they are now 1½d. There is 1d. per ton additional taxation from these local rates, I do not include the imperial taxes.

12,321. (*Mr. Sclater Booth*.) With regard to the coal famine you spoke of, the coal famine of 1873, was there ever really a coal famine?—Yes, there was, no doubt, a want for coal; I do not know whether you would quite call it a coal famine.

12,322. Did it not proceed from something like a panic on the part of the public, and a system of cornering on the part of the coalowners?—There was, no doubt, a panic.

12,323. Was there a cornering system on the part of the coalowners?—No, certainly not. The coalowners in our part of the world were quite free; they had no association for the regulation of prices.

12,324. Do you attribute the expansion of the coal trade subsequent to 1873, from which this glut in the market appears to have proceeded, to the circumstances of the panic of 1873?—Yes, and coupled also with this fact, that after 1873 a larger amount of capital was put into mines, and then, when the demand was slackening, the coalowners increased the production of coal as much as they could, with the idea that they were cheapening the cost. Of course a cheapening of cost did take place; but it resulted in a greater reduction of the selling price.

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12,325. I suppose experience rapidly showed that there was no real foundation for the enormous prices for coal in that year?—I think so.

12,326. Does not experience show that there was no real foundation for the enormous prices which were put on to coal during that year?—It is very difficult to reply to that question.

12,327. There was plenty of coal in the country, was there not?—The statistics do not quite show that there was plenty of coal. If I may refer to the years in which that took place, if we go back to 1871, 117,000,000 tons were produced throughout the country; in 1872, 123,000,000; in 1873, 128,000,000; in 1874 it went down to 126,000,000; in that year capital was being put in; then in 1875 it went up to 133,000,000 tons, and in 1876 to 134,000,000 tons.

12,328. Just stop there. The difference between the year 1871 and the year 1874 is not enough to show a justification for the enormous price that was charged in 1873, is it?—No, I do not know that it is.

12,329. It is no great addition after all?—No; there was a good deal of it sentiment no doubt; and as great a price was not got upon the whole quantity of the coal as was generally expected, because most of the collieries at that time had contracts.

12,330. The idea that was at one time entertained that coal would be rapidly becoming more scarce, and difficult to get, and costly, has been proved to be entirely baseless, has it not?—So far as Durham and Northumberland are concerned we have a limited extent of coal; all the known coal fields of Durham and Northumberland are taken up, but it is not so in other parts of the country. In Yorkshire, notably, they have large fields of unexplored coal that will, no doubt, come into operation by-and-by.

12,331. Do you think it a good thing, in the interests of the country at least, that the immense expansion of the coal trade should have received a little wholesome check?—I am afraid that that is too much of a politico-economical question for me to answer; but it seems to me a great pity that so much coal should be exported out of the country when we shall want it some day.

12,332. Are you in favour of a small export duty on coal?—I would not say that; I think not.

12,333. Do you not consider that coal is part of the capital of the country?—Certainly.

12,334. It would not be improper as between the Government of the country and the coalowners that there should be such a tax, would it?—I am not quite prepared to answer such a difficult question, but I think at present it would tend to restrict our trade.

12,335. What production of coal on the continent touches you most nearly as regards competition for export trade; for example, is there any export worth speaking of from the ports in France that at all affects the export trade of Durham and Northumberland?—No, I think not, except on the Baltic, perhaps in competition with the Northumberland trade, Germany, no doubt, competes with us also in the Baltic ports.

12,336. Is there any quantity of coal exported from Germany?—I have no statistics to show to what extent.

12,337. (Mr. Aird.) In the so-called coal famine of 1873 did the immense competition in this country also tend to develop and produce competition abroad?—No doubt it did, and that has considerable influence on our exports.

12,338. From which the coal industry is now suffering?—Certainly. No doubt in foreign countries they have very much increased their power of production. I think I can give you the production of Germany between 1873 and up to 1883, for which I have the statistics. In 1873 Germany produced 36,000,000 tons of coal, and in 1883 it produced 55,000,000 tons. In the United States of America they produced 51,000,000 in 1873, and in 1883 they produced 72,000,000 tons. Belgium increased from 15,000,000 tons in 1873 to 18,000,000 tons in 1883; France increased from 17,000,000 tons in 1873 to

21,000,000 tons in 1883; Russia increased from 1,100,000 tons to 3,780,000 tons; and Austria increased from 5,000,000 tons to 6,500,000 tons; so that these countries, especially the United States, and Germany and France, are very much increasing.

12,339. As regards the association which you represent, is it one of their duties, as now formed, to regulate the prices in the Durham district?—We have no regulation of the prices of coal; it is open competition altogether.

12,340. Then what are the main duties of the association?—The duties of this Durham Coal Trade Association are simply the regulation of wages. We have an arbitration board existing in Northumberland, which probably Mr. Forster, from Northumberland, would explain to you. The same kind of board exists in Durham, and I think it commenced in 1874 or 1875. We have a joint committee composed of men and masters, which meets once a fortnight to regulate little disputes that occur in the collieries.

12,341. (Mr. Selater-Booth.) Is that what the sliding scale has to do with?—Yes; the sliding scale regulates the main wage, but any minor points, having in view this sliding scale, are settled by this board. The chairman is the county court judge of Durham; witnesses are heard on both sides, both for the men and for the masters, and he gives his final settlement if both parties cannot agree.

12,342. (Mr. Aird.) Then, in point of fact, the association is formed to deal with associations formed by the workmen controlling their own class?—Certainly.

12,343. The association do not take into consideration matters that would be for the benefit of the trade generally?—No, certainly not.

12,344. Is it not part of their duty also to consider railway questions that may require modification?—Not this association; but we have another association in the north, called the United Coal Trade Association, comprising both Northumberland and Durham, that considers all questions that relate to their welfare in the way of Bills before Parliament, or anything of that class, Mines Regulation Bills, &c., but this coal trade association which I am now representing is simply for the regulation of wages.

12,345. The question of the cost of production being a very material element in the failing prosperity to the coal industry, do you look upon it that, as to the difficulty of getting lower wages from the workmen, there is any hope that the future may bring about a reduction in the cost of production by a greater development of machinery for that purpose?—No, I do not see any means of reducing the cost of production unless we have a greater reduction of wages, but they are pretty low now, so far as the men are concerned; but they are no doubt in a better position than they were in 1871; for they have shortened hours with a little more wage, and food is not so dear as it was, and they are altogether better off than they were at that period. I do not see myself that we have anything to expect, except in getting a reduction of working cost to help us. I am afraid that with the low price of coal at present and the high working cost the result will be that a lot of collieries will go out of work, will be laid in, in fact, in consequence of the severe losses that are sustained. Many of the collieries are losing money, and we have had during the last year several collieries laid in, and no doubt others will follow.

12,346. In the Durham district are there very many men out of work?—I believe there are a good many.

12,347. Are those men who are at work engaged for the whole of the week?—Yes, very nearly, I think; I can give the statistics of the length of time they worked during last year. Last year the pits worked 9·83 days per fortnight; we pay the men fortnightly in the north, and generally deal with it in that way; the pits were open to work practically 10 days in a fortnight or five days a week, but the men only worked nine days, that is the average work they

did; from sickness and other causes there was a certain per-centage of men off work, about 8 per cent. during last year.

12,348. As regards the railway facilities in the Durham district, do you consider that the association which you represent have cause of complaint with regard to the carriage?—Several people have been making applications to the railway companies to have the rate lessened. Of course we are looking in all directions for relief, but the point is, are railway companies making too much profit, and can they carry the coal at a less rate? It is a matter of policy, in my opinion, on the part of the railway companies to consider how far keeping up their rates will tend to lessen eventually the trade of the district, and their own prosperity as well.

12,349. When the coal famine existed in 1873, and these very enormous prices were paid to the coal owners, were larger charges made by the railway companies for the carriage of coal at that time?—Yes, I think about that time there was a slight advance in rates.

12,350. Was that to any extent?—Not to much extent.

12,351. So that the enormous benefits which must have been derived by someone at that period, were chiefly gained by the coalowners?—I think to a great extent they were. That is one of the arguments of the railway companies at present, when we go before them. They say, "In 1873 we did not charge such an excess of rates as you did for your coal." My own view is, that I do not think they can carry the coal at a much less rate than they are doing; the 1d. per ton per mile does not seem a large rate, considering all that has to be done for it.

12,352. Do you believe that with a lessened rate the quantity would be so materially increased as to compensate them for the assistance afforded to the coal industry?—I think a partial relief might do good; but to what extent I am not prepared at the moment to say.

12,353. Are there any complaints existing in the Durham districts on the question of royalties?—Almost all the coalowners are applying to the lessors to have their rents reduced, and in many instances they are successful, and very frequently sliding scales are introduced. I act for several royalty owners as well as being a lessee, and in many instances the landlords with whom I have had to deal, have made reductions where the lessees could show that they needed them.

12,354. And, speaking generally for the Durham district, is it your feeling that the landowners have met the case in the present depressed state of industry?—So far as I am concerned myself I think that the royalty owners have met the lessees; I cannot speak for the whole of Durham of course; it is a very large county and comprises so many interests; but one hears regularly of royalty owners having reduced their rents.

12,355. I ask only for a general expression of opinion?—I cannot say whether the coalowners are satisfied with the reductions or not, the matter has only been pressing during the last years; the reductions have been applied for during this last year more particularly than before, so that some royalty owners have not had time to get the matter considered, and I should think that it would be premature to say that the royalty owners have not met the lessees.

12,356. What proportion of the royalties would come as a fixed charge against the quantities raised?—You mean what proportion of the selling price of the coal?

12,357. Yes?—Roughly speaking, I should say about one twelfth of the selling price would be somewhere near the average rate.

12,358. (Chairman.) But is the royalty divided into two parts; is there a fixed amount paid every year whether coal is raised or not, and another portion according to the quantity of coal raised?—Assuming that a royalty is let at a 1,000l. a year, the lessee is allowed to make up the amount of 1,000l. a year by an equivalent quantity of tons, at 5d. a ton we will

say, and any surplus above that quantity is at the same rate. There are some instances where the royalty rent, the certain rent, as we call it, is larger than the collieries can work up to, and others where it is smaller, and accumulations of deficient workings or shorts as they are called occur at the ends of the leases. But that is not the general system; the certain rents are generally much below what the colliery can work.

12,359. (Mr. Aird.) Is the coal industry of Durham much subject to charges in the shape of wayleaves?—Yes, there are a good many.

12,360. Are they thought to be excessive?—There has been a good deal of talk about them recently, during the last year, but I should not like to say they were excessive; it is rather a difficult question to answer.

12,361. Do you think that the question of wayleaves has been met by the owners in the same way as the royalty question?—In many instances I know that they have been.

12,362. (Sir J. Allport.) I presume that the prices of coal advanced all over the country pretty much in the same proportions, did they not, as in the counties of Durham and Northumberland?—I should take it to be pretty much in the same proportion.

12,363. You cannot give us the prices in Durham in 1873, I understand?—No, I have no data.

12,364. But the prices prevailing in different parts of the country would approximately be the same?—Pretty nearly so, I should say.

12,365. Are you aware what the advances in price were in other parts of the country?—I do not know.

12,366. Are you aware that the steam coals of Yorkshire, Derbyshire, and Nottinghamshire before the coal famine were about 5s. 6d. to 6s. at the pit, and that they advanced to 17s. and 18s. in 1873?—I should say probably.

12,367. Then, I presume, as you say, the coal advanced all over the country in about the same ratio, the coal advanced in the county of Durham to the same extent?—Yes; but it must always be borne in mind that the increase of price was not wholly on the output of the collieries. The coal famine only lasted a few months or one year; but many people had contracts, and it was only on the extra quantity of production that was not contracted for that they got the larger price.

12,368. Did it not last nearly two years—not to the same extent?—1873 and 1874 were very high years, 1873 being the higher.

12,369. But the average of the two years would be an advance from 5s. 6d. to 6s. a ton to about 15s. and 16s.?—I do not know whether the average was so much as that. I can remember the facts at one colliery of my own; I think the price increased from 5s. to about 8s. in 1873; but we had contracts.

12,370. Contracts, of course, would interfere; but it was a common observation which you have heard, no doubt, that pretty well all the capital which was invested in collieries was returned in those two years?—It is difficult to make a general statement of that kind, but no doubt the price of coal increased in 1873 7s. or 8s. a ton—at any rate, above the previous years.

12,371. A great deal more I fancy?—I do not think the average would be so much as that.

12,372. For the one year was it not something like 12s.?—I dare say it would be.

12,373. And that on the output would amount to a very considerable sum?—Yes.

12,374. That amount, as you have given us, in 1873 being 128,000,000 of tons; 10s. a ton would be very great?—Yes; but it must be borne in mind that for several years before that very little was got out of the collieries.

12,375. I merely want to get at the facts?—I have felt the period before and after personally, so I can speak as to that.

12,376. If you only take 10s. a ton it runs up, as I make it, to about 64,000,000l. sterling additional profit?—I dare say it would give a large sum; but

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we say that that Himalaya of profit is accounted for before and after.

12,377. You think that there was not an increased demand for the coal because you have given us the output. Take 1872, when the output was 123,000,000 tons, and that increased in 1873 to 128,000,000 tons?—Yes.

12,378. Then in 1874 it was reduced to 126,000,000 tons?—Yes.

12,379. So that that showed that there was plenty of coal to supply a fair and natural demand, not only in this country, but for exportation?—Yes.

12,380. It was not the extra demand for coal, but a panic in 1873?—To a certain extent it was a panic.

12,381. Not a combination of coalowners, you say?—No.

12,382. You spoke of there being no combination in that part of the country, do you know whether there was any combination in any other part of the country?—I hardly think there was.

12,383. Then it was a sort of panic. Now with regard to the increase of the output of various countries in Europe, leaving out the United States, as an exceptional case, has not the output in England pretty much increased from 117,000,000 tons in 1871 to 163,000,000 in 1883?—I have the statistics for 1873; they have increased from 128,000,000 in the country to 161,000,000 in 1884.

12,384. Take 1871 when the quantity raised was 117,000,000 and in 1883 it was 163,000,000, is not that pretty much the same proportion as France, Belgium, and Austria?—It is about 50 per cent. increase.

12,384a. In Germany it is from 36,000,000 to 55,000,000?—Yes.

12,384b. Is it not the fact that in Germany they have not kept their statistics very satisfactorily?—I do not know about that.

12,384c. You have not considered the Government returns?—I have the production, it has been got up from all the best facts that could be got out; and Germany has increased much more than 50 per cent.

12,384d. Take Belgium which is the country most in competition with England probably; the increase has been from 15,000,000 to 18,000,000?—Yes, that is only 20 per cent. increase.

12,385. Against 50 per cent. in England?—Yes.

12,386. Then is not France in pretty much the same position?—France increased from 17,000,000 to 21,000,000, that is about 25 per cent.

12,387. Against 50 per cent. in England?—Yes.

12,388. Now with regard to another point; you do not complain of the railway rates; you say that one penny per ton per mile is not an excessive charge?—I do not think it is.

12,389. Are you aware that from Durham, say, to London, which is a long distance, coals are being carried at $\frac{3}{4}$ d. a ton per mile?—I believe they are carried at a low rate.

12,390. And from the Midland counties, Yorkshire, Derbyshire, and Nottinghamshire they are carried for $\frac{1}{2}$ d. per ton per mile?—Yes, I believe so.

12,391. You have nothing to complain of in the rates charged by the railway companies?—I am speaking of Durham. We have short rates, and that is what the railway companies say; they are about 15 miles. I should say that the average shipments from Durham must be 15 miles, some are close to a port, and others 20 miles at least.

12,392. For those short distances you do not consider a penny per ton per mile an unfair rate?—I do not quite see that there can be very much reduction to leave any profit for the railway company.

12,393. With regard to wayleaves, I think the county of Durham has two large landowners—Lord Durham, and the Marquis of Londonderry are large wayleave owners?—Yes, and also large colliery owners.

12,394. And in Northumberland the Duke of Northumberland also?—Yes.

12,395. (Sir J. P. Corry.) Prior to 1873, when the

coal panic came about, was the coal trade then in a satisfactory state?—It was rather bad in 1871; it was not very satisfactory prior to that.

12,396. Is it worse now than it was then?—Decidedly.

12,397. What is that owing to, greater production?—Greater production and greater power of production. Even now, as I have said before, we could probably get 20 per cent. more coal than we are getting at present.

12,398. (Mr. Jackson.) With the same men?—Yes, and working full time.

12,399. (Sir J. P. Corry.) Since that time have you had an increased cost thrown upon you by the Coal Mines Regulations Act?—Yes.

12,400. Has the Employers Liability Act imposed any additional cost upon you?—No, it has not cost much; we have not had many cases in the north since it occurred.

12,401. Do the coalowners in the north do, as they do in some other places, contract themselves out of that?—No, we do not. The men have a provident institution in Durham and Northumberland that has done very good service. The men themselves pay so much into it, and in cases of accident the widows get an allowance, and in cases of permanent disablement the men get so much per week.

12,402. Do the colliery owners contribute?—At one time the whole of the colliery owners contributed 20 per cent. of the men's payments into the association, and even now a good many do pay; but since the Employers Liability Act came into operation it has to a certain extent prevented donations to that fund.

12,403. Are the men as well satisfied with the arrangements now as they were prior to the Employers Liability Act coming into operation?—I do not hear them say anything about it.

12,404. Is the cost of living of the coal workers less now than it was in 1871?—Yes, I think it is; I think flour is cheaper, butchers' meat is about the same, but all other articles are cheaper.

12,405. What about house rent?—In Durham and Northumberland we supply men with free houses and coal.

12,406. And that is calculated in the wages?—We say so; but we say that the men do not account it so; they take it and think they ought to have it for nothing, and that is one of the points that handicaps us to a certain extent with other districts, Yorkshire, Wales, and also Scotland. The owners there do not find the men houses or coal even, but we find both; and that causes a very large capital to be put into collieries in Northumberland and Durham, as compared with other counties, because we build all these houses very often upon leasehold property, and when the colliery is finished these houses revert to the landlord.

12,407. We were told that in another district the dead rent of the collieries is sometimes a very heavy burden, is that so in Durham?—I do not think that presses heavily in Durham and Northumberland. There may be some cases where the dead rent is too high, but very often it is made too high in our part of the world, because someone takes a royalty to prevent another having it. Then the landlord says, "If you do not work the coal you must pay for your good rent;" but I do not think there are many cases of hardship in Durham and Northumberland of dead rents being too high.

12,408. Then, so far as you are concerned, the royalty owners and landowners have to some extent met your demand for decreased royalties owing to the state of trade?—They have in many instances. In some instances the landlord has said very properly: "In 1873 you did not give me any greater price than I had before that, and now you come to me in bad times and want a reduction. Very well, I shall give you a reduction, but then you must have a sliding scale in the future;" and in one or two cases I have made a sliding scale to suit that condition of things.

12,409. I suppose from your evidence we might gather that the panic of 1873 and 1874 has not been to the benefit of the coalowners in the end?—I do not think it has.

12,410. Rather the reverse?—Decidedly.

12,411. With regard to the railway rates and short distances, which you refer to shipping ports, you say that you do not consider a penny per ton per mile an excessive charge; but with regard to the low rates charged by railways to London, of course that is caused by the sea-borne traffic in competition?—Yes.

12,412. Do the colliery owners there, as a rule, own their own steamers?—To some extent they do, but not to a very large extent.

12,413. Is there any cause why your district should have fallen off in its demand from collieries; is it owing to the quality of the coal or anything of that kind?—I do not think so; I think probably it must be that we have not been able to get our price low enough to compete with other districts. Wales has very largely gone in upon us and Yorkshire too.

12,414. Is the cost of raising coal greater in Durham than it is in Wales?—I have not statistics to prove exactly, but I assume it is.

12,415. You told us that about 6d. a ton was the cost imposed upon colliery owners by the Mines Regulation Act?—That was my own individual experience. I cannot say that that is the average in the county of Durham; I have no statistics to show that; but I feel quite sure that it must be somewhere near that.

12,416. Is not that a large per-centage on the present price of coal?—It is very large indeed.

12,417. The men, you say, do not work now the same number of days per fortnight as they did some time ago?—Not quite so much.

12,418. You told us that the trades unions have interfered to some extent with the working of your coal?—Yes.

12,419. In what way?—In fixing the number of days per fortnight we have to work, in the lessening of the hours of labour and in the regulation of wages.

12,420. I thought with your sliding scale the question of wages was regulated?—Yes, to a certain extent it is; but we say that the sliding scale was fixed too high, but, of course, that is a matter of bargain with the men. If the men say, We will fix the sliding scale at such a rate, and the owners say, We cannot give it, a strike naturally would take place, unless there is a compromise, and this is often effected, and a higher rate is given for peace.

12,421. Have you had any strikes of any length lately?—We have had no strikes for some time. Not since 1879, and immediately after that (after a three months' strike), we had an arbitration; Lord Derby was the umpire; afterwards we entered into the sliding scale arrangement, and from that period we have had the sliding scale acting. That went on from 1879 to 1882, when it was altered; from 1882 to the present time the same sliding scale has been in existence.

12,422. (Mr. A. O'Connor.) What is the sliding scale?—I have it here; it is rather complicated. If you would like to read it I will hand it to you (*handing the same to the honourable member*).

12,423. (Sir J. P. Corry.) Do the trades unions interfere with the quantities of coal put out?—We cannot quite say they do that. I would not like to go so far as that. There is no doubt, however, their general action has been to restrict the hours of labour.

12,424. Is that on account of the greater dearth of employment?—I think so. I think that the men have an idea generally that we produce too much coal. Perhaps if their policy had been pursued by the coalowners and a less amount of capital put into the collieries up to 1873, it would have been better for us.

12,425. The cost of wages is the important item, is it not, in the production of coal?—Yes, it is a very large item.

12,426. What per-centage do you consider the cost of coal bears?—It varies in different collieries, but I

should say that it varies from about 40 to 70 per cent. of the price of the coal.

12,427. (Mr. Jackson.) Of the selling price, do you mean?—Yes, the present selling price; of course it varies.

12,428. (Sir J. P. Corry.) Do we gather from you that the present depression consists in the reduction of profits altogether?—I suppose that is the natural outcome of the depression. There is a larger volume of trade as compared with, say, 20 years ago; but still the profits, I should say, are *nil* if you take the county of Durham throughout. Some, perhaps, make money and others lose it.

12,429. (Mr. Ecrolyd.) You spoke of the loss incurred by capital being invested in houses for colliers, and after the mine was worked out lapsing to the ground owner?—That is so.

12,430. Do you see any way by which that loss could be avoided?—No, I do not. In some parts, of course, where there is a populous neighbourhood, where houses are wanted, the landlord takes the houses at the end of the lease to himself, but the collieries generally last such a long time that there is not a very great grievance in this respect, except the main grievance that we have to build these houses. The men pay no rent, and they will not go out if you want them.

12,431. If you did not build, the workmen would still require houses; you could not work your collieries without?—Certainly not.

12,432. And it is presumable that your question as to who builds the houses for the workmen is one that is brought into account in fixing the wages?—Yes, it ought to be, but we say that it has always been the custom of the county of Durham for the men to have houses and coals; the men do not think much of the privilege, and say that we take it into consideration in the matter of wages.

12,433. You have told us that the only hope is in a reduction of wages?—Or an advance in the selling price.

12,434. That is a new alternative; but the reduction of wages on your present system would involve a reduction in the price of coal?—Yes, it would probably lead to that; the men always say so. If we go to them for a reduction of wages they say: "Immediately we take 10 per cent. off the wages you take 10 per cent. off the coal."

12,435. That follows from being ruled by a sliding scale?—Yes.

12,436. Therefore a reduction in wages can only be followed by a reduction in the price of coal?—Yes.

12,437. So that your only hope in future is a reduction in the price of coal?—That is so, unless we get a higher price.

12,438. With regard to the sliding scale, have you considered that the question of supply and demand of labour is that which ought to regulate the price of wages?—Yes, I think it ought.

12,439. But a sliding scale interferes with that?—It does to a certain extent.

12,440. Did you ever know of an instance in which, whilst trade was very profitable to employers, it happened in consequence of a superabundance of labour available in that trade and locality, that there was a reduction of wages?—No, I do not know that.

12,441. Do you know that in many cases the wages were reduced whilst the profit to the employers was increasing, in consequence of a superabundance of labour?—I do not know it personally, but it might happen.

12,442. It still more frequently happens that wages are advanced whilst the profits of the employers are diminishing in consequence of the scarcity of labour?—I do not know that personally.

12,443. Do you not consider that the question of the adoption of what is termed the sliding scale is contrary to all sound principles of economy?—Probably it is.

12,444. It entirely abrogates the wholesome natural effect of scarcity of labour, or of the superabundance of

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labour upon the price of labour?—Certainly that is the effect; but the sliding scale has been adopted as a sort of easy method of adjusting differences and preventing strikes.

12,445. Do not you think that a system that abrogates the natural effect, on the one hand, of scarcity of labour in increasing its price, and, on the other hand, of a superabundance of labour in diminishing its price, is likely greatly to endanger the trade that adopts it by bringing about an artificial rate of wages in one way or the other?—I think it will have that tendency.

12,446. (Mr. Jackson.) You spoke about the main wage and the minor wage; does the minor wage follow pretty much the per-centage of reduction on the main wage?—I do not quite understand.

12,447. You spoke about this board sitting to determine minor questions?—Yes. We have what we call an average wage fixed at a certain rate; the present rate, that is the average selling price of coal is 4s. 7d. per ton, and the rate of wage due to that is 4s. 8d. to the hewers of the coal. Of course the men are paid by the ton for working the coal, and if it so happens that in a particular colliery or district of collieries the miner finds that the coal has become hard, and instead of making his 4s. 8d. a day, he is only getting 4s., he comes to the board of arbitration, and says, "The coal is so hard that I must have an advance upon the tonnage rate to enable me to have the county rate of wage."

12,448. (Mr. A. O'Connor.) What is that county rate of wage; what is the wage?—At the present time it is 4s. 5d. per day for what we call the 10 hour pits, and 4s. 8d. a day for the 11 hour pits.

12,449. Do we take it that 4s. 5d. a day is the standard from which to judge of this sliding scale?—No; the standard wage is 4s. 2d. and 4s. 5d., according to the hours the pit works when the selling price is below 4s. a ton.

12,450. I see that when the net average selling price of coal reaches 4s. 6d., but does not reach 4s. 8d., which I understand is the case now?—Yes.

12,451. The addition to be made under this scale is five; what does that mean?—Five per cent. increase of wage.

12,452. Five per cent. on what?—On the basis of 4s. 2d. and 4s. 5d.

12,453. Will you kindly explain it, because the 4s. 5d. does not appear to be the initial figure?—No, 3s. 10d. is the initial selling price of coal, and at that date, when this sliding scale was arranged, the basis was the wage of 1879, which was 4s. 2d. and 4s. 5d., and the agreement was as follows: "There shall be made the following per-centage of additions to, or deductions from, the standing average rates and data wages, being these prevailing at November 1879," and at that particular period the wage was 4s. 5d. a day. These in the sliding scale go upon 4s. 2d. and 4s. 5d.

12,454. Then if that was the base figure, why do you have in this scale opposite 4s. 4d. to 4s. 6d. the addition of 3½d.?—That is 3½ per cent.

12,455. Why, when you are at the normal figure, should you add anything at all?—We are not at the normal figure now. You see that the selling price of coal at the present moment is 4s. 7d. a ton and the 3s. 10d. and 4s. are the beginning prices; you add 1½ per cent. to each 2d. per ton advance on the selling price. It is practically this, that the scale increases 1½ per cent. of wage for every 2d. per ton increase in the selling price of coal.

12,456. With regard to the year 1873 was not the price of coal then increased very rapidly by reason of the increased activity in the iron trade?—No doubt it was.

12,457. So that it was not altogether the panic?—Not altogether a panic, there is no doubt that there was a good deal of panic in it.

12,458. But there was a certain activity in the iron trade?—Yes, and in all branches of manufacture.

12,459. That would account for a considerable

increase in the price of coal, because the demand generally increased?—After the Franco-German war there was a great demand for iron, and that, of course, affected the coal trade very materially.

12,460. (Mr. Jackson.) Was the growth in consumption at that time larger than it has been since as compared with 1870?—The growth in consumption of coal, do you mean?

12,461. Yes?—The total output of the country at that time, which is really practically the consumption, in 1870, was 112,000,000 tons; in 1871 it was 117,000,000; in 1872 it was 123,000,000; in 1873 it was 128,000,000; and in 1874 it went down to 126,000,000.

12,462. Therefore, the increase in the rate of consumption during those high prices was a normal rate of increase?—Yes, pretty much until 1873.

12,463. About 5,000,000 to 6,000,000 tons a year?—Yes.

12,464. (Mr. A. O'Connor.) Are you a proprietor of any wayleaves?—No, I am not.

12,465. Will you kindly say what is the system on which royalties are paid in Durham?—Generally on the tonnage of coal raised out of the pit.

12,466. You have a dead rent?—Yes. I mentioned an instance, say, of 1,000l. a year dead rent, and the lessee is allowed to work up equivalent quantity of coal at 5d. per ton to produce the 1,000l., and anything over that quantity is at 5d. per ton.

12,467. You said just now that extra charge thrown upon the colliery proprietors by the Mines Regulation Act was equivalent to about 6d. per ton?—That is my estimate.

12,468. Which you said was a very material item?—Certainly.

12,469. I suppose we may take it then that the 5d. royalty is also a material item?—Yes, of course it is.

12,470. Is that rate of 5d. per ton higher or lower than the rate was for royalty in 1870 or 1873?—I should think it is about the same rate.

12,471. Is not the price of coal now considerably less than it used to be?—Yes, it is considerably less.

12,472. Therefore, the royalties would bear a higher in proportion to the selling price than they used to do?—Certainly, that is so.

12,473. And therefore they are a greater burden now than they used to be?—Yes, proportionally they are.

12,474. With regard to the men employed in Durham, is there so large a number employed as there was in 1870?—Far more, because the increased production of coal requires more.

12,475. But by reason of the sliding scale system and the fall in prices, the wages are lower now than they have been in the past?—Yes, certainly, but higher than in 1879, when the scale was fixed.

12,476. You told us that there is no profit made in Durham, taking it on the whole?—I do not think there is.

12,477. Will you kindly explain how the colliery proprietors manage to live if they have no profit?—I suppose they must be living upon the past.

12,478. I am afraid that is an unsubstantial affair; but how do they manage to continue to live if they are not making any profit?—If you take an average of loss over the whole district, some are making money and some are losing it, and those who are losing money have to get on in the best way they can. It happens that the coalowners have not put all their capital in collieries. Collieries are composed of several proprietors who generally have other resources from which to make up for their losses.

12,479. Then they have to bring in aid resources drawn from elsewhere?—Certainly. I have myself individually in one large colliery had to pay large losses during the last two years out of private income.

12,480. Would you say, then, with regard to colliery industry, what has been said about the agricultural industry, that the capital of the undertaker is absorbed by, it is agricultural rent in the case of a farmer, but

by like charges in the case of collieries?—Certainly; there is no doubt it is so.

12,481. With regard to the number of hours of work per fortnight. I think you said just now that it was slightly less than it used to be; I would ask you by how much less is it?—I think in 1873 (I have not the statistics for 1871) the men were working according to my statistics, nine days in the fortnight, 9·09, and in 1885 it was 9·05; so that practically they have been just about the same rate.

12,482. But they get lower wages, I think you have told us that. I will not return to that point?—Yes, that is so.

12,483. With regard to the Employers Liability Act, is it not the fact that the workmen in Durham refused absolutely to contract themselves out of the Act?—Most certainly.

12,484. In South-west Lancashire I believe there has been an extension of the system of contracting out of the Act?—Yes.

12,485. But the Durham men absolutely refused?—Yes, they would not enter into it.

12,486. The offer was made to them?—Yes.

12,487. And I think you said the fact of their not contracting out of the Act had not worked at all disadvantageously for the colliery proprietors?—No, we have not had much effect from that in our part of the world. We have had only a few actions.

12,488. The contribution of the masters to the insurance fund ceased when the men refused to contract themselves out of the Act?—It has not quite ceased; a great many people are paying still.

12,489. I mean speaking generally?—I think the majority are paying now, notwithstanding the Employers Liability Act.

12,490. They have resumed payment then. I thought you told us just now that they had ceased?—I said

The witness withdrew.

Mr. ALFRED HICKMAN, M.P., examined.

12,500. (Chairman.) I think you represent several associations connected with the mining industry of this country?—Yes.

12,501. Would you just state what your associations are?—I am a member of the Council of the Mining Association of Great Britain, of the Associated Chambers of Commerce, of the South Staffordshire Ironmasters' Association, the Wolverhampton Chamber of Commerce, and I am chairman of the South Staffordshire and East Worcestershire Freighters' Association.

12,502. I need not ask you in great detail with regard to the condition of the mining industry at present, because we have had evidence from various parts of the country, generally representing it as being in a condition of depression; do you confirm that statement?—Most certainly.

12,503. Then I will not go into details at present; perhaps some other members of the Commission may wish to do so; but I will ask you to state generally what you consider to be the cause of the depression with special reference to the districts with which you are connected, and to distinguish between those causes which you think remedial and those for which you see a difficulty in proposing a remedy?—The causes immediately affecting my special districts which are remedial I consider are, in the first place, the excessive railway rates (and that is a very important cause); the other one to which I would refer is the difficulty about the employment of young persons consequent upon the provisions in the Factory Act, but that is quite subsidiary and quite unimportant as compared with the question of railway rates.

12,504. You are speaking of the districts of Staffordshire and Worcestershire?—South Staffordshire and East Worcestershire.

12,505. Have you had cause, for a length of time, to complain of those rates, or have they recently become more oppressive?—They have become more

to some extent it had stopped, I did not say altogether, the donations of owners to that fund.

12,491. Would you kindly explain how the Mines Regulation Act threw a charge of 6d. a ton upon the mine owners?—Chiefly in lessening the hours that the men worked.

12,492. But the Mines Regulation Act was passed in 1872?—Yes.

12,493. I asked you just now about the hours of employment in 1870, and you told me that they were 9·09?—That is days per fortnight.

12,494. I beg your pardon, and meant to ask you what number of hours they worked during a fortnight, then and what number of hours they work during a fortnight now?—I can tell you the hewers, who are the principal workers in a mine, prior to 1872 worked in the face of the coal seven hours, and from bank to bank they were eight hours, that is, from going down to the pit to coming back again.

12,495. You allow half an hour each way?—Yes. Then after 1872, and which prevails at the present time, they work in the face six hours, and from bank to bank they are seven hours.

12,496. That is a reduction of nine hours in a fortnight?—Yes.

12,497. May I say, then, that the gist of your evidence is practically this: that with an increased output there is a lower price for coal, the workmen get lower wages than at one time they did, the employer gets a diminished profit, but the burden of royalties is higher than it used to be?—In the proportion of the selling price of the coal it would be so.

12,498. I mean the relative price?—Yes, at the present moment that is so.

12,499. (Chairman.) Is there any other point which you wish to bring before the Commission?—No, I do not think so.

oppressive, inasmuch as the price of iron and materials have been reduced. Whereas, for instance, the cost of freight from the Birmingham district to London in 1873 was one sixteenth of the price, it is now about one sixth of the price.

12,506. (Mr. Jackson.) Is that on coal and iron?—On iron. Not to exaggerate at all, I would rather say an eighth of the price at present; I am taking the average of different kinds of iron.

12,507. (Chairman.) Is the trade of these districts chiefly for domestic consumption or is it for foreign exportation?—Partly for foreign and partly for domestic use; there is a large quantity.

12,508. Which should you consider the more important?—As regards the iron sent to London, Liverpool, and Hull, the most important would be for foreign exportation; but a very large proportion of the production of Staffordshire is used in Staffordshire; but then, again, the question of railway rates comes in, because after the iron is used up and made into hardware, the hardware has to be exported, so that the question of railway rates affects the iron trade through the hardware trade.

12,509. Yes, what I want to get at is this: to a certain extent the charges, whatever they may be, upon the conveyance of coal reduce the profits of the coalowner and increase the burdens upon him; then he has against that, to set the increased price which he will be able to get, and that is kept down by competition. Now is that kept down in your case by the competition of other British fields of production or by the competition of foreign countries?—By both. In some branches of manufacture the competition is mostly foreign, and in others it is entirely British.

12,510. Could you say of the coal produced in Staffordshire and Worcestershire what proportion roughly goes abroad and what proportion is consumed at home?—No coal whatever goes abroad from Stafford-

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shire. In speaking of exports I am referring to iron and hardware, not of coal.

12,511. But we are speaking principally of coal?—There is no coal exported at all.

12,512. Therefore, with regard to coal, the question is of the competition with the home producers in other parts of the country?—In coal there is no direct competition at all in Staffordshire. The way in which the coal master of Staffordshire feel the competition is from the competition of other districts producing iron, because the coal of Staffordshire is used on the spot in making iron, and if the demand for iron is good the demand for coal is good; but the production and consumption of coal in Staffordshire is almost entirely local. In one part of Staffordshire—not particularly referring to the general trade—house coal is produced which is sent to various parts of the country; namely, to London and towns on the railways; but with regard to the manufacturing coal, the great bulk of the coal produced is used on the spot.

12,513. Then the railway or traffic charges do not affect the coal trade in your case?—No, they do not affect it immediately. It is not the charges on the coal, it is the charges on the articles that the coal has been the means of producing. I should like to say, with your permission, something on the question of railway traffic. In Staffordshire we are served by three great railway companies, and we ought, therefore, to have the benefit of competition; but the three great companies have combined together, so that neither company can reduce any rate without the consent of the others; and even if we can show to a particular company that a reduction in the rate would be advisable, that company is powerless to reduce the rate, but must go to the other companies who are not interested in the particular traffic, but who consider that that traffic would interfere with other traffic that is on their line, and, therefore, it is not their interest to allow the reduction to be made. We have a very sharp competition for the passenger traffic, not as regards fares, but as regards facilities. Between Birmingham and London, for instance, no less than 56 trains run every day, 28 trains each way.

12,514. (Mr. Jackson.) Will you name the three companies?—The London and North-western, the Great Western, and the Midland. To show the effect of this passenger competition I would just mention that according to the London and North-western Company's last report a passenger train pays 4s. 4d. per mile, whereas a goods train pays 6s. 6d. The cost of running their trains, without separating passengers from goods, excluding fixed charges on debentures, and so on, is 2s. 2d. per train mile; so that the profit on a passenger train mile is 2s. 2d., and on a goods train mile is 4s. 4d. That is, supposing they both cost the same; but, of course, it must be evident to the Commission that the fast passenger trains, such as the Irish Limited Mail and the Scotch Limited Mail, are far more costly than goods trains in every respect, both as regards destruction of permanent way and the wear and tear upon the carriages and everything else. Mr. Moon, in illustrating the same thing in a recent speech which he made to his shareholders, compared their returns of 1883 with their returns of 1873, and he said that in 1883 they ran 3,300,000 more passenger train miles, and their receipts were only 145,000l. more; that is to say, their receipts for these 3,300,000 train miles were only 1s. 4d. a mile, and their cost was 2s. 3d., and, therefore, they actually lost 11d. per mile on those 3,300,000 miles. And I wish to suggest to the Commission that all that loss on their passenger traffic has been put upon the goods.

12,515. (Chairman.) What is the remedy that you would propose?—I think the obvious remedy is Mr. Mundella's Railway Rates Bill, with some modifications.

12,516. You would legislate and give power to the Board of Trade, or to the Railway Commission, or to some other authority, to regulate and from time to time revise the rates?—I do not think it would be fair to give to any body the power to revise from time to

time. I think, in the first place, we want the thing established that a company shall not be allowed to give a preference to one district over another. Just to illustrate what I mean: the Midland Railway Company carry from Staveley to London iron for shipment for 12s. 6d. a ton, and the distance is 149 miles. From Birmingham, which is only 113 miles, they charge 12s. 6d. if it is for shipment, and 15s. if it is for delivery in London. In the one case it is 1½d. per ton per mile, and in the other case it is 1d. Again, the Midland Company carry coke from Staveley to Wellingborough in Northamptonshire, 84 miles, for 3s. 4d. per ton, whereas from Staveley to Wolverhampton, which is only 65 miles, they charge 3s. 10d. I could give a hundred instances of the same sort, if it would not be taking up the time of the Commission too much. But what the traders say in Staffordshire is that we pay higher rates from our district to the port than any district in the kingdom pays, and we say that the Commission should have power to require, or that the railway companies should be obliged to treat one district the same as another, and that there should be no preference.

12,517. Is there anything else which you would like to say about the railways?—No, I think not.

12,518. Have you anything else to say with regard to the canal communications?—With regard to the canals, we say that there ought to be power for the Commissioners to declare a through rate between places having an unbroken line of communication over different canals, and to apportion that rate between the different canals. As an illustration of what I mean, the canal between Wolverhampton and London is 162 miles, of which the portion called the Birmingham Canal, is controlled by the London and North-western Railway Company. The Birmingham Canal portion is 18 miles, and the rate is 10d. a ton, which is at the rate of 55d. per ton per mile. The remainder is 144 miles, and the rate is 2s. 8d., which is at the rate of 22d., or less than one half. What we say is, that the Railway Commissioners ought to have power to apportion that through rate of 3s. 6d. between these canals in a fair proportion, and that there ought to be the power to make the rates to some extent reasonable. For instance, on the Birmingham Canal, for short distances, on pig iron, which is a raw material, as to which they do not do any loading, and they do not find boats or haulage, or anything, the toll alone is 1½d. per ton per mile, whereas they charge on hardware, pots, and kettles, 1d. I do not complain of the 1d. rate being too low, but of the 1½d. rate being too high. The average rate in France and Belgium on the canals for toll, including conveyance and provision of boats and every expense, as against 1½d. is from ¾d. to ¼d. per ton per mile.

12,519. (Mr. Jackson.) For short distances, I presume?—For short and long distances, both. There is a reduction on the Birmingham Canal rate for long distances.

12,520. (Mr. A. O'Connor.) Does that cover terminal charges?—There are no terminal charges on canals. It includes all charges on the Belgian and French canals.

12,521. (Chairman.) Besides this question of traffic is there anything that you have say with regard to the labour question?—With regard to the labour question there is a provision in the Factory Act of 1872, section 13, subsection 1, which provides that a young person under 18, that is a young man under 18, shall only work between the hours of six and six, or seven and seven; and the way in which that operates against us in Staffordshire is this, that in a part of the iron making process called puddling, the workmen work by the ton, and they get out what are called six heats, which forms a day's work, and if the work is well constituted and goes on well they can get out their six heats in about 11 to 11½ hours. Supposing they begin on Monday night, by half-past five on Tuesday morning the first turn's work is compelled, and the day men have to come on to work

but the law interposes and says, "The young men shall not begin until six," their work being ready at half-past five. Then, again, taking half an hour off on Tuesday night, they want to begin at five on the Wednesday morning, or they would begin at half-past four, and so on, and, in fact, the week's work ought to be done by about 12, or at the most by two o'clock on the Saturday. Then the law says that persons under 18 years of age shall not do that; they really would only work certainly well under 12 hours; but they are prevented from working because they cannot work except between those fixed periods. I need not point out to the Commission the loss that would take place in the works having to wait for the men, because a certain heat which is necessary to melt the iron has to be kept up in the furnaces, and of course, the coals and everything are being wasted, whilst the waiting takes place; whereas if a young person could be allowed to follow on the turns, as we say technically, that would be avoided. We have been allowed in Staffordshire, until quite lately, to disregard this provision in the Act; but lately we have had a new inspector, who has felt it his duty to draw the line more tightly, and now we are driven to discharge from work all persons under 18 years of age; we cannot employ them. And not only is that a loss, in our having higher wages to pay for older men, but it will be prospectively a much greater loss, because we are not training up young men to fill the places of the older ones, puddling being a skilled process which requires skilled labour, and it is very inconvenient not to be able to train young persons for it.

12,522. Then you recommend that there should be a modification of the Factory Act with regard to that?—Yes.

12,523. Are there any other causes which you could mention for the depression of trade besides those which are of a more general character; can you refer to any cause in particular?—I submit that the general cause of the depression of trade all over the world must be something which is applicable to all nations and all people, and I submit that it must be a question of currency.

12,524. Have you given much attention to that question?—I have given some attention to it. I believe that there has been a great contraction in the circulating medium of the world since 1873, and that in consequence there has been a steady tendency downwards in the price of all commodities. There has been, in the first place, a decreased production of gold. In 1857 the production of gold was at the rate of 29,000,000l. a year; in 1884 it had fallen to 18,000,000l.; and in addition to that there had been a large increased requirement for gold on account of the increased trade and population. There has been an increased absorption of gold by America, and France and Italy to provide for the paper currency.

12,525. That is to say, as a substitute for the paper currency?—Yes, as a substitute for the paper currency; and by Germany for the conversion of the silver currency into gold; and at the same time there has been a steady absorption of gold by India.

12,526. In speaking of these circumstances, which point to the appreciation of gold, you do not take into account the increased development of the credit system, which must be set against your second head, that more gold is required, as you say, in consequence of the expansion of trade, but is it not the case that every year we have an improvement in the credit system, which renders us better able to dispense with a large quantity of gold?—Undoubtedly; and if that had not been so, we should have found the effects intensified to a much greater degree.

12,527. You ought to make allowance for that in any calculation, ought you not?—No doubt; but still the fact which the Commission must be quite aware of is that there has been a steady tendency downwards in the price of all the staple commodities of the world; it is not confined to a particular industry; it is not only iron, but wool, and cotton, and copper, and all

metals; in fact everything. Land and property of all sorts, the production of all nations, and labour. There is no single thing that has not shared in the general depreciation of price, and the effect of that seems to me to be that enterprise is checked; persons are discouraged from embarking their capital in any business; every man in trade is poorer to day than he was yesterday, and all prudent traders are looking forward to contracting their obligations and enterprises with a view to making their position safe. And this acting upon one single trade individually has a cumulative effect upon all trades, because one trade being bad acts and re-acts upon another, and if this effect were stationary in time the trade would accommodate itself, but it is still going on. Every year we see a further progress down hill, and I submit that at last we may come to a time when, like the Good Samaritan, we may pay a week's hotel bill with twopence.

12,528. Your theory is that there having been less gold available, the nominal value of gold has increased, and that therefore the prices of commodities are nominally reduced?—Precisely so.

12,529. Is it more than a mere nominal operation?—As I said, if we arrived at any finality, if the production of gold balanced the requirements of the trade and remained at a fixed level, trade would accommodate itself, no doubt. In the meantime the burden of the national debt, and of fixed payments of all sorts, would be greater than they were; but still trade would accommodate itself in time, and enterprise might revive, but so long as that decline in prices is going on, there can be no enterprise.

12,530. What would be the effect of a sudden discovery of large quantities of gold, and the production being doubled?—No doubt we should have an appreciation of prices, and a renewal of enterprise and prosperity.

12,531. And if only one half of the quantity were raised, there would be a greater depression?—If only one half of the quantity were raised, of course the depression would be intensified.

12,532. Do you think that the prosperity or adversity of trade depends to a very large extent upon the accidental circumstance of whether gold was plentiful or the reverse?—I would rather say when the circulating medium used by the world is plentiful. I think history tells us that.

12,533. What are the remedies which you would suggest?—In the first place, as regards our own country, it appears to me that we might very well issue an amount of notes sufficient for the requirements of internal circulation, keeping the amount well within the limits required for that purpose, and we might join the other civilised nations of the world in accepting silver as an international currency along with gold.

12,534. The object being, in both these cases, to economise the demand for gold?—Precisely.

12,535. By substituting, as a legal tender, notes here for gold, you would be reducing the demand for gold?—Certainly.

12,536. And by introducing silver as a standard of value with gold you would again be economising the demand for gold?—Yes, and practically increasing the supply.

12,537. (Mr. Aird.) With reference to the railway question, I suppose when power was granted to these three railway companies at present dealing with the traffic of Staffordshire it was under the supposition that it was creating a fair competition for the benefit of the district?—No doubt that was so.

12,538. And that after having given them those powers which were thus sought, they met together and agreed to have the earnings of the traffic upon terms which entirely destroyed in considering the requirements of the district, all individual benefit?—That is so.

12,539. Do you know the nature of the agreements which are entered into by these companies outside their parliamentary powers?—I only know that they

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prevent rates being altered without the consent of the other companies.

12,540. Do you know at all what prevents one railway company from developing its district generally, it being its own interest to do so, should it prove to be adverse to the wishes of the other railway companies?—I do not know the details of the arrangement; I know that the Midland Company do practically develop the districts in which they are exclusively interested.

12,541. (Mr. Jackson.) Do not they develop any district in which they are not exclusively interested?—They do not to the same extent.

12,542. (Sir J. Allport.) Could you give instances?—I mention the Staveley district, which the Midland Company alone serve. The rates in the Staveley district are much lower than they are in the Staffordshire district.

12,543. Do you know in what particular article?—Iron.

12,544. Iron pipes?—Not pipes alone.

12,545. Perhaps you will take it from me that you are wrong?—Of course your authority is supreme upon the subject, but I retain my opinion.

12,546. (Mr. Aird.) Do you think it would be beneficial to the trade of Staffordshire and the district generally, if it was required that any arrangement outside their parliamentary powers entered into by these companies, should be subjected to some public authority?—Most certainly, and that would operate as a check no doubt upon arrangements of that sort, arrangements which I think are contrary to public policy.

12,547. As regards the railway carriage of coal, are you aware that during the last few weeks a meeting has been held in Germany at Hamburg to bring pressure to bear upon the Government to lessen the rates of carriage in consequence of the increasing competition of English coal at the present rates to Germany?—I have heard so.

12,548. But if such rates abroad are lowered that will tend still more to serve the coal industry of this country?—Not in my district at all; it would not affect my district.

12,549. I suppose the rates of profit which are obtained now in the Staffordshire district being so very small, the question of railway rates becomes one of a very serious character in dealing with the industry of the country?—Certainly.

12,550. When profits were better it did not press so unduly upon the industries, and the industries did not complain so seriously of the action of the railway companies as at the present time?—That is so.

12,551. Do you consider that the railway companies deal satisfactorily at the present time with the passenger traffic, or that any check is necessary in that direction also?—I do not think so, I think that the passenger traffic is developed at the expense of the goods traffic.

12,552. Does the same arrangement between the companies apply to the charges on passenger traffic as well as goods?—It is a fact which I cannot speak to of my own knowledge; I only know that the fares are the same between competing points, therefore I presume it does.

12,553. You make no complaint upon the passenger traffic question in your district?—Except that the passenger traffic is developed at the expense of the goods, which seems to me to be a most suicidal thing; because, if trade is bad, the passengers who are wanting employment will not have the money to travel with; and if trade is good it can only be good by having moderate railway rates, and there is plenty of money for the passengers to travel with. I think there ought to be far less than 56 trains between Birmingham and London in the day, and if the expense of running half, we will say, of those 56 trains were applied to the reduction of the goods rate, I believe it would enure to the benefit of the railway companies and the public to a very large extent.

12,554. What can be the object of a railway com-

pany to run more trains than are necessary?—Competition with each other.

12,555. Do you mean so far as passenger traffic is concerned?—Precisely.

12,556. A suggestion has been made in the course of the inquiry to the effect that a permanent commission of trade might be able to regulate many questions which disturb the varied interests of the country. Do you think that if such a commission was formed they would be able to check and control and keep in order the companies beneficially to the interests of the Staffordshire district?—You mean, I presume, something analogous to the Railway Commissioners.

12,557. No, I mean something more like a permanent commission, composed of persons who are thoroughly acquainted with the varied trades of the country, whose business it was to inform themselves as to the condition of the industries, and how they were affected by surrounding circumstances, and to advise the Government generally as to any measure which might be necessary to benefit them?—I think that would be desirable, most certainly.

12,558. Would not such a commission be also able to deal with all the difficulty to which you refer?—Most certainly.

12,559. And with the modification of the factory and other Acts, which may be necessary, as altered circumstances of the case arise?—Certainly.

12,560. You spoke of the very low rates of carriage where the traffic was carried on some canals abroad; do those canals belong to the State, or are they matters of public enterprise?—They belong to the State for the most part.

12,561. To which country had you reference when you made that statement?—To both.

12,562. With regard to the currency question to which you referred, the remark you made was that you did not think relief would be found to the trade generally of the country until further discoveries of gold were made; I think I am right in that, am I not?—Or some substitute for gold.

12,563. Would the difficulty be at all alleviated if the value of gold could, as a monetary payment, be increased?—I do not think so; I do not see how that would affect the matter in the least. What you want is more gold; or more circulating medium, whether it is gold, cowrie-shells, paper or silver.

12,564. Then a sovereign might be worth 25s.?—I do not think that would make much difference.

12,565. (Sir J. Allport.) With regard to the 56 trains to Birmingham, there are three companies, are there not, each going through a separate district?—Yes.

12,566. Take the London and North-western going through Coventry and so on to London, and the Great Western going through Warwick, Leamington, Oxford, and Reading, and so on to London, and the Midland going through Leicester, Kettering, Bedford, Luton, and so on to London; it is perfectly true that there are a good many trains, if you confine your remark to London; but inasmuch as there is a very large portion of the country to be accommodated, each one accommodating an independent portion of the country, do you think that nine trains per day each way by each company are too many?—No doubt the suggestion which you have made is a very important one, and modifies the somewhat startling statement of 56 trains; but I think still there are more trains than are necessary.

12,567. Still a railway company is obliged to accommodate the local traffic to a very large extent, as well as the through traffic?—There are a great many local trains besides those I have mentioned, which are subsidiary to the through trains.

12,568. Is it not also the fact that a certain number of express trains, perhaps three each way by the North-western, two each way by the Great Western, and one or two each way by the Midland, run through without accommodating the local traffic?—That is so.

12,559. And therefore, when you say that there are too many trains between London and Birmingham, should not that remark be confined to those express trains?—I think there are more fast express trains than are really required by the traffic.

12,560. Have you taken out what express trains there are?—I cannot say exactly, but most of the 56 trains are express trains really; they are most of them fast trains. Of course you know the number of trains better than I do.

12,561. I suppose you are aware that several of those are mail trains?—Yes, that is so, no doubt.

12,562. And that those trains are under the control of the Postmaster General?—Yes.

12,563. And that the companies are bound to put them on if he requires them?—Yes.

12,564. Several trains are pretty well—I do not say entirely—for the accommodation of the Post Office?—That is so.

12,565. As to the expense of working, you say that the expense of working a goods train and a passenger train is about the same. What proof have you of that?—I have no means of information except the published accounts of the companies.

12,566. Are you aware that a passenger engine will run from Birmingham to London, whereas a goods engine will not, and that we require a double service of goods engines?—That may be so.

12,567. I want to show that your stating that passenger trains are worked at as great cost as goods trains is not quite correct?—I should have thought they would have been more costly, but I have no technical knowledge upon the subject. Of course there are questions, such, for instance, as Government duty, accidents, steamboat expenses; all those enter into the London and North-western accounts, and I have taken the average of the whole, giving no credit to the goods traffic, which of course they are entitled to, because they have nothing to do with the Government duty; there is no Government duty on goods trains, and there are no accidents to passengers on goods trains.

12,568. Surely, if you have studied those returns, you must be aware that something like 35 per cent. of the accidents are caused by goods trains?—Accidents to the company's servants, certainly, but these do not appear in the accounts.

12,569. And to passenger trains too?—They may happen from passenger trains running into goods trains, or goods trains running into passenger trains, no doubt.

12,570. Now we will take Staveley. You do not appear to be aware that almost the sole manufactured iron sent from Staveley is water and gas pipes?—I was not speaking of Staveley alone, but of the Staveley district.

12,571. Are there any other manufactures in the district?—Your information is much more than mine, but I am told that iron as well as iron pipes is sent from Staveley to London in considerable quantities.

12,572. Are you aware that Staveley has a gas and water-pipe trade—a very important one to Middlesbro'?—Yes.

12,573. And that the sea freight from Middlesbro' to London is 6s. 6d. per ton?—I know it is very low.

12,574. Is it not necessary to give a low rate to Staveley to enable it to compete with Middlesbro'?—I think it is quite as necessary that we should have a low rate from Staffordshire for pipes, as it is from Staveley. If you will allow me to say so, that does not at any rate apply to the question of coke from Staveley to Northamptonshire.

12,575. Can you tell me what is the quantity of coke that is sent from Staveley to Northamptonshire?—There would be a much larger quantity sent than there is if the rate were more moderate. There is a large quantity sent as it is.

12,576. Will you tell me where there are any coke ovens at Staveley?—The Staveley Company have a large number of coke ovens. I do not know the

number, but I have ordered many thousand tons from there.

12,577. Do you know that it is a very limited supply?—I do not know that. I only know that I have bought 10,000 tons at a time from there myself.

12,578. But the coke trade is very limited, is it not?—I should say not.

12,579. With regard to the Midland Railway developing the district, can you mention any district where the Midland Railway Company have competition?—In Staffordshire.

12,580. When you speak about the Midland developing a district which they have entirely under their own control, I want to know what this district is?—In that expression I am quoting the very words that you used before the committee on the Wolverhampton and Walsall Railway.

12,581. Can you mention any other?—You will be much more likely to be able to furnish the Commission with that information than I am. As regards Staveley, I quote simply your own expression.

12,582. (Mr. Jackson.) Speaking about the relative service of goods and passengers, you assign as a reason for the large number of trains, 56 I think you said a day to Birmingham, that it is the result of competition with each other by railway companies?—Yes.

12,583. Is there not the same competition with reference to goods between railway companies as there is as regards passengers?—No. There is no object in running a great number of goods trains, because it does not induce any more goods to be sent; but it is obvious that running a great many passenger trains at a great rate of speed is an inducement to passengers to travel by that particular line. But that is not the case with goods, because a railway company may run 10 passenger trains to London in a day, but if they run one train a day and take all the goods, that is quite sufficient.

12,584. Surely the element of competition comes in just the same. The railway companies compete just as hard for the carriage of goods as they do for passengers, do they not?—No, they do not compete at all for the carriage of goods.

12,585. In what sense do you mean that they do not compete at all. Are the passenger fares the same by each company?—Yes.

12,586. And the goods' rates are the same by each company?—Yes, certainly.

12,587. So that, of course, it is the same in both cases?—No; there is no competition in the one case, but there is a very active competition in the other, the competition being increased accommodation with better carriages, faster trains, and more frequent trains. All those are surely elements of competition. If the London and North-western run their trains in half an hour less than the Great Western, or than the Midland, the natural tendency is to travel by the London and North-western. If you have a choice in going from London of half-a-dozen different trains by one railway, whereas you have only got one train by the other, you choose the one where you have got the choice of half-a-dozen different times. That is a real competition, I take it.

12,588. I suppose you know by your own experience that there is just as much competition for goods by railway companies undertaking to make an earlier delivery of certain goods which are wanted at a particular time, and sending to call upon you several times a day?—They can to solicit orders, but that does not help the trader.

12,589. Is it not just as much the interest of a railway company to increase the quantity of goods they carry as well as the quantity of passengers?—Clearly; but they bind themselves by hard and fast lines not to reduce their rates.

12,590. Are they bound in any different manner with regard to goods than that in which they are bound with regard to passengers?—Yes, and the effect of that is that in one case there is competition which is a real competition of accommodation, and the

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accommodation being the same in the one case as in the other there is really no competition at all.

12,591. (Mr. A. O'Connor.) I will only ask you one question. You said, I think, that there had been a great absorption of gold in India?—Yes.

12,592. Would you say on what grounds you make the statement, or what proof you have of it?—The published returns, and you will find it in the statistical abstract.

12,593. Have you not it before you?—No, I have not.

12,594. How do you get from the statistical abstract that there has been really an absorption of gold?—It is there stated that so many millions more of gold are imported into India than is exported from it; that is all.

12,595. (Mr. Palgrave.) You spoke of the influence of the railway rates on the industry of your district. Can you say whether there has been any alteration in the rates from that district to Manchester?—It is not an uncommon thing with me in quoting for large quantities of iron to lose an order for half-a-crown a ton; my quotation is half-a-crown higher than that from another district, and if the railway rate were half-a-crown a ton less I should get the order instead of losing it.

12,596. That is not quite the point I mean. Can you show that your district has suffered relatively to any other district?—Yes.

12,597. Have you a paper that you can put in which will show that distinctly?—Certainly.

12,598. You spoke of a canal which was in the possession, as I understand, of the London and North-western Railway?—Yes.

12,599. Which is their property?—It does not quite amount to that; they have the control of it.

12,600. By a perpetual lease?—The terms, I believe, are that they guarantee 4 per cent. on a certain nominal capital.

12,601. Is that a continuing guarantee?—It is a continuing guarantee.

12,602. How would you propose to deal with a case like that?—I think there should be power, in a case of that sort, for a public trust, or for the canals which form the remainder of the chain of communication, to buy the canal from the London and North-western, or from the proprietors, on fair terms.

12,603. You would advocate that bargain, would you?—I would certainly.

12,604. Have you any other remark to make on the canal traffic?—I think generally that canals under the control of railways should not be allowed to prevent through traffic by canal.

12,605. That is to say, you think that the canals should be entirely independent of railways?—Exactly; or at any rate that railway companies, if they hold canals, should be bound to use them fairly for the benefit of the public, both by moderate rates and by being forced to keep the waterway good.

12,606. (Mr. Eceyrd.) You think it would be desirable that the canals should be generally taken out of the hands and from under the control of the railway companies?—As a general proposition I would say that I think canals ought never be allowed to be acquired by railway companies.

12,607. You would believe it to be advantageous that companies should be formed which should be empowered by Parliament to acquire the canals at a fair price from the railway companies who now possess and control them?—Yes.

12,608. And to construct such a number of links as might complete the system of water carriage throughout the country?—Exactly so.

12,609. And then that that complete link of water carriage should be carefully kept from under the control of railway companies?—Precisely so.

12,610. Do you believe that carrying out such a scheme as that would decidedly reduce the general cost of the conveyance of heavy materials?—I do.

12,611. And more especially in your Midland district?—Yes.

12,612. There is one other point of which you spoke. You said that in looking at the general causes of depression you thought that the want of a sufficiency of gold or other available currency was one of the chief elements?—I do think so.

12,613. Could you point out to the Commission any special proof of the insufficient amount of currency in this country?—The proof is the general and gradual decline in price; in fact, of prices for all commodities.

12,614. But you have not at all completed the connexion of that decline in price with the particular question of the currency. Looking at the thing from other points of view, do you see any real want of gold as a circulating medium in this country?—I think it is obvious that as the price of every commodity is measured by gold, if the price of everything goes down—not of one article, but of the universal staple articles of the world—that clearly shows that gold must be scarce or must be appreciated in value, and it is appreciated in value as measured by anything that you can measure it by. It is a self-evident proposition, as it appears to me.

12,615. Would you not admit that it may show, or that it may prove, the existence of quite a different kind of fact; that it may also show that there is over-production of many of the leading articles, and that there are more produced than the consumptive demand of the world can absorb at the present time; and if that be so would any increase of currency be a remedy for such an over-production of commodities?—I think that if that depreciation in price was confined to one, or two, or three commodities, it might be open to be disputed; but as it is so universal, I think it is impossible that it can arise except from the appreciation of gold. And in reply to your question whether an increase of the circulating medium would obviate the difficulty of over-production, I would say most certainly it would; because it would increase the consumption. If, for instance, the agricultural industry is flourishing, the consumption of iron hurdles, gates, and agricultural implements, and all that sort of thing is enormously increased.

12,616. But you have not at all shown us what I am interested to know, how an increase of the currency would improve the condition of agricultural industry in this country; would not a great increase of currency, and generally of international currency, have a tendency on the contrary to develop more rapidly new countries which are producing wheat, and by their competition to lower the condition of trade?—I do not think so; I think that this country, being to a large extent the trading centre of the world, is more affected by the causes which I have ventured to describe than any other country is; that a new country which is producing from virgin soil wheat or other commodity of that sort is far less dependent upon circumstances which affect trade than a trading community like ours.

12,617. You would admit, would you not, that there is no scarcity of silver as an article of currency?—Certainly.

12,618. Then take the case of the demand for cotton fabrics in India, China, and South America—is it not the fact that the relative cheapness and abundance of silver currency enables those countries to consume a very large quantity of cotton fabrics?—The question of the Indian silver currency is a very difficult one, and I cannot pretend to say that I can explain the whole ramifications of it.

12,619. Do you not think that there are indications, at all events, of a very distinct over-production of many commodities, and of distinct over-production of iron?—I do not think there would be any over-production of iron, if the trade was in a condition to require it. I think that it is depression of trade, which by decreasing the consumption makes the production in excess. For many years there has been no such thing known as a great railway company not to have a Bill before Parliament; and this year there is this extraordinary thing, that I do not think that the

London and North-western have got a Bill before Parliament at all. Clearly that arises from depression in trade. If they were making new branches and laying out railways, of course that would create a demand for labour, and for iron, and for other commodities.

12,620. Is it not possible to over-do the railway system of this country; is it not possible to over-build railways?—I think we are a long way from such a state of things at present.

12,621. But you will admit that it would be possible?—Clearly.

12,622. You point to the improved demand which might be created if a more abundant currency should be realised. Does not past experience show that there would immediately be such an enormous extension of the power of production, that it would cause a great glut?—No doubt the tendency of the pendulum is to swing a little too far in one direction, having swung too far in the other. If the tendency of things with an abundant currency is in the direction of prosperity, I gather from history that the tendency of things with a declining currency is in the direction of adversity.

12,623. Might we not put it the other way; that when the general conditions of the world are in favour of prosperous trade, we immediately find that all other circumstances adapt themselves to it?—The condition of the world depends, I think, upon the currency; certainly that is one moving cause. There is nothing else that can affect the trade of the world generally except that.

12,624. Then you do not believe that the immense effect of the instrumentalities, scientific and mechanical, which have been placed in the hands of men, and which are now being extended to the inhabitants of semi-civilized countries as well as older civilized countries, which enable one man in many cases to do the work of 50, has been, to whatever extent they are used, to create a general over-production of the leading commodities?—I think that the economy of labour, and the improvement of appliances such as you describe, will tend to the prosperity of the human race, and so to greatly benefit trade rather than to cause over-production.

12,625. We have had it in evidence in connexion with the iron trade, and in connexion with the shipping trade, we have heard a consensus of opinion, I think I may say, from almost all the witnesses, that the depression of the shipping trade is not owing to the want of sufficient business so much as to the persistent over-building of ships, and that the amount of goods carried shows a very large and satisfactory increase, but that the shipping has been over-built to such an extent that it cannot be profitably employed; in the face of that

The witness withdrew.

Mr. MARSHALL STEVENS, examined.

12,633. (Chairman.) I think you are the provisional manager of the Manchester Ship Canal Company?—Yes.

12,634. What experience have you had of the carrying business?—Considerable experience. Until recently I was a member of the firm of Marshall Stevens and Co., who carry largely by sea, by canal, and by railway, and who trade both in England and France. I have an intimate and practical knowledge of the French rates as well as of the English rates.

12,635. I believe you are desirous to offer some observations as to the classification of goods for the purposes of railway rates and on the subject generally?—Yes. I can produce the English railway classification which is now issued to the public (*producing the same*). It differs very materially from the authorised schedules of rates in the Acts of Parliament granted to the railway companies, and which the railway companies themselves agree are altogether imperfect. I might state that as between themselves and the public

consensus of opinion would you not accept the present condition of things as a proof of the possibility of over-production?—I think there has been over-production in the shipping trade undoubtedly, and then the conversion of sailing ships into steam ships has enabled one ship to do the work of two or three and therefore owing to that, joined to the large extent of ship-building on account of the great profits which accompanied the trade, no doubt there has been an over-production of ships.

12,626. I will only put you one more question, just to bring out the effect of what you have been telling us: do you not believe that if such a change in the system of currency could be brought about as that which you believe would create a great activity of trade, the effect would immediately be to create a much more disastrous over-creation of shipping, and of instruments of production as well as commodities?—I do not think so.

12,627. (Mr. Drummond.) Do I understand that your district is served by three railway companies?—Yes.

12,628. And, notwithstanding that, there is an understanding between them which practically amounts to this, that it is only served by one railway?—It is much worse than that, in effect; because, if we could show the companies that it was advisable to reduce the rate they would in the ordinary condition of things have power to do so, but as it is they have no power. I will illustrate that. When a deputation waited upon Mr. Moon, the chairman of the London and North-western Company, complaining of the rate to Liverpool from Staffordshire, he said, "It is your own fault: you, the traders of South Staffordshire have yourselves to blame. When we alone served South Staffordshire we were the only company carrying to Liverpool, our rates were 25 per cent. less than they are now," which is the fact.

12,629. Would you go so far as to say that it is an evasion of their statutory powers for railway companies to do that?—That is a question which I leave to the Commission to decide.

12,630. Assuming, for argument's sake, that it is so, would you suggest that some remedy is absolutely necessary for it?—If a remedy could be devised to prevent such an unholy alliance, if I may so call it, I think it would be an excellent thing.

12,631. I suppose it would be within the right of Parliament, presuming that those railway companies went to Parliament for an amalgamation, to say "No"?—Certainly.

12,632. That being so, you would say that some remedy is necessary for the existing state of things?—Yes.

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the railway companies are not bound by the railway clearing house classification at all. It is only a classification which has been prepared for their own use. The local representatives of the railway conferences have a special classification again outside this one, and in some instances the rate charged is greater than the class rate in this book.

12,636. Is that a book which is accessible to the public?—At present it is. It is only within the last two or three years that it has been issued to the public. I should like to give an instance to show that it is not always adhered to. Taking the case of cotton between Manchester and Liverpool, that comes under class No. 1, and the class rate would have been till recently 8s. 4d. per ton, whilst the railway companies charged 9s. per ton, I wish to show by that that they do not even amongst themselves follow their own classification.

12,637. Do not they consider themselves bound to do it as regards the public?—No.

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12,638. What is the system adopted in France with regard to the classification of railway rates?—In France until recently every railway company had a separate classification, so that the difficulty in France of publishing the rates was very much greater than it would be in England, but notwithstanding that, the whole of the rates in France have been available to the public, and are still available to the public, so that a merchant in his own office can tell the rate of carriage from any one point in France to any other, for any description of goods. My late firm was constantly in the habit, and the firm is still giving rates to the public in Liverpool from day to day from one point in France to any other point without referring to France at all.

12,639. What is the system in Belgium?—With regard to Belgium I produce the classification (*producing the same*). I may say that the French railway companies are following this plan, and a classification similar to the railway clearing house classification, forms one portion of the necessary information. Then another book is published showing the distance from every station to every other station in Belgium (*producing the same*); and a third book (*producing the same*) shows the kilometric rates and the special rates, so that I am able even here, if any member of the Commission should desire it, although I do not know the Belgian rates, to give the rate upon any description of goods from any one point in Belgium to any other point.

12,640. Have you any suggestion to offer as to the publication of railway rates in this country?—Yes. Notwithstanding the declarations of railway authorities to the contrary (and Sir James Allport has said so), I venture to think that the whole of the rates in the United Kingdom could be printed in a convenient form and issued to the public as things at present stand.

12,641. That would be a very great advantage to the public, would it not?—It would be a great advantage. It would do a good deal in the way of clearing up the glaring anomalies which exist in the English railway rates.

12,642. I believe you have prepared some information as to the comparative cost of railway traffic in this country, and on the continent?—Yes. The English railway managers very often state, and sometimes with reason, that the comparisons given are not such as should be given under the circumstances. I have prepared a table, which I hand in (*delivering in the same*), giving the comparative railway rates under conditions in all cases in favour of the English railways. For instance, the reduced rate upon cotton from Liverpool to Manchester without collection or delivery is 7s. 2d. for a distance of 32 miles, and I should add that the bulk of the cotton consumed in this country would pass over that line just in the same way that the bulk of cotton consumed in France will pass from Havre to Rouen, the distance in that case being 60 miles and the rate 5s. 7d. per ton. The distance from Havre to Rouen being nearly twice as much and the rate considerably less. Then again, if loaf sugar be taken, some loaf sugar passes from Paris to the manufacturing districts of England, and I may say that my own firm were, if not the largest, almost the largest carriers of that article; the distance from Paris to Rouen is 83 miles and the rate 5s. 7d. From Paris to Havre, 140 miles, the rate is 7s. 11d., the distance from Liverpool to Manchester being 32 miles and the reduced rate is 10s. 10d. Taking cotton manufactures from Manchester to Liverpool, again, the bulk of the cotton manufactures of the United Kingdom pass between Manchester and Liverpool, the distance being 32 miles and the rate 6s. 10d. The cotton goods manufactured in France, the Rouennerie, passes from Rouen to Havre. That is in the export proportion, and the distance is 60 miles and the rate 6s. 2d. Again, grain is very largely imported into both Rouen and Liverpool, and the rate from Liverpool to Manchester for 32 miles is 5s. 11d., whilst from Paris to Rouen, 83 miles, it is 4s. 7d., and from Rouen

to Havre, 60 miles, 3s. 6d. I may say here that notwithstanding the much lower rates on the French railways I shall be able to show on that last traffic in particular that much larger proportions go by water than by railway.

12,643. There seems to be a great difference in these charges. I see that between Liverpool and Manchester raw cotton is charged 7s. 2d. and from Havre to Rouen it is 5s. 7d.; but when you come to cotton manufactures the charge on cotton manufactures between Liverpool and Manchester is less than the charge upon raw cotton from Rouen to Havre, it is just the other way, the rates are much closer in the case of cotton manufactures than in the case of raw cotton?—Yes they are, and the reason is this, that in the case of cotton from Liverpool to Manchester the railway companies and the existing navigation have been able to combine and maintain that rate of 7s. 2d. In fact, this is a reduced rate. I will give you the higher rates directly, but in the case of the cotton manufactures there has been greater pressure put upon the railway companies and the Bridgewater navigation, and the consequence is that although cotton manufactures in the classification range in a more expensive class than raw cotton, yet, between Liverpool and Manchester the lower class of goods is charged at a higher rate.

12,644. (*Mr. Ecroyd.*) What would be the difference in bulk between a ton of cotton manufactured and packed in the usual way going from Manchester to Liverpool and a ton of raw cotton?—As near as possible the same; that is to say, the stowage measurement would be about the same.

12,645-49. (*Chairman.*) What is the result of your comparison in the case of mineral traffic?—With regard to minerals, the railway companies in England do not change so much as the continental railway companies, and it is my opinion, in many cases, the railway companies carry minerals at a loss. I put in a table (*delivering the same*) showing the average receipts for mineral traffic upon the railways in the United Kingdom. Taking, for instance, the individual case of the Great Western Railway Company, it will be seen that they receive an average rate, per ton, of 2s. 1.78d. It is nearly always the case that these low rates are produced from the fact of competition by water carriage. I can give railway authorities to show that. Mr. Moon, for instance, the chairman of the London and North-western Railway Company, stated, at the half-yearly meeting at Euston, on the 19th February 1882, that "the canals and the sea do more to reduce rates than any competition amongst the railways themselves. They did not know how to reduce the working expenses."

12,650. (*Chairman.*) Are you at all cognizant of the way in which railway managers settle the amount of charges that they should make?—Yes, they hold conferences, and they tax the goods to the extent that they think the goods will bear. Very little regard is paid to the actual cost of the services rendered.

12,651. They get all they can?—Yes, that is their policy.

12,652. (*Mr. Jackson.*) It is the general commercial principle, is it not?—Yes, but in this case all competition has been stifled, in fact, I do not know of any competition between the railway companies of the United Kingdom, except the competition of accommodation which exists to far too great an extent.

12,653. (*Chairman.*) Have you any general causes to assign for the high charges to which you have referred?—Yes. First by purchasing canals. The railway companies have loaded their capital charges account by purchasing canals, and by heavy unnecessary terminal outlays, which their customers should only pay for if they use them with full knowledge of their cost, and by other outlays for obtaining traffic, which should not, under ordinary circumstances, pass over the particular line, and by issuing new stock at par, instead of getting the advantage of its market value. The result being that, notwithstanding the excessive rates, their average net earning

is only 4.16 per cent. per annum. Of course, I do not put that down altogether, in comparing the English with the foreign rates, to the fault of the railway companies. They have had to bear heavy parliamentary expenses, and the excessive cost of land, both of which have become a very important charge upon their capital, and I think that in any adjustment of the rates, these, amongst other points, should be considered.

12,654. Can you give the Commission any information with regard to the cost of terminals?—Yes; the cost of terminals is most excessive, and it may be taken generally that they are the great evil.

12,655-69. (*Mr. Jackson.*) When you spoke of the cost of terminals, do you mean the cost of the station?—Yes, the cost of the station, and of the land upon which it has been built, and the services rendered, the accommodation, and the services. As an instance, the London and North-western Railway Company in 1883, and all the railways from Manchester to Liverpool were charging 9s. 2d. per ton for the carriage of Manchester goods, including cartage in Manchester but not in Liverpool. Out of that rate of 9s. 2d. the mean terminal cost in Manchester to the London and North-western Railway Company was 2s. 4½d. per ton alone for interest on the cost of the stations and the services rendered at the stations. It had nothing whatever to do with the service of carting. At Liverpool the mean cost was 2s. 3½d. So that, with the other charges of 2s. 9d. paid to the carriers' agents to maintain the monopoly which has existed so long, the amount received for the actual service of haulage was 1s. 9d. per ton from Manchester to Liverpool. This 1s. 9d. per ton had to cover maintenance of way, locomotive power, rolling stock, general charges, cost of sidings, shunting, accidents to servants, goods, and rolling stock, and to pay dividend to shareholders. The extract I hand in of the evidence of Mr. Findlay confirms this statement.

"Q. 13,127. Is the cost of the stations in Manchester about 812,000l., and the cost of the stations in Liverpool 1,913,000l.?—Yes, we have spent in Liverpool and Manchester upon goods stations alone a sum approaching three millions of money, at least 2,750,000l."

"Q. 13,128. Taking the expenditure at 4 per cent. per annum, that works out to 100,000l. a year, does it not, simply to repay you for the expenditure on the appliances that you have provided for that trade?—Yes."

"Q. 13,129. Is the actual cost of working the goods traffic at Manchester 1s. 8.47d. per ton, and at Liverpool 1s. 7.70d. per ton?—Yes."

"Q. 13,130. Taking that and adding to it the cost of stations at 4 per cent., does that make the actual total cost for terminal services 2s. 4.22d. per ton for Manchester, and 2s. 3.62d. per ton for Liverpool?—Yes."

"Q. 13,131. And is that exclusive of the expenditure upon 57 miles of sidings provided for shunting and marshalling, and for the general business of the company?—It is."

12,670-75. (*Chairman.*) Will you go on and state the illustration that you were going to offer?—I could give an example of the Midland Railway at Liverpool. The Midland Company in coming into Liverpool were unable to get railway accommodation for goods traffic so near the centre of business as their competitors. The difference would only have been 3d. per ton in cartage at the very outside, I may say that my firm do all their cartage in Liverpool, from any one part of Liverpool to any other part at 1s. 3d. per ton. It would probably have cost (I concede to that extent) 3d. per ton more to deliver goods to the original Midland Station than what it would to any other convenient station; but the railway companies in conference had already agreed that the rates must not be reduced, so the Midland Company could not reduce their rates even 3d. per ton to meet the extra cost of cartage to their station. There was no agreement

as to the limit of their accommodation, and the Midland Company purchased in the very heart of Liverpool, in Victoria Street, a large goods depot at which they receive goods; they have no railway connexion; they cart those goods to the railway, to their own goods station, and the whole of that expense, which must exceed 3s. per ton is an entire loss, with the exception of the 3d. which I have mentioned. It is no benefit to the railway shareholders, and it is no benefit to trade; I have my reasons for saying of that I do not think that the average cost to the Midland Railway Company for terminals in Liverpool is less than 4s. per ton, and I am quite prepared with a reason for the figure that I have given.

12,676. (*Chairman.*) What is the net result of those charges upon the trader?—The result to the trader is that he has to pay an exorbitant rate, which yields no benefit to the railway shareholders.

12,677. To whom does it yield a benefit?—To no one; it is a disadvantage to the trader because he has to pay 3s. for the accommodation which is only worth 3d. to him, and the railway shareholder of course does not gain by it. If I might be allowed to illustrate that Midland case, I could give an idea of the total terminal. In the case of the Midland Railway Company, in addition to this Victoria Street Station, which I have named, the company have purchased a plot of land of 63,000 square yards, at a cost of 350,000l., for goods station purposes. They have also a goods station at the extreme south end of Liverpool, and one at the extreme north end. They also own, together with the Manchester, Sheffield, and Lincolnshire Railway Company, the Egerton Dock at Liverpool, built at a cost of 120,000l. I think the money value to them is 100,000l. for it, and it is built in such a manner that it is impossible to use it. I may say that I have a particular knowledge of that matter, because the general manager of the Midland Railway Company sent the Liverpool agent to my firm to see if we could utilise the dock in any way, and I went down to see about it.

12,678. (*Sir J. Allport.*) Is it not the fact that the Egerton Dock, which originally opened at once to the river, belonged to the Bridgewater Trustees?—I think so.

12,679. Is it not the fact that the Mersey Dock and Harbour Board went to Parliament and got compulsory power to purchase this dock?—Yes, the original one.

12,680. Is it not also a fact that, at great trouble and cost to the company, we compelled the Bridgewater Trustees to give us the present accommodation, which is very beneficial compared with what the Egerton Dock gave before it was bought by us?—I think you should say the Mersey Dock and Harbour Board.

12,681. The Egerton Dock was bought from the Bridgewater Trustees originally, and then the Mersey Dock Board went to Parliament and made it compulsory upon the Midland, and gave accommodation which is very inferior to the original dock?—Yes, the Mersey Dock Board did so.

12,682. Does not that alter the view altogether?—No; because if the Midland Railway had exercised any foresight or experience with regard to dock management, they would have seen that this dock that they received from the Mersey Dock and Harbour Board was a dock that might be used.

12,683. (*Chairman.*) You would like to put in a table of the rates of carriage between Liverpool and Manchester?—Yes (*delivering in the same*). Might I be allowed just to point out that the railway companies, by grouping their districts, do not allow the trader the advantage of a cheap terminal where he could obtain it. Take the case of Garston, which is within the Liverpool district, the Conference district, and is a port of itself. There the whole of the terminal is paid by the steamship owner as part of the charges

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upon landing goods to such an extent that the London and North-western Railway Company, who own the docks, make a considerable profit out of the terminal services; so that no terminal there is chargeable to the merchant upon the goods at all. But notwithstanding that, and also the fact that it is some five or six miles nearer Manchester than is Liverpool, the railway companies charge precisely the same rate from Garston to Manchester as they do from Liverpool to Manchester. I will give a particular instance, if necessary, but it is plain in many cases that those rates from Garston are in excess of the actual powers that they have under the schedules of their Acts.

12,684. We cannot go in detail into all the cases. But what measure would you propose to be taken to bring about an equitable adjustment of rates as between the companies and the traders?—I should suggest that in Mr. Mundella's Bill, in addition to subsection 2 of clause 24, it should be provided that the rates and charges which the railway companies may make on any particular traffic shall be at least a sum sufficient to cover the actual cost of all services rendered in respect of such particular traffic on the particular line over which it is carried, and at the particular stations where it is loaded and discharged. And, secondly, a further sum sufficient to pay a proportionate contribution of revenue upon the capital employed in rendering such services. I may say that the means of arriving at those figures exist, and they are published every year by the Board of Trade. The Board of Trade report gives every detail, not only of the lines collectively, but of each line separately. For example, in 1883 maintenance of way cost 6·01d. per train mile; locomotive power, 8·32d.; rolling stock, 2·95; traffic expenses, 9·99d., &c. I would say that the cost of line and of stations would have to be ascertained once for all, and after being fixed, no additional interest charge should be made until the railway company concerned had satisfied the Board of Trade as to the necessity to the trader of the outlay. By a system such as this the goods would find their way into the cheapest terminal station, or the dearer terminal station would have to reduce its rate in such a way, in many instances, that the station would have to be sold; the railway company could not afford to keep it; and in support of that I might instance the Victoria Street Station of the Midland Company at Liverpool.

12,685. Are you of opinion that there ought to be a power given to revise the rates from time to time?—Yes.

12,686. Can you tell us what is the system in France with regard to the revision of rates?—In France the railways come as near as they can to a town; they wait for traffic; they do not go in for expensive terminals; the traffic finds its way to the railway. Then, with regard to rates, I have the French Railway Acts here, if anyone would like to see them, and what I think would interest the Commission are some extracts from a convention, the complete copy of which I have with me, which was made between the leading French railway companies and the Government in 1883, and perhaps I may be allowed to read those extracts, as they are not very long. I should state, first, that under the French Railway Acts a railway company may reduce a rate, but having once reduced it they cannot increase it within 12 months. Alterations of classifications may be provisionally made by the railway company, but they shall be immediately submitted to the superior administration, who will give definite decisions. Every modification of rates has to be announced by posters one month in advance. The time of transit is definitely limited upon all traffic. Additional charges not mentioned in the schedules of the Acts are to be fixed annually by the superior administration upon the propositions of the railway company. The Minister of Public Works was treating with the French railway companies in July 1883, and this is a copy of a letter sent by the President of the Council of Ad-

ministration of the Chemins de Fer de l'Ouest to the Minister of Public Works:—

“Paris, 17th July 1883.

“Monsieur le Ministre,

“In conformity with the desire that you have expressed, we have the honour to inform you of the bases on which our company engages to proceed to reform its tariffs so soon as the company's convention with you of to-day's date shall be ratified.” Here follow some stipulations with reference to passenger traffic, which I will not allude to.

“2. As regards our ordinary tariffs for goods traffic (petite vitesse) we will adopt the classification in six series approved by ministerial decision of 17th April 1879 applying to each of these series a distance scale (barème kilométrique) on a descending basis, similar to the Belgian tariffs in order to secure uniformity, and having regard to the many points of contact we have with the lines of the Orleans Company, we will adopt, like them, for these scales the basis already agreed to by the East and Lyons Companies in the proposals which have been submitted to you.

“For the first five series the initial bases up to 100 kilometres will accordingly be 16, 14, 12, 10, and 8 centimes respectively; the kilometrique base decreasing afterwards by 1 centime per 200 kilometres up to 500 kilometres, and 1 centime per 100 kilometers above 500 kilometres until the minima of 7, 6, 5, 4, and 3 centimes be reached.

“For the sixth series the bases will be as follows:—

0 at 25 kilometres	- 8 centimes per kilometre.
25 „ 100 „	„ 4 „ „
100 „ 300 „	„ 3½ „ „
300 and above	- 3 „ „

“3. In the same manner as the Orleans Company proposes to do, our special tariffs will be revised and simplified by means of scales similar to those in use in Belgium, and applicable without distinction throughout our system; to these scales will be joined a certain number of fixed rates destined more especially to maintain the advantage of the tariffs now in force, the rates of which would otherwise have been materially raised by the new scale. We have already revised in this sense our special tariffs for lime for agricultural purposes, plates, paper, and bark for tanning purposes. We are considering with the same intention our other special tariffs, especially for manures, which already, however, are carried at very low rates on our lines.

“4. As regards the tariffs relating to the importation into France of foreign goods we are at the disposal of the administration to modify any combination of rates, the effect of which might be to alter the economical conditions resulting from our customs regulations under reserve only, that these goods be not imported into France at lower rates by other means of transport.

“5. As regards the tariffs for goods in transit, we consider there is no reason to change the regulations fixed by the decrees of April 26th, 1862, and August 1st, 1884.

“The French companies have been able to attract transit traffic of a certain importance, in consequence of the facilities given them by those decrees, to compete with the foreign railways. No one, neither the Government for the last 20 years nor the public, has informed us that there would be any advantage in changing these decrees.

“If, however, the superior administration were to signify the utility of new measures to defend and develop the traffic which French ports and railways have a right to expect, we do not hesitate to promise every assistance.

“6. As regards the export tariffs certain complaints (reclamations) have been put forward. The companies have been asked to assure that French goods should be treated on an equal basis (other things being equal) to that which the transit tariffs provide to foreign goods. Without entering into the details of so complicated a question, we admit that the superior administration shall always be able to demand from us that the through traffic arrangements we have with other

companies (tarifs connus de transit) should also be available as export tariffs, i.e., that the total rate should be applied to goods forwarded for foreign destinations, from any stations intermediate between the forwarding and receiving stations (as fixed by the tariff) and even from stations on branch lines situated within 50 kilometres, and at a less distance from the receiving station than that between the two terminal stations.

“In all cases coming under paragraphs 4 and 6 the matter will be examined by a commission before whom the companies would be heard and represented with a deliberate voice.

“If the commission decide against their opinion a second deliberation would be held within two months.

“I have the honour to be,

“Monsieur le Ministre,

“Your very humble and obedient servant,

“EDW. BLOUNT,

“President of the Council of Administration.”

The point which I want to bring out is that the railway companies in France, whatever their legal powers, do their best to promote the trade of the country.

12,687. (Sir J. Allport.) Can you give the capital expenditure per mile upon the French railways?—I could do so. I have not it with me. I would add that it would be very unfair to compare that with the English expenditure per mile, because they both would include the cost of terminals against which I make my complaint. Now perhaps I might be allowed to read a short extract from the Report of the Commission appointed to examine the Railway Bills, adopted by the French Chamber of Deputies in 1883, subsequently to receiving that letter.

“It was difficult whilst obtaining works, advance of funds, and an increased proportion of profits from the companies to ask them besides for important reductions in their rates.

“The State becomes by participation a partner with the companies; it is, therefore, necessary to examine closely before provoking a reduction, which often after some years increases receipts, but which at first almost always diminishes them.

“The figures of the tariff and the prosperity of the companies are closely bound together. If it is wished that the State should be absolute master the railways must be purchased, or at least the acquired results must be consolidated. To reduce the tariffs largely without compensation, and at the same stroke the dividends of the shareholders, would be a sort of expropriation without a pre-arranged indemnity.

“The companies in the letters their administrators have sent to the Minister of Public Works have all promised to simplify their tariffs, and to make important concessions in a great number of their present rates.” Here follow particulars of some reductions.

“The company places itself at the disposal of the administration with the object that the tariffs of importation, transit, and exportation should not be allowed to interfere with the conditions our customs require or to favour foreign goods to the detriment of French products.”

12,688. (Mr. Aird.) I wish first of all to follow up the question, which you did not seem to quite understand, in the same sense as regards the terminal charges. Upon what basis are those terminal charges made which, as regards traffic from Liverpool to Manchester, amount altogether to 4s. 7d. per ton?—I understand your question to mean as between the railway company and the trader.

12,689. Upon what grounds do the company make their charges?—They make no separate charge as to terminals; they simply make what rate they think the traffic will bear, subject in most cases to their schedule of rates, and the question of terminals as between Manchester and Liverpool in fixing the rate, I am very nearly certain would not enter into the consideration of the railway companies at all.

12,690. How did you arrive at the 4s. 7½d. per ton at which the charge for carriage is put?—I got that

evidence from Mr. Findlay, the general manager of the London and North-western Railway Company, who, in opposing the Manchester Ship Canal Bill, stated as a reason why their rates were not reduced, that the mean average cost of the terminals at Liverpool was 2s. 3¼d., and at Manchester 2s. 4¼d. It is only a result arrived at after the traffic has been carried, and the year's accounts have been made up and is not relevant at all to the fixing of the rates.

12,691. Did you mean that it is the cost incurred by the company at their terminal stations?—The statement was so.

12,692. The traffic coming to Manchester via Liverpool, is of course an enormous benefit to Liverpool?—Yes, it is a benefit to Liverpool.

12,693. Is it not so that the terminal charges for the conveyance of that traffic on to Manchester, both as regards terminal charges in Liverpool and in Manchester, are limited to the Manchester goods?—Certainly.

12,694. Is not that one of the reasons which, in the opinion of the Manchester people, has operated so prejudicially to the industries upon which they live?—Yes, the excessive cost of carriage. May I state roundly, that with the single exception of a little railway on the Isthmus of Panama, the rates between Manchester and Liverpool are dearer than they are in any other part of the world for general goods.

12,695. Was not one of the causes which suggested that great enterprise, the Manchester Ship Canal, the great cost of carriage of goods from Liverpool to Manchester, which was practically destroying the Manchester trade?—Yes. I may say again that the highest charges that can possibly be levied on the ship canal, including terminals and everything of that kind cannot exceed 50 per cent. of the actual cost of transit charged at the time of depositing the Bill in Parliament, and notwithstanding that, the rates which will then be receivable by the Manchester Ship Canal Company, are far greater per ton per mile than the toll on the Suez Canal.

12,696. As regards the terminal charges in comparison with the total charge, they seem to be enormously absorbing more than one half?—Considerably more than one half.

12,697. Does not that suggest to you that, for the reasons which I stated, the cost incurred by the company are and must be excessive in connexion with these terminals or the arrangements connected therewith?—Yes, I put it down to excessive competition of accommodation.

12,698. Do you know whether the cost in connexion with those stations has to any serious extent increased in consequence of the requirements of the Board of Trade controlling all these matters in this country?—No, not in the case of terminals; because it should be remembered that those terminals which I spoke of do not include even the cost of railway sidings. The London and North-western Railway Company alone have 57 miles of railway sidings in Liverpool, the cost of which is not included in this 2s. 3¼d. per ton. I think that would refer rather to signals and sidings, and questions of that sort, with regard to the Board of Trade.

12,699. Do you know anything as to the private agreements which are made between railway companies controlling rates?—Yes, generally I do.

12,700. Do you think that the effect of those arrangements acts in some cases to prevent a railway company from lowering rates to meet the trade and also to meet its own requirements, from the feeling that it is objected to by other companies with whom they have allied themselves?—Most decidedly. I can give instances of that if necessary.

12,701. Do you think that there are many instances in which that has acted prejudicially to the trade of the district?—Yes.

12,702. With regard to the German carrying arrangements, are you aware that the Government in Germany are now intending to construct a North Sea canal, and that they are also contemplating the

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construction of a large canal at Bremen to facilitate the passage of goods into the interior of the country?—Yes; I know it only as a matter of general information. I have some figures with reference to German carriage, and if you would like I could give a special instance.

12,703. But as regards the two cases which I have mentioned, is it not within your knowledge that those works are proposed to be carried out by the Government?—Yes, I understand so.

12,704. And for the benefit of the country at large?—Yes.

12,705. Would it not be the case, if they carried out such works in that way, that they would raise the money for the purpose themselves, and upon such money pay interest while the works were in operation?—Yes, decidedly; just in the same way as the Mersey Dock and Harbour Board, for example, in Liverpool, having the power to borrow all the money necessary for the outlay on works, pay interest during construction; and there is no parliamentary prohibition against such a course.

12,706. And equally so with regard to the Belgian Government. They are proposing to create large canal works, and are now contemplating the construction of a large canal from Antwerp to Brussels, so as to get the produce there also into the interior of the country?—Yes, I think so. The Belgian Government have not yet taken the question of the canal between Antwerp and Brussels in hand themselves; they have not decided to do so.

12,707. Are you not aware that it is at this moment under serious consideration?—Yes. I may say that I am in correspondence with the secretary.

12,708. Is it within your knowledge that in Germany the question of canal traffic has been brought to bear very materially in the agricultural districts with the view of carrying the produce at a cheap rate about the country?—That is not within my knowledge.

12,709. (Sir J. Allport.) You first of all speak of competition by canals against railways?—Yes.

12,710. Have you anything to say about carriage by canals under the control of railways?—Yes.

12,711. I suppose that if there is one commodity which can be carried cheaper than any other it would be coal?—Yes.

12,712. Can you tell me what quantity of coal canals are bringing to London?—Very little, I should think.

12,713-25. Why?—Simply because I believe the railway companies often carry coal under cost.

12,726. The canals, you say, are under the control of railways?—Only to a certain extent; about 1,200 miles are.

12,727-54. Could you mention those canals?—Yes, I could do so.

12,755. We will come to coal; and I want to test your knowledge as to the carrying of coals upon railways?—I can give you the case of coals at Garston if you wish to have it.

12,756. Are coals shipped at Garston by the London and North-western?—Yes; and I think you have a rate for shipping coals at Garston.

12,757. No, it is purely London and North-western. You have spoken of companies in the plural several times when you were speaking about Garston; are you aware that there is no company that has any rights at Garston except the London and North-western?—Excepting the running powers for the traffic that comes into it.

12,758. Are you certain?—Yes, I am certain; and I will give you an instance of it.

12,759. Do they send traffic to Garston?—Yes, in their own waggons.

12,760. Certainly, they send waggons all over the kingdom. You will find the Great Northern waggons on the London and North-western; but it does not follow that the Great Northern have running powers?—The Cheshire lines, which consist of the Midland, the Manchester, Sheffield, and Lincolnshire, and the

Great Northern, have a branch running right into Garston Docks.

12,761. I beg your pardon, I must correct you there; they have nothing of the kind, I assure you?—Allow me to say from Cressington—you know the Cressington station, and you know the Garston Dock Company's station, the London and North-western Railway have a branch line which runs from the Cressington Station into their dock station.

12,762. I beg your pardon; it does nothing of the kind. It is the old main line between St. Helen's and Liverpool, and it is a continuation of the London and North-western from St. Helen's to Liverpool, the whole of the line up to Cressington Junction belonging to the London and North-western?—Up to the Garston Dock Station, where there is a signalman belonging to the Cheshire Lines Committee, and that signalman has also charge of the telephone office at Garston, which I have been in the habit of using almost every day for the last five or six years.

12,763. Are you aware that from what is called the Garston passenger station, or the dock station, which you call it, which is on the main line, there is a branch to the dock of a considerable length something like half or three quarters of a mile?—It is within the dockyard; it is quite a quarter of a mile, I should think.

12,764. Do you say that the Cheshire lines or any other company has power over that branch to run their own engines into the docks?—Possibly not their own engines; for I have received goods myself from the Midland there.

12,765. As I said before, your companies run uninterruptedly over the whole kingdom; but the Midland or the Great Northern, or the Manchester, Sheffield, and Lincolnshire, have no rights in the Garston Dock; do you know that?—Probably not, in the way you put it; for I cannot remember an instance of a locomotive going there.

12,766. I observe in this table there is a statement of the rates of carriage charged for the conveyance of goods from Liverpool to Manchester and vice versa by railway and canal, the canal being controlled by the railways?—Quite so.

12,767. What authority have you for that?—I know the whole question myself.

12,768. Have the railways the slightest control over the Bridgewater Canal?—Most decidedly; they are in conference together. If you had heard the evidence for the last three years in the Manchester Ship Canal Bill you would not doubt it.

12,769. I know every fact connected with the arrangements between the companies; that is the conference which you say is agreeing to rates, is it not?—Yes.

12,770. But has any railway company the slightest control over the Bridgewater Canal?—Only through its directors.

12,771. Which directors?—The same directors are the directors of both companies.

12,772. It so happens that the gentlemen who purchased the canal are the railway directors?—I will give you the history of that in a moment. In 1872 Parliament prohibited railways from purchasing any further canals, at the time that Sir Edward Watkin had purchased the Bridgewater Canal and came to Parliament to ratify that purchase, and the general Act preventing him from doing it on behalf of the railway company, he issued the shares to the railway shareholders.

12,773. But he formed a separate company?—Yes.

12,774. Until that arrangement to purchase the Bridgewater Canal, did you ever come in contact with the railway company?—Indirectly, certainly.

12,775. How indirectly?—Through the solicitors.

12,776. The solicitor of the Bridgewater Canal Company happens to be the solicitor of our company?—Yes, in the same way that some of the directors happen to be the same as well.

12,777. Can you point to a single fact which justifies this statement that the canal is under the control of the railways?—Yes.

12,778. I should like you to put it in writing?—I will, with pleasure.

12,779. You were speaking of the great cost of the Victoria Station in Liverpool. I suppose you are aware that Liverpool is so geographically situated, and the land is so peculiarly formed, that all the chief trade of Liverpool is in that narrow strip of land extending from one end of the docks to the other, about 7 miles—a very narrow strip 7 miles long and just 400 yards in width?—I agree with you that the Mersey Dock and Harbour Board have not given such facilities to the railway companies as they might have done.

12,780. I do not want to allude to the Mersey Dock and Harbour Board. I merely ask you the fact whether it is not true that the whole of the business, the commercial part of the business of Liverpool, is performed on the narrow strip of land extending 7 miles from one end of the dock to the other, and some 300 or 400 yards wide?—Yes, at the water side, necessarily.

12,781. Does not it follow that if the railways are to have any business they must have a station upon that narrow strip of land?—Yes, but not of necessity in the very centre of the town.

12,782. Is it not also the fact that the land all along there, from one end to the other, is exceedingly expensive?—Yes.

12,783. Do you know what the London and North-western Company have given for land at the extreme end of the docks?—No; but I know what the Midland Company gave.

12,784. What?—The Midland Company have given, for land by the Sandon Dock, 5*l.* 10*s.* per yard.

12,785. Do you know that two miles below that the London and North-western Company have given 6*l.* per yard?—Very possibly. The Midland Company have also bought some land there, I know.

12,786. That increased accommodation increases, does it not, the terminal expenses?—Yes; and to a very great extent, unnecessarily.

12,787. How would you propose that the goods traffic is to be dealt with by railway companies if they are not to have this expensive land?—As I instanced to-day, the Midland Company came first to the Brunswick Dock, and if they had a joint station there it would not have made a difference of 3*d.* per ton in the carriage from any part of Liverpool.

12,788. Are you sure of that?—Most decidedly so.

12,789. I cannot, of course, give evidence; but it will be refuted because it is not the fact?—I give it to you as a matter of fact. It might cost you more, but I tell you as a matter of fact that Marshall Stevens and Company do all their cartage in Liverpool from any one part of Liverpool to any other part for 1*s.* 3*d.* a ton.

12,790-93. The good and the bad together?—Yes.

12,794. I think I am right in saying that the total length of the docks is 7 miles?—Perhaps so.

12,795. And that it is necessary to have a station there?—But not a station without railway connexions.

12,796. Is it not a fact that the Victoria Station is simply a collecting station like scores in London, and that they receive goods there as being more convenient for delivery?—Yes, but not to the extent of the cost of that station.

12,797. Never mind that; it is a collecting station the same as you see in London in all parts?—Yes. The anomaly works out to this, that the greater the traffic, and the more important the centre of traffic, the more it costs per ton in terminals.

12,798. How do you know what it costs. Have you seen the figures of the cost of that station?—No; but I will give you the reasons for the statement I make if you desire it. I would like to add this which I have not given. This is dealing with the whole of the terminals of the Midland at Liverpool. That is to say, the total traffic in goods and minerals, including

coal, into and out of Liverpool by the Cheshire Lines Committee (the Great Northern, the Manchester, Sheffield, and Lincolnshire, and the Midland Companies combined), was in 1883 706,289 tons, including 36,489 tons of minerals, and 218,639 tons carried between Manchester and Liverpool by the Cheshire lines, with which the Midland had nothing to do, but only as part of the one company.

12,799. We have our own line from Liverpool to Manchester, have we not?—Yes, but not for the carriage of those goods.

12,800. Will you name a single coal station belonging to the Cheshire Lines Committee in Liverpool?—At the Brunswick Dock, the south end.

12,801. There is not a ton of coals sent there?—I beg your pardon; the South Yorkshire coal has been brought there for shipment at the south end over the Cheshire lines.

12,802. There is no means of shipment at the Brunswick Dock?—I say most emphatically that the South Yorkshire coal has been received at the south end, the Brunswick Station.

12,803. (Mr. Cohen.) You say that the clearing house classification of goods is not published: cannot it be obtained by traders if they want it?—Yes, now it can: formerly it was not published; now it is.

12,804. And the rate book can be obtained by anyone applying for it?—No, they will tell you the rates. If you go to the station and ask to see the rate book they will show you the rate book.

12,805. Will they allow a firm to copy the rates?—No, they will not allow a firm to copy them.

12,806. In your opinion the rates could all be published?—Of course they could, just the same as the Manchester and Liverpool rates, which I have given you, are published.

12,807. The companies do not publish the rates in this case because they are afraid to do so, I think you said?—Yes.

12,808. Afraid of what?—I say that if the rates of the United Kingdom were published to-day every trader could compare what he was paying in one part of the kingdom with what was paid in another part of the kingdom, and that would make it so hot for the railway companies, and they could not maintain half the rates that exist.

12,809. (Sir J. Allport.) Are you aware of the number of millions of rates that there are in England?—Yes, most decidedly.

12,810. How many would you say?—I could not say the precise number, but there are millions; but there are a great many more in France than in England, and there they publish them.

12,811. (Mr. Cohen.) You have no proof, but your idea about the non-publication of those rates arises from your belief that the companies would be afraid of publishing them?—I know so much of the rates at different points that I believe that to be the case.

12,812. You say from your knowledge of the stations in Liverpool that the companies have too many goods stations in various parts of Liverpool?—Yes.

12,813. Surely that is not a thing that would be bad for trade; we traders have no right to complain of that?—In this way: the cost of those stations bears so heavily upon the trader who has to pay for them that the rate is, in many cases, double what it should be because the terminals are too heavy.

12,814. Supposing there were no terminals at all you would have the cartage of goods raised, and that would cost the traders a good deal more?—I will give the case of Garston, where there actually is no terminal cost there is a profit to the London and North-western Company in working the Garston Dock. Yet the London and North-western Company do send goods to their other and more expensive stations, and maintain the same rates from Garston as they do from Liverpool. If they did not, if they gave Garston the advantage of this terminal, the flow of goods would go there; not the whole of the goods, of course, but a large quantity of goods would go there.

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12,815. When you speak of the disabilities which the trade at Manchester labours under are your observations intended to cover the whole country?—Yes, more or less. As I stated just now, the larger the traffic the greater is the competition to accommodate it, and, as a rule, the greater the terminal cost.

12,816. What I want to bring out from you is how that competition is bad for trade if it gives them more stations?—Because traders have to pay for excessive accommodation.

12,817. You say that if the railway companies were to reduce their goods rates by one third it would take away their dividend available for their ordinary share capital?—Yes.

12,818. If one third were taken off then you go on to say that they would still be considerably above the prices charged abroad; what remedy would you propose for that?—Taking away the extravagant terminals. Then, again, another point, which is a very important point, is that the railway companies have absolutely loaded themselves with the cost of the canals.

12,819. I was asking you about the remedy and you go on to say that if the companies were to reduce their fare one third it would still be considerably above the price charged upon the continent?—Yes.

12,820. I want to know what you propose as a remedy for the facts you state. As to the cost of the canals which are in existence at the present time you can deal with the state of things as they exist. The traders come and say they want a reduction and you ask them, if we take off one third of the existing rates will that content you. The English rates will still be in excess of the rates charged in France, and that being the case what remedy do you suggest?—I suggest that each item of the service should be charged for according to the service rendered. I believe that charging in that way would bring up a great many of the mineral rates so as to balance the others.

12,821. Do not you imagine that in charging all those rates separately and then adding on what you call something for interest might cause the rates to be higher than the rates now charged by the companies?—No, not for goods traffic; with minerals in many cases it would be, but then comes in the point of actual competition. They need not carry the goods at a loss; and they would not if they were unable to make up the loss out of the carriage of other classes of traffic.

12,822. I do not think the trade would thank you or thank us if after inquiry into the various portions of the rate the substituted rate came out larger than the whole volume of trade?—It never would in the case of ordinary goods traffic.

12,823. Have you worked it out at all?—Yes, in several instances.

12,824. Could you put in a statement upon the subject?—Yes, I think so.

12,825. (Mr. Houldsworth.) You told us that abroad, in France, I think, and in Belgium, the companies issue a classification of rates?—Yes.

12,826. Which can be in the hands of every trader?—Yes.

12,827. Are the companies absolutely bound to the classification of those rates?—No, in France they are allowed to alter them provisionally.

12,828. I mean, are they bound in this way, that so long as the rate is in existence no alteration can be made ostensibly in the rates charged to the individual trader?—In France they cannot do so. In Belgium of course the railways belonging to the Government it is in the hands of the superior power.

12,829. Do they, as a matter of fact, charge other rates than those which are in the book which is in the hands of the public?—No.

12,830. In France it would be illegal if the companies were to make other rates?—Yes.

12,831. Those rates and the classification are passed in France, are they not, by a supervising board?—Yes, by the superior administration.

12,832. Is that a Government board?—I do not know very much about it.

12,833. But it is a superior board of administration for railways?—Yes, "L'Administration Supérieure."

12,834. Then if the railway companies charged any different rates or made any alterations in any district or any port, it would be illegal unless it had been sanctioned by this board?—Yes, and more than that, it would have to be posted up one month before any alteration could take place.

12,835. Is there any provision in France that any changes made during the year are fixed annually by this superior administration?—Yes, there are two points which the Government insist upon. The first is that any reduction of rate which is made by a railway company must remain in force for at least 12 months. The other point which I think you allude to is with regard to changes not mentioned in the schedule; that is entirely in the hands of the superior administration to fix any charges (subject to the proposal of the railway company) which do not appear in the schedule, and is very much like the proposal made by Mr. Mundella in his Bill that the Board of Trade should receive proposals from the railway company and fix rates, which in Mr. Mundella's case again have to be confirmed by a select committee.

12,836. You understand that Mr. Mundella's proposal is very similar to the one that is followed in France?—Somewhat similar.

12,837. Are you in a position to say whether the English rate for carrying goods is higher than it is abroad?—Yes, taking the continental countries that I have named, it is.

12,838. Which countries are those?—I have named France and Belgium. I have not gone into the question of other countries because they are so fully covered by Sir Bernard Samuelson in his pamphlet, which has no doubt received the notice of members of the Commission.

12,839. Are the rates higher for every article, or is it an average?—Taking general goods, if you take minerals for instance, very often the rates are not so high in England as on the continent.

12,840. But on other goods are they higher?—Yes.

12,841. Is that on the average, or is it over all?—Taken generally, over all.

12,842. You have told the Commission, I think, with respect to terminal charges, that the original cost of the stations abroad, including land, has been very much cheaper than what it has been in this country?—Yes.

12,843. And therefore the interest on those charges would be considerably less?—Yes.

12,844. Would you say that practically the accommodation to the trader in the carriage of his goods is as great as it is in this country?—No, I should not. I will give the instance of Rouen. The goods' railway station there would be about a mile distant from the town, and consequently there would be some additional cost for the carriage to what there would be at the English stations that I have mentioned; but then again at continental ports the railway companies come down to the ship's side, and take the traffic in that way, saving the terminal altogether.

12,845. Then the accommodation is very much less, and the cost to the trader is greater, as respects railway rates abroad?—Yes, to a very small extent.

12,846. I do not know whether you have answered the question, but a suggestion has been made by you that the traders should not be forced to use a particular station, and that if the terminal were too high they should be allowed to combine and provide their own terminal accommodation. I wish you would tell us what you mean by that?—I will come back again to the Midland point, because that certainly refers to the statement which I have been asked to put in. If the traders had to pay the cost of the Victoria Street Station, the average cost per ton amounting to, say, 3s., they would save all excepting the small extra cost of carting by going to the other Midland station to which the goods have now again to be carted, and to save the 2s. 9d. per ton all the goods would go to

the railway station, and the consequence would be that at the end of 12 months there would be no traffic left at the town receiving dépôt, and it would be necessary to close it.

12,847. Do you mean by providing all that terminal accommodation; that is to say, if you have two termini, the one at a high rate and the other at a low one, by thus providing terminal accommodation they might use which they liked?—Yes, or if after that, the traders choose to bring their goods to the Victoria Station, they will lose the 3s. No trader would object to that.

12,848. By providing their own terminal accommodation; I cannot quite understand. Do you mean that they will make use of what terminal accommodation they find suits them best?—I mean more than that. I mean that if after that the traders found that the railway companies terminals were too heavy that they should have power to provide jointly a station upon any branch line, just in the same way as a private firm has a siding on to a railway.

12,849. Then your idea is that a number of traders might combine?—I think they would in many cases, especially for particular trades.

12,850. (Mr. Eeroyd.) You stated, did you not, in answer to Mr. Jackson that the terminal accommodation in connexion with the delivery and transit of goods by the English railways, is better than that provided by the continental railways?—It is better. I should not say that it is much better for goods traffic.

12,851. Is it the fact that the bringing up of goods in large centres like Liverpool and Manchester, to the points which are most convenient to the traders, has been forced upon the railway companies by the loud demand of public opinion?—It is not within my knowledge.

12,852. Do you think, then, that the railway companies have made these enormous investments almost in the heart of our great cities merely for the sake of spending money without any regard to public convenience?—No, certainly not; it is merely a competition of accommodation. If the Midland Railway Company were alone in Liverpool they would never think of having such a station as the Victoria Street Station. It is from the fact of four or five different railway companies coming into Liverpool, each of which is not allowed to lower the rates, but to gain the advantage of a near terminal, and consequently to obtain a larger proportion of the traffic, they rush into the centre of the town.

12,853. But is it not the fact that these railway companies have been maintained as separate corporations in competition with one another for the very purpose of serving the public most conveniently; is not that the force which has driven them to provide this kind of accommodation?—I take it that it is a fact that they have not been allowed to amalgamate, but I am not prepared to say that that has been a very great mistake.

12,854. It is the fact that public opinion, as expressed in legislation, has prevented those companies from amalgamating?—I think so.

12,855. And that has assisted in keeping them in a condition of competition?—I think that is so generally; but I would also add that the competition which I speak of is the competition of accommodation.

12,856. But that would be immaterial if it were a competition which public opinion, acting through the legislature, has compelled railway companies to accept?—It has not compelled them to make those expensive terminals.

12,857. It has driven them to it, has it not?—No, not of necessity, because you will see that had the railway companies remained outside the towns, and each given the trader the advantage of that position, their rates would have been cheaper. The Government have never forced a railway company to come into the centre of a town, that I am aware of.

12,858. But did railway companies not come nearer into the town because it was an element of the competition of accommodation which the public demanded

from them?—No; simply because they had a conference of rates which they could not break through; and the only way to get a larger proportion of traffic was to increase their terminal expenditure.

12,859. But knowing Manchester and Liverpool as well as you do, would you be prepared to say that there has been no pressure of public demand upon the companies to bring their depôts nearer for the convenience of the public?—I have never heard of any such case.

12,860. You suggested that the railway companies should be required to charge for each separate service performed?—Yes.

12,861. So that the public, if they chose in any case where an expensive work had been made by a railway company, for the sake of bringing the convenience nearer to the public, should be able to combine and establish a cheaper dépôt or a cheaper site at a different place from what had been already provided?—Certainly; and I would add that a railway company has never been forced to make an expensive terminal. It has been done just in the sort of way that a man takes a shop in a town; he is not forced to do it, and if people will not buy at his shop they have the option of going next door.

12,862. You would say, would you not, that the railway companies have all been forced to lower their terminal rates?—I am not aware that they have been.

12,863. Is not that the natural result of competition, which the public have insisted should be forced upon them?—No; the competition of railway companies has never resulted in the permanent reduction of rates, and it never will so long as the present system is persisted in.

12,864. Then the only reason for it is that the companies find the public prefer the competition of accommodation to the competition in the reduction of rates?—No; my point is that the railway companies are allowed to charge such rates as will cover the costs of such heavy terminals.

12,865. If the companies found that the public were quite indifferent to what you call the competition of accommodation they would necessarily have abandoned such competition?—My point is that they have not abandoned such competition; competition is as fierce now as it ever was.

12,866. Is not that a proof that the public appreciate the results of that competition of accommodation?—Not at all; the railway companies do it simply in order to get a larger proportion of the traffic which exists.

12,867. Why should any company offering such accommodation get a larger proportion of the trade if the service and the outlay is not wanted by the public?—I have stated that it is wanted to a certain extent, but by no means to the extent of the cost of the terminal because it is dead loss to the trader.

12,868. We will turn for a moment to your proposition that if rates were decreased by one third, and a reduction of one third of the existing railway rates were carried out, it would leave the English rates still considerably in excess of the rates in France; but that would abolish the whole proportion of revenue available for dividend upon the ordinary capital?—Yes; that is, working under the present system of giving competition of accommodation.

12,869. You say that by the adoption of your system of working, that is to say, the system of charging for each separate service rendered, the railway companies would be able to recoup themselves by saving a large and expensive service?—Eventually they would give up certain excessive terminals, which the public under those conditions would never use.

12,870. You have told us that the greatest element in the cost of the terminal service is the interest of the money upon the costly works which the companies have been forced to carry out?—One of the greatest elements.

12,871. Would they be able to retrace their steps, and to put back into their pockets the amount of money that they have spent upon those costly works?

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—That depends upon the value of the works themselves, and also of the land. It is not fair, it is not right, that the English trader should be made to bear the cost of a terminal, which is never forced upon the railway company, but, which they have made of their own free will in order to attract a larger proportion of traffic than they could get by the outlay on a small terminal.

12,872. You say that the public have not forced these outlays upon the companies; but I must ask you again if that is not the necessary result of the insistence upon the competition of these railway companies and the forbidding of amalgamation, which has been the policy of the country for many years past?—I say again, that if the Midland Railway Company would charge 6d. per ton less to the Brunswick Station, where they have railway connexion, than they do to Victoria Street Station they would not be at the Victoria Station for 12 months.

12,873. Is it not the fact that in periods of trade inflation the public value accommodation and convenience, and but little regard the extra cost of it, but that when trade becomes depressed, from whatever causes, the public immediately prefer reduction of price, and do not any longer set so high a value on the little conveniences which they prized in times of prosperity?—That is the tendency, no doubt.

12,874. And you think that the railway companies, meeting the demand of the public in times of prosperity, should be subjected, the moment a period of depression came, to the sacrifice of the large investments they made for the convenience of the public?—Most decidedly; just in the same way as a trader has to bear the loss in bad times. If a man erects works in England and a bad time comes, nothing will force the public to buy his goods. It should be precisely the same thing with railways.

12,875. With regard to the general proposal to have an authority which should be able to overhaul the rates and charges of railways in the way you suggest, do you not think common reason and justice demand that the Government of this country should rather, if this be needful, purchase at a fair price the whole of the railway property, and deal with it in such manner as the necessities of trade may require?—Most decidedly and emphatically not. The costs that railway companies have put themselves to are so much in excess of their actual market value that it would be a mistaken policy for the Government to buy the railways at their actual cost; and if I may be permitted directly I will give some instances where the railways have bought canals at such rates that it is impossible for those canals, under the present capital charge, to pay anything like a fair dividend. If you ask me whether the Government might not buy the railways over at their existing value, that is a matter which might be considered, but the other proposal, certainly not.

12,876. I am speaking of that; I am not speaking of the proposal to purchase the railways at their original cost, but at their present value; and upon this ground, that we are here examining into the causes of the depression of trade, and I think you will admit that the great trade and prosperity of this country have been built up by the aid of our present railway system?—And our canal system; perhaps more under the canal system than the railway system.

12,877. Even under the present railway system, does not the railway do infinitely more for us than could possibly be done by the canal?—Certainly the railways have had a great deal to do with building up our industries, no doubt.

12,878. I think you will also admit that the charges made by the railways now are not in the main higher than they were during the period when our prosperity was being built up?—Probably not.

12,879. You think the inconveniences and the charges of railway companies are often the cause of depression?—No, and yes. First of all the charges as a whole very probably are not in excess of what they were originally, but taking individual cases which

more directly affect the manufacturing industries of this country, you will find that the railway companies rates are very much greater than they were in times past. I will give some instances of what I mean. The rate between Liverpool and Manchester at one time for cotton was 2s. 6d. a ton, which is now 7s. 2d.

12,880. Was that rate of 2s. 6d. by railway or canal?—By railway; they were competing with the canal.

12,881. Was it not a mere temporary arrangement?—Yes, it was only of a temporary character.

12,882. Have you ever heard of passengers in like manner being carried by railway from Manchester to London almost for nothing?—No, I have not heard of that; but I know that a ton of cotton has been sent for 2s. 6d. a ton by railway between Liverpool and Manchester.

12,883. You would not be disposed to put that as a basis upon which any principle could be founded?—Most decidedly not; I simply give it as an incident.

12,884. Do not you believe that the railways of this country have to a large extent brought this difficulty upon themselves by enhancing the value of property in the centres which they helped to make so great, such as Manchester and Liverpool; have they not themselves caused a great part of the enhanced value of property?—They have done it themselves certainly, but it must be understood that in both the cases that you have named, they must have bought the property cheaper than any property in the immediate neighbourhood will now sell at; and consequently I say that if they sell these terminals for their value they will get a certain value for those particular terminals as they stand in their books; the public would be relieved, and the railway companies would get their money back again.

12,885. They would not have to sacrifice the cost then, except where they had spent what you think too much money?—In the case of railway terminals you must not take them at the actual cost.

12,886. I would rather adhere to the other point which I have named. Does not our difficulty lie in the fact of the foreign competition which now comes upon us in all our various industries, the competition of younger nations, where the value of property and of labour has not reached anything like the same point as in this country?—Of course the value of property is not so great in all countries as it is in England in many cases.

12,887. You spoke of the accommodation which the railways have been forced to provide in places like Manchester and Liverpool during the last 20 years. Has not the very fact of those goods being sent rendered it necessary that extra accommodation should be provided?—Your reasoning is hardly followed out, because the railway companies must have acquired that land before the rise in value.

12,888. But they have bought their land during that period?—If they have bought the land during that period, they have not enhanced the value of the land; but some of the land was already doubled in value before they bought it.

12,889. If they had to pay an enhanced price for land, was not that the result of the great prosperity of those centres?—To a certain extent.

12,890. The traders are now put in competition with new manufacturing countries who work upon a cheaper basis of land?—Yes, and of carriage also.

12,891. And the demand for cheaper carriage is consequent upon that?—Not of necessity, but it is part of the consequence.

12,892. If under those circumstances railway companies are to be called upon to help to equalise those conditions of competition, would it not be just that the nation should take them over at their present value, as the reason for which they are called upon to reduce their rates is wholly beyond their control, and one not contemplated when they raised their capital upon the faith of Acts which fixed their present scale of charges?—I have not sufficiently considered that;

but I do not know that I should object to the Government purchasing the railway companies at a cost not in excess of their present value.

12,893. Under all these circumstances, do you not think that if changes of policy and action so extensive as those which you have suggested are to be carried into effect, equity would require that the country should purchase at their present fair value the railway companies which are to be called upon to sacrifice their income in support of trade under its altered conditions?—Certainly not, because the whole of the suggestions that I have made are already carried out in other countries where railways are not the property of the State.

The witness withdrew.

Adjourned to to-morrow at 11 o'clock.

THIRTY-SECOND DAY.

Thursday, April 15th, 1886.

PRESENT:

THE RIGHT HON. THE EARL OF IDDESLEIGH, G.C.B., IN THE CHAIR.

THE EARL OF DUNRAVEN.
MR. J. AIRD.
SIR J. ALLPORT.
MR. T. BIRTWISTLE.
MR. L. L. COHEN, M.P.
SIR J. P. CORRY, M.P.
MR. C. J. DRUMMOND.

MR. W. F. ECROYD.
MR. H. H. GIBBS.
MR. W. H. HOULDSWORTH, M.P.
MR. G. A. JAMIESON.
MR. N. LUBBOCK.
MR. A. O'CONNOR.
MR. R. H. INGLIS PALGRAVE, F.R.S.
MR. G. H. MURRAY, Secretary.
MR. T. H. ELLIOTT, Assistant Secretary.

SIR GEORGE HENRY CHAMBERS and MR. JOHN ERNEST TINNE examined.

12,897. (Chairman.) (To Sir George Chambers.) You represent, do you not, the West India Committee?—Yes, I joined, on the 1st of May 1830, our firm of West India merchants, and I have been connected with the West India colonies from that time up to the present. I took part in the emancipation and have seen the consequences of it, and also in the movements relating to slave grown sugar, and I have seen the great changes which have taken place in West India affairs.

12,898. You now appear as representing both the West India proprietors and merchants in London, Bristol, Glasgow, and Liverpool?—Mr. Tinne is here to represent Liverpool.

12,899. (To Mr. Tinne.) You are chairman, are you not, of the West India Association of Liverpool?—I am, which association is composed of proprietors of West India sugar estates and merchants engaged in the sugar trade of the West Indies. I have been a partner in the house of Sandbach, Parker, & Co., Demerara, and Sandbach, Tinne, & Co., Liverpool, for 13 years past. My firm has been engaged in the West India business, sugar and ships, for about a century. We own three of the largest and best estates in British Guiana, and we represent, as a firm, the owners of four other large estates. The sugar produced by these seven estates averages 11,000 tons per annum, and we employ about 12,000 labourers, most of whom are British subjects.

12,900. Do you carry on any trade in British Guiana now?—We sell sugar to the extent of 11,000 tons per annum from the estates under our charge, and we import supplies for them; we also import rice largely from the East Indies, and, except during the recent years of depression, we carry on a large general import business.

12,894. Where is that the case?—In France.

12,895. But in France the State has furnished a considerable amount of the capital of the railways, has it not?—Some amount, it is not a considerable amount.

12,896. Would not that point to the State guaranteeing a certain sum, in the shape of interest, to the shareholders?—Certainly; if you determine that the railway companies shall give themselves up to the State at the end of 99 years, the same as the railway companies in France have done, I think a very equitable arrangement might be formed upon such a basis.

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12,901. (To Sir George Chambers.) What do you consider is the present position of the sugar trade in this country?—It is in a state of very great depression, consequent upon the bounties which are allowed upon foreign sugar.

12,902. What figures would you bring forward to illustrate what you say is the present depressed condition of the sugar trade?—I have taken out carefully the prices which we have obtained for the sugar from an estate in Barbados which has always made remarkably good muscovado sugar. I thought that would be as good an instance as I could take, and I see that the prices from 1863 to 1870 range from about 24s. to 25s. per cwt. In 1871 and 1872 there was a great scarcity of sugar, and prices went up to 30s. From 1873 to 1880 the average price was about 23s. 6d. In 1881, again, we were rather short, and prices rose to 26s., and since then the market has been steadily going down. In 1883 the same sugar only brought 22s. In 1884, 15s.; in 1885 we were a little better, about 16s., but we have fallen in the period that I have mentioned from an average price of from 24s. to 25s. to 16s. per cwt.

12,903. Was that fall which you have given us from any particular plantation, or generally over the whole island?—It was pretty general. I take that as a fair instance of what the range of prices has been.

12,904. In the earlier part of the time that you speak of the prices ranged from about 24s. to 25s.; what was the lowest point at which it had been, before that time; had it ever been below 21s., if you can remember?—The price may have been as low, perhaps, as from 20s. to 21s., but I do not remember it any lower.

12,905. You never knew it below 20s.?—No, never below 20s.

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12,906. How long ago should you say it was when it was as low as 21s.?—I was thinking of the net price when we had a duty; in 1830 and 1831 sugar was very low in price; we had duty to pay upon the 24s., and I should think probably the price may not have been more than that at the time.

12,907. Since that time do you not remember such low prices?—I have no recollection of such low prices.

12,908. That was the time when you were protected from foreign competition altogether, were you not?—Yes, but that was in the time of slavery, and our expenses were very moderate.

12,909. Do you remember at all what the price of muscovado sugar was at the time of the great reduction in the sugar duties in 1846?—I think we can get it, but I do not remember at the moment what the price was at that time.

12,910. What causes do you assign for the depression in the sugar trade?—The bounties which are allowed by the continental nations, and latterly by America, upon sugar which is brought into this country.

12,911. Have you any other reasons to assign besides the bounties?—No, I think not. I think that probably we were going on reducing the cost of production; we were, all of us, trying to introduce improvements, and, as you see, there is a gradual reduction from 22s. in 1883 to 16s. in 1885, but this great fall I consider to be attributable altogether to the bounty system.

12,912. I am aware that you attribute a very great loss to the bounty system, and it is a very important point, but I want to know, if you could separate the two things in your own mind, what would probably be the condition of the sugar trade if you had not those foreign bounties to contend with?—I think that we have been depressed now by those bounties to the extent of from 4s. to 5s. per cwt. Whether that will continue so, or not, one cannot say. No doubt that great depression is due to the stimulus which was given to production by the allowance of those bounties, and the improvements introduced as required.

12,913. You are aware, of course, that the very circumstance which has led to the appointment of this Commission has been that there has been a very general depression in British industry and British trade of every kind; would the sugar trade not have shared in that depression even if there had not been any special bounties affecting it?—It might have been slightly affected, but not to the extent that it has been by those bounties. I consider that the great depression of the sugar trade is to be attributed entirely to the bounties, because we have gone through periods of general depression before, but sugar has not suffered to any material extent. It is a thing which the world in general uses, and one which generally maintains its price pretty fairly.

12,914. How long have the bounties been in operation?—I should say that they have been in operation since 1862, and we have been feeling their influence since then, but it is an influence which has continued to grow until now it has become almost overwhelming to us.

12,915. Would you mention what the particular bounties are in the different countries?—The largest bounty is that which has been given by Russia, of from 5l. to 6l. per ton.

12,916. When was that given?—That was only given last year.

12,917. They gave, I think it was, 6s. 3d. per cwt. last year, and sugar is now coming in from Russia under a bounty of 5s. per cwt.?—That is so.

12,918. Is that bounty now upon beetroot sugar?—Yes, it is upon beetroot sugar.

12,919. Has that any relation to the refining of sugar?—I can only speak for the West Indian interest; Russia is a competitor with us, and our fine marks are, of course, interfered with by that competition.

12,920. Besides the Russian bounty, what other bounties are there?—The United States bounty is

about 1l. 10s. to 2l. per ton, but it is very difficult to know exactly what the United States bounty is.

12,921. What is that bounty upon?—That is a bounty upon what they call granulated sugar; it is sugar, not in loaves, but really in a refined state.

12,922. The bounty is given, is it not, upon the export of the sugar?—Yes, merely upon the export. Then the German bounty would be about 2l. per ton at present, to be diminished after September 1887 to 30s. a ton.

12,923. (Mr. Lubbock.) Is not that assuming that the yield remains the same?—Yes, it assumes that the yield remains the same.

12,924. (Chairman.) You have given us Russia, Germany, and the United States; what have you to say about France?—There is a new law to come into operation in France, and it would be impossible for us to say what the effect of it will be until we see it practically.

12,925. What is the law now in France?—I believe that what they propose doing is to assimilate their system to the German system of taking the roots and then giving a drawback which would cover a bounty upon the refined sugar exported.

12,926. Do we understand that there is a bounty in France at present?—Yes, there is a bounty, but I do not know that I could say exactly what it is at the present time.

12,927. It is not given in the name of a bounty, is it, but in the name of a repayment?—Yes.

12,928. In the case of Russia and of the United States it is avowedly a bounty, is it not?—Yes, in the case of Russia it is avowedly a bounty. I do not know that we can exactly say what it is in the United States. There is a little mystery there about it.

12,929. Have you any figures which you would be able to give us showing the effect of the bounties on the production of beet on the continent?—Yes; I may mention that it is only beet sugar that comes under the bounty, so far as we are aware. In 1870 the beet crops reached 942,000 tons, and in 1884 they had reached 2,545,000 tons. The cane crops generally of the world were 1,661,000 tons in 1870, and they had increased to 2,260,000 tons in 1884, so that the enormous increase in the production has been in beet sugar under the influence of those bounties. I think I might read an extract from a letter which we sent to the Board of Trade giving the percentages of increase, in which we say: "The beet crop, the whole of which is produced under theegis of protection and subsidies, has increased from 942,000 tons in the year 1870-1 to 2,500,000 tons for the year 1884-5; while the cane crop during the same period has increased from 1,661,000 tons to 2,148,000 tons. Thus, while the artificial beet sugar industry in 1851 produced 14 per cent. of the total supply, it produced 37 per cent. in 1870-1 and 53 per cent. in 1884-5."

12,930. Have you got the acreage under beetroot cultivation?—No, I have not.

12,931. You have no reason to suppose that this increase is due partly to having better seasons and prolific crops?—That would only operate to a limited extent. It is the increased production under the stimulus of bounty.

12,932. Can you give us any statement as to the increase in the proportion of bounty-fed sugar to the non-bounty-fed sugar in the consumption of the United Kingdom?—The proportion of bounty-fed and non-bounty-fed sugar in the consumption of the United Kingdom has risen from 5 per cent. in 1863 to 26 per cent. in 1873, to 37 per cent. in 1878, 40 per cent. in 1880, and 55 per cent. in 1885. Cane sugar, therefore, has not supplied any of the increased consumption, although we in the West Indies certainly could have added very largely to the supplies if we had had fair play.

12,933. What was the result of the convention of 1864 between this country and France?—There was a convention held in 1864, and Article 19 is as follows: "The high contracting powers reserve to themselves

"to agree as to the steps to be taken for obtaining the adhesion of the Governments of other countries to the arrangements of the present convention. In the event of bounties being granted in the said countries on the exportation of refined sugar, the high contracting parties will be at liberty to come to an understanding as to the surtax to be imposed on the importation of refined sugars of and from the said countries." The Select Committee on Sugar Industries, 1880, further state that they agree with Mr. Gladstone, in a letter addressed to the Workmen's Committee in 1879, as follows:—"If, as I understand, the circumstances of the case continue unaltered, I think that both the trader and the workman engaged in the business of refining sugar have great reason to complain. My desire is that the British consumer should have both sugar and every other commodity at the lowest price at which it can be produced without arbitrary favour to any of those engaged in the competition; but I cannot regard with favour any cheapness which is produced by means of the concealed subsidies of a foreign state to a particular industry, and with the effect of crippling and distressing capitalists and workmen engaged in a lawful branch of British trade." That applies equally to our raw sugars coming from the West Indies; we are suffering from the same cause.

12,934. Are there any other points that you can mention illustrating the depression?—I think the effect upon the West Indies really is the point upon which I have to lay the greatest stress, and upon that point I will take first a report of the House of Commons' Committee in 1880:—"Your Committee would sum up their conclusions as follows: (1.) That the effect of the system of bounties on the exportation of sugar, raw and refined, now in force in various foreign countries has been injurious to both our home and colonial sugar industries. (2.) That the effect has been to practically extinguish the loaf sugar refining trade. (3.) That the development of the sugar growing industry of our colonies has been checked and their future prosperity endangered. (4.) That it is expedient that immediate steps be taken to obtain such an alteration in the present systems as will stop the granting of bounties on sugar both raw and refined." That was the report of the Committee of the House of Commons, and unfortunately it has not been acted upon; the bounty system continues, and we have most deplorable accounts from our friends in the West Indies.

12,935. What is the remedy to which you look?—The first question which suggests itself is whether these bounties should be met by a countervailing duty, or another course might be that we should have a convention for the purpose of getting rid of those bounties, with the provision that in the event of it not being successful a duty should be imposed.

12,936. How would you apportion the incidence of the duty so as to countervail the bounties?—I do not think it would be necessary to go into any separation of the duties; I believe that if one rate of duty were imposed it might be worked very well. For instance, it might be placed upon this footing, that sugar coming to this country should be liable to a duty of, say, 2s. 4d. a cwt. I mention 2s. 4d. because I have had great experience in paying duties, and so forth, and I know the advantage of being prepared with fractions: 2s. 4d. a cwt. is just one farthing a lb., and the collection of the Customs and the freight would then be easy. I would suggest that a duty should be imposed on all sugar imported, but to be remitted on the production of a certificate that it was the produce of countries where there was no drawback or bounty on exportation. I think the effect of such a resolution as that would be really to check bounties.

12,937. You mean that the duty of 2s. 4d. would be upon everything that was called sugar?—Yes, upon everything that was called sugar.

12,938. Without reference to the amount of saccharine matter?—Without reference to the amount of

saccharine matter. As I mentioned when I was before the Committee on Sugar Duties, although when we had high rates of duty it was necessary to have a separation of the different rates, yet when you see it is only a question of 2s. 4d. a cwt. I do not think it is at all necessary.

12,939. You would lay this duty upon all sugars coming, say, from Germany, so long as it maintained those bounties?—Certainly, and upon any other country where a bounty was allowed.

12,940. And it must have reference to the country from which the goods come and not to the country in which the goods were produced?—I would simply require a certificate that it was the produce of a country where no bounty was given.

12,941. I think you wish to call attention to the injury done to the subsidiary interests which are dependent upon sugar by the depression of trade?—Yes, I think that is a most important part of the question. Certainly, with regard to our West India colonies, the question is of the largest importance. There are many persons in this country who are dependent upon incomes derived from the West Indies. Unfortunately at the present time that is all stopped, and what we have to fear is that if those bounties are continued and we are driven out of the market our people in the West Indian colonies, who certainly are entitled to every consideration on the part of the people of this country, will be brought to a state of starvation. But it is not only the people who are directly concerned in the production of sugar who are in this dangerous position, but there are traders in this country who suffer also very largely indeed. I may mention, with regard to engineers, we have a return here showing that firms that usually employ some 1,000 or 1,200 people now have only 300, but our own orders for machinery in 1881 were 13,357l., in 1882 they were 13,058l. As I have mentioned, we have been very anxious to improve the manufacture of sugar, and in 1883 we spent 24,514l., but in 1884 we only spent 2,576l., and we are not encouraged to go on any further. Then of course the engineers suffer, and of course the traders suffer. And it is the fact that of the amount we pay for the sugar we have from our own colonies, nearly the whole of it is spent with us again, whereas with regard to the bounty-fed sugar of what we pay for it we scarcely get any spent here. Our shipping industries suffer very much because our colonies have such natural advantages that, supposing they were on equal terms and had no bounties to fight against, they could well afford to pay the difference in the freight upon the sugar from tropical countries and what is now paid for sugar from the continent. Our shipping interest certainly loses an average freight of 35s. per ton on all the sugar that is brought here from the continent which might be brought from tropical countries, and it is the case that from our tropical colonies and from foreign possessions we could be supplied with sugar at a price which would admit of that difference in the rate of freight. The continental nations shut us out at all points, therefore in every way the suffering from this system can scarcely be exaggerated; it is a matter of life and death to our people in the West Indies, and it is a matter of very serious loss to the industries in this country.

12,942. Have any of the sugar plantations been thrown out of cultivation?—Yes, I am sorry to say that from time to time several estates have been abandoned, and more would have been abandoned but for the great fertility and great natural resources of those possessions.

12,943. What has happened to the land which has been thrown out of the cultivation of sugar; is no other crop grown?—No, only a crop of sugar to a very limited extent. Here and there a little fruit is grown, but it is really an axiom that if land is good enough to grow sugar and it cannot be grown at a profit, it will not pay to grow anything else.

12,944. (To Mr. Tinne.) Have you any observations to make upon any of the questions which have

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been put by Sir George Chambers?—I have attempted to follow the questions, and I have put down some points on which, I think, I might amplify his observations, especially about the abandonment of estates owing to low prices; and my statement will not be a very lengthy one.

12,945. We should be glad if you would mention any points of that kind which would be interesting to us; we do not want to go over exactly the same ground that Sir George Chambers has gone?—Up to 1883 the estates I represent had, as a rule, left a moderate revenue, the cultivations and buildings being maintained in fair order, and the latter especially kept up to modern requirements. Since that date we have derived no direct profits from the estates, not even interest on the capital invested; but where a proprietor is his own manager or merchant (as we are) the indirect profit attached as remuneration for those duties has in most cases afforded some compensation for his loss on idle capital. The fall in prices has been pretty regular until 1884, during the whole of which year it became rapid and acute. I have a table here showing the fall in a special class of sugar, in which it fell from January 1884 from 27s. to 15s. in December 1884. The average price of grocery Demerara in 1879–81 was 28s.; during 1882 and 1883, 27s.; in 1884 it fell from 26s. to 15s.; the average price, owing to a slight recovery in May, during 1885 was 18s.; and from December 1885 to March 1886 it relapsed again 2s. to 3s. directly owing to the bounty given at that time by the Russian Government. The crop in British Guiana, owing to this fall in value, has been largely reduced. We reached in 1882–3 a crop of something like 140,000 tons; last year we only made 109,000 tons. That was partly owing to the dry season, and partly owing to the abandonment of cultivation. We ourselves ordered all the poorer land to be thrown out of cultivation; on one estate alone we abandoned 400 acres, say, equal to 600 tons of sugar. The reason why more land has not been abandoned is that cane is a continuous crop, and cannot be so rapidly increased as beet; we have not the same power of increasing it because we only get a limited number of cane tops from the cane plant. In the case of beets, of course, one gets a large number of seeds from a single beet root. Thus any sudden check is hard and very slow of recovery. We cannot fall down and get up again so rapidly as beet. This uncertainty of price and prospects has made both proprietors and outside capitalists timid of investing capital for a distant return. It takes about 16 months to extend our cane cultivation before we get any return for it. Of course with beet root the farming operations and the residences for the labourers are distinct matters from the manufacture of sugar, whereas we not only have to plant our own canes, but we have to supply our Indian labourers with dwellings free of cost to themselves. The depression, I consider, is due to over-production caused by the bounties on the export of foreign raw and refined sugar, and the want of confidence in the maintenance of any fixed value. For instance, last spring, without the slightest notice, we had sprung upon us this Russian bounty, which caused an immediate drop in the course of from six weeks to two months of 3s. per cwt., and I consider that the low prices are in a slight degree due to the general depression which seems for the moment to have checked the normal annual increase in the world's consumption of sugar, which I estimate at from 4 to 5 per cent. Of the remedies which have been suggested, we have adopted a great many. First of all, we have attempted to reduce the cost of production, and succeeded, to a very large extent, by the aid of specialists, such as chemists, government analyst and botanist and resident engineers. In Demerara we have had the assistance of the East Indian Government in facilitating immigration. From Calcutta we have reasonable coolie freights, which are likely to continue. These causes and the cheerful condition of the labourers might lead to the introduction of a larger number of coolies. For instance, if instead of

getting 6,000 coolies from Calcutta a year we get 12,000, the coolie ships are forced to carry ballast of some kind, and that at once reduces the cost of rice freight, and we get a cheaper food supply in the West Indies. We have also introduced machinery to extract more juice, to burn less coal, to make more sugar, and therefore less rum. Then not only the actual bounties have caused this depression, but the want of confidence on the part of capitalists owing to proposed treaties of the United States of America with Cuba and Mexico, such as the Sandwich Islands at present enjoy, and from which, I believe, the West Indies were carefully excluded by a treaty—I think it was in 1815—with the object of compelling the West Indies to ship their sugar home to this country. With regard to the remedies which I think might still be adopted, of course every one of them does not immediately affect this country, but I think that if foreign countries could be induced to lower their duties, as I see Austria is likely to do, it would lead, first, to an increase of consumption, and I think the same result would follow in America. And, lastly, the abolition of American and continental bounties by some agreement or conference, and failing that by the imposition of a countervailing duty, such as Sir George Chambers mentioned. I believe that for such a countervailing duty there are not wanting some precedents in our own fiscal legislation at home. Then I have made out an approximate table of the loss and profit caused to this country and her colonies by bounties, from which the following results appear. I believe that the imposition of a countervailing duty to the extent mentioned by Sir George Chambers would benefit both home and colonial interests, including the consumer (who would be ensured a steady supply of sugar at a reasonable price, and not be subject to the violent rise in values such as occurred in 1876 and 1879 from the failure of a precarious crop such as beet root). I take Mr. Giffen's figures given before the Committee on Sugar Bounties in 1879 and 1880, since when I assume that the bounty has been or will be slightly reduced. Mr. Giffen put it at 2½d. as the average bounty per ton. I have assumed an average bounty now of about 2½d. per ton, and I have taken the increased quantity of sugar imported into this country which exceeded last year 1,100,000 tons, including foreign refined sugar; and, if that was countervailed, it would increase the cost to the consumer by 2,200,000*l.* But you must set against that the fact that if it had not been for that bounty-fed sugar the British Colonies especially the West Indian Colonies could have enormously increased their production. We have ample land for extension. If instead of 250,000 tons imported in 1884 from the British Colonies into England 500,000 tons had been imported (and taking the figures from 1852 to 1861, we used to bring into England 63 per cent. of the English consumption, which per-centage on present total imports would come to 693,000 tons), and assuming that we had only increased to the extent of 250,000 tons on the present 250,000 tons, and that we had supplied 500,000 tons in all, that would have been a gain to the labourers on sugar estates in the West Indies of 1,500,000*l.* of wages expended, and to the proprietors of 500,000*l.*, who in order to produce that additional 250,000 tons would have had to invest 5,000,000*l.* of capital, upon which I consider 10 per cent. per annum would be a fair return to cover wear and tear, renewal of plant, &c. There would have been employment for more coolie vessels carrying rice, and we should have got our rice cheaper in the West Indies. I consider that the saving in the rice freights would have amounted to 45,000*l.* The coolie freights have already fallen to a very low figure. The inducement to the shipowner to carry coolies is that he gets a fairly advantageous rate for coolies, and that enables him to carry rice much cheaper. Therefore, I have not assumed any saving on coolie freights. I think they are carried practically about as cheaply as we can carry them.

12,946. (Mr. Lubbock.) Would there not be a much

larger number carried if there was to be a reduction in the freight?—Yes, it would give employment to more vessels certainly, but having already claimed the benefit of cheaper rates for rice ballast, I have put down nothing for that. The additional passenger rates from employment of coolie vessels with this assumed increase of crop in the West Indies of 250,000 tons would be about 75,000*l.* The increased sugar freights on vessels carrying sugar from the West Indies, and also on vessels carrying home sugar from Cuba and Java (because the beet would not have been imported hitherto to such a large extent, unless it had had this 2½d. bounty), I put down at 550,000*l.* The engineers' profits on the supply of machinery to the West Indies per annum I put down at 50,000*l.* If we had been extending our cane cultivation as indicated, the wages paid to mechanics in England I put down at 300,000*l.* for those employed in making this machinery, and the freight on this machinery to the West Indies I put down at 20,000*l.* per annum. With regard to the extra coal required on the estates, I put down the cost of the coal merely at the labour required to raise it (so that it is the loss of the wages expended in raising the coal), and I have put that down at 48,000*l.*; and the loss to the manufacturers of English goods exported to the West Indies I have put down at the cost of the material, and I consider that the export of English manufactured goods would be doubled, and the additional export of goods would amount to 3,500,000*l.*

12,947. From that you have to deduct the cost of the raw material?—Yes, about 1,500,000*l.*

12,948. Therefore, that leaves 2,000,000*l.* as the amount of labour involved in the export of English manufactured goods?—Yes, making a total of 5,088,000*l.* I add further to that the forced loss of 2½d. per ton which the English Colonies have suffered on their present production of 250,000 tons on that sugar being sold below its free trade price, which makes 500,000*l.* additional, making a grand total of 5,588,000*l.* loss to England and the Colonies against an apparent gain to the consumer of 2,200,000*l.* In this statement I have not included any loss to the refiners and their workmen. The gain to the English revenue of 2,200,000*l.* from a sugar duty would *pro tanto* relieved the English tax payer and sugar consumer of other taxation, such as on tea and tobacco, which are almost equally a working man's wants as sugar. I check my statement by an estimate of what the cost of production of 500,000 tons of sugar in the West Indies would be instead of 250,000 tons, and I think it would have given an increased annual expenditure of all sorts in the West Indies, and would have put 5,000,000*l.* of money into circulation.

12,949. Would you tell us out of that 5,088,000*l.* of capital how much is for labour in England and how much for labour in the Colonies?—In the Colonies the labourers on sugar estate would have gained 1,500,000*l.*, and the proprietors, on their capital invested, 500,000*l.*; and England would have gained 3,088,000*l.*

12,950. (Chairman.) Is the cost of production now as high or higher than it was?—It has fallen since 1879, I should say, fully 3*l.* or 4*l.* a ton.

12,951. You would not attribute the depression in any respect to the increased cost of production; there is no increased cost of production, arising from difficulties of labour or otherwise, that would account to any extent for the depression?—No. (Sir George Chambers.) As I say, we have been making improvements and reducing the cost.

12,952. (To Mr. Tinne.) Do you think it admits of further reduction?—I doubt it. Many estates have not got the latest improvements for reducing the consumption of coal, but most of the leading estates in British Guiana have got them. I think it is worth putting in evidence two extracts showing the object of continental nations in imposing these bounties. One is a telegram, dated the 9th of September 1884, reporting a meeting of sugar fabricants at Halberstadt on the 30th of August 1884, to show that the object

of the beetroot manufacture is not to give us cheaper sugar, but to ruin the colonial sugar industry and to increase the price of their own sugar. "Herr Bodenbender said that the question of reducing the area of beetroot cultivation for the next season ought to be answered with a decided 'Yes,' although there would be many difficulties in the way of carrying it out, even should some fabricants agree to such a proposal, the interests are so diverse and the desire of each to gain an advantage would be so great, that it would amount, he thought, almost to an impossibility to carry it out; a mere promise in this direction would, as former experience has shown, be worthless." "Herr Jostman thought that any arrangement as to curtailing the area would not be adhered to, and, therefore, would be utterly worthless." "The colonial sugar could not prosper when in England only 18s. could be got for it. So soon as the price went lower the colonial planters, who, for the most part, were without sufficient capital and worked upon advances, would not have sugar to offer. In order to bring this about it is only required that the German fabricants should stand firmly together, then the price of sugar would again rise to 25s., and if the German fabricants could make this price, then they would be in position not only to produce as much beet, but even more; meantime, however, the burden of the difference must fall upon the farmers. Herr Bodenbender replied that the difference between colonial sugar and the best qualities of beet was so great that an extinction of colonial sugars was not to be thought of; so long as people like and use brown sorts they cannot do without colonial sugar. The only way, in his opinion, to meet the present crisis was to plant less beet, and let the farmers accept lower prices for the roots. In further discussion it was considered that the extinction of colonial sugars was not an impossibility. In Denmark and England, where only colonial sugar was formerly used, beet is now largely consumed, and it is quite on the cards that in a very short time colonial sugar will be unknown in Europe." And more recently, last Friday, there was a telegram from St. Petersburg, from the Russian Minister of Finance, which says: "The present bounties so far have had the desired result inasmuch as they have freed the Russian market from the accumulated stocks, said to be due to 'over-production,' but it is not the intention of the Russian Ministry of Finance to supply foreign consumers with cheap sugar at the cost of the Russian State and of Russian consumers." The ultimate object of the beetroot manufacturers is not to give us sugar at free trade price, but to force it up very much above free trade price. Failing the remedies which I have suggested, the abolition of bounties and the imposition of a countervailing duty, I see very little chance for British Guiana, except a course which I would very much regret, and that is separation from this country and if it were necessary (for the purpose of securing favoured treatment from the United States of America and Canada) the imposition of a differential duty against England upon machinery and other articles. That was suggested at an interview which we had with Lord Derby when he was at the Colonial Office, and naturally he was very averse to such an idea gaining ground in the West Indian Colonies. But our union with this country is at present, unless we get support from her, a distinct injury to the West Indies, for she actually prevents us getting privileges from the United States, which that country was prepared to give the West Indies even without prejudice to England.

12,953. Do you consider that if there were no bounties at all you would be able to hold your own against the foreign producer?—Decidedly. The cost of production I take to be at present about 15*l.* per ton, and our Demerara refining vacuum raw sugar has the command of value on the market of 2*l.* 10s. above beet sugar.

12,954. What is the proportion of saccharine matter

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in the two sugars?—Our sugar analyses net about 94 degrees, and the beet root sugar 88 degrees.

12,955. (*The Earl of Dunraven.*) On what do you base your assumption that if it had not been for the bounties, the colonial production would have doubled itself?—We have no want of fertile land, and we have not had in the past any want of enterprise on the part of the West Indian proprietors in developing their properties when the opportunity offered. With the inducement offered by the prices ruling in the years 1882 and 1883, many of our estate owners spent money on extending cultivation on improvements to their estates, and additional machinery such as the *triple effect*, the last improvement in evaporating.

12,956. You think that the competition would be sufficient to induce the growers to make improvements and cheapen the production as much as possible?—Yes. We do not complain of the competition of countries which do not enjoy subsidies, such as Java. We feel that we could hold our own with any sugar-producing country on free trade principles.

12,957. (*To Sir George Chambers.*) Will you tell us how those bounties are given in different countries. You spoke about the bounties in Russia being given openly and the bounties in other countries being given indirectly?—Yes; I believe that to be so.

12,958. How is the bounty given in Germany?—The German system has been to assume that such and such a return would be obtained from the beetroot, instead of which very much more is obtained, and consequently the drawback being allowed on the estimated amount, and the real amount being larger, they receive this larger bounty.

12,959. (*Mr. Eeroyd to Mr. Tinne.*) With regard to the question which Lord Dunraven asked you just now, as to whether the natural force of competition would be sufficient to push forward the course of improvement and economy in the sugar producing colonies, do you think that those productive industries which have not been submitted to the influences of foreign bounties have fallen short in the course of improvement as compared with the sugar trade?—I can only speak of the West Indian industries, and I may say that the Demerara people practically have no industry but sugar. Their exports of sugar amount to about 96 per cent. of the total exports of the country.

12,960. With regard to the observation as to the course of improvements in production generally in the case of the other industries which have not been specially stimulated by bounties, do you observe that those industries have failed in any way to press forward so actively as the sugar industry has done?—It is perhaps a blessing in disguise that owing to the severe competition of the bounties we have been put to our wits' end to devise all possible methods of producing sugar cheaply; undoubtedly to that extent the bounties may have accelerated a lower level of values; but it is a pretty severe ordeal to exist for a year or two without a fair return for your money, when you know that you have practically attained the cheapest limit of production possible on free trade principles, and are after all handicapped by bounties.

12,961. Do not you think that other industries that are not subjected to the special pressure of bounties have also been put to their wits' end and have put forth their strongest energies and therefore that the pressure of a bounty is not found necessary to ensure the utmost desire for economy on the part of the producer?—Certainly.

12,962. (*Mr. A. O'Connor.*) How many men were employed upon the 400 acres which you abandoned?—About 400 men. You may take it roughly that in Demerara we employ about a man to an acre. We estimate that in making 11,000 tons we employ about 12,000 labourers, nearly the whole of whom are British subjects, with the exception of about 400, who are Chinamen.

12,963. You said, did you not, that the number of coolies sent over annually from Calcutta was probably about 6,000?—We have had as many as 6,000 or

7,000, but, on the average, I should think we do not get more than 3,000 or 4,000.

12,964. When those 400 men were removed from the cultivation of the 400 acres what became of them?—To that extent they were transient labourers. The bulk of the labourers on our estates are men for whom we provide residences, and for whom we are bound to provide labour too.

12,965. I suppose that when those 400 acres went out of cultivation there was a displacement from employment of some 400 men?—Yes.

12,966. What would become of those 400 men who would be thrown out of employment?—Probably most of them would take to provision farming on their own account, and for their own support.

12,967. Are there any interests in Demerara other than the sugar interest?—Practically none, except a little timber cutting, and not many natives have the ambition to work for more wages than is absolutely required for their daily wants.

12,968. But when the 400 men are thrown out of employment in the sugar industry, you say they turn to provision producing?—Yes, for their own support; they are able to support themselves very easily by this or casual labour.

12,969. Therefore it is quite conceivable that even if the British connexion with Demerara with regard to the production of sugar were, at any rate to some extent, done away with, the men who are employed in that industry might be able to support themselves in other directions?—I do not say that, for the special reason that in Demerara the expense in maintaining our sea dams and impoldering the country is very great, and it requires more organisation than those labourers could show; I think they are incapable of impoldering the country in the way in which we have done it; no one but a capitalist could undertake these large works.

12,970. Might not they be done by means of Government organisation, as is done in Holland?—It has not been a success where it has been tried, and if it had not been for the private enterprise of Mr. Hogg even the city of Georgetown would on several occasions have hardly escaped being flooded, when the sea broke in upon his estate, which is next to Georgetown. The Government do not show so much efficiency in the care of their sea defences as the private estate owners do.

12,971. It is not so very many years since slave labour was done away with?—About 50 years.

12,972. You would not expect a very vigorous Government under such circumstances. With regard to these 6,000 Indian coolies who go every year to Demerara, do they accumulate there, or do they return?—We send back to Calcutta two or three ships a year laden with coolies, and they carry with them a very large amount of the savings earned in the colony, and a large proportion of them return again to Demerara, bringing their friends with them.

12,973. Could you say what are the proportions every year of the coolies that come into Demerara and the coolies that return to India?—From 20 to 25 per cent. return.

12,974. Then there is an accumulation in Demerara of those Indian coolies?—Yes.

12,975. As they accumulate, and the population increases, does the sugar industry increase at the same rate?—There is an increase in the population, but not a very large one. You must remember that the coolies that we get are men of a certain age, and they are not all married. The Indian Government does insist on a large proportion of female immigrants, but the sexes are not so evenly balanced as they are in other countries.

12,976. From what you have already said it would appear that 75 per cent. of the coolies do not return?—They do not return.

12,977. Then there must be an accumulation of coolies?—Yes.

12,978. Is the sugar industry increasing in the same rate as the number of coolies in Demerara is in-

creasing? I think I understood you to say that it was on the decrease?—Recently, I believe during the years 1882 and 1883, the crop largely increased.

12,979. But on the whole how has it been?—On the whole, up to 1883, it had been steadily increasing.

12,980. Since 1883 what has become of those coolies who before were engaged in the sugar industry; do they obtain employment in other works, or not?—I do not think they do, to any large extent.

12,981. Then are they starving?—No, they are not starving. There are a certain number of them on the Berbice coast, cattle owners, and some of them remain on the estates and cultivate little plots of land. Nearly all the coolies are still employed on the estates and are dependent on those proprietors who have had to abandon cultivated lands, but who are bound under all circumstances to provide employment for the coolies under contract to the estates, though a few may have left.

12,982. (*Mr. Lubbock.*) Is it not the case that not more than one half of the work of estates is done by coolies, the rest being done by negroes?—Yes, the coolies get steady employment under any circumstances, because nearly the whole of them are labourers under contract to the estates or permanently living on them. The transient labour consists chiefly of negroes, and, therefore, if there is in Demerara any excess of labour, owing to a reduction of cultivation, the negro goes to his provision growing.

12,983. (*Mr. A. O'Connor.*) Then you would say that a larger proportion of the general population of Demerara are now engaged upon other than sugar industries than used to be the case?—Rather larger just at the moment, they are growing ground provisions or are employed on irrigation works.

12,984. As the sugar industry falls off, may not some other industries be developed?—No industry that would produce any exports.

12,985. Are we to understand that, unless the sugar industries in Demerara are maintained and fostered, and nursed by countervailing duties or by some other means, Demerara itself will be ruined; is that your evidence?—No; I have already stated that I think Demerara can hold its own on free trade principles, but it is possible that Demerara would go back into bush, if it had to work for a long series of years at a disadvantage of 2*l.* or 3*l.* per ton below the real cost of producing sugar.

12,986. Might I ask you whether there is anything in the Patent laws which affects the British sugar producer or refiner disadvantageously compared with the foreigner?—Not that I know of.

12,987. When you said that the imposition of countervailing duties would benefit the community, you said "including the consumer;" would you say how you consider that the consumer would be benefited by an increased price?—I should have said, including the British public; I should not have specified the consumer, of course. But, unfortunately, the small benefit to the consumer is of uncertain duration and becomes directly and permanently ruinous to the cane-sugar industry, and, therefore, that would lead to the increase of beet growing.

12,988. I do not think I quite understood what you said with regard to a proposed separation of Demerara from the Empire, and the imposition of protective duties from British manufactures; how could that benefit Demerara?—Because I believe the United States were anxious to draw their supplies of sugar from the countries close to them, and they were prepared to give us a reduction of the duty on sugar if we would remove the duty off the articles of consumption that we at present get from the United States.

12,989. Then you say it is a matter of consideration whether it would not be better to get a good market for your sugar in the United States at the price of having protective duties against the British manufacturer?—Yes.

12,990. (*Mr. Lubbock.*) Is it not the case that the depression of sugar has been entirely caused by the

very enormous stocks of sugar which accumulated during the last few years?—Yes.

12,991. And the stock is far larger than it was ever known before?—I think so, at least 5 or 10 per cent. The overproduction drove the prices down to the extent of about 50 per cent.

12,992. Then one cause of the depression has been this enormous stock of sugar?—Yes.

12,993. The next point is this, has there not been an increased consumption in the United States and Europe, from 2,600,000 tons in 1880 to 3,700,000 tons in 1885?—I believe so, but I cannot state that exactly.

12,994. Therefore, it is quite clear, is it not, that the large increase of stocks has not been caused by any falling off in the consumption of the world, which has enormously increased?—Certainly.

12,995. The next point is, what has been the reason for these large surplus stocks; where have they come from? Is it not the case that from the year 1880 to 1885 the increase of the cane crops has been only 200,000 tons?—Yes.

12,996. Whilst the beetroot crop in 1879 was 1,500,000 tons, and in 1884 it was 2,500,000 tons?—Yes.

12,997. Is it not, therefore, perfectly evident that the large surplus stock of sugar has arisen from the fact of the over-production of beetroot sugar?—Certainly.

12,998. Then, when we look into the countries which have produced that large increase of beetroot sugar, has not the increase been entirely confined to Russia and Germany?—Yes, almost entirely.

12,999. The German sugar has very much increased, has it not?—Yes.

13,000. Could you give the German crop in 1879 and 1884?—The German crop in 1879–80 was 412,000 tons, and in 1884–85 it was 1,150,000 tons.

13,001. Can you give us the Russian crop?—The Russian crop in 1879–80 was 275,000 tons, and in 1884–85 it was 370,000 tons.

13,002. Have you got the Russian crop of last year?—I have had the crop for 1885–86 estimated, but I fancy that it exceeded estimate. I have it down as 400,000 tons, but I fancy they made over 500,000 tons. The most accurate estimate for the current crop is 525,000 tons for Russia.

13,003. With regard to France, is it not the case that some years ago France abolished her bounties?—I believe so.

13,004. Did not the crop, which had been largely increasing, cease from that time to increase at all, and, in fact, go back within the last 10 years?—I have no figures that I can speak from.

13,005. (*To Sir George Chambers.*) Can you tell us what is the largest crop that France made, and in what year?—In 1875–76 was the largest crop, viz., 462,000 tons.

13,006. I believe the bounties were abolished in France about that time?—Yes.

13,007. Subsequently to that there were lower crops?—Yes; the crop diminished to 325,000 tons, which under the influence of the bounty had grown to 462,000 tons. When the bounty was practically removed the production fell to 325,000 tons.

13,008. Can you tell us what was the largest crop made in Austria?—In 1879–80 the crop was increased to 498,000 tons.

13,009. The bounty in Austria up to that time had been very large, had it not?—Yes, we understand so; very large indeed.

13,010. At that time the Austrian Government made an alteration in their fiscal arrangements and reduced the bounty very largely?—Yes.

13,011. What has been the effect of that upon their production?—There has been practically no increase since.

13,012. In fact, it is Germany and Russia to whom we have to look entirely for those large surplus stocks?—Quite so.

13,013. There has been no alteration, I believe,

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under the bounty system in Germany for a few years?—I think not.

13,014. Under the bounty system their crop has shown a very continuous and very steady increase?—Yes.

13,015. Up to last year Russia had not succeeded in producing as much sugar as she consumed?—No.

13,016. And Russia has had very heavy protective duties?—Yes.

13,017. And the result of those heavy protective duties actually is a very great stimulus to the Russian produce?—Yes.

13,018. And last year was the first that she produced more than she was able to consume?—Yes.

13,019. In order to get rid of that excess at a remunerative price, the Russian Government gave a large bounty?—Yes.

13,020. The Russian bounty was foreseen by nobody 12 months ago?—No, we never had any idea of it.

13,021. And you put that forward as an instance of the uncertainty which applies to our sugar industry so long as this bounty system is allowed to continue?—That has been our greatest difficulty, and the cause of our not being able to make better progress.

13,022. (To Mr. Tinne.) You have told us that the production of beetroot sugar in the world amounted in 1884-5 to 2,500,000 tons?—Yes.

13,023. And the cane product at the same time was only 2,107,000 tons?—Yes.

13,024. Therefore, more than one half of the sugar production of the world was beetroot sugar?—Yes.

13,025. Is beetroot sugar produced anywhere in the world, except where it is fostered either by protection or by means of bounties?—Attempts to make beetroot sugar without bounties have never succeeded, and the same with America.

13,026. And have they protection there?—Yes, 10*l.* per ton.

13,027. Then there is not a pound of beetroot sugar grown in the world except under protection or under bounty?—No.

13,028. Up to the present moment the world is dependent for half of its sugar consumption upon that artificially fostered industry?—Yes, that is true.

13,029. Are you of opinion that in the West Indies we can grow sugar as cheaply as Germany with those bounties?—I think we can, and that we can hold our ground as we have done throughout our present and past difficulties, against the world. Some few estates have been abandoned, but by adopting improved plans I am hopeful that we may be able just to hold our ground. The natural resources and fertility of the soil are so great; but as to anything like a fair profit I do not think it is possible.

13,030. There is not much profit at the present moment on the German sugar industry, is there?—From what we hear, they are suffering a loss, I believe.

13,031. Will you tell me whether your estates in British Guiana, with all the best modern machinery, cannot grow sugar more cheaply than Germany, even with the German bounties?—I think it is almost a neck and neck race, and that if we make a bare profit I do not think that the beetroot people can make a profit with the help of bounties either. If we lose the interest on our capital, I think the beetroot people would lose it on theirs.

13,032. In order to produce cane sugar most cheaply, as cheaply as we know it can be produced, is not a very large outlay of capital necessary?—Yes.

13,033. Do you think that capitalists are inclined to embark capital in machinery for the purpose of growing cane sugar so long as bounties are allowed to continue?—No.

13,034. Then in fact the continuance of these bounties is driving the sugar industry from the cheapest kind of sugar on to the dearest kind of sugar?—Yes, certainly.

13,035. And that must be the inevitable result of the bounty system, if it is continued?—Yes.

13,036. It has already driven out one half of the natural sugar supply of the world?—Yes; it has occupied the place which would otherwise have been filled by increased supplies of cane sugar.

13,037. Mr. O'Connor asked you a question whether you wanted protection; is it not the case that what you ask for is free trade?—Certainly.

13,038. And you say that these bounties destroy free trade?—Yes.

13,039. And if these bounties were removed free trade would be restored?—Yes.

13,040. Can you see that, in so far as the consumer of this country is concerned, there is the slightest difference to him whether the removal of the bounty is by means of a duty or by means of the action of the Government who granted it?—No, I do not see any difference; it would have a less effect than people imagine on the consumer if a small duty were imposed in this country, because a duty to the extent of 2*l.* or 2*l.* 6*s.* a ton would only affect the retail price of sugar to the extent of $\frac{1}{4}$ *d.* a lb. The retail sales of sugar do not move by farthings, they move by halfpennies. I believe that the retail tradesmen in sugar at the present time are making the bulk of the $\frac{1}{4}$ *d.* profit, and if the price of sugar were increased a farthing, I believe that that does not mean that the price of sugar need necessarily move up a halfpenny, it would mean rather less profit to the retail dealer.

13,041. My point is, assuming that the bounties at the present moment are 2*l.* a ton, and that consequently the price of sugar is reduced to the consumer of this country by 2*l.* a ton, which, I believe, is what Mr. Giffen said, supposing that the governments which give those bounties cease to give them, would not the price of sugar then come up 2*l.* a ton?—Yes, certainly.

13,042. Supposing instead of the bounty being done away with a duty was imposed by this country of 2*l.* a ton, that would also raise the price of sugar by 2*l.* a ton?—Yes.

13,043. And the result of that to the consumer would be identically the same?—It would be identical in both cases.

13,044. Would not there be this difference to the consumer or the taxpayer of this country, that whereas a countervailing duty would bring in somewhat to the exchequer of this country, the abolition of the bounty by foreign governments would not do so?—Yes, certainly.

13,045. Therefore, so far as the consumers are concerned, they are very much better off with the continental bounties and countervailing duties than they would be with the cessation of the bounties pure and simple?—Yes, that would be so, no doubt.

13,046. With regard to the countervailing duties, is it not the case that a memorial is now being largely signed to the Chancellor of the Exchequer by those interested in the trade, begging him to put on a countervailing duty of 2*l.* a ton?—Yes, 2*l.* or 2*l.* 6*s.*

13,047. That 2*l.* 6*s.* a ton, in fact, would satisfy the industry completely?—Yes.

13,048. There is no beetroot sugar whatever comes to this country except that which comes through a bounty?—No.

13,049. If, then, a duty were imposed on beetroot sugar, no matter from where it came, it would, in point of fact, be imposed solely on bounty-fed sugar?—Certainly; the only other bounty-fed sugar being the American refined.

13,050. Confining ourselves to raw sugar, the duty of 2*l.* a ton on beetroot sugar would in fact only apply to sugar which received the bounty?—Yes.

13,051. Therefore there would be no necessity to trouble ourselves with asking where the sugar comes from?—No, there would not.

13,052. Might not the same thing be said of refined sugar; there is actually no refined sugar comes to this country but that which receives a bounty?—No, I believe not.

13,053. And, therefore, a duty of 2*l.* on all refined

sugar would equally apply only to bounty-fed sugar?—Yes.

13,054. Therefore there would be no difficulty with regard to either of those two cases in respect either of the favoured nation clause in our treaties, or in respect of the difficulty of distinguishing the country of origin?—No, it would hit all alike.

13,055. With regard to the 2*l.* duty upon sugar brought from a country where the duty was 6*l.*, how would the duty of 2*l.* affect the country that gives the bounty of 6*l.*?—The producer in that country would only get the advantage of 4*l.* instead of 6*l.*

13,056. Then, practically, the other country which gives the 6*l.* is a loser of 2*l.*?—Yes.

13,057. Is not the bounty given in Russia limited to the first of May next?—Yes, I understand so.

13,058. But there is nothing positively known upon that point?—No, I think not.

13,059. What amount of revenue would be raised by a duty of 2*l.* a ton on bounty-fed sugar?—On a total import of 1,100,000 tons about 600,000 tons would be bounty-fed sugar, and the duty would be 1,200,000*l.*

13,060. (Mr. Ecrold.) Can you tell me whether raw beetroot sugar can be distinguished with certainty from raw cane sugar?—Only, I think, in this way. At the time of our shipments from Demerara to the United States, in order to distinguish it, they require to have a consular certificate, for instance, in Georgetown from the American Consul, stating that the raw sugar is a product of Demerara, and in the same way as the British Consul in those foreign countries would attest the sugar being beetroot sugar.

13,061. It could not be distinguished by its appearance or by any examination?—Yes, raw beetroot sugar one could distinguish, of course; you could not eat raw beetroot sugar without a palpable effect. I thought you were speaking of refined beetroot crystals, when I replied to your last question.

13,062. (Mr. Lubbock.) The smell of beetroot sugar is disagreeable, is it not?—Yes.

13,063. With regard to engineers, is it not the case that the machinery which is employed in the manufacture of beetroot sugar is made entirely by foreign engineers?—I think entirely.

13,064. And our English engineers are not even allowed to tender for it?—I cannot speak as to that.

13,065. Is it not the fact that almost all or by far the largest proportion of the machinery which is used in the manufacture of cane sugar is made by English engineers?—Almost entirely.

13,066. You alluded to coolies. I should like to ask you this question. Is not this coolie immigration an enormous benefit to the coolies; do not they earn something like 2*d.* a day in India and 1*s.* a day in the West Indies?—Yes, but some able-bodied coolies who are inclined to work a little beyond the average can earn something like 3*s.* a day in Demerara.

13,067. I would gather from you that this coolie immigration is an enormous benefit to the surplus population of India as far as it goes?—Yes, enormous.

13,068. And if it could be extended it would be a very great boon to extend it?—Yes.

13,069. Was it not the case that in the year 1884 the United States Government offered to admit West India sugar free into the United States?—I understand so.

13,070. Was not that proposition made to our Government in consideration of the West Indian Colonies giving them better treatment than was given to other countries?—Yes.

13,070*a.* What was the better treatment which was to be given to this and the West Indies over other countries?—I do not remember.

13,070*b.* It was a reciprocity of trade advantages which were to be confined on one hand to England and her Colonies, and on the other hand to the United States?—Yes.

13,071. And that offer was refused by our Government?—Yes.

13,072. And it was refused, I believe, on the ground

of existing treaties between Great Britain and those very foreign countries who are granting bounties for the export of sugar?—Yes.

13,073. And those treaties, I think, the West Indian Colonies had never consented to or been consulted about?—No, certainly not.

13,074. They were treaties made with those countries without any communication with the West Indies, without asking their wishes in the matter, and entirely for the benefit of this country?—Yes.

13,075. And they are treaties from which by no possibility can the West Indies derive any benefit whatever?—I think not.

13,076. And made with those countries who are attempting to drive West Indian sugar out of the British market by means of bounties?—Yes.

13,077. Those treaties were made the ground of refusing to the West Indies what would be an enormous boon, namely, the admission of their sugar duty free into the United States?—Yes.

13,078. And their sugar now pays a duty of 10*l.* a ton?—Yes.

13,079. There is one other point which Mr. O'Connor asked you about, which is: supposing that the sugar industry were reduced or destroyed in Demerara, whether the people would not be able to turn themselves to other industries, but was it not the case that after the equalisation of duties in 1847 there was such a large reduction of the sugar industry of British Guiana that a great many people were reduced to the utmost distress for want of employment?—I believe so. I cannot speak exactly as to the extent of the distress in Surinam at present owing to the abandonment of the sugar estates, but I understand it is very great.

13,080. I would ask you this question: Is it not the case that all the beetroot sugar produced in the world is produced under a system of protection or bounties?—Yes.

13,081. And that, speaking practically, all the cane sugar produced in the world is produced under a system of free trade?—Yes, I believe so, except in Louisiana and the Sandwich Islands.

13,082. I believe, with those two exceptions, the whole of the sugar cane production of the world is under free trade?—Yes.

13,083. (Sir J. P. Corry to Sir George Chambers.) I think you stated that France was the first country to adopt the system of bounties?—Yes, France took the lead, I believe.

13,084. And France was followed by Austria?—Yes, she was followed by Austria and by Germany.

13,085. And last of all by Russia?—Yes, last of all by Russia.

13,086. Is there any bounty on sugar from the United States?—Yes, there is a considerable bounty; we estimate it at from 30*s.* up to 50*s.* a ton. It is very difficult to ascertain exactly what it is, but we know that it cannot be very much less than that.

13,087. Is the import from the United States increasing to a very great extent?—Yes, it has increased very much during the last year.

13,088. Does it continue to increase?—I think the shipments in last month were very similar to the shipments in the corresponding month of last year; I do not think there was much difference.

13,089. If the bounty from Russia ceases next month, do you think that that will have a material effect upon the trade generally?—No; I think the import has had its effect, but we have quite enough sugar without going to Russia for it.

13,090. But the fact that over one half of our supply of sugar comes from bounty-fed countries is a very serious matter in case of a failure of the beetroot crop on the continent?—Certainly. Putting the case generally, we are doing away with a certainty of a supply of the best quality sugar, and making ourselves depend upon the supply of an inferior quality, the production of which is very precarious, as all root crops are precarious, and it has happened heretofore that by a little check on the beetroot crop on the

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continent the prices have been forced up to a very great extent.

13,091. I should like to ask, with regard to the production of sugar by coolies in the West Indies, has not their importation been recently curtailed?—Yes; we have been obliged to lessen the orders that would have been given for coolies.

13,092. Is that because of the restrictions that are now imposed?—No; it is in consequence of the low price to which sugar has fallen that we have not the means to provide them.

13,093. It is not because of any interference on the part of the Indian Government?—No, I have not heard of anything to interfere with it; it is simply that our means are diminished and we cannot order them.

13,094. Is the state of the trade very different now to what it was when the Select Committee of the House of Commons sat on sugar industries?—No; matters remain very much the same in principle, except that the injury to us has been aggravated by these additional bounty-fed sugars coming in.

13,095. Has not France got tired of it and Austria got tired of it?—France is making arrangements to give a considerable bounty for sugar sent to England; I do not know what they may do in Austria. France proposes to adopt the German system for the very purpose of introducing a bounty.

13,096. So that you do not anticipate any immediate removal of the bounties, unless some steps are taken to countervail them?—I think there is no hope in any other way.

13,097. I suppose the merchants remain now of the same opinion as they were when that committee sat?—I see nothing to change it, except that we have gone from bad to worse.

13,098. I think, in estimating the amount of machinery employed in the production of sugar, you first of all gave the value of the machinery, and then you gave the value of the different articles that were connected with the making of that machinery, did you not?—I think Mr. Tinne gave that evidence.

13,099. (To Mr. Tinne.) Did you not first of all give the value of the machinery and then the value of the articles that were used in making that machinery?—I think not. The coal was coal used on the sugar estates, not in making machinery; and we export from this country 2,000,000*l.* more of British manufactured goods—not machinery, but dry goods, hardware, and articles of that kind—consumed by the inhabitants of the West Indies. That trade was steadily increasing up to two years ago, I think. If our labourers in the West Indies have an industry like sugar, at which they can earn considerably more than a bare maintenance, the whole of their extra earnings go upon finery and clothes from England, and other things, and English manufactured goods.

13,100. The object, I presume, of the arrangement that the United States wished to enter into with the West Indian colonies at the time that Mr. Lubbock spoke of was possibly to introduce their manufactured goods in opposition to ours?—No. It would be equal competition; it was not to be to the prejudice of English goods, but to put them on equal terms, and on better terms than those of other countries.

13,101. Has the recent fall of sugar in this country stimulated other industries?—No. I think that a great mistake has been made in saying that. The large increase in the jam and confectionery and biscuit trades took place previous to this heavy drop in sugar in 1884, and I think that the increase in those trades was due to the fact that sugar had no duty imposed on it in England, and that it has long been procurable at a relatively cheaper price than in any other country.

13,102. Was it not procurable at a cheaper price owing to the sugar coming from those bounty-fed countries?—Owing to the surplus stock, which has more largely than ever accumulated here since sugar duties were abolished. Then, again, in the jam trade I am told that in Liverpool certainly a large proportion of the sweetening matter is not derived from sugar, but from glucose syrup, which is made from grain. Might

I be allowed to say that I do not think that Mr. Mundella's remedy of letting the continental nations stew in their own juice till they see the folly of their ways will answer, because while they are suffering we are also in a critical position. It is like a case in which the late Mr. C—, in St. Vincent, was defending a prisoner for murder, when he said to his client, who was getting uneasy, "Never mind, let them hang you, and then see what I will do to them." That does no good to the sufferer himself, for by the time the continental nations see the folly of their ways we may be extinct. It is no benefit to us that they should find out their folly after we have disappeared from existence.

13,103. (Mr. Aird to Sir George Chambers.) I want to ask you a few questions as to the cause of depression which I gathered from your remarks and those of Mr. Tinne you practically put upon the question of bounties. Would you allow me to ask you if the high price which was obtained in 1872, namely, 30*s.* per cwt., double that which you get now, was not one of the causes which drove the sugar industry into other quarters?—No, I think not at all. That high price was consequent chiefly upon the failure on the continent of the beetroot crop in bad years. As I mentioned, root crops are always precarious, and I think that was the cause of the high price.

13,104. Do you think that the system which has been adopted in the sugar trade of working upon advances has by over advancing upon the produce interfered with the natural growth of the industry?—Not in the slightest degree; I have not the least idea of it.

13,105. At what period did these bounties come into operation; how many years ago was the first time?—I suppose they began in 1862. I think we must take 1862 as the date of the commencement. I have a diagram here I should like to put in which will show you the effects of the bounties from year to year.

13,106. (To Mr. Tinne.) With regard to a remark you made just now, in reply to Sir James Corry, upon the introduction of some competitive material by the jam manufacturers and confectioners, is that material very largely used?—I only speak from what I am informed, but I believe Mr. Martineau can speak much more accurately upon that subject.

13,107. With regard to the question which Sir James Corry put to you, surely the reduction which has taken place of late years must be a material benefit to the large manufacturers who consume a large quantity of sugar; has it not also benefited the working class—the lower class to whom sugar is now sold?—I think it has injured them more than it has benefited them. The destruction of the engineering industry, for instance, and the disturbance of trade with the West Indies must have injured our people at home very much more than they have benefited by the cheap price of sugar. For instance, in Glasgow, in one set of engineering works alone, where they had 1,000 men, they are now employing 200, and the same thing in Liverpool. Those two sets of works are almost entirely engaged in the manufacture of sugar machinery.

13,108. If additional sugar machinery had been made, and sent out, and erected, and was worked in the West Indies, surely that would be likely to produce a very much larger production, and become a further element of competition into the sugar trade?—No; for the production of cane sugar would have increased, and beetroot sugar, if unassisted by bounties, would have decreased. We are not afraid of any amount of competition if we are not handicapped by the bounties. We are not afraid of any competitors at a free trade price.

13,109. Upon the question of the competition which you get now from beetroot sugar, has not the introduction of the beetroot sugar from the continent been largely created by the aid which was given to the agricultural industry with a view, not only to encourage the industry, but mainly to help the farmer?—I imagine so, chiefly I should think.

13,110. Is it not the case that in Germany this beetroot culture has been carried on to an enormous extent on farms throughout Germany?—Yes.

13,111. And from the manufacture of alcohol from potatoes and of sugar from beetroot, and from the refuse from those productions being used to feed cattle?—I believe so.

13,112. And that probably has had something to do with the desire on the part of the Government to give those bounties?—Yes, possibly.

13,113. You spoke of the coolies receiving 2*d.* per day in India, and that in Demerara they received upon the sugar industry wages in some cases equal to 3*s.* per day?—Yes.

13,114. Does not that vast difference between those rates suggest a means by which the cost of production of sugar might be affected?—The rate of wages named by Mr. Lubbock in Demerara of 1*s.* a day is the rate established by law for certain regulations under our Immigration Ordinance, and we could not pay less than that unless we get the Ordinance amended.

13,115. If lower wages were given to the coolies upon that ground it probably might be beneficial to the industry if the bounty that you ask for was not allowed?—Then we should injure people who, whatever their colour may be, are still British subjects, for the benefit of British subjects residing in England.

13,116. But, although Mr. Lubbock mentioned a rate of 1*s.* per day, you in your reply mentioned 3*s.* a day?—Yes, that was because a few who are willing to do so can undertake more tasks than the minimum tasks per day; the least that he can earn, and that we must pay him, is 1*s.* for a certain task, but if he is willing to do two or three tasks he can earn treble the amount.

13,117. As a fact, do many of them earn double or treble the amount?—No, it is only exceptional that a labourer will earn so much as that.

13,118. The price obtained now being 16*s.* per cwt. for sugar, may I ask what is the freightage generally for bringing that over to this country?—Recently 9*d.* to 1*s.* per cwt.

13,119. Is it, or not, the fact that that leaves practically 15*s.* for the entire cost of production, including rent, labour, and profit upon the transaction?—There are certain charges in this country which, with the freight, amount to about 2*s.* per cwt.

13,120. What charges would you instance?—For discharging, and we have to allow a certain sum for warehousing the sugar. Unless we can carry it through ex-quay we are allowed two or three weeks warehousing.

13,121. Do you think that the consumption of sugar would be at all influenced by the effect of any duty which was imposed upon it in England?—I do not think that the additional price of 2*s.* per cwt. would appreciably affect the price of sugar to the consumer.

13,122. In the event of such a duty being put upon sugar in this country, in what way do you think it would be received by foreign countries as regards their own bounties, would they not increase them?—I have a very strong belief that it would lead to the abolition of bounties on the continent, and possibly to a reduction of the duties in continental countries, thereby increasing their own home consumption and enabling them to dispense to a very large extent with exports to this country.

13,123. Are you aware that there is very considerable anxiety existing in Germany at the present time upon this sugar question, many contending that if a duty were placed upon sugar it would have a most serious effect upon Germany, not only upon the German industries but particularly upon the agricultural produce?—Yes, I can quite believe that; but I think that all industries artificially supported are liable to that risk, and there is one great danger in receiving imports of bounty-fed sugar that any reduction of the bounty from time to time arrests the industry altogether. It is not a natural industry; it does not live on its merits.

13,124. What chances would there be of encouraging the manufacture of beetroot sugar in this country; are you able to form any opinion as to that?—Only by hearsay. I believe that the recent experiments which were resumed at Lavenham were very far from successful.

13,125. Were those experiments carried on to any large extent?—I think some other witnesses will be able to speak more exactly as to that.

13,126. (Mr. Lubbock.) There has been a great outcry raised in some quarters at the very idea of countervailing duties; is it not the case that we at present have countervailing duties, and very large countervailing duties on spirits and tobacco?—Tobacco I do not know about; but I believe, in the case of spirits, the duty paid by rum exceeds that paid by whiskey. On rum we pay something like 10*s.* 4*d.*, and in the case of whiskey 10*s.*

13,127. Whiskey and gin are British home-made spirits, and the duty upon them both is 10*s.* a gallon?—Yes.

13,128. Is it not the case that whiskey is what is called plain spirit, and gin is what is called compounded spirit?—I believe so.

13,129. And I believe the calculation is this, that in the case of plain spirit the excise regulations that are imposed upon the distillers, it is assumed, place them at an increased cost of 1½*d.* per gallon?—I believe so.

13,130. And in the case of compounded spirits there is a rule that spirit cannot be compounded and rectified in the same building in which they are produced, and that is supposed to place the gin manufacturer at a further disadvantage of 2*d.* per gallon?—Yes, I believe so.

13,131. But as regards whiskey there is no pretence that there are any restrictions or any disadvantages which amount to more than 1½*d.* per gallon?—No, practically there is 2*d.* per gallon bounty on whiskey.

13,132. Therefore as regards whiskey there is a protection, because it is simply a protection of 2*d.* a gallon as against rum?—Yes.

13,133. Whereas whiskey is worth about 1*s.* 6*d.* a gallon, and rum is worth 1*s.* 1*d.* a gallon?—Yes.

13,134. So that there is a countervailing duty in the case of British spirits as against foreign spirits, and against our colonial spirits, of 4*d.* a gallon, and that 4*d.* a gallon would be something like 30 per cent. upon the value of the spirits?—Yes; the duty on rum is 10*s.* 4*d.*, and the duty on whiskey is 10*s.* a gallon, and the admitted expense to the excise of the supervision on whiskey does not come to more than 1½*d.* per gallon, so that there is a bounty to the whiskey producer of 2½*d.* per gallon.

13,135. (Earl of Dunraven.) I should like to put to you one question arising out of a question which you were asked just now, about the probability of foreign countries raising their bounties; it would make no difference, would it, to the general public here what the foreign bounty was, provided it was countervailed by an equal duty?—Exactly so.

13,136. That is to say, the amount of the foreign bounty, provided it was countervailed by an equal duty, would make no possible difference to the consumer here; it would not make any difference to the retail price of sugar whether the foreign bounty, say of 100 per cent., was countervailed by, say, 100 per cent. duty, or whether the foreign bounty was 10 per cent. and was countervailed by a 10 per cent. duty?—Not in the price, it would be practically one; but if we did not countervail the foreign bounty, and they gave a bounty to the extent of the value of the sugar, the consumer here would get his sugar for next to nothing at all.

13,137. (Mr. A. O'Connor.) I suppose that is the assumption wrapped up in the word "countervail"?—Yes.

13,138. (Mr. Gibbs.) It is the case, is it not, that the foreigner is in exactly the same position; if the foreign government give a bounty and the home government imposes a tax it scarcely signifies what that

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amount is. If the consumer benefits by the bounty, that benefit is taken away by the tax being high?—Yes.

13,139. (*Earl of Dunraven.*) You get the sugar at free trade price?—Exactly so.

13,140. (*Mr. Gibbs.*) I suppose the objection to putting on a bounty or a tax has always been, has it not, that the consumer suffers?—Yes.

13,141. Inasmuch as the producer gains by putting on the bounty?—Yes.

13,142. Because the foreigner is able to send his sugar here and to get a profit into his pocket although he sells it at a low rate?—Yes.

13,143. Is it a matter of more importance that the consumer should get his sugar for $\frac{1}{4}$ d. a lb. less, if that be the difference, than that our sugar industry should prosper in the colonies and the engineering industries for making sugar plant should prosper here?—I should think not.

13,144. Then I understand you to say that the consumer does not really gain that profit, it is probably the retailer who gains the profit?—Yes, and by a countervailing duty I would like to see the money transferred to the English Exchequer and benefit the public revenue.

13,145. It is everywhere found that if the importer gets nothing, the retailer does, but my point is that the consumer gets nothing at all, or generally gets nothing?—He generally gets nothing.

13,146. Because the $\frac{1}{4}$ d. per lb. goes into the pocket of somebody else?—Yes, into the pocket of the middle man.

13,147. So that the net result is that the engineering industry is crippled and the West Indian industry destroyed?—Yes.

The witnesses withdrew.

Mr.
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Mr. GEORGE MARTINEAU, Mr. JAMES DUNCAN, Mr. T. O. EASTON, and Mr. THOMAS NEILL examined.

13,154. (*Chairman to Mr. Martineau.*) You are the secretary to the British Sugar Refiners Committee?—Yes.

13,155. You have often had occasion to bring the question of the position of the sugar refining trade before the public and before the Government, and I think you gave evidence before the Select Committee on the Sugar Industries in the year 1880?—Yes, I have to express my regret that I have had occasion so often to bring this subject forward. I wish it had been less often.

13,156. We need not go so fully into the evidence which has already been given, but we should be very glad to have any information that you can give us with regard to what has taken place since the issue of the report of that committee?—The principal thing that has taken place since then is that the bounties have been very much increased in certain quarters, and that new bounties have appeared in other quarters.

13,157. Have any of the old ones been taken off?—There have been modifications in some cases. The French had legislation in 1880 which very much modified the bounty on refined sugar, but, unfortunately, since then they have passed a new law, in 1884, which will give a very heavy bounty on other sugar, which will seriously compete with the refiners who do not make loaf sugar, but who make what is called moist sugar. The German bounty has gone on increasing steadily, as the figures of the production of Germany show. The production of Germany in the year 1879–80 was 420,000 tons, it increased in the next year to 590,000 tons, in the following year to 650,000 tons, in the following year to 850,000 tons, in the next year it was 980,000 tons, and in the last year, 1884–85, the production was 1,155,000 tons, and during the whole of that time the bounty went on increasing, so that the production went on *pari passu* with the bounty.

13,158. Has the effect of those bounties continued to be felt?—It continues to be felt more and more; in

13,148. (*Mr. Lubbock.*) Would it not be the case with regard to a countervailing duty that it is not properly speaking a duty on sugar, it would be simply a tax on bounties?—Yes, I think so.

13,149. (*Mr. Aird to Sir George Chambers.*) May I ask you whether it would not be better, rather than levying a duty upon the consumer, that it should be had in the shape of a bounty to the West Indian Islands, where the sugar is produced?—I do not think that the imposition of a duty would at all affect the consumer, inasmuch as the money paid into the exchequer as duty would be an equivalent.

13,150. (*Earl of Dunraven.*) Is there any trade of any consequence between the West Indies and Canada?—Not a very large trade, but there is some trade between the West Indies and Canada.

13,151. And that would be equally damaged by anything affecting the position of the West Indies?—Undoubtedly.

13,152. (*Mr. A. O'Connor.*) I think we have been told that the bounty on sugar in one country is 2*l.*, in another country 4*l.*, and in Russia 6*l.*; if a countervailing duty of 2*l.* per ton were levied upon bounty-fed sugar, would not the result be that the Russians would get the command of the market instead of the Germans?—No, I think not.

13,153. We have these bounties existing, and if we put a countervailing duty of 2*l.* upon the 6*l.* bounty-fed sugar, would not the result be that the Russians would come in in competition with the Germans, and would have the advantage of 4*l.* a ton?—The Russian Government could not afford it permanently, and the Russians cannot produce so cheaply as Germany.

fact we are only beginning to feel the effect of the recent bounties. I should like, before I finish my answer to your Lordship's other question, to mention how much the bounties have increased, more especially because Sir George Chambers said he did not quite know, with regard to the new French bounty, what it would be. The new French bounty is simply this, that France has now adopted the German system of levying the duty on the roots by the estimated yield, and that estimated yield is very low; therefore, if the French manufacturers get anything like the yield which the Germans get, they will get an enormous bounty on their manufacture, and therefore on their export. That is the most serious thing that we have to fight in the future. Then another bounty which has cropped up since the committee of 1880 is the American bounty. With regard to that bounty, Sir George Chambers said that he could not accurately say how much it was. I am in a position to say that it is exactly 2*l.* a ton, or 2*s.* a cwt., that is the legal bounty; of course there is a certain amount of illegal bounty in all these cases which we cannot estimate, that is to say, the bounty which is obtained by refiners obtaining a larger amount of sugar out of the raw material than they were estimated to get, but the actual bounty is 2*s.* a cwt., or 2*l.* a ton. I can confirm that statement by quotations from the American papers, if it is wished. The effect of the American bounty has been very serious indeed. Previous to the American bounty, which was established in 1883, our imports of refined sugar from America were practically nothing. In 1883 our imports were 6,254 tons from America. In 1884, when they had got into the full swing, we imported 52,113 tons, and in 1885 we imported 114,930 tons, so that is about as good an illustration, I think, as you can have of the enormous effect which a bounty has on the export of sugar from the country which gives it. Previous to the bounty being granted they exported next to nothing, and now this last year they have sent us 115,000 tons of sugar. Then another

new bounty has already been stated to-day, namely, the bounty from Russia. That at present is only a temporary thing, but, of course we always have the danger hanging over our heads that it may become permanent.

13,159. Do you believe it to be possible to have such a system of drawback as may secure you against bounties?—We preached the doctrine for many years—I am speaking now only of the bounties on refined sugar—that if the system of refining in Bond were adopted in all those countries, that is to say, if they refined their sugar under excise supervision, the effect would be that it would not be possible to give a bounty, because of course in that case the duty would only be levied on sugar which passed into home consumption, and therefore there would be no necessity for a drawback to be given.

13,160. Has that sound doctrine made any progress?—It made progress in France at one time, but it has made no progress since then, for the simple reason that bounties have gone on increasing at such a rate, and have been imitated in other countries in such a way, that it has been quite impossible to get it carried out; besides which all the bounties which are given upon the production of beetroot sugar are given in such a way that it would be difficult to apply the system. Or rather, I do not think it would be difficult to apply the system, but the whole thing has become too big now to make the preaching of that doctrine any use in future.

13,161. What are the bounties which hit you the hardest?—The French bounty used to be a serious one to us, but the French bounty on loaf sugar has been very much reduced. The bounties which hit us the hardest are the American, the German, and the Russian bounties, and the bounty in Holland, which has, fortunately, been reduced lately. The bounty in Austria affects us to a certain extent, but the American is the most serious one, I think, at the moment.

13,162. Do those bounties affect the whole of our sugar refining trade or only particular classes of it?—Up to the time of the sitting of the Committee on the Sugar Industries in 1880 it was the loaf sugar trade that had been seriously affected by the bounties, but those bounties which I have recapitulated are bounties which affect the whole of the sugar refining trade of this country. And if you refer to the report of the select committee you will find it is stated there that if at any time bounties should be established which affected the rest of the sugar refining trade it would be a very serious matter.

13,163. What has been the effect upon the refiners in this country?—The effect is that we have nearly all of us reduced our work and several refineries have been closed; the largest refinery in London has recently closed its works, and Mr. Duncan, who is present to-day, can inform the Commission more particularly on that point.

13,164. Have you any statistics as to the reduction in quantity of the refining done now in this country?—I cannot give you the accurate figure, but I can state positively that all the London refiners have reduced their work, and I think that most of the refiners in Liverpool and Greenock have also done the same.

13,165. What is the progress of the increase of the importation of foreign refined and raw sugar respectively?—The increased import of foreign refined sugar is very striking during the last few years. In 1882 we imported 138,000 tons of refined sugar; in 1883, 164,000 tons; in 1884, 213,000 tons; and in 1885, 266,000 tons, so that we have practically doubled the import of foreign refined sugar in the last four years; and during the first two months of this year, 1886, we have imported a quantity of foreign refined sugar which is equivalent to a yearly importation of 334,000 tons, although the winter months are the months when the smallest quantity of refined sugar is imported, so that it is going on increasing very rapidly.

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13,166. What has been the progress of the importation of raw sugar at the same time?—I have the Board of Trade returns here for the last three years, and from them I see that in 1885 the total quantity of raw sugar was 19,383,000 cwt., which was rather less than in the preceding year, because in the preceding year we imported 19,652,000 cwt., and that was rather less than the immediately preceding year, when we imported 20,357,000 cwt.

13,167. Have the prices varied materially?—Enormously, but that, of course, is owing, not to the bounties on refined sugar, but to the bounties on raw sugar. The prices fell in 1884 to a point lower than we had ever known before. Raw sugar was selling at 10*s.* a cwt.; that, of course, was owing to the enormous increase in the production of Germany, which I have already stated to the Commission, and the worst of this fall in the price is that prices fluctuate so violently. As soon as the price of sugar had fallen to 10*s.* a cwt., the beetroot sugar producers became alarmed, and they immediately determined to produce a less quantity in the following year, the result of which was that the price went up from 10*s.* to 17*s.* a cwt., a rise of 70 per cent., which took place last year.

13,168. Can you state the effect which these changes have upon the labour market?—If the refineries have to be closed, which, according to present appearance, we shall have to come to, the effect upon the labour market will be very serious, because in the present state of trade I very much doubt whether the workmen that we discharge will be able to find employment in other industries. Of course the theory has always been that labour can easily be drafted from one industry to another, but I should very much doubt whether, under the present circumstances, that would be so easy. Moreover, if our workmen were to go to other industries they would simply displace the men in those industries who were inferior to them, and therefore the loss to the labour market would be the same in any case. Then, again, our men are accustomed to the climate of a sugar-house, which is rather warm, and therefore they are not so suited to out-door labour as men in other industries might be; besides which, of course, they have acquired the skill necessary for sugar refining, and therefore they are not so well able to take up any other work that may be offered to them. Then, if the sugar-houses are closed, of course there is an enormous quantity of dead capital rendered absolutely useless. Our houses are worth on the average, I suppose, 100,000*l.* a piece; taking the sugar-houses all round they are worth at least 100,000*l.*; many sugar-houses are worth a great deal more than that, the houses and the plant contained in them, and if those houses are closed that capital becomes absolutely useless; it is entirely lost; so that all these considerations have to be put against any supposed gain that there may be to the consumer.

13,169. I think you wish to call attention also to the loss which is involved to subsidiary industries?—Yes; I want to point out that the loss is not only to our actual sugar refineries and the men employed there, but that we sugar refiners, of course, give employment to a great many other industries. For instance, the consumption of coal in sugar-houses is very large, amounting to half a ton of coal to a ton of sugar, and we use a large quantity of other things in the manufacture of sugar, all of which have to be supplied to us, and all of which give employment to labour and capital, and therefore the loss falls upon a great many industries besides our own.

13,170. I gather from your statement that you complain that there has been a great reduction of work and closing of refineries in this country, which has had a serious effect upon the labour market and a loss to the subsidiary industries, and a loss of capital invested in houses and plant; are those losses of wages and capital compensated for by the gain which is derived from the bounties by the consumer?—No, by no means. It is quite a popular delusion to suppose

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that the consumer gains to any appreciable extent from the bounty on refined sugar. I leave aside for a moment the question of bounties on raw sugar, but the bounties on refined sugar I maintain are practically of no advantage to the consumer, because the foreign refiner simply undersells us by the smallest possible fraction below the price at which we can afford to produce refined sugar. The two questions of the bounty on refined sugar and of the bounty on raw sugar in that respect differ entirely. Of course the raw sugar bounty merely affects the raw sugar producer when it stimulates the production to such an extent as to force the price of sugar below the cost of production; but in our case we are affected every day and every moment. We are not affected merely at particular periods, but every day. We find that foreign refined sugar is sold by means of bounties for just a small fraction below what we can afford to produce it at, and it is only that small fraction which the consumer gains, plus, of course, our natural free trade profit; so that the gain to the consumer is really inappreciable. And therefore the contention that the confectioners and the jam makers gain enormously by these bounties is quite a fallacy.

13,171. Your competition prevents the foreigner, does it not, from charging as much as he would otherwise do?—Foreign competition prevents us from getting our natural profit, and that is all that the consumer gains.

13,172. But when you say that the foreign bounty makes the price to the consumer just a fraction below what you charge, I suppose that if you were out of the way he would raise his price, would he not?—Certainly.

13,173. His object is not to go below you, but to get as much as he can?—Yes. It is quite a mistake to suppose that the foreign refiner gives away the whole of his bounty to the British consumer. Mr. Giffen has always maintained that the British consumer gains by the total amount of the bounty, which is a fallacy. The British consumer merely gains that small fraction by which the foreign producer undersells us; the rest of the bounty goes into the foreign producer's pocket.

13,174. Do you consider that the present state of things involves much fluctuation in price?—It involves an enormous fluctuation in price. We went down last year to 10s. a cwt. for raw sugar, and then we went up again to 17s., which is a rise of 70 per cent. That operates in the way which I stated just now. If we are dependent upon the beetroot industry, which is subsidised by these bounties, if the British consumer is dependent for his supply of sugar on that supply, and that supply is artificially stimulated by bounties, and the price goes down to a point at which even the bounty-fed producer cannot afford to produce it, he immediately commences to reduce his production, and directly he reduces his production the price goes up again. This year he is going to increase his production again, and then we shall go down to 10s., and another year if he reduces his production we shall go up to 17s., and therefore it cannot be said that the consumer gets the benefit of the price of 10s., because you have to strike an average, and see how much the consumer gets on the average.

13,175. You mean that the foreign producer has the command of the market, and that he can make it rise or fall according as he produces a larger or a smaller quantity?—Yes, that has been illustrated by actual facts, because the beetroot crop this year was reduced to the extent of 500,000 tons, and the price jumped up from 10s. to 17s. Now this next year's crop is going to be a larger amount, and therefore the price is sure to go down. At present it is only 13s., in prospect of a larger beetroot crop.

13,176. But it is the fluctuation in the amount of the crop which makes these great changes?—Not quite that; it is the fluctuations in the sowing.

13,177. When you say that in consequence of the bad crop the quantity that is to be sent from abroad is largely diminished, and that the effect of that is to

raise the price from 10s. to 17s., the foreign producer has the market at his mercy?—Entirely.

13,178. Then your complaint has been that if the bounties are continued the consumer will eventually be dependent upon the bounty giving countries for his supplies?—If the bounties continue in the way they are going on now, of course the cane sugar producing countries will be compelled to give up the production altogether, or at all events to largely reduce it, and the more they reduce it the more dependent the consumer will be on the continental supply, and I have shown you that he is already dependent to the extent of a fluctuation of 70 per cent. in the value, upon the continental supply.

13,179. Do you distinguish between the fluctuations caused by the production of the raw material and those caused by sending us a quantity of the refined article from foreign countries?—Yes, I do, because the two things are very distinct indeed. The West India producer only suffers by the production being so stimulated on the continent as to force the prices down below the point at which he can produce sugar; but we, the sugar refiners in this country, suffer every day, because whatever the price of raw sugar may be, the foreign refiner always has an opportunity to undersell us by a small fraction, say 1d. per cwt., below our cost of production.

13,180. But that would not cause violent fluctuations?—No; the refined sugar bounty does not cause violent fluctuations; it is the raw sugar bounty that causes violent fluctuations.

13,181. How do you consider that the removal of the sugar bounties is to be effected?—For more than 20 years Her Majesty's Government have tried to obtain the removal of the bounties by negotiation; and if the principle of a countervailing duty had been admitted, no doubt we should have obtained the abolition of those bounties before now; and we still think that if the principle were admitted negotiations might be entered into, although it is not so easy to do this now as it was then, but there is just the hope that we might by negotiating obtain an abolition of these bounties; but the simplest method of all is, as has been already stated, the levying of a small countervailing duty on all bounty-fed sugar.

13,182. Would that duty apply to the refined sugar only?—Speaking as a refiner, I do not want anything but a countervailing duty on refined sugar.

13,183. How would it affect you if there was a duty not only on refined sugar but on raw sugar also?—Giving you my own personal opinion, I do not think it would affect me at all, because it must always be recollected, which, I think, has often been forgotten, that the countervailing duty would be paid by the person who received the bounty. The countervailing duty does not fall upon the consumer of sugar in this country at all, it is paid by the person who receives the bounty. This country, I contend, has sugar from all parts of the world, and, therefore, if there was a countervailing duty on bounty-fed sugar, it would not affect the price of sugar in this country; the countervailing duty would be paid out of the bounty.

13,184. That would be a competition from which the receiver of the bounty would not be allowed to keep all to himself; he would very soon find that rival competitors would come in and compel him to give a portion of his bounty to the consumer?—He gives a small fraction of bounty to the consumer, and to the extent of that small fraction the consumer would lose by the imposition of a countervailing duty, a few pence per cwt., as regards the bounty on refined sugar.

13,185. What would be the effect upon your refining if the same duty was laid both upon the raw material and upon the finished article; would not it be rather in favour of the finished article, which is the more expensive?—In my opinion I do not think it would, because I do not think that a countervailing duty on raw sugar would affect us at all; we should get our raw sugar at exactly the same price as it is now. The raw sugar which receives a

bounty would come in, and the bounty would be taken off on importation, so that it would be sold at the same price as other sugar which received no bounty. The market price in this country would be governed by the sugar that received no bounty, and not by the sugar that received bounty.

13,186. There are two ways in which the consumer is supplied with his refined sugar; one is by sugar sent from abroad, and which has been refined abroad, and which is delivered to him here in a finished state, and the other is by sugar which has been imported in a raw state, and has been refined for him by the English refiner. The consumer, I suppose, does not inquire whether it comes in one way or the other; he buys that which is the cheapest and most suitable to him. Supposing, in the first place, that the foreigner gives a bounty upon the sugar, that gives him an advantage over the English refiner, and the refined sugar will come from the foreign country. Supposing, then, to meet that, you put on a countervailing duty on his refined sugar, your theory is that that exactly balances matters; but if, in addition, you put a similar duty upon the raw material, is not that competing against the refiner in this country?—No, because there is a much larger quantity of raw sugar imported into this country without any duty. I am only stating my own opinion upon this point, because there may be some refiners who have a different opinion.

13,187. You think that imposing a tax upon the raw sugar would not affect the price of sugar in this country?—No, as it would be paid by the person who receives the bounty.

13,188. And that would neither do good nor harm to the sugar producer?—It would stop the bounty; the man who receives the bounty would get no further advantage out of it. The German Government does not wish to add to our revenue, and directly they found that the operation of their bounty was to add to our revenue, they would stop it.

13,189. But supposing they did not; supposing the German Government continued their system, as you call it, and we were to lay this duty upon raw sugar which was coming in to be refined, is not that a disadvantage to the refiner?—No, because the duty is paid by the person who receives the bounty on the other side. The German producer would have to pay the duty upon raw sugar, which, when it came here, would have to be sold exactly on the basis of other raw sugar.

13,190. Who would compel him to pay the duty?—He need not send his sugar here unless he likes, only he must send it somewhere.

13,191. You say he would have to pay the duty; how would he pay the duty?—By selling his sugar so much cheaper.

13,192. Do you think that it would signify if the duty was a heavier one. Supposing there was a very heavy duty upon raw bounty-fed sugar in this country, do you suppose it would not affect the refiner?—I do not think it matters how high it is on bounty-fed sugar if it is only equivalent to the bounty, because there is an enormous quantity of raw sugar that comes from other countries that give no bounty, and the price will always be established by the value of that raw sugar. The price of sugar in this country is governed by the price all over the world.

13,193. Do you consider that such a countervailing duty would not be an infraction of the most favoured nation clauses in our treaties?—I think that as long as sugar is admitted here with a bounty the favoured nation clause is practically broken. Any country that has a most favoured nation clause treaty with us, and which sends sugar here with no bounty, might very properly complain of our admitting sugar that receives a bounty, they might complain that it is breaking the most favoured nation clause, and is giving an unfair advantage to those sugars which receive the bounty.

13,194. Are you aware that there is very great difficulty felt at the Foreign Office as to whether it would not be an infraction of the most favoured nation

clause?—The committee of 1880 were told that the Law Officers of the Crown had given that opinion, but we have heard various opinions on the opposite side that it would be no infraction of the favoured nation clause. In fact, practically, all the refined sugar which comes here receives a bounty, and, therefore, if a duty were levied on all foreign refined sugar, that of course would not break the favoured nation clause; it would answer the purpose, and it would be entirely consistent with the treaties. If all the refined sugar were treated in the same way it would be perfectly consistent with the treaties.

13,195. Do you consider that the admission of the principle of a countervailing duty would suffice to make the negotiation successful?—We certainly were of that opinion some years ago when the negotiations were going on. Whether it would be so now I cannot say, but when the negotiations were going on it is perfectly certain that if we had admitted the principle of countervailing duties those negotiations would have been successful.

13,196. Would you look with composure upon the imposition of countervailing duties, whether the foreign bounties were taken off or not?—If the bounties are taken off we do not want a countervailing duty.

13,197. What I mean is this, there is one idea that by putting on a countervailing duty you would induce the foreigner to take off his bounty, and then you would take off your countervailing duty. That might be a very satisfactory operation, but I am putting the case of the foreigner not taking off his bounty, and you, therefore, not taking off your countervailing duty, I say, would you regard with composure the idea of going on in that way, with the bounty on that side and the countervailing duty on this side?—I do not think I should. I certainly contemplate the certainty of bounties being abolished directly a countervailing duty is put on.

13,198. You feel so secure of that that you would risk the chance of its not being so?—I would.

13,199. But supposing that it were to be so by any extraordinary circumstance, do you think that would be a satisfactory position?—It would be very satisfactory to our Exchequer, because we should be simply adding the bounty to our revenue.

13,200. Do you consider that if the bounties were abolished sugar-beet would be grown in this country?—I am quite certain of it; I think that the existence of these bounties is the only impediment to growing sugar-beet in this country. I believe that the sugar-beet industry in this country would be the salvation of the British farmer. I have been all through the beetroot districts of the continent and seen the method of cultivation and the nature of the land and the quality of the roots grown. I have also had roots grown for me in various parts of England, and I have had a good deal of negotiation with farmers in various parts of England with regard to the growing of roots, and I am perfectly confident, after making this investigation, that roots could be grown in many parts of this country which would be in every way as good as those grown on the continent.

13,201. Have there been any experiments tried?—I have tried experiments myself. I have had roots grown for me in Lincolnshire on a tolerably large scale, and also in Kent, in the best land in Kent and the best land in Lincolnshire, and the result was that we got roots which I had analysed in my own laboratory which were quite equal to those grown in France or Germany.

13,202. There is nothing but the bounty then that prevents it being done at a profit?—I am perfectly certain of it.

13,203. (Earl of Dunraven.) Do you think that if beetroot sugar were grown here it would compete with the colonial cane sugar?—I think so. Our colonies complain of the bounty, but they do not complain of beetroot competition on fair terms; all they complain of is the competition plus the bounty.

13,204. You do not consider that the additional cheapening of sugar by the bounty has had any bene-

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ficial effect upon confectioners and jam makers, and so on?—I am perfectly certain it has not, because the bounty on refined sugar merely enables the consumer, the jam maker, or the confectioner to buy his refined sugar a few pence cheaper than he otherwise would buy it; that is nothing compared with such fluctuations in one year as 7s. a cwt.

13,205. But there has been a great development of that sort of industry, has there not?—Not that I am aware of. As soon as Lord Iddesleigh took the duty off sugar, of course sugar came into this country perfectly free without any duty, and therefore this country was the best country in the world for making preserves and confectionery because there was no duty on the sugar, and therefore the preserving and confectionery trades no doubt prospered; but they did not prosper on account of the bounties, they prospered for other reasons, on account of the natural cheapness of sugar arising from there being no duty on it.

13,206. In your opinion it would not be correct to state that any loss that would be made on the refining was fully made up by the development of other industries?—It is a most gross mis-statement. Those industries have flourished quite for other reasons. Jam making and confectionery had just as much scope when sugar was 17s. last year as it had when sugar was 10s. last year; it did not make any difference to them.

13,207. Do you know what effect the bounties have had on the price of sugar in bounty giving countries to the consumer?—The price to the consumer in bounty giving countries is governed entirely by the amount of duty which is paid on the sugar which goes into consumption in that country. In some countries the duty is large, in other countries it is moderate, and in other countries it is small. That is the reason why sugar is a higher price in foreign countries than it is in this country; not on account of the bounty but on account of the home duty.

13,208. I mean, did the creation of a great industry, sugar producing, in Germany, for instance, have a beneficial or adverse effect upon the consumer in Germany?—It had no effect at all except in unnaturally stimulating the production of sugar, and therefore unnaturally bringing down the price.

13,209. (Mr. A. O'Connor.) Do you know the price per lb. of white sugar in any of the Norman villages at present?—I do not. I know the wholesale price of sugar in Paris.

13,210. That of course pays the octroi?—The wholesale price of refined sugar, that is to say, refined and manufactured in Paris, for the supply of France, is about 100 francs per 100 kilogrammes.

13,211. I want you to compare the price of sugar in a normal French village where there is no octroi and the price of sugar in an ordinary English village?—It is higher to the extent of 50 francs per 100 kilogrammes, because that is the duty on sugar in France.

13,212. Do you know that from personal knowledge?—I do not know it from personal knowledge, because I have never been in a Norman village. I know it from personal knowledge in the case of Paris, because I see the market quotations.

13,213. Would you think that the price of sugar in a French village is less than double what it is in an English village?—Of course it is double, because it pays a duty of more than the value of the sugar.

13,214. Is the price of sugar in England less than it used to be in England?—Yes, materially; the price of sugar has gone down very much.

13,215. Is the price of sugar in France higher than it used to be?—No, less.

13,216. I mean as compared with, say, 20 years ago?—Yes, certainly.

13,217. Have you the figures on that point?—No, I have not, but I am sure I am right in saying so.

13,218. Could you get the figures?—I have no doubt I could. I will not pin myself to the exact time, 20 years ago, but I have no doubt that sugar is

much cheaper in France now than it has ever been before. I mean the duty-paid price.

13,219. Do you say that sugar is cheaper in France now than it has ever been before?—I have stated that as my opinion. I do not know it. Of course the duty in France may have been less. I cannot say what the duty was 20 years ago.

13,220. I am talking of the price?—And I am talking of the duty-paid price; the price of sugar is the duty-paid price. The consumer pays the duty-paid price; he pays the price of the sugar, plus the duty.

13,221. Is the price which the consumer pays now retail lower in France than it has ever been before?—That is my opinion. I do not state it as a fact because I do not know, but I should think so. I should like to qualify my statement by saying that it is just possible that the duty may be higher now than it was 20 years ago, because the duty was raised in the time of the French war to a very high point, and it has been gradually reduced since then.

13,222. That is a conclusion arrived at by a process of reasoning. You assume, first of all, that so and so was the case then, and you say that the same must be the case now. I want to get information from your personal knowledge with regard to the French bounty on white refined sugar, you told us that it had been lowered?—The bounty on loaf sugar has been reduced.

13,223. What has been the effect of that?—That we have imported much less loaf sugar from France than we did before.

13,224. What has been the effect of that on the retail price of loaf sugar in England?—I could not say.

13,225. You do not think it is material to consider it. The bounty in Holland you said has been reduced?—The bounty in Holland has recently been reduced; it was very heavy.

13,226. What has been the effect of that upon the retail price of sugar in Holland?—I have not the slightest knowledge of the retail price of sugar in Holland.

13,227. (Mr. Lubbock.) You accompanied a deputation to Mr. Mundella, did you not?—Yes.

13,228. Mr. Mundella is the President of the Board of Trade, and I presume, therefore, that what he said to that deputation must be taken as the views of the present Government on the sugar bounties. I find, in the report in the "Daily News," that Mr. Mundella made this remark, will you tell me whether it is correct: "He could not use language too strong as to the economic folly of the bounty system, and if it were possible for the Government to get rid of the bounties they would do so at once." If that is the case, would there be any difference to the consumer in this country by the bounties being done away with at once, or by their being countervailed by means of a duty?—The consumer would prefer having the bounties countervailed by means of a duty, because it would relieve him from taxation in other quarters.

13,229. As regards the price of sugar it would make no difference to him?—It would make no difference whatever to him.

13,230. You do not think Mr. Mundella was correct in this remark: "He did not want them to understand that he was going to defend a system of countervailing duties, for he believed that if he were to do so he should be doing a great wrong to the consumers of this country." Is it your opinion that if he induced foreign governments to take off the bounties he would be doing still further wrong to the consumers of this country than he could possibly be doing by imposing a countervailing duty?—Yes; he was making a statement which was inconsistent with his previous statement.

13,231. Then Mr. Mundella made this remark: "The continental governments were afraid of the effect of discouraging, some of them, the growth of beet, and they rather dreaded the consequences of

"putting a stop to bounties altogether, but he was glad to see that they were getting wiser and becoming tired of it." Do you think that there is any evidence that foreign governments are becoming tired of it?—No, they seem to be rather increasing it.

13,232. Then you think that Mr. Mundella was not correctly informed upon that point?—I think he was not.

13,233. Then he made this rather curious remark: "He believed that we should sooner come to the end of this vicious system by letting foreign governments stew in their own gravy, and let them find out how they were taxing their own countrymen." I presume that what Mr. Mundella meant by that was that the best course was to leave them alone?—Yes.

13,234. That, I think, has been tried for 25 years?—Yes, it has.

13,235. And the effect has been that the bounty has continued, and has rather increased than diminished?—Yes, and the bounties have become so large now that it is merely a question of time how soon the sugar refiners of this country will have to shut up altogether.

13,236. Then Mr. Mundella said, "As to adopting a countervailing duty, the only effect of that would be to give a premium to the countries that had the highest bounty." Would that be so?—No.

13,237. The effect of a countervailing duty must be in the case of every country to reduce the bounty to the extent of the duty?—Yes; besides which those countries which have a higher bounty probably require that higher bounty on account of being not so well situated for the manufacture of sugar as other countries. For instance, Russia requires a bounty of 5s. a cwt. to compete with the bounty of 2s. in Germany. Russia is not so well situated for the manufacture of sugar as Germany, and therefore it requires a higher bounty.

13,238. And the cost of export is higher there?—Yes, and they do not produce the same quantity of roots per acre as the Germans do.

13,239. Are you aware whether it is the case at the present moment that, notwithstanding the bounty of 5l. a ton, Russia is unable to export sugar?—Yes.

13,240. They have not exported any sugar during the last two or three months?—No, they have not.

13,241. Therefore that theory of Mr. Mundella's has no foundation for it?—None whatever.

13,242. Then Mr. Mundella goes on to allude to the case of confectionery manufactures, and he says that England "had become the great confectionery manufacturer of the world, and for every man thrown out of employment in the refinery trade two men were employed in subsidiary trades in consequence of the cheapness of sugar." I want to ask you this question: is it not the case that even if we had a countervailing duty, whatever the effect of that duty might be, sugar would still be sold 8l. to 10l. cheaper in England than in any other country?—Yes, that is what I have already stated.

13,243. Therefore, there is not the slightest foundation for pretending that the confectionery trade can have any interest in this matter?—None. It is merely raised as a side issue in order, if possible, to get rid of the real point in dispute.

13,244. Then Mr. Mundella said, "he did not go into the question of whether it was opposed to free trade or not, but if they made the countervailing duty such a duty as to be effective it would be opposed to free trade and would give a very large protection"; can you explain at all how it would be possible for a countervailing duty which did not exceed the bounty to give a very large protection?—Certainly not, it is merely restoring free trade.

13,245. It is doing away with the protection which some of our competitors have in foreign countries?—Yes, it is "conceived in the interests of free trade," as the "Spectator" puts it.

13,246. It would in fact be restoring to free trade all that the bounty destroyed?—Yes.

13,247. Mr. Mundella said that it had been computed that the consumers of this country had gained 34,000,000l. sterling by these bounties, "It had been computed that foreign governments had given us 34,000,000l. sterling by their folly," do you think that is true?—No; I have already contradicted it in my evidence.

13,248. No figures have been put forward to explain how Mr. Mundella has arrived at his extraordinary view?—No, unless he has taken Mr. Giffen's imaginary figure of 2,000,000 a year and multiplied it by 17 years, but that is quite an erroneous figure altogether.

13,249. With regard to the drawback you were asked by the noble chairman a question, whether the drawback did not necessitate almost a bounty; is it not the case that when duties are very low it is very much easier to arrange a drawback in such a way as not to give a bounty?—Yes.

13,250. No doubt when the duties are very high the bounty is almost inevitable in the drawback?—That has been our experience.

13,251. If foreign governments could be induced to reduce their duties by one half they need not retain the system of duties and drawbacks, the probability is that the profit would be so much reduced as to be almost inappreciable?—Yes, unless they adopt the system which has been started by Russia of giving direct bounties.

13,252. Would it be your opinion that in the event of the duties being reduced by one half there would be an enormous increase in the consumption?—Certainly; the result of the reduction even from 70 francs to 50 francs per 100 kilogrammes has caused an enormous increase in the consumption in France.

13,253. It has been suggested that if we imposed countervailing duties it would be perfectly easy for foreign countries to continue raising their bounties, and that we should have this state of things, that we should have to keep raising our duties and they would have to keep raising their bounties; what do you say to that?—All the better for our exchequer.

13,254. Which would be the first to become tired, the country that was receiving the bounty or the country paying it?—I do not think we should become tired. It must always be remembered that as long as those countries produce great quantities of sugar they must have an outlet for that sugar, and they must send it to this country, whether they wish it or not, and whether it pays duty or whether it does not.

13,255. Unless they could find some outlet in their own countries by means of increased consumption?—Precisely so.

13,256. You have been asked some questions with regard to the duty on raw sugar affecting you in the way of interfering with the reserve of raw sugar?—Yes, but any answers that I gave to that question you must take as coming from me personally, and not from the trade, because there is a difference of opinion amongst some refiners upon that point.

13,257. Your view, if I understand it, is this: that there is such a very large area which produces sugar which receives no bounty, and sugar is produced from so many countries that are scattered all over the world, that there would not be the least fear of your being able to obtain an ample supply of sugar at free trade price?—I think that is so, and that we shall even obtain bounty-fed sugar at free trade price.

13,258. And no foreign refiner would be in any better position than you are?—No.

13,259. Nor would it give the foreign refiner any advantage over you?—None whatever.

13,260. The only advantage that the foreign refiner now has over you is the bounty that he gets on refined sugar?—Yes. My former answers are always on the assumption that you countervail refined sugar as well as raw. I should not like to have the raw countervailed and not the refined.

13,261. You have told us that it is only necessary for the foreign refiner to undersell us by a few pence per cwt.; could you explain how the American refiners can so arrange the price as to be able to undersell us

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at such a very small difference in price?—They do not arrange the price, the price arranges itself. The pressure in the market arranges the price; prices always arrange themselves in the market.

13,262. What I mean is this; that if an American refiner wishes to sell sugar in London for a very low profit, and to undersell you, it is necessary for him to know the price which he can obtain for his sugar in the London market; can you explain to us how he does ascertain from day to day the price so as to enable him to arrange accordingly?—In the ordinary way that every other person ascertains the price.

13,263. By means of the telegraph?—Yes, he finds out in the ordinary market method what price he can obtain for his sugar.

13,264. By means of the telegraph he can always find out what price he can sell his sugar at?—Yes, and that price is regulated as I say.

13,265. And all that he has got to do is to sell his sugar at such a price as to induce a buyer to take his sugar in preference to yours?—Yes.

13,266. (*Chairman to Mr. Martineau.*) Would you kindly give us some information about your own experience on growing sugar beet in England. Could you tell us what you consider would be the cost per acre of growing roots?—Yes; I went into the subject very carefully with an eminent agriculturist, Mr. John Algernon Clarke, of Long Sutton, in Lincolnshire, who is a very able man, and was at one time the editor of an agricultural paper; the question was very thoroughly gone into by him, more than I think it would be under ordinary circumstances. He has published a paper on the subject, which I have not with me, but which I could no doubt find and send to the Commission, which states exactly his estimate of the cost per acre. His estimate certainly was quite as low as any estimate I have ever seen on the continent, and I think that is a very important point.

13,267. (*Mr. Lubbock.*) We have had evidence that the roots have been grown for about 9*l.* per acre, is that your experience?—Yes, that is about it.

13,268. What is the rate that the roots would be grown per acre?—Mr. Clarke estimated that he could grow a very much larger quantity of roots per acre in Lincolnshire than is customary either in Germany or France. He estimated over 20 tons to the acre. He may have been too sanguine in his estimate, but I think that by the experiments which he tried he found that he was able to get about that quantity. In Germany from 12 to 14 tons is considered a very good crop. They are very small roots in Germany, no doubt, but in France from 15 to 16 tons to the acre of their large roots is considered a good crop.

13,269. Could you tell us what saccharine matter was contained in the roots which Mr. Clarke produced?—I should certainly say that some of the roots that we analysed contained from 14 to 15 per cent. of sugar.

13,270. They were, in fact, quite as good as the German roots?—They were quite as good as the French roots. I would not go so far as to say that they were as good as the German, but then the German production has improved since that time.

13,271. Do you consider that the farmer would be really paid for his labour by selling his roots at 18*s.* per ton?—Certainly.

13,272. If he sells his roots at 18*s.* per ton and grows 20 tons that would give him 18*l.* an acre?—Yes.

13,273. And it would only cost from 8*l.* to 9*l.* to grow those roots?—We estimate that a farmer under the most unfavourable circumstances ought to get a steady profit of 3*l.* or 4*l.* per acre, or pretty nearly that.

13,274. Is it not the case that in Germany and in all those countries the farmer, besides selling his roots, has an arrangement with the factor, under which the factor returns him something like 40 per cent. of the beetroots in pulp?—Yes.

13,275. That pulp is sold to the farmer at a price varying from 5*s.* to 7*s.* a ton?—It depends upon what

kind of pulp it is. Diffusion pulp, I suppose, is about 5*s.* a ton.

13,276. Do you consider that a farmer would make something like a profit of 5*s.* a ton on that pulp from its value to him as a feeding medium?—I should think very likely he could.

13,277. So that that profit, of course, would have to be added to the price that he would receive for his roots?—Yes; I want also to point out that the beetroot industry is an enormous advantage in this way, that it stimulates the production of cattle. The production of cattle enormously increases in all countries where the beetroot industry is flourishing.

13,278. (*Mr. Lubbock to Mr. Duncan.*) Do you distinctly confirm Mr. Martineau's figures, so far as they have gone, as to the supply of roots that can be grown to the acre?—I think, perhaps, he has put the weight a little too high. The weight that was got at Lavenham was about, I should think, from 12 to 15 tons an acre, but the land at Lavenham is not of very good quality; it grows a very good quality of root, but it is not a very high class land; it is rather heavy land, and rather difficult to work; I should say that from 12 to 15 tons an acre was a fair average crop.

13,279. Might I say 14 tons to the acre?—Yes; and the cost of cultivation and hauling is about 9*l.* an acre.

13,280. (*Mr. Palgrave.*) Do you include rent in that?—Yes.

13,281. (*Mr. Lubbock.*) Assuming that the farmer sold his roots at 18*s.*, that would give him 12 guineas per acre?—Yes.

13,282. The cost of growing would come out of that?—Yes.

13,283. That would leave him about 3*l.* 12*s.*?—Yes.

13,284. Do you think that we might put another 1*l.* an acre for the value of the pulp to him?—Yes, I should think you might, for the advantage of getting pulp; you might do that quite easily. I might mention this, that 3 tons of pressed pulp is equal to a ton of good hay, whilst 6 tons of diffusion pulp is equal to a ton of good hay; that is about, roughly speaking, the value of it.

13,285. That would make the value of that kind of pulp come out more than I said?—Yes, but we had to sell it at that price.

13,286. Taking this figure, and allowing only 1*l.* for the pulp, that would show a profit to the farmer of 4*l.* 10*s.* an acre?—Yes.

13,287. Do you think that any other crop grown in England on arable land would give anything like such a profit as that?—I am not aware of any at the present time.

13,288. Leaving the farmer for the moment and proceeding to the manufacturer, assuming that the manufacturer bought those roots at 18*s.* a ton, will you tell us how many tons he would employ to make a ton of sugar?—That depends upon circumstances, according to the quality of the root. The Lavenham roots contained about 12 to 13 per cent. of sugar. Those German roots now are grown, not for the quantity of sugar that they contain, but for the amount of money that they can get out of the Government. I have known one manufacturer in Silesia whose roots polarised as high as 21, but the crop was merely grown for the express purpose of getting the benefit of the bounty. He grew a very small weight per acre, about 8 to 9 tons.

13,289. I presume you would not wish to represent to the Commission that the roots in Germany, on an average, come anywhere near that?—No, I should think the average polarisation of roots in Germany would be 15 now. Of course the system of duty encourages every person to aim at a small crop, but a very rich one. If you wish to produce richness you must content yourself with a small weight per acre.

13,290. Is not this the case that beyond a certain quantity of sugar obtained from the roots the manufacturer gets a profit of 10*s.* for every ton he can pro-

duce. The Government, for instance, tax roots and pay him a drawback on the assumption that a given quantity of sugar is obtained from those roots?—Yes, under the German system the duty is about 8½ per cent. It is calculated for the duty that the roots should produce about 8½ per cent. of sugar, although the manufacturer often gets 12, 13, or 14 per cent.

13,291. In fact, on all the sugar that he produces beyond 8½ per cent. he gets a bounty of 10*s.* a ton?—Yes.

13,292. Going back to our English manufacturer, assuming that he has paid 18*s.* a ton for the roots, do you think we might hope, or might assume, that he can get a ton of sugar from 12 tons of roots?—Yes, I think that could be done in England.

13,293. That would make the cost to the English manufacturer 10*l.* 16*s.* for the raw material of his sugar?—Yes.

13,294. Do you think we might take the charge of the manufacture at 4*l.* 10*s.* a ton?—No, the charge of the manufacture is about 8*s.* to 10*s.* a ton of the roots.

13,295. You are speaking now of Germany, are you not?—Yes.

13,296. But in Germany they do not take 12 tons of roots to make a ton of sugar?—No.

13,297. I think in Germany they do not take much above 9 tons?—No.

13,298. Therefore, at 10*s.* a ton, 9 tons would be about 4*l.* 10*s.*?—Yes; but that would not make much difference, the cost would be about the same. You may say that the working expenses would be about 10*s.* per ton on the roots.

13,299. You would put it at 6*l.* to the 12 tons?—Yes.

13,300. That would make the total gross cost 16*l.* 16*s.* per ton?—Yes.

13,301. But out of that would come the value of the pulp and the molasses which the manufacturer sells?—Yes.

13,302. What would you put that at?—He should get about 3 tons of molasses, which would be worth about 5*l.* a ton, that is 15*l.*, and he ought to get about 10*l.* worth of pulp.

13,303. The two together would make about 25*l.* on a ton of sugar?—Yes.

13,304. That is to say, that it would bring out a price of 15*l.* 11*s.* a ton, or 15*s.* 6*d.* a cwt.?—Yes, I think sugar can be grown in England for about that price.

13,305. That is raw, 2*d.* per lb.?—Yes.

13,306. (*Mr. Jamieson.*) For a crop of roots of this character a certain amount of heat is required, is it not; the climate requires to be particularly suitable?—No, I do not think so. I worked my manufactory in Lavenham for about five years. The difficulty there was to get the quantity of roots; the farmers sent me in every year from 6,000 to 8,000 tons of roots. We found that in our experience the English grown roots at the time were quite equal in quality in every respect to the roots grown in France, in Holland, and in Belgium.

13,307. Were those roots grown in Suffolk?—Yes, entirely in Suffolk.

13,308. Would it be your opinion that roots grown in Northumberland would be equally good?—No.

13,309. Therefore the production must be within a limited area?—It is within a limited area in England and a limited area in Ireland, and not in Scotland at all. I have seen roots grown in every part of England, in a very large number of districts in Ireland, but in no districts in Scotland. You may say that some of the midland and south-eastern counties of England are capable of growing as good roots as you can grow in any of those countries, but as you go westward the climate there is not at all suitable. I may say in a few words, the climate that is suitable for growing beetroot is this:—You require a warm wet summer, a very cool dry autumn, and a very cold winter, that is the perfection of climate for sugar beet.

13,310. That would apply to a very limited area in the United Kingdom?—Yes, a very limited area.

13,311. The growth of beetroot in most parts of Germany, is, I think, of a comparatively recent development?—Yes; you may say that. About the year 1871, when I first began to go a good deal into Germany, I think the crop was only about 200,000 tons, and in 1884 it was 1,200,000 tons.

13,312. The average increases very very much in some provinces?—Very.

13,313. I think I understood you to say that in Germany it was exceptionally good land?—No, all kinds of land, there were some lands that produced a far better crop of beetroot than others.

13,314. But to produce a good crop of beetroot you require good land?—Yes.

13,315. What was that land growing before it grew beetroot?—Potatoes, rye-grass, and wheat.

13,316. So that there has been a notable withdrawal of land which was growing agricultural produce of a different kind for the growth of beetroot?—Yes. But might I interpose there and tell you this, that wherever you have the beetroot industry the other crops which follow are immensely benefited, because the cultivation of beetroot requires to be of the very highest character, and then by the quantity of manure that it gets where so many cattle are kept, it raises the fertility of the soil to an immense extent, which you do not find in any district where beetroot is not grown.

13,317. (*Mr. Palgrave.*) I conclude that beetroot is grown in rotation, in a four years series?—Three years is quite sufficient.

13,318. (*Mr. Jamieson.*) So that it would not be correct to say that the growth of beetroot had excluded the growth of wheat in those countries?—No, I should say that it rather disturbs potatoes and crops of that kind.

13,319. (*Mr. Lubbock.*) Is it the case that where the beetroot industry is carried on abroad there is evidence of considerable prosperity there as compared with neighbouring districts where the beetroot is not grown?—Certainly my experience is this, that in 1871, when I went over the northern districts of Germany, the villages were in the most destitute condition possible, and now if you go into those same districts you will find that the same villages are rebuilt and the people extremely prosperous.

13,320. I need not ask you as to whether if there was a large industry of that kind established in England it would not give an enormous amount of employment to our engineers in providing the necessary machinery?—Certainly.

13,321. You were asked whether England would have any chance of competing with the colonies; is it not the case that the consumption of sugar in England is steadily increasing year by year?—I am afraid I cannot say that, I think we have very nearly reached the limit of our consumption. I think for the last three years the figures that are put before us in the statistics very often (and I cannot explain them away) would tend in a different direction; but my impression is that we have nearly reached the limit of the consumption of sugar in this country.

13,322. Supposing that we were to displace foreign beet sugar, there is now, I think, 600,000 tons of bounty-fed sugar coming here, that of itself would be an enormous industry for England, and it would be some years before England could overtake that?—Yes.

13,323. And we might hope for an increased consumption in the course of five or six years?—Yes.

13,324. Of course such an industry would have the advantage of being on the spot in competing with those who have to send their sugar from long distances?—Yes.

13,325. (*Chairman to Mr. Easton.*) You have heard the evidence given by Mr. Martineau and Mr. Duncan; perhaps you would kindly say whether there are any points which have been touched upon in their evidence on which you would wish to make any observations, or whether anything has been omitted which you would like to state?—I am a

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248 THIRD REPORT OF THE ROYAL COMMISSION ON DEPRESSION OF TRADE AND INDUSTRY:

Mr.
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Mr.
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Mr.
T. O. Easton,
Mr. T. Neill.
15 April 1886.

member of the firm of Macfie and Sons, of Liverpool, and I represent the Lancashire Sugar Refiners' Association, who are feeling the present crisis very acutely and think it of the utmost importance that the fact should be directly and strongly impressed upon the Commission. If the bounty system progresses, as it has done, it means the extinction of our industry. I have not much to add to what has been already stated in evidence, only I should like to illustrate what Mr. Martineau said about the inappreciable difference which it would make to the consumer by taking away the bounty on refined sugar. The course of the refining trade is that a very large quantity is done in single refineries; for instance, we do, we will say, 50,000 tons a year; if we are undersold one penny per cwt. beyond what we can refine it at, that means a loss to us of 4,000*l.* per annum, which is very appreciable to us; but it raises the cost only 2*d.* per cwt. to give us a selling profit of 4,000*l.*, and the difference would not be appreciable to the consumer, it would be so very small. Then your Lordship asked a question how we would like as refiners to have a countervailing duty upon raw beet sugar—how it would affect us as manufacturers? The effect would be, of course, to raise the price of our raw material to the exact amount by which it is depressed now below the free trade level, but no more than that, whatever that may be. I cannot say what it is, but as refiners the price of our raw material does not materially affect us, unless there is such an increase in price as will affect the consumption, because our profit consists in the difference between the price of the raw material, whatever it is, and the price of the finished article which we sell again. Any prosperity which we may have enjoyed in the refining trade has been in spite of the bounty system. I presume that the desire is to do as much trade as possible, and there is now 300,000 tons of refined sugar which comes in from foreign countries for no other reason except the reason of the bounties, and therefore, this trade would surely come to the refining industry of this country if the bounties were removed.

13,326. (*To Mr. Neill.*) Is there any point which you would like to mention to the Commission?—I should like to say that I am a partner in the Clyde Sugar Refining Company in Greenock, and I have been asked by the sugar refiners to represent them. I may say that I concur generally in all that Mr. Martineau has said to-day; I just wish to amplify it with regard to our own trade in Greenock, that we look at the present state of affairs in the sugar trade as most serious and critical; at present we have four refineries shut, and in our own case eight are working 25 per cent. less, which would show that the trade in Greenock at present is in a very serious and critical state; four of them are shut which could, if they were working, turn out 100,000 tons of sugar a year; they would do that if the bounty were abolished, and those four would give rise to a very large amount of money being circulated amongst the working classes. Greenock is a town which almost entirely depends upon sugar refining and shipbuilding—mostly upon sugar

refining—because in that trade there are a large number of dependent industries which are kept up by sugar refining which are not kept up by shipbuilding.

13,327. I understand that Greenock until very recently was only indirectly affected by foreign bounties, but now she is directly affected; will you explain that?—Until within the last two or three years the bounties given by foreign countries was entirely on loaf sugar. In Greenock there was no loaf sugar made at all, it was all moist sugar. Since the Select Committee of the House of Commons on Sugar Industries, foreign nations not only have given a bounty on loaf sugar, but they have also given a bounty on the same kind of sugar that is made in Greenock, and, therefore, we are now being hit quite as much, if not more, than even Liverpool or London—and, therefore, although it has been stated by Mr. Giffen, I think, or at any rate by some of our opponents, that the statistics of the sugar refining at Greenock do not show that it is a decaying industry, the reason for that is simply because there was no bounty on the class of sugar that was made in Greenock until within the last two or three years. But now, as I say, we have four sugar-houses shut up; there are 13 altogether in Greenock, and eight of them are working 25 per cent. less than their capacity, and the ninth, which is comparatively a small refinery, is working full time. That is the position of the trade, and we in Greenock, not only the refiners, but the bulk of the people in the town, look upon the present state of affairs as in a most critical position. It was for that reason that not only the refiners, but all in the corporation, petitioned you to take up this matter at once, as it was not a matter that could wait very long, because, as we have been saying, something must be done—and something must be done at once—otherwise the trade will be ruined in Greenock. Greenock has a large corporation debt; the debt of the public trust is very large, over 2,000,000*l.*, and it has been sanctioned by Parliament, and if the trade is extinguished not a single penny of interest on that debt will be able to be paid, because it is owing to the refining industry that the money is raised to pay the interest on the debt. I should like to say further that in Greenock 240,000 to 250,000 tons of sugar are refined annually. That is about one fourth of the total quantity of sugar consumed annually in the United Kingdom. The position of the British sugar refining trade differs from all the other manufacturing industries in this country, in this respect, that while every British industry, including sugar refining, is denied free trade on foreign markets, the sugar refining industry alone, owing to the bounties, is denied free trade on British markets. We have been taught that free trade meant that all commodities should be sold at the "natural price." Foreign bounties enable the foreigners to sell sugar on British markets under the "natural price," which therefore destroys free trade in sugar. A countervailing duty, which would intercept the bounty at the port of landing, would restore the "natural price" and thus restore free trade.

The witnesses withdrew.

Adjourned to Wednesday the 5th May at 11 o'clock.

THIRTY-THIRD DAY.

Wednesday, 5th May 1886.

PRESENT:

THE RIGHT HON. THE EARL OF IDDESLEIGH, G.C.B., IN THE CHAIR.

RIGHT HON. G. SCLATER-BOOTH, M.P.
MR. J. AIRD.
SIR J. ALLPORT.
SIR J. P. CORRY, M.P.,
MR. C. J. DRUMMOND.
MR. W. F. ECROYD.

MR. H. H. GIBBS.
MR. W. H. HOULDSWORTH, M.P.
MR. G. A. JAMIESON.
MR. P. A. MUNTZ, M.P.
MR. A. O'CONNOR, M.P.
MR. R. H. INGLIS PALGRAVE, F.R.S.
MR. G. H. MURRAY, *Secretary*.
MR. T. H. ELLIOTT, *Assistant Secretary*.

MR. MARSHALL STEVENS further examined.

13,328. (*Chairman.*) I think when we last had the pleasure of seeing you we had gone through the question of railway carriage, and you were anxious to make some observations upon the water carriage system?—Yes.

13,329. Will you be kind enough to say what your view of the relative advantages of water carriage and railway carriage?—I do not think that any system of land carriage can be worked so economically as a good system of water carriage, and my reasons for saying so are that the cost of maintenance is considerably less upon canals than upon railways, and the cost of transport will be less, and the terminals will be very much less costly. The cost of maintenance, both current expenses and large repairs, upon the French canals, over a long period has averaged about 93*l.* per mile; the cost of maintenance of way works, &c. alone on English railways in 1884 was as follows:—On the Lancashire and Yorkshire Railway, 717*l.* per mile, on the London and North-western Railway, 533*l.*, and on the Midland Railway, 447*l.* Then the economy of transport by water is greater than by rail. Traffic can be carried in greater bulk and with less expensive material, and without the costly system of signalling or shunting necessary on railways. The cost of carriage in France, as the result of considerable investigation by the Government, was found to be less than a farthing per ton per mile when carried in a barge of 300 tons. In England, on the improved Ayr and Calder Canal, the cost of haulage has been reduced to 1*d.* per ton for seven miles. Of course the cost is very much less in sea-going vessels, because the bulk carried is greater and the crew proportionately less. I find that taking an ordinary sea-going cargo steamer of 2,000 tons cargo capacity, such a steamer can run 30 or 40 miles for 1*d.* per ton and pay. Perhaps the principal reason why canal navigation is so advantageous, particularly in England, is the cost of terminals. A canal boat can load or discharge at any point along the canal, and at the port alongside the sea-going steamer, and the boat can be used as a warehouse without the cost of extra handling, the goods being carried forward to any destination. I can give an instance of that in the case of Rouen. At Rouen we have been in the habit of sending out cargoes, or portions of cargo, and the traffic that has not been sold on its arrival at Rouen we put into large barges of 200 tons or 300 tons, for which we pay about 8*s.* a day, and then it waits in the port until we sell it, and in the same bottom we can deliver it wherever it is sold without any extra charge beyond the daily cost of the barge. As I stated before, the railway carriage in France is very much cheaper than it is in England, and yet notwithstanding that the carriage by water is increasing, and in 1883, for instance, out of 190,500 tons of cereals imported into Rouen, 181,508 tons were taken inland by water, and only 18,993 tons taken by rail. Again,

80,000 tons of building timber were taken to Rouen, and out of that quantity 70,000 tons went by water, and only 10,000 tons by rail. In Belgium the same thing occurs, but I take it that I need not mention the figures there unless it is wished.

13,330. Have you any statistics with regard to Belgium?—Yes, there is a table which I might put in showing the quantity of goods taken in and out of Antwerp by water (*delivering in the same*), and it is rather instructive, because it is generally assumed that only goods of the very lowest class can be carried by canal. But it will be seen by this table that goods of all descriptions are carried in and out of Antwerp by canal; and I find also, by a report which has just been issued, that the proportion of traffic carried in Germany on the Rhine as compared with the railway, owing to the increased facilities of transport by steamer is very largely increasing. I have the figures if it is thought necessary to put them in.

13,331. How does the English traffic correspond with that, is there an increase of canal traffic in England?—We have no returns in England of the canal traffic. It is a most remarkable fact, but there are practically no returns issued at all of the canal traffic from which a comparison could be made, but in individual cases, if you take the Bridgewater Canal, running between Manchester and Liverpool, you will find that the canal although under railway control, inasmuch as they work under the Railway Conference, they charge exactly the same rates as the railway; they carry larger proportions even of the fine Manchester goods than do the railways; and that canal pays a larger dividend than any of its railway competitors.

13,332. Do you suppose that there would be any great difficulty in getting full returns of the canal traffic of the country?—No, subject to the railway companies agreeing to give the returns of the canals. It must be remembered that they own about one-half of the canals of the kingdom.

13,333. And they are not in the habit of publishing in their annual accounts any distinction between the two modes of conveyance?—No, they are not.

13,334. When they give so much as the traffic return and the goods return it includes the railway and the canal?—I think that they only give the returns of what they carry by railway.

13,335. So that what is carried by canal is never returned at all?—It is never returned to the Board of Trade at all.

13,336. Then in that case the returns of the railway would not supply us with a perfect account of the home trade of the country?—No, certainly not of the weight-carrying trade. I may state, in order to show how the cost of terminals on railways and canals are affected in comparison, that the total cost both of the Bridgewater Canal and the Mersey and Irwell Navigations to the Manchester Ship Canal Company is

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less than the cost of the London and North-western Railway Company's goods stations in Liverpool alone. We get the whole of the canals, and we have the terminals for a less cost than that one railway company's goods station at Liverpool. And then again those goods stations of the London and North-western Railway Company in Liverpool and Manchester have cost actually more than the first cost of the railway between Manchester and Liverpool.

13,337. Are the sidings included in the cost of the stations on the railway?—No. In Liverpool alone the London and North-western Railway Company have 57 miles of sidings, not covered by the terminal cost which I gave when I was last before the Commission.

13,338. Do you notice whether the proportion which the terminal charges bear to the general goods traffic is a fair proportion?—No, it is not. One finds that, as a rule, the greater the general goods traffic in a particular place the more competition of accommodation there is for it, and the greater the cost on each particular ton. It is a great anomaly, because it is generally understood that the greater the traffic the less the expense should be.

13,339. That is simply that where there is a great deal of traffic to be done there is a great deal of competition for it, and that competition leads to the expenditure of money which might have been saved if had been left in the hands of a single company?—Yes, simply because those competing for it have already fixed a rate from which they will not waver, and they look to this rate which they themselves have fixed rather than to the actual cost at which the traffic might be carried.

13,340. Do you find that the advantage which the railways have in point of speed over canals tells upon all kinds of goods?—It has done so generally in the past, but now on those canals where steam towing is permissible, it is found from the instance which I gave in Germany as an example, and on the Bridgewater Canal also, that the canals can always hold their own even with the better class of traffic.

13,341. What sort of dividends do the Bridgewater Navigation Company pay?—The Bridgewater Navigation Company have paid at least 8 per cent. in 1872. Since the formation of the Company, which is greater than the dividend paid by any of its competitors, the railways.

13,342. What is the size of the barge that can navigate the Bridgewater Canal?—About 50 tons; and notwithstanding it is only available for barges of that size it averages at least 60,000 tons of goods per mile per annum, whilst the average of the railways of England and Wales is less than 17,000 tons of minerals and goods per mile.

13,343. I think you have taken out the same figures with regard to the Weaver navigation have you not?—Yes.

13,344. Do you consider that a particularly good communication of inland water carriage?—Yes, I do. I might state in passing, in order to show how little is known of navigations in England, that the Weaver navigation was not included in the return put in by the Board of Trade of the canals and navigations of England before the Commission of 1883. It is as good an illustration of our English navigation I think as we have. It is free from railway interests, and the traffic is carried upon it at rates with which the railway companies cannot compete. Thirty years since the depth of water in the Weaver navigation was 6 feet 6 inches, and the largest vessel carried about 100 tons. Nine years since the depth had been increased to 7 feet 10 inches, and 200 tons was considered a large cargo. The depth from Winsford is now 9 feet 6 inches, the barges carry 320 tons; the largest cargo taken being 340 tons. During the time of these improvements, that is to say, during the last 20 years, the rate of freight have been reduced 50 per cent. upon the navigation, owing to its being able to accommodate larger barges. I may say that as far as North-wich the locks are all built for 15 feet of water, and are

240 feet by 42 feet 6 inches to accommodate a trade consisting of a steam flat, and three barges or sea-going vessels in the coasting trade.

13,345. Do a good many sea-going vessels pass through it?—It is not completed yet to that extent, but a good many sea-going coasting vessels do go up a portion of the navigation. A considerable portion of the revenue which amounts to 60,000*l.* or 70,000*l.* per annum is devoted to improvements, the surplus being handed over to the county authorities in liquidation of county rates; it belongs to the county. To give an illustration that canals can compete with railways, the railways have a communication from the same district to Liverpool, and notwithstanding the fact that 1,000,000 tons of salt goes to Liverpool over that navigation, not one ton of salt is carried by the railways.

13,346. Have there been any peculiar circumstances that have added to the cost of maintenance?—Yes, it amounts to about 10,000*l.* per annum; it is comparatively heavy because of the subsidence of the towing path, bridges, &c., it being in the salt districts; but I should add that the 10,000*l.* per annum includes the maintenance of the docks at Weston Point, which are very largely used by coasting craft.

13,347. What is the last return that you are aware of which has been presented of the canal traffic in England?—It was a return asked for by Mr. Dodds about 18 years since; in 1868 I think it was.

13,348. Would that return furnish a good form to take for future returns?—No, it is not sufficiently accurate; it does not give you the information that would be of use as a Board of Trade return.

13,349. Can you suggest any form which would be better adapted for the purpose?—I have been speaking to Mr. Lloyd who is to follow me, and I think that between us we might get out a form if it were thought useful.

13,350. Have you been cognisant or taken part in the inquiry made in France into the cost of carriage by canal?—No; that was an inquiry made on behalf of the French Government. I was told that the cost of freight in canal boats averaged 0*l.* 24 per ton per mile; freight and cost of maintenance together, 0*l.* 32; and freight, cost of maintenance, and sufficient to pay 5 per cent. upon the capital engaged, 0*l.* 80.

13,351. What has been the policy of the English railway companies with regard to the purchase of canals?—They have never lost an opportunity of purchasing such powerful rivals as the canals.

13,352. There have been some checks upon them have there not?—In 1872 a committee reported against the railway companies purchasing canals, and they have not since, without the special consent of Parliament, been able to purchase them directly, but indirectly they have been able to obtain control in some instances.

13,353. Do you consider that the canals of England are in a satisfactory condition or in a defective condition?—So far as capacity is concerned they are in a most defective condition. I might say that it is often stated by those in the railway interests that canals do not pay, and cases are quoted showing that canals owned by railway companies are not paying the dividend that the railway companies have guaranteed; but then it is usually not stated what has been the actual cost of the canals in question. I will give a case in point, and I can give more if necessary, but I refer particularly to the case of a canal owned by the Midland Company, as I shall be corrected if it is not the fact. The Cromford Canal was authorised in 1789, and the capital was 46,000*l.* The capital was issued in shares of 100*l.*, and those shares in 1833 paid 18*l.* per share dividend. The market price of the shares was then 300*l.* Mr. James Allport, the then manager of the Midland Railway Company, stated before the Select Committee on Canals, that his company bought this canal for 220,000*l.* It is hardly reasonable to condemn canals, because they will not pay a dividend on

220,000*l.*, having cost only 460,000*l.* There are other illustrations, particularly one of the Birmingham canals owned by the London and North-Western Railway Company, with regard to which Mr. Lloyd will be able to give evidence more in detail than I am. I should like to say that I think that to some extent the existing state of the canals, as well as of the railway rates, is the result of past carelessness as much as anything on the part of English traders, for so long as the monopoly of the trade of the country was in the country, they did not take sufficient pains to guard the cost of carriage, whereas at present it is a matter of the most serious consequence to the English trade, and there are a great many trades which cannot possibly survive, especially in the interior of the country, if some change be not made in the rates of carriage.

13,354. (Mr. Selater-Booth.) You seem to think that the canal system has a future before it, as well as a past?—Yes.

13,355. And that it might be possible to revive the use of canals, which have, to some extent, been superseded by the railway system?—Yes, I would suggest, as a necessary form, first of all, that the canals should be emancipated from railway control, and acquired, either by the Government or by the local authorities under consolidated management. Then I would increase the capacity of the canals, and make the gauge and the locks uniform.

13,356. Have you formed any sort of estimate as to the number of hundreds of millions of capital that would be required to effect these great changes?—No, but it would depend, of course, in different places on the requirements of the district. I mean that the trunk lines only would, of necessity, be improved in size. It is the general opinion, I think, that canals are not so costly, and especially the improving of existing canals as the making of new railways.

13,357. You are aware that Parliament has handed over to the railways (speaking generally) a large proportion of the canals of England?—Yes.

13,358. Would you buy the railways out or would you force them to surrender what has been given them by Parliament?—Certainly, I would not force them to surrender without compensation.

13,359. Who is to provide the compensation?—The purchasers of the canals, whether it be the Government or the local authorities; but if such a course were adopted, the arbitrator who decided the prices should always refer to the original cost of the canal, and to the revenue that it has been earning over a past series of years; so that I take it that on such a basis as that the railway companies could hardly claim that they would be injured, because over the past 10 or 14 years, if they had a price given to them in accordance with the revenue that had been received, they would be sufficiently compensated.

13,360. Do not you think that it might be found that in many cases the railways were only constructed upon the understanding that they had the monopoly of the traffic from one point to another by means of the purchase of a given canal?—That may have been the case in the past, but it would hardly be put forward now.

13,361. Not if it had been deliberately sanctioned by Parliament?—I should take it not; at the present time I should think a monopoly of that sort would hardly be considered by Parliament.

13,362. Do you think that an Act of Parliament sanctioning the purchasing of a canal by a railway, even without any undertaking that a canal should be kept open, is a bargain which could be stirred now?—I should say so, so long as the railway companies were not injured in the price that they received for the canals, which they only used to a very small extent.

13,363. You spoke of the Bridgewater Canal; are you aware that that is practically absorbed by the Manchester Ship Canal?—Yes.

13,364. Therefore the traders of that district consider the rates of local traffic, which they enjoy by

means of the Bridgewater Canal, of less importance than the use of the same canal for seagoing purposes?—No, that is hardly the case. You will remember that the Bridgewater Canal of which I speak was not disturbed at all by the ship canal; it is only the Mersey and Irwell navigation which forms the route of the ship canal. The Bridgewater Canal will remain in its entirety, and will be worked in conjunction with the ship canal by the Manchester Ship Canal Company.

13,365. The whole of it?—Yes, the whole of it; that particular canal is considered of the greatest importance to the district, and is earning a net revenue of 60,000*l.* per annum now.

13,366. To go back for a moment to the cost of rehabilitating the canal system of England, whatever the cost was, must, I take it, be supported by the trade of the country?—Yes.

13,367. Do you think that the trade of the country has been in such a condition that means could be found to raise sufficient capital to do this great work of rehabilitating the canal system?—Anything, I think, which will be found to increase the advantages of trading in this country would be assisted by the traders of the country.

13,368. I ask you whether the trade of the country is in such a state that you could reasonably expect a great expenditure of this kind to be supported by it?—I think so, most decidedly, because it is an expenditure which will give a very good return to the traders.

13,369. You speak of railways as having been, as it were, the enemies of the traders of this country by the absorption of the canal system to a great extent?—Not exactly that, but by the way that they have worked the canal system having absorbed it.

13,370. Do you say that they have worked it contrary to the provisions of the Acts of Parliament which handed over the canals to them?—I could not say that.

13,371. However, you say they have absorbed the canals, and so far injured the trade of the country by enhancing the rates?—Yes.

13,372. Speaking generally, should you say that the mischief that they have done in that way is greater than the good that they have done to the trade of the country by developing it from the condition in which it was, say 30 or 40 or 50 years ago?—Probably not, because there is no doubt that railways in this country have been of the very greatest advantage to the trade of this country; but my point is rather this: that the rates which they are at present charging are so heavy that the trade of the country cannot bear them, and if another opening exists through improving the canals and carrying goods at a lower rate, surely the railways should stand aside if it were for the general benefit of the trade of the country, in so small a matter as passing over to the public what they themselves declare to be useless.

13,373. A great proportion of the profits of the trade of the country are directly due to the railway system are they not?—I should say so generally. Of course it must not be forgotten that prior to the railway system being established, canals had done a very great deal towards improving the trade of the country.

13,374. But a better, more rapid, and cheap system of traffic having been discovered by the railway system, the canals by some process or other (we will not say by whose fault) have become almost insignificant in their effects upon the trade of this country?—Not altogether insignificant, because if you take special cases, such as I have quoted, you find that canals really do a far larger traffic than the railways themselves.

13,375. I am aware that in South Lancashire and Yorkshire and some districts that is the case; but, taking the kingdom as a whole, I presume it cannot be denied that the canals have been almost extin-

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guished through the operation of the railway system?—Yes, and by the action of the railway companies.

13,376. But the railway companies in this respect have been merely the agents or the mouthpieces of the capitalists of the country who provided the means of bringing about these great improvements, have they not?—Yes.

13,377. And they have run in the direction of their statutory obligations and powers?—Yes; I do not for a moment say that they go beyond their powers.

13,378. However, you are of opinion that the trade of this country could bear the expenditure of whatever sum might be necessary to widen the canals of the kingdom, and fill them again with water where they have been emptied and improve the locks, so that the trade of the country should pass through them?—Yes, but a great deal might be done even without the slightest improvement. If you take the case of Manchester, Manchester is a central point where perhaps six, eight, or ten canals adjoin; these canals on the opening of the Manchester Ship Canal will be placed in communication with the sea, and a great amount of good will be done in the way of distributing goods throughout the country, if the canals come out of the hands of the railway companies, and those canals would pay very handsomely under an independent system.

13,379. (Mr. Aird.) You alluded a short time ago to railway companies having in some cases purchased the canal systems, and in other cases having indirectly been able to obtain the control over them; under what circumstances has that been effected?—In many ways. For example, a railway company will buy a short link of a canal connecting a long system, and then they impose upon that link the maximum charges under Acts of Parliament, those Acts having been obtained 150 years since, and consequently being altogether out of date with respect to the present requirements of trade. That naturally stops not only the canal traffic on that link which is bought up by the railway company, but the traffic upon the whole line. Then again, with regard to the Bridgewater Canal, which I was asked questions about, and desired to put in a statement the last time I was here, I do not think I can do better than put in an extract from the Report of the Select Committee on Railway Companies Amalgamation in 1872. It says "Parliamentary notices have been given of Bills authorising the sale of the Bridgewater Canal to a Joint Stock Company. But no Bill has been introduced, and the Committee has no evidence of the nature of the transaction. It has, however, been stated before this Committee that the sale is believed to have been effected, and that certain railway companies are concerned in it. Whatever may be the truth of these rumours, and whether the transaction be one for the public interest or not, the Committee are unable to say, but they have no hesitation in expressing an opinion that no such transfer of the ownership and management of so important a channel of traffic as would virtually place it under the control of a railway ought to be made without the express sanction of Parliament." That transfer was made, and the canal to this day is working in conference with the railway companies.

13,380. You spoke, did you not, of canals meeting in Manchester to the number of six; are there not more than that?—Yes, there are more than six. I have here a map showing the canals which centre in Manchester. The whole of those canals to the south belong to railways. The Huddersfield Canal belongs to the London and North-western; the Bolton and Bury belongs to the Lancashire and Yorkshire Company. The Bridgewater Canal I have named, which will come into the possession of the Manchester Ship Canal Company, and taking it generally in some way or other, nearly the whole of the canals running into Manchester have to give way to railway influence. The Rochdale Canal can hardly be said to be under railway influence, but they again are stopped by the Bridgewater Canal; they cannot get to the seaport

except over the Bridgewater Canal, and the Bridgewater Canal impose upon them a bar toll of over 1s. per ton, which the Manchester Ship Canal Act has done away with.

13,381. Have arrangements between canals in the possession of railway companies worked satisfactorily with the canals which work independently?—No, there are constant complaints, which Mr. Lloyd will be better able than I am to give instances of.

13,382. As regards the future construction of canals, would it not be an essential condition that they should be made very much larger than they have hitherto been, so as to enable the steam appliances which are now so necessary to be brought into use?—Yes, on the trunk lines; but then it must be remembered that on the Bridgewater Canal about which I have been speaking, where only barges of 50 tons can pass through the locks, steam is used with the greatest benefit, and fine goods are delivered between Manchester and Liverpool in a very short space of time; so much so that the canal gets more than any of the railways.

13,383. You referred to the enormous outlay for terminal accommodation at Liverpool; do you know what it amounts to?—Yes, to 1,950,000l.; that is for the London and North-western Railway alone, for goods stations alone without sidings. In Liverpool and Manchester alone the London and North-western Railway Company have spent over 2½ millions in goods stations.

13,384. Do you know what the total outlay is which has been incurred by the railway companies in Liverpool and Manchester?—No, I do not know it, but I am prepared to give an estimate of my view of the Midland Railway Company's outlay in Liverpool which I stated would amount to at least 4s. per ton upon every ton of goods carried in and out of Liverpool. If I am wrong, Sir James Allport, I am sure will correct me.

13,385. What proportion of the interest upon that outlay at Liverpool falls, do you consider, upon the Manchester goods?—A very large proportion; equal to the quantity of goods brought between the two places as compared with the whole.

13,386. But you are not able to form any opinion as to what proportion of the total it would be?—I have the figures, but I have not them here.

13,387. I wish to ask you a few questions with reference to the canal that has been made at Amsterdam within the last few years; have you any records as to how far that has improved the traffic in the port of Amsterdam?—I have not them with me here, but I know generally that notwithstanding the excessive cost that they have had to meet in the formation of a port at Wyeimuden that canal is working very satisfactorily now; but of course as a matter of traffic there is nothing to be compared there with the traffic that exists in England.

13,388. My question was rather as to how far it has affected the trade of Amsterdam itself?—Very considerably.

13,389. Has it benefitted it considerably?—Yes; I know generally that it has very considerably improved the trade of Amsterdam as compared with the trade of Rotterdam.

13,390. (Sir J. Allport.) The Amsterdam Canal gives a better access to the sea, does it not?—Yes.

13,391. The River Weaver, I think, goes to pretty well all the salt works?—Yes, it does, and also some of the railways go there too.

13,392. But it goes to all the salt works?—Not to all of them.

13,393. Can you mention one to which it does not go?—No, I am not able to do that.

13,394. Is it not the fact that in barges loading with salt 1,000,000 tons of salt goes to Liverpool from the Weaver district?—Yes.

13,395. That is practically all for shipment, is it not?—No, there is the consumption at Liverpool.

13,396. Which must be trifling; the bulk of it is for shipment?—Yes, the bulk of it is for shipment.

13,397. Might I not say 90 per cent. at least?—Yes, I would take it at 90 per cent.

13,398. Do not the barges loaded at the works go alongside the ships and discharge into the ships?—Yes.

13,399. And those salt ships, a great many of them, are loaded at Birkenhead?—No, not so many as you would think, but there are many.

13,400. I am speaking from personal knowledge, and I am merely putting the question to you; do not the barges go into the docks at Liverpool, and is not the salt discharged from the barges into the ships?—Yes, certainly.

13,401. Are there any facilities by railway?—At Birkenhead there are.

13,402. Have the railways any facilities in Liverpool for doing that?—No, not of tipping it.

13,403. I mean discharging there, which you must have seen many times, and probably you will tell me the cost of transshipping salt from the barges to the ships?—It would be about 6d. or 8d. per ton.

13,404. Are you sure of that; is it not a little under 3d. per ton?—It may be without trimming the ship.

13,405. They would do the trimming, would they not?—No, not now.

13,406. Are you sure of that?—Yes, certainly. You are thinking of past times with sailing ships.

13,407. I am thinking of the present time?—You will find that the crew do not work on board any steamer in trimming the cargo.

13,408. Is salt shipped into steamers?—Very largely.

13,409. Is not the bulk of it shipped in sailing vessels?—A great deal of it is shipped in sailing vessels, but I should think the bulk of it is shipped by steamers.

13,410. Under any circumstances, whether by steamer or by sailing vessel, the railway companies have not the same facilities for shipping the salt as from the barges?—No, notwithstanding the enormous outlay that they have made on terminals in Liverpool, which is altogether my point.

13,411. Can you tell me of any station in Liverpool where the salt could be shipped directly on board either a sailing vessel or a steamer?—Yes, at your own station in the Brunswick Dock.

13,412. Is there a single yard of river frontage or of dock frontage at the Brunswick wharf?—Yes, certainly.

13,413. Are you not aware that the main street runs between the Brunswick Dock and the Mersey Dock?—I am aware that the rails run alongside the quay, and that your trucks run alongside the quay.

13,414. You are speaking, are you not, of the tramway which belongs to the dock company?—No, of the railway which belongs to the dock company.

13,415. And which runs from one end to the other of Liverpool?—Yes.

13,416. Is it possible for any of those barges to get alongside a ship to discharge salt into the ship in the same way as barges do?—No, not for shipment, certainly not, and that is the whole gist of my evidence, that canals or water navigations can do it very much better than railways.

13,417. Not the salt that goes by the Weaver navigation?—Yes.

13,418. It is not a company, is it; it is a trust, is it not?—It belongs to the county; it is a county trust.

13,419. And consequently there are no dividends to pay?—No, and whilst it is not under the control of the railways it pays very handsomely.

13,420. With regard to the railways purchasing canals, you stated, in answer to the noble chairman, that railway companies have never lost an opportunity of purchasing canals when they have had an opportunity?—Not generally, I think not.

13,421. In your first answer you said that they never lost an opportunity?—Yes, and I still adhere to that.

13,422. Are you aware of any instance of railway

companies having absolutely refused to buy canals?—No, I am not.

13,423. Would you be surprised to hear that taking the Worcester and Birmingham Canal it was offered to the Midland Company over and over again for many years, and the Midland Company invariably refused to take it?—At what price?

13,424. At any price?—No, I was not aware of that.

13,425. Are you aware that the shares were offered to the Midland Company at one pound per share?—I was not aware of that.

13,426. You are not aware that that was refused also by the Midland Company?—No, I am not.

13,427. Then why did you say, in your evidence, that they had never lost an opportunity of buying canals when they had an opportunity?—That was my impression, I did not know of that instance.

13,428. When we are dealing with these subjects, facts are better than impressions. Now about the Cromford Canal; you say that the Midland Company bought the Cromford Canal?—Yes, and my authority for that is Mr. James Allport.

13,429. I beg your pardon, have you got the printed evidence with you?—Yes, I have it with me. It was the evidence before the Select Committee of 1872.

13,430. Did it not say that the canal had been bought by what was called the Boston, Nottingham, Ambergate, and Manchester Canal and Railway Company?—Mr. Staveley Hill asked you what the date was, and you said "The date 1846, and the price paid for the Ashby canal was 110,000l. I should say that that canal is a very wide and excellent canal of 30 miles without a lock. The Cromford Canal cost the company 220,000l."

13,431. Did I not go on to state that the canal was bought by the company that I mentioned in 1846, that the canal was bought by the Boston, Nottingham, Ambergate, and Manchester Railway Company?—You became the possessors of it in 1871, I think.

13,432. Was not that canal bought by the railway company that I have mentioned in 1846?—It is quite probable.

13,433. Your answer, therefore, is misleading as regards the facts of the case?—All that I was anxious to remark in this case was this; that you stated most distinctly before that committee that it was impossible for canals to pay, and you instanced a canal which cost you 220,000l., but which cost to build 46,000l.

13,434. If you will kindly answer my question I should be obliged to you. Are you not aware that the capital paid for that canal was by the company that I have named and not the Midland Company?—I take that from you certainly.

13,435. Are you not aware that that canal was bought by that railway, and that when the Midland Company bought the railway they were obliged to take that canal?—I only know what I have stated, that the Midland Company bought it, and gave 220,000l. for it.

13,436. No, it is not so?—Then Mr. James Allport was wrong.

13,437. No, I was not wrong; and I should be quite prepared, if necessary, to give evidence as to the incorrectness of your answers, but are you not also aware that that canal in 1833 was paying 18l. per share?—Yes.

13,438. Do not you know that in 1833 that canal, in connexion with the Peak Forest Tramway, and also in connexion with the canal to Whaleybridge, was the only communication between Lancashire and the midland counties?—Very possibly. I will take it from you.

13,439. Then nearly the entire traffic of the country to the east and west over that part of the country went by that canal; is that so?—I take it so from you.

13,440. That was in 1833; and the North Staffordshire Railway was made about 1846, was it not?—I take it so.

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13,441. And the Lancashire and Yorkshire, or the old Liverpool, Leeds, and Manchester in connection with the Midland, was made at a much earlier date, about 1833 or 1840?—Yes.

13,442. Did not those two railways, the one *via* Manchester to Normanton, and thence by the Midland, which was then the North Midland, and the other by way of Macclesfield and Bosley to Derby, and the whole of the midland counties, necessarily take from the canal the whole of the traffic?—No, not necessarily.

13,443. Can you explain to the Committee the *modus operandi* of carrying traffic to and from Manchester to Derby by that route, first of all it went by canal to Whaleybridge, did it not?—Yes, I think that would be so.

13,444. Then it was transferred from the canal to a tramway called the High Peak Tramway?—I know that there was a tramway in connexion with the Cromford Canal.

13,445. Is not that in existence now?—I suppose it is.

13,446. Does it not belong to the London and North-western Company?—It is quite possible.

13,447. Then it was transferred again at Cromford, on to the Cromford Canal, was it not?—I take it so.

13,448. Then, from the Cromford Canal it came into the Erewash Canal, did it not?—I think it did.

13,449. Then from the Erewash Canal to the Trent?—I take it so.

13,450. And then up to the Derby Canal?—I will take your statement for that, because you know considerably more of it than I do.

13,451. It was a very circuitous route, was it not?—I think it was.

13,452. And a very considerable portion of the traffic the very day that either of those railways was opened went by railway instead of by that circuitous route?—Yes, but that does not alter the fact that the Midland Company paid 220,000*l.* for what cost 46,000*l.*

13,453. Again, I deny that your statement is correct of what my evidence was before that Committee, but it is not worth while going into that now?—If I am wrong in stating that the Cromford Canal stands in the books of the Midland Company to-day at 220,000*l.*, that is only a proof of what I gave in evidence to-day.

13,454. Then you are wrong; it does not stand in the Midland Company's books at that price. Are you not aware, as you evidently have read my evidence, that I stated before that Committee that that small property I recommended the Midland to take at a very large discount from the price paid for the three canals?—On the contrary, I think you will find that you stated that you would be prepared to recommend to your directors that they should take the canal at the price that you gave for it.

13,455. I said subsequently to that, that I would recommend a discount?—It is quite possible, seeing that you had given four or five times as much as it cost.

13,456. I beg your pardon, you are not correct there. I will take the other canals which the Midland Company possess, for instance, the Ashby Canal?—I do not know so much of that.

13,457. As you have said that the railway companies were so eager to buy these canals, take the Ashby Canal which the Midland Company bought; was not that forced upon them?—It is quite possible; I have no information upon that point.

13,458. Did I not also explain before that Committee that the toll which the Company was authorised to receive upon that canal was a toll for the whole length of 30 miles, of 1*s.* a ton?—It is quite possible. I take it that you said so.

13,459. Did I not also state that although the coal owners using that canal had the power to use it at a small toll of 1*s.* a ton, that the entire distant toll receipt on that canal only amounted to about 2,000*l.* a year?—Yes, and I also remember that you said

this, that it is a very wide excellent canal, 30 miles without a lock. I also have the best reason for knowing that a boat drawing about 18 inches or 2 feet of water came aground on it, and I do not think (you will correct me if I am wrong) that you have ever put a dredger or ever used a dredger upon the canal.

13,460. Is it not the fact that the very day the railway opened between Burton and Leicester, the whole of the traffic left the canal and came by railway, except the little local traffic which yields a revenue of 2,000*l.* a year?—Certainly, and my point is that that has been the policy of the railway company.

13,461. Now, as regards the Erewash, you said that you thought that the Midland Company had bought that?—Yes, I thought so.

13,462. Had you any authority for saying that?—No; if I knew it I think it was from your own evidence, but I will take it that I am wrong if you say so.

13,463. Are you aware that the whole of the canals from the entire coalfield of Derbyshire, Nottinghamshire, and Leicestershire, to London, and to all places on the great central canals, are pretty well or entirely free from railway control?—When you say pretty well, I so stated it.

13,464. I say in pretty well all the district, taking the Erewash Valley system of canals, the Loughborough Canal, and the Leicestershire Canal; is there one single yard of any one of those under the control of a railway company?—I would prefer to say that I do not know sufficient about that matter, more especially as Mr. Lloyd, who will follow me, knows so much about it.

13,465. How could you make such a statement as that these canals are all under the control of railways?—I can only show you the Tables put in by the Board of Trade.

13,466. Will you refer to those tables, and point out any one of those canals forming the great inland navigation from the coalfield of Derbyshire and Nottingham, or any one of them, that is under the control of the railways through to London?—There is the Ashby Canal.

13,467. That is not a link. I said from the whole coalfield of Derbyshire and Nottingham to London is there a single yard of any of those canals under the control of a railway?—I am not in a position to say,—if you give me the names of the canals I can inform you.

13,468. Take the Napton and Warwick Canal, is that under the control of a railway?—No.

13,469. Is the Loughborough Canal under the control of a railway?—No.

13,470. Is the Erewash Valley Canal?—No.

13,471. You spoke about the Bridgewater Canal and the Irwell Navigation, the Irwell Navigation belongs to the Broadwater Canal, and the Manchester Ship Canal Company have bought the whole?—Yes.

13,472. Will you tell us what you have given for those two?—1,710,000*l.*

13,473. Will you tell me what capital was raised for the purchase of the whole property from the Bridgewater Trustees?—Yes, I can get it for you.

13,474. Was it 1,000,000*l.*?—I think it was 1,100,000*l.* or 1,200,000*l.*

13,475. Did not the 1,100,000*l.* include a great deal of property independent of the canal?—It included some property which was transferred to the railway company.

13,476. Property which the canal company has never used?—Yes, which was useless to them.

13,477. Then practically you have given 1,710,000*l.* for property for which the Bridgewater Company gave 1,000,000*l.*?—Yes, but which has been paying 8 per cent.

13,478. I want to ascertain more particularly why you say that the Bridgewater Canal has been under the control of the railways. Can you point to any account of any one of the companies showing that

they have ever spent one single shilling in acquiring that navigation?—No. I think I distinctly stated that.

13,479. Then because certain gentlemen who happen to be railway shareholders think it advisable in their own interests to form a company to buy up a canal, is that a justification for saying that the canal is under the influence of the railway company?—Yes, seeing that the Committee of the House of Commons, who have reported upon the matter, thought so.

13,480. But they did not so report, they merely said that there were rumours to that effect?—They said if that were so.

13,481. There is a very wide distinction between a report and if it were so, and stating that it is so?—I stated that that subsequently took place which they feared.

13,482. Will you point to any one single transaction which will justify your saying that the railway companies have had any control over the Bridgewater Canal Navigation?—Yes; the Bridgewater Navigation (and now I am speaking of my late firm) have always refused to allow us any facilities on the canal; although any traffic which we gave to them would be a source of net revenue to them, they have always refused it, because being in the Railway Conference, what is generally known as "The Railway Ring," they could not go outside of that railway ring.

13,483. In other words, the Bridgewater Canal Company, in their own interests have thought it desirable to arrange with the railway companies for certain rates to be charged between Liverpool and Manchester, and you jump to the conclusion that it is under the control of the railways?—No, certainly not: not that alone, but from the whole of the circumstances. As I stated before, the directors, being many of them directors of railway companies, and therefore I think it fair to take it generally that those directors have a greater interest in the railway companies which they represent than they have in the Bridgewater Canal.

13,484. You see that is merely a supposition, and all I can say is that you are entirely wrong. There is not the slightest influence whatever of any one of the railways over the Bridgewater Canal, and never has been perhaps. I am rather giving evidence upon the question, and perhaps I ought not to have put it to you, but I want to get from you any facts, beyond the mere one which you have mentioned, that they have agreed with the railway companies that the rates shall be a certain amount between two points, Liverpool and Manchester, and beyond that I ask you for any fact that justifies your statement that the Bridgewater Canal is under the control of the railway companies?—I say this, that for three years past it has been persistently stated to Committees of Parliament that such was the case.

13,485. To what Committees?—To the Committees in 1883, 1884, and 1885, on the Manchester Ship Canal Bill; it has been persistently stated, and it has never been contradicted.

13,486. Surely you have forgotten it; you must have known that it has been contradicted before the Ship Canal Committee?—I think if you will look into it, you will find that the impression has always remained, and still remains.

13,487. I want facts, not impressions?—I have given you what I think are facts sufficient. I am sorry that I cannot give you anything more at the moment.

13,488. I do not consider them facts; but to turn to another subject, do you know what the Midland Railway Company have spent upon the Liverpool stations?—If you remember I stated the last time I was here that they had built the Victoria Street goods station, and that they had bought up a plot of land at 350,000*l.*

13,489. Does not that plot of land belong to the Cheshire Lines Committee?—I think not.

13,490. Will you take it from me that it is so?—

Yes, if you say so, but it has been stated over and over again as belonging to the Midland.

13,491. They bought the land, but you must be aware that the land has been converted into a station for the Cheshire Lines Committee?—I have before me a map issued by the Mersey Dock and Harbour Board from their Estate Office, the people who sold the particular land, and they put down on that map, particularly on the ground that I am alluding to, "Midland Railway Company, Sandon Station."

13,491*a.* The Midland Company bought the whole of the land, and they retained a portion of it for themselves, but the bulk of it goes to the Cheshire Lines Committee for a station; surely that is well known in Liverpool, is it not?—I can only know what I see before me, and what I have always heard, that that plot of land belongs to the Midland Company, and was bought by the Midland Company quite irrespective of the Cheshire Lines altogether, but I do not know that that alters the fact at all. I will say, subject to the correction of Sir James Allport, that the costs of the terminals at Liverpool upon every ton of goods that the Midland Company, as distinguished from the Cheshire Lines Committee, take into and bring out of Liverpool are at least 4*s.* per ton. If I am wrong, I think Sir James Allport will, at least, put in the figures.

13,492. Can you tell me what the Midland Company carry in and out of Liverpool?—Yes, the total traffic of the goods and minerals in and out of Liverpool of the Cheshire Lines Committee (the Great Northern, the Manchester, Sheffield, and Lincolnshire, and the Midland Companies combined) was in 1883 706,289 tons, including 36,483 tons of minerals, and 218,635 tons carried between Manchester and Liverpool by the Cheshire lines. I will assume that the Midland Company carry one half of the remaining 451,171 tons, although it is probable they do not carry so much.

13,493. That brings me to this point. You stated distinctly in answer to the noble Chairman, that the Midland cost upon the goods at Liverpool for station accommodation was 4*s.* per ton, and now you assume that the Midland Company carry one half of the balance?—I should divide that by three, but I give it here as one half.

13,494. Are you not aware that the Midland Company carry considerably more than half?—No, they do not.

13,495. Why did you state as a fact that it cost the Midland Company 4*s.* a ton when you knew nothing about it?—You must not say I know nothing about it. I simply stated a figure, and if it is wrong, you can easily put in the figures and correct me. I say that my investigation shows me that the terminal cost of the Midland Company at Liverpool is, at least, 4*s.* per ton.

13,496. (Mr. Eceyld.) Do you know anything of the working of the steam propulsion which has been adopted by the Leeds and Liverpool Canal Company?—Yes, but perhaps you more particularly refer to the Aire and Calder.

13,497. No, I mean the main line of the Leeds and Liverpool Canal, on which they have worked steam barges for some years past. Do you know anything of the result of that working?—I know that it has been found to be an advantage to work even on that small local canal by steam. Steamers in their case take a proportion of the cargo as well, whilst on the Bridgewater Canal the steamers are entirely separate from the barges.

13,498. On the Leeds and Liverpool Canal do you know that the steamer itself carries a freight, and also drags another barge?—Yes, two or three other barges.

13,499. And these barges are 50 or 55 tons, are they not?—Yes, that is so.

13,500. Has there been any report of the expense of working that system?—No, I have not heard of any.

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13,501. (Mr. Houldsworth.) Can you put in the total mileage of the canals in England?—Yes, but Mr. Lloyd will give that.

13,502. And also the probable number of miles in the hands of railway companies?—Yes, it is about one-half.

13,503. Looking at the comparative cost of carriage by canals generally, as compared with railways, should I be right in taking it at one-half?—Yes. You would be within the mark in taking it at one-half.

13,504. Including the original cost, and including the maintenance of the one as against the original cost and maintenance of the other?—Yes, taken at, say, 5 per cent. on the capital.

13,505. Whatever you put to the one if you put it to the other that will meet the case?—Yes.

13,506. Would that be, generally speaking, a fair proportion?—Yes. You must, of course, take into consideration the size of the boats; that is a very large factor in the matter, but on an improved canal the carriage would not exceed one-half.

13,507. Then the railway companies could not reduce their cost of carriage in any way so low as the cost of carriage by canal?—No, not working under their present system; if they reduced their goods rates one third, the whole of their net income to the ordinary shareholders would disappear.

13,508. Are you at all aware how many canals were absorbed by the railway companies in their original Acts. I am referring to a question which was put to you by Mr. Selater-Booth; have you any evidence on that point? I suppose I am right in assuming that the railway companies in getting their original Acts had provisions for taking up some of the canals?—Yes, I think you may take it very generally in this way, that a railway company wanted to get into a particular district; a canal existed there, and that canal would be owned very likely in few hands; by a few important people who would oppose the railway scheme unless the canal were bought over at an enhanced price.

13,509. Are you aware of any such fact as seemed to be indicated by the expression of Mr. Selater-Booth that the railways had by Act of Parliament a monopoly from one point to another?—No, I have never understood that. I have never understood that any railway company that exists has a monopoly over the district it traverses.

12,510. Do you then see any reason why an Act of Parliament having originally enabled a railway company to take up a canal should not equally act in taking away the canal from the railway?—None whatever if the railway company be paid the actual value of that canal property.

13,511. There is no contract in the Act that you are aware of that would give the railway company a monopoly in that way?—I believe not.

13,512. Are you not aware of any expression that would show that the intention of Parliament was that it was on condition of those receiving power to take up the canal and to make the railways?—No, I was rather surprised to hear that there might be such a condition.

13,513. You suggested the canals being bought up from the railways under an Act of Parliament by other public bodies or trusts?—Yes.

13,514. And you were asked whether the traders of the country would support such a scheme; but would it be, in your opinion, impossible for private companies, if Acts of Parliament could be obtained, to buy up canals as trading companies?—Certainly not, private companies could purchase the canals.

13,515. Do you think that if Parliament would give powers, companies might be formed to repurchase canals from the railway companies and work them as independent undertakings?—I am certainly of that opinion.

13,516. Do you think that that would be a commercial transaction which would find many people to take shares in it?—Yes.

13,517. Do you think that a company could be

formed to take up some canals in certain districts, and to form a canal such as the Manchester Ship Canal Company is doing in their district, to do the same with regard to other canals as they have done with regard to the Bridgewater Canal?—Yes, I know as a matter of fact that in the city there is a great deal of sympathy with such a movement. I do not speak particularly of ship canals, but of canals generally.

13,518. Can you give us any evidence that any of the independent canals that exist in the country, those that are in the hands of independent shareholders not connected with railway interests, are doing anything to develop their canals, either widening them or attempting to meet the demand that at present exists?—Yes, the Aire and Calder is a very good example of that. Then there are the Weaver Navigation and the Leeds and Liverpool since it has come out of the railway control, and the result has been very satisfactory.

13,519. Have they made those improvements that you suggested?—They are improving, but not perhaps to the extent that I suggested in the case of the Leeds and Liverpool Canal. In the other two cases they are. I would like to say that it is impossible in a canal company situated in the middle of the country, perhaps with a link owned on one side by one railway company, and on the other by another, to make any improvement until those links are in independent hands, and until the gauge of the lock has been decided upon.

13,520. Do you know of companies that are not in that position?—Yes, the Aire and Calder.

13,521. Would you state that they have lately adapted themselves to larger traffic?—Yes, very considerably.

13,522. Have they spent capital upon it?—Yes.

13,523. As a commercial transaction?—Yes.

13,524. To what extent?—To a very large amount. You might refer to Mr. Bartholomew's evidence in the Report of 1883, which gives that very fully.

13,525. That is in the hands of private individuals?—Yes.

13,526. (Mr. Jamieson.) I understood you to say that the influence of the greater proportion of the canals in France on railway rates on goods was to keep a lower level than in this country?—Yes, that is so; that is they are influenced by the outside, and the influence of the railways in France is not protected nearly so much.

13,527. I think that the Report of the Railway Commission is that on the great bulk of the goods traffic the English rates are considerably lower than those in France?—No, I know to the contrary.

13,528. This is the Report of the Royal Commission of 1882, with the evidence preceding it?—I think you will find when you refer to it that it refers to mineral traffic.

13,529. I think you will find that the quotation which is given there refers to general traffic of all classes?—I know to the contrary, and I put in the last time I was here a table showing some comparisons between the English and French railway rates.

13,530. With regard to the existing rates of goods traffic as compared with the rates when the canals were in operation, is it not the case that there has been a most material reduction in the rates?—Yes, in some cases.

13,531. Has it not been invariable?—No, not invariable. For instance, the rate between Liverpool and Manchester to-day is greater than it was before the railway was made.

13,532. That is very special traffic, is it not, it being through places of such immense importance; but taking the general traffic in the country, is it not the case that the introduction of railways even in a comparatively recent period has reduced the rate of traffic generally very much below what prevailed in the best times of canal traffic?—Yes, but then it should be understood in conjunction with that, that

now the mass of trade is so much more than it was at that time that it is possible to carry at a very much less rate.

13,533. But when you spoke of the great increase in the value of a canal which as you said had been purchased by the Midland Railway Company, from a cost of 46,000*l.* to a price of 220,000*l.*, must not that have been to a large extent attributable to the maintenance of those higher rates which had yielded to the introduction of railway traffic?—Yes, to a considerable extent no doubt.

13,534. So that any measure that you could apply by the use of such figures would be entirely erroneous?—No, I would not say that.

13,535. Is not the difference of rate enormous between what prevailed on that canal when it was the sole means of communication, and what is now the tonnage rate per mile upon the railways for the same distances?—There would be a great difference no doubt, but what I wanted to show from those two figures was this, that whilst that canal might have been worth in 1833 or in 1846, 220,000*l.*, the result over the past period of years would not show any such an amount, and that the last-named amount ought not to remain, and Sir James Allport says it does not remain on the books of the Midland Railway Company as its cost to the Midland Company.

13,536. In the report from the Select Committee on Railways in 1882, it is said, "Your Committee are therefore of opinion that it is impolitic that railway companies should have the control, either directly or indirectly, of canal navigation; and that where canals are already under the control of railway companies, Parliament should endeavour to ensure their use to the fullest possible extent." Has anything been done in that direction since the date of that report?—I think not.

13,537. If the report of the Committee in that respect were given effect to would it remove the complaint which you are now here to make?—No, because a similar report was made by a Committee of 1872, and Parliament did give effect to that report by prohibiting railway companies from purchasing canals. But immediately, the very same year, the railway companies in another way through their shareholders purchased the Bridgewater Canal.

13,538. Would it be your proposal to enact that no man who was a shareholder in a railway company should be a shareholder in a canal?—No, certainly not.

13,539. How would you prevent what you now complain of?—Simply by putting the canals into a state to carry on the existing traffic, and giving them power to charge rates which would be sufficient to pay independently of the railways, and to see that the competition was open as between railway companies and canals.

13,540. Would not that be a fostering of competition by legislation?—It might be.

13,541. Could not the same benefit to the public be attained by preventing undue rates and undue insisting upon proper arrangements for traffic?—That would be a fostering of competition by the Government.

13,542. Would it not be a regulation of the traffic?—Yes, it would be a regulation of the traffic.

13,543. If that could be done would not the expenditure which you contemplate upon the canals be a waste of public money?—No, because it is impossible for railways to carry with such economy as canals can; and I may instance a remark which fell from Sir James Allport in the cross-examination of Mr. Hickman when I came into the room on the last occasion, that the goods traffic on railways is responsible for three-fourths of the accidents that occur on railways.

13,544. (Mr. Palgrave.) Have you any knowledge of the working of the Leeds and Liverpool Canal, of which you have been speaking?—I know it generally.

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13,545. Could you mention anything about it?—I know that they are paying a dividend of 18*l.* a share, and they are working the traffic themselves.

13,546. Does that appear to be worked upon one uniform system?—We have a joint arrangement with the Leeds and Liverpool Canal for working through traffic on through the Bridgewater Canal to the Aire and Calder as soon as we come into possession of them.

13,547. Do you anticipate any increase in that business?—Yes, for instance, we find it difficult now to get traffic from the south,—from Staffordshire,—but as owners of the Bridgewater Canal we shall be able to give them through rate arrangements by which they will generally benefit.

13,548. Do you anticipate any assistance to the business of the district which is now served by the Leeds and Liverpool Canal through this arrangement?—Yes.

13,549. There are various manufactories, are there not, on the banks of that canal?—Yes.

13,550. Do you anticipate that they will be able to work their business more economically?—Yes, because although the Leeds and Liverpool Canal at present runs into Liverpool, it will have another port by running into the Manchester Ship Canal, over the Leigh branch of the Bridgewater Canal, and in that way again very much increased facilities would be given to the traders on the Leeds and Liverpool Canal.

13,551. And you regard it as likely to assist their business?—Yes, and so do they themselves because they have made arrangements with us to facilitate their traffic to and from the Leeds and Liverpool Canal.

13,552. (Chairman.) You seem to favour the idea of a company buying up all the canals in order to have an independent check upon the railways. I should like to know what security you would take that such a company as that should not really fall into the hands of the railways and become one great concern?—A similar security to what we have given in the Manchester Ship Canal Act; that if the district is not satisfied that the canal is being carried on to the interests of the public it shall be bought over and formed into a public trust.

13,553. Do you contemplate, if such a company as this were set on foot, that it should have Parliamentary powers given to it?—Yes, that would be necessary.

13,554. Would you, in forming such a company, and in granting them powers, take any provisions to prevent its becoming a mere adjunct to the railway system?—Yes. I would prefer myself that instead of a private company the system of the Weaver Navigation should be carried out; that the canals passing through each particular county should be governed by that county, subject to a central authority governing the lot with regard to the rates of traffic.

13,555. By a central authority I presume you mean a central government authority?—Yes, a central government authority.

13,556. (Mr. Houldsworth.) Is it not a fact that Parliament considered the question of the amalgamation of the different railways and refused to sanction it?—Yes; that question was considered in 1872.

13,557. Is not that a similar piece of legislation which would meet this case if Parliament refused to sanction the amalgamation between the canals and railways; would it not be quite in harmony with the course which Parliament has taken up in reference to railways in refusing to allow amalgamation if they adopted the same principle and refused to sanction the amalgamation between canals and railways?—Yes, I take it that it would be so.

13,558. And it therefore would only be carrying out the same principle which they have already adopted with regard to railways themselves, and if they were to legislate to prevent railways and canals being amalgamated; that is, two lines of traffic which might, if left alone, be separate and compete with each other, and which if amalgamated would destroy the power

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of competition?—Yes, which means that if Parliament sanctioned the separation of canals from railways, it would be carrying out what it passed in 1872.

13,559. (Chairman.) But whatever constitution you had of a private character, it would always remain possible for a canal company or the representatives of the canals to come to terms with the representatives of the railways in order to carry on their business in what might be the most profitable manner for the canal and railway companies respectively?—Yes.

13,560. Then that would be excluding any possible influence of the public outside in order to get themselves better served, though it might not so well suit the interests of the carriers?—Yes, that is a point which should be very jealously looked after by Parliament in everything that is done, or that can be done in the way I have named by arranging that the canal should pass over to a trust or to a county, if the private company did not do its duty to the public.

13,561. Who is to be the judge of that; should it be a central authority in London?—Yes, that might be so, or it might go to the Railway Commission.

13,562. The Railway Commission would be a central authority in London, I suppose, would they not?—They would be in such a case.

13,563. Is there anything further which you wish to state to the Commission?—Sir James Allport said that what I stated was not the fact with regard to cartage at Liverpool; but I have here two letters from carters in Liverpool, which I will read. One is addressed to Messrs. Marshall, Stevens, and Company, and says:

"10B, Hopwood Street, Liverpool.
"May 3rd, 1886.

"Messrs. Marshall, Stevens, and Co.

"Gentlemen,—I will undertake to do the whole of your cartage to and from stations, and to and from all parts of Liverpool, at 1/- (one shilling) per ton.

"I have every accommodation for dealing with a large traffic, having upwards of 40 teams at work.

"Yours truly,
"Bernard Reiley."

That is dated May 3rd. Then I have also here from the largest carter in Liverpool a letter offering to do it for 1s. 3d. Then Sir James Allport also contradicted me with regard to any coal coming to the Brunswick station, which you will find at page 46. Question 12,801, where he said that there is no ton of coal sent.

13,564. (Sir James Allport.) For shipment I said?—I have this letter from the firm of Messrs. J. Rayner and Company:—

"12, Rumbold Place, Liverpool.
"3rd May 1886.

"Dear Mr. Stevens,

"In reply to your favour, 1st inst. We had a considerable quantity of steam coal from the Kiveton

The witness withdrew.

Mr. EDWARD JOHN LLOYD examined.

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13,565. (Chairman.) I think you are the manager of the Warwick and Birmingham Canal Company?—I am the engineer and manager of the Warwick and Birmingham, the Warwick and Napton, and the Birmingham and Warwick Junction Canal, which are all allied, and practically all one canal. There are separate stocks, but they are worked together under one management.

13,566. Are they entirely unconnected with railways?—They are entirely independent, and always have been.

13,567. Do they come into competition with the railways in the Midland counties?—They come into

Park Collieries, Killamarsh, Midland Railway, in 1881, which we supplied to steamers "Efficient," "Eastbourne," and "Nettly Abbey" for New Orleans; and during the years 1882, 1883, and 1884 we had steam coal from Skegby Collieries, Twersall, Midland Railway Co.

"The coal was received by us at Brunswick Station, Liverpool.

"Yours faithfully,
"J. Rayner & Co."

Then I would say (and this answers the point which Sir James Allport asked me to take up) that the rate from the South Yorkshire Collieries to Brunswick station is 3s. 3d. per ton. I have stated that the mean terminal of the Midland Company at Liverpool is greater than that, so that out of that 3s. 3d. per ton I maintain that the railway company get nothing for the carriage. I may say also that the Mersey Forge Company are now receiving coal at that very station, and they have a contract for it. Mr. Cohen asked me for a list of the services, and I have made it out as follows:—"As requested by Mr. Cohen, M.P., "I am prepared with a short statement to show how "to arrive at the actual cost of each particular "service. I take the traffic as between Liverpool and "Manchester, and the distance as 33½ miles. I "assume a train-load of general goods to be 100 tons "net, and taking the figures of the Board of Trade, "find the following the average cost per ton for the "33½ miles:—

"Maintenance of way	-	-	2·00
"Locomotive power	-	-	2·77
"Rolling stock	-	-	0·98
"Traffic expenses	-	-	3·33
"General charges	-	-	0·48
"Rates and taxes	-	-	0·55
"Personal injuries	-	-	0·07
"Damage to goods	-	-	0·06
"Legal and parliamentary expenses	-	-	0·11
"Miscellaneous	-	-	0·14
			<u>10·49</u>

"The whole of these items amount to a total of "10·49d. per ton which I will give roundly as 1s. "The cost of permanent way would have to be "ascertained, as would also each terminal cost, which "would right itself by traders choosing the least "expensive terminal station, considering, of course, "the accommodation that was offered to them. As "will be seen by the statement of railway rates I "put in, there is plenty of margin for more interest "than the shareholders are receiving before the rates "now charged are reached."

very direct competition. The London and North-western adjoins our canal at Birmingham; it passes over the canal twice at Saltley and once at Leamington, and is within a very short distance throughout the whole length of our system. The Midland crosses the canal three times. The Great Western crosses it five times, and touches our towing-path in four or five other places, so that the competition is most intimate.

13,568. Do you consider that the returns which have hitherto been made to Parliament show that the canal traffic has increased?—The returns that were made in answer to Mr. Dodd's motion showed that 10 independent canals had increased their traffic

between 1848, when the railway competition became more intense, and 1868, the last date given in the return, and that increase was 33 per cent.

13,569. With regard to the canals which were owned by railways, what was the result of the inquiry?—In only two cases of railway-owned canals was there any increase of traffic, and those were both of them very special cases, namely, the Birmingham Canal and the Trent and Mersey, which is the North Staffordshire Company's Canal. With regard to the Birmingham Canal, I should state that that was really becoming what I may term an omnibussing canal for railway traffic. A very large portion of the traffic on the canal is now the collection of goods from works, and carrying them to the railway sidings, and the canal business in connexion with the railways.

13,570. What is the evidence which you would propose to give with regard to the Leeds and Liverpool Canal?—The Leeds and Liverpool Canal was leased by a combination of railways, the London and North-western, the Midland, and the Lancashire and Yorkshire, for 21 years, from 1853 to 1874. During that time the traffic fell off very considerably, and the dividend of 16 per cent. upon the original capital was made up by the three guaranteeing companies. Since the emancipation of the canal from railway control, and it has been and is now entirely free, the canal company have very largely reduced the rates, and notwithstanding that the revenue has gone up to such an extent that they have been enabled in one or more years to pay 22 per cent. interest.

13,571. Do you think that we have at the present day the means of improving the information that we at present possess with regard to the carrying trade of canals?—I think so, unquestionably. Canals have all been left outside the statistics of trade that have been taken from time to time, and there are really no reliable statistics with regard to canals at all.

13,572. Mr. Marshall Stevens drew attention to this subject, and said perhaps you and he might be able to suggest a form of return that it would be desirable to get, and possible to get, in order to show the amount of canal traffic; will you take a note of that?—I will do so, and I will endeavour to settle such a form of return.

13,573. With regard to competition between railways and canals, do you believe it to be possible to adopt a system by which there can be a really independent competition, by which you could prevent the canals falling under the virtual management of the railways?—I am bound to admit that that is a very difficult subject. As you are aware, in the Railway and Canal Traffic Act, the 36 & 37 Vict. chapter 48, the 16th section says that "No railway "company or canal company, unless expressly authorised thereto by any Act passed before the passing "of this Act, shall, without the sanction of the "Commissioners, be signified in such manner as "they may, by general order or otherwise, direct, "enter into any agreement whereby any control over "or right to interfere in or concerning the traffic "carried or rates or tolls levied on any part of the "canal is given to the railway company, or any "persons managing or connected with the management of any railway." Then there are further general requirements which are to be adopted in case such a state of things arises. The Thames and Severn Canal is nominally an independent canal, but as matter of fact, 2,140 shares, out of a total capital of 2,450 shares, are held in trust for the Great Western Railway Company, and the result of it is that the whole business of the canal is transacted by the Great Western Railway Company from their Paddington Station, and I think we may assume that, owning something like nine-tenths of the shares, and doing all the business at Paddington, as they do, they control the policy of the canal. I should like also to mention another instance with regard to the Great Western Railway Company, which shows the way in which the thing may be

done. In the year 1860 the Oxford, Worcester, and Wolverhampton Railway Company, which is now a part of the Great Western system, gave instructions to a gentleman named Broughton, who held an inferior situation in their service, to purchase from the then owners of the Avon Navigation, the works of the Navigation, and the rates and tolls and tonnages accruing upon it; and they passed a resolution that the company would repay their servant any sum that he so expended. They took possession of the river, and they issued tickets headed "Great Western Railway Company. Dr. to the "Great Western Railway Company for tolls;" and they collected the tolls, and repaid by their own servants, to a certain extent, the works of the river. That went on for a certain time until 1877, when certain traders upon the river applied to the Railway Commissioners to compel the railway company to maintain the river in a navigable condition. The railway company pleaded that they were not the legal possessors of the river; that such a possession would be *ultra vires*, and they threw up the Navigation, and left it in a neglected state, and the whole of the locks and weirs were blown up, and necessarily the traffic is entirely stopped.

13,574. Do you consider that the canal system of England requires revision, so as to bring about an improvement in the carrying capacity of canals and a uniformity of locks?—Personally I have no doubt at all that such a thing might be done with very great advantage, and I think I only need state that if you stand at Cooper Bridge Junction of Sir John Ramsden's Canal with the Calder and Hebble Navigation, and describe a circle of 15 miles radius, you have six gauges of locks within that area. You have got locks as narrow as seven feet and as wide as 22 feet, and as short as 60 feet and as long as 212 feet.

13,575. Is there inland navigation the whole of the way from London to Liverpool?—Yes.

13,576. How does it work?—There is no traffic at all through from Liverpool to London, and the reason for that is this: All the canals north of Birmingham forming a part of the direct route, are in the hands of railway companies. There is an alternative route, but a part of that alternative route is in the hands of railway companies; and although it would be perfectly possible under present circumstances to carry traffic through from Liverpool to London by canal it would be exceedingly difficult, because the railway companies have such toll-taking powers and could so interfere with the continuity of the traffic in such a manner that it would be practically impossible to do it profitably.

13,577. How many different authorities are there upon the different lengths of canal between London and Liverpool?—The least number is seven.

13,578. I see in the notes it is said that there are over eight?—That is by another route, and by one route there are nine.

13,579. And in how many cases are those controlled by interests competing with the canal navigation?—I may mention three, the Regents Canal, the Birmingham Canal, and the Shropshire Union Canal.

13,580. (Mr. Aird.) With regard to the canals which run, for instance, from London to Birmingham at the present time, what is the size of the locks?—The Grand Junction will pass two boats of the same size as on the other canals. The canals to the north of the Grand Junction are what are called 7-foot canals; that is, the widest boat that will pass the Grand Junction is one 14 feet wide or two 7-foot boats.

13,581. These various dimensions have been a very considerable difficulty, have they not, in developing the canal traffic?—Not in that particular instance, I think. The whole of the through traffic has always been carried from London to Birmingham in narrow boats. Even on the Grand Junction Canal the majority of the trade is carried in narrow boats, and on their own branch lines they have narrow locks.

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13,582. Do not the narrow canals prevent the use of steam machinery which is now so very much used?—To a certain extent. There is some steam traffic on the line between Birmingham and London now, but of course the limit is the limit of weight. If you get steam machinery into an ordinary canal boat you cannot carry more than 16 tons besides the machinery.

13,583. Are the arrangements fairly satisfactory between canal companies that are independent and those owned by railway companies for the through traffic as between London and Liverpool?—Certainly not. The independent canals work together, and the whole of the traffic rates are divided in certain proportions, mostly by mileage. With regard to the railway-owned canals, they obstruct the traffic in every way they possibly can. Take, for example, the Birmingham Canal, which is the great originating canal in the Midlands, and the article of bricks from Stourbridge, the ordinary common Stourbridge fire-bricks. If a load of bricks is loaded upon the Stourbridge Canal, which is an independent canal, and it passes over the Birmingham Canal to the Warwick and Birmingham Canal, which is an independent canal, they charge a higher rate upon the Birmingham Canal than they would if it had originated upon their own canal and passed for exactly the same distance. And there is this anomaly: Take two works, one on one side of a lock and the other on the other side of a lock belonging to the very same owner; upon the traffic from one works they charge a less rate than they do upon the traffic from the other works. The same thing exists with regard to works owned by different parties. If traffic originates upon the Stourbridge Canal, we will say 100 yards on the Stourbridge side of the junction with the Birmingham Canal, they charge a higher rate than if it originated 100 yards on the Birmingham side of the junction. Take coal again; the London and North-western Company bring coal from the Cannock Chase Collieries, which are the largest collieries in the district, to the very junction of the Warwick and Birmingham Canal, and land them within a few yards of our canal for 1s. 6d., they finding the locomotive power. On the Birmingham Canal the charge is 1s. 3d. for toll alone. Take the Great Western and the North-western together; they charge 3s. 6d. per ton on coals from Cannock Chase by railway to Stratford, and upon their canals they charge 3s. 4d. for toll alone, which only allows 2d. for the canal services for the independent canals, which form about one-fourth of the whole distance.

13,584. What are the charges generally taken for working a canal as against revenue to compare with railways, which you may take as practically at 50 per cent. as the cost of working; what are the charges of working a canal?—A canal with ordinary traffic and under ordinary circumstances (not, of course, in the mining districts) can be maintained at about 100l. a mile. That would vary with the amount of traffic to some extent. Of course a larger traffic would involve a larger expenditure for water, and so on, but for the maintenance of works and water, where there is a moderate traffic, it would be about 100l. a mile.

13,585. May I ask you what dividend do the canals which you represent pay?—One section pays 3 per cent. and the other pays 1l. 15s. per cent. But I should like to say, with regard to that, that that does not represent the total receipts. We have expended within the last 15 years a very large sum on capital account out of revenue, and we could have paid a higher dividend if we had chosen to do so.

13,586. With regard to rates of carriage, has any comparison been made as regards the charges by the independent companies as against those owned by railways?—On the Birmingham Canal their charge averages from about 55 per cent. to 600 per cent. above ours.

13,587. Do you know anything about the Bridge-

water Canal?—I know it, but only geographically; I do not know anything about its working.

13,588. Are you able to speak about any difficulties that the traffic may have suffered from the practical possession of canals by railways?—None whatever.

13,589. Nor as to the benefit which would arise to the district from their being independent?—No.

13,590. (Mr. Houldsworth.) Can you give me the total mileage of the canals in England?—The total mileage is as nearly as possible 3,850 miles.

13,591. Will you tell us how many miles of that are under the control of railways?—1,333 miles.

13,592. That is not above one third?—About one third, but the whole figure of 3,850 includes rivers that are not worked for profit as well as those that are worked as navigations for profit.

13,593. Could you give me the average original cost of either the canals or the railways of the country; have you any reliable information; what would you put down the railways at?—I do not know.

13,594. Of course there is an average cost of railways; could you give the average cost of canals, or is it too various?—I think it is too various. We ourselves have expended nearly 40,000l. upon one mile of canal.

13,595. The maintenance of water you gave at 100l. per mile on the average?—Yes, on the average; that is about what I should consider the cost.

13,596. Can you say what per-centage of that would be revenue?—It averages upon the canals, with considerable traffic, from about 40 per cent. to 52 or 53 per cent. The Birmingham Canal is worked at something like 40 per cent., and that is the lowest I know of.

13,597. I think that in the case of the Birmingham Canal, which is now in the London and North-western Company's hands, the London and North-western Company guarantee a dividend, do they not?—They guarantee a revenue of 4 per cent. upon a certain amount, which amount represents the capital in its present form, not the amount of the original outlay.

13,598. How much is the amount of the guarantee of 4 per cent. on?—The amount that they guarantee 4 per cent. upon is 3,585,000l.

13,599. That is very largely in excess of what the canal cost, I suppose?—Very largely.

13,600. How many times?—The original shares have been divided 32 times.

13,601. You mean that this is 32 times more than the original capital?—No, that is not exactly so; the original capital was divided 32 times; subsequently they purchased a second canal, or they amalgamated with the second canal, and that second canal was taken upon certain terms, that one share in the Birmingham Canal should represent so many of the shares in the absorbed canal, and that they should then receive equal dividends. Subsequently they purchased other canals and a somewhat similar arrangement was made with regard to the dividends to be paid upon those canals, and they then took up what they called the un-allocated debt.

13,602. But you are not able to give us the original cost?—No, and I do not think that any man alive could tell you the original cost without a very great deal of trouble. It certainly does not appear upon their statements of account.

13,603. Are you of opinion that canals cannot be made to pay?—I am of opinion that they can be made to pay, because wherever you have got a really fair traffic, and they are in a favourable condition, they do pay.

13,604. Are there not canals in the country at present that are not paying?—Yes.

13,605. And that could not be made to pay?—I should say certainly that could not be made to pay. Take, for instance, one that has been rather notorious, the Basingstoke Canal, which has passed from one ownership to another three or four times,

I unhesitatingly say that you could not make the Basingstoke Canal pay.

13,606. Can you tell us what the conditions are which prevent its paying?—There is not a sufficient amount of traffic in the district, and never was.

13,607. Then your opinion, I think, is that if gauges could be made uniform and other improvements introduced, the paying powers of all those canals would be very much greater than they are?—Yes, but I think that one great reason why the canals do not pay and are not of greater service to the public than they are, is that the railway-owned canals charge such rates upon the traffic as renders it impossible for independent canals to compete who ought to join in the competition. The effect is simply this: we will say that an originating canal owned by a railway charges 1s. 6d. out of a possible 3s., when their fair proportion by mileage would only be 6d.; of course the 1s. has to be made up by the independent canals, and therefore there is no part of the charge that they can allocate to themselves until this 1s. has been provided. In other words, taking traffic from Birmingham or from the Staffordshire district, we will say, to London, bearing 4s. 6d. per ton toll, 1s. 6d. out of that toll goes to the Birmingham Canal to start with, and that only leaves 3s. as the toll to be divided between the independent canals which are ten times as long as that portion of the Birmingham Canal over which the traffic passes.

13,608. Then you are of opinion that if the canals were released from the railway control without any improvement being made in them, or any capital expended on them, they would pay better than they do; do I gather that from your last answer?—There is no question whatever that if all the canals were emancipated from railway control, or if the railway-owned canals were compelled to assimilate their charges to the charges of the independent canals, the canals would compete, and successfully compete, and a very large quantity of traffic would be carried upon them.

13,609. Have you any scheme at all for releasing canals from railway control, or any suggestion that you could make to the Commission?—What I would wish to suggest is this: that the Railway Commissioners' Court as re-constituted, if it is re-constituted, shall have complete control over every toll and charge of a canal company; that the canal company shall not be entitled to plead that they have entered into any special agreement with any railway company or with anyone else with regard to any part of their tolls, or to control any part of their tolls, but that the whole of their tolls should be under the control of the Railway Commissioners, upon the application of any other canal company or any body of traders; that the Court should have power to enforce through tolls upon every canal company and upon every description of traffic; and that they should apportion the through tolls to the respective companies either by mileage or by such a method as would take into consideration the particular circumstances of every canal interested in the through toll; and that they should also have power to fix the method of collection and division of the through tolls. I think further that the classification upon all canals should be uniform; and, if possible, it would be well that they should be assimilated as nearly as possible to the railway classification. I think that when a section of any line of canal has become derelict, either through the want of sufficient traffic upon it to make it profitable, or through the neglect of the owners, where independent, or of the railway owning such canal, the adjoining canals or a combination of canals should have power to apply to the Railway Commissioners' Court to hand over such derelict canal to the adjoining canal, or combination of canals, having an interest in the traffic, and that the Court should have power to settle the terms of such transfer, either in perpetuity or for a term of years, or in such other way as they might think fit. And I consider with regard to railway-owned canals that it ought not to be permitted to a railway company to allow a canal which they own or control to fall

into disrepair, and that the Board of Trade, or some other proper authority, should have a power, upon the complaint of any canal company or body of traders using the canal, to inquire into the condition of such canal, and if it is found inefficient, that they should be empowered to order any structural repair or alteration that may be necessary to enable craft of first-rate carrying capacity traversing the adjacent canal to traverse the railway-owned canal without any interruption. I think that no railway company should be entitled to plead that they are entitled to a larger proportion of any through rate, because their canal is not a profitable one to themselves, because, if you look at the results of the railway ownership, you will find that in almost every instance the ownership of a canal by a railway company has resulted in the depression of the trade upon that canal, and a consequent reduction of the profit arising from it. I think I cannot do better than give the last half years' revenue account of the Great Western Company as an example of what has taken place with regard to their canals. They hold eight canals as the property of the Great Western Railway Company, and they give the revenue upon those eight canals as 9,872l. for the half year, and they give the expenses of maintaining the canals as 10,132l., so that they lost 200l. or thereabouts without any representation of capital. If you turn to their capital account, they state that these canals have cost them 756,000l. in money, and that they have incurred perpetual liabilities amounting to about 12,000l. per annum in addition.

13,610. Are those all the suggestions which you have to make in answer to my question?—I think so.

13,611. All of them I understand to be suggestions of yours for the control of rates, and of canals through the Railway Commissioners?—Yes.

13,612. Have you no proposal to make with regard to the resumption of canals from the railway interest into either the hands of a trust or the hands of companies. Have you any opinion upon that subject, whether anything could be attempted, and if so, in what direction?—I think that if it was proposed to take up any part of a canal, or if any attempt was made to absorb a canal, it must take in the whole of a system, I cannot help saying that personally, I am doubtful about the practicability of such a proposition.

13,613. Would you look for any remedial measures in the direction of control by the Board of Trade or the Railway Commissioners, upon the same principle that railways are controlled?—Yes.

13,614. Leaving the bargains that have been made between the railways and canals very much as they are?—Yes, and if all the canals owned by railways were controlled and their tolls were controlled in the direction I have stated, there will probably be a tendency on the part of railway companies to do as Sir James Allport suggested, namely, to get rid of them, and I should be very glad to deal with Sir James Allport for his canals.

13,615. None of your proposals, as I understand, touch the rather important question of the breaks of gauge?—They do not; the question of the break of gauge is one that requires very careful consideration, and it involves a matter very difficult to deal with. It is quite certain that a gauge can be adopted from the seaport for a certain distance inland, where the streams are large in volume and of comparatively small value, having a very small fall by gravitation, but that when you get into the higher land, where pumping has to be resorted to for the supply of the canals, and the natural streams are of greater value, such large gauges as could be profitably adopted near to the sea could not profitably be adopted in the interior of the country. But at the same time I am of opinion that the present gauge is altogether inadequate, and for this reason, that in a canal boat 7 feet by 70 feet, at a very low weight of cargo you reach the limit of stability. It is evident that if you get a boat above a certain depth only having 7 feet beam it becomes unsafe when it heels, and if it heels

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to port it would never right itself, it would be impossible for it to bring itself upright again. If you increase the beam by a comparatively small amount you increase the stability very largely, and therefore, a boat of that same length, with an increased beam, would be stable with a very much larger cargo, and on that ground as much as upon the question of the diminished cost of transport I think that the improvement of canals is desirable, and in fact necessary.

13,616. Do not you think it is desirable that some suggestion should be made to make it very much easier if there should be any of those independent canals that feel troubled by breaks of gauge, or by the neglect of canals, to have facilities granted them for enforcing the works that are necessary to make the whole length of the canal available, either through the Railway Commissioners or through the Board of Trade. At present, as I understand it, they have no power; and even if they wanted to do works of their own, it would be necessary for them to get an Act of Parliament?—That is so.

13,617. And you know that you would then have the cost of the opposition of the railway forced upon you?—Yes.

13,618. Do not you think that some suggestions might be made, by which encouragement would be given, as it were, to the canal owners, both railways and others, to develop their canals by making it at any rate very easy to get the necessary powers?—I have already proposed, in answer to your question, that wherever a railway-owned canal is defective that power should be given to the adjacent canals.

13,619. Would that apply to the break of gauge?—Yes, to all railway-owned canals.

13,620. You used the word "derelict," did you not, by which I understand you to mean neglected and disused?—It was with regard to a former part of my remark, I said that as to the railway-owned canals they should be kept in proper working order, and that the Board of Trade or some other proper authority should, upon complaint either of a canal company or of a body of traders, inquire into its condition, and if the canal was found inefficient they should be empowered to order such structural repair or alteration as might be necessary to enable craft passing with the greatest weight of cargo on the adjacent canals to navigate therein without impediment.

13,621. That would involve either the widening of the canal or the lengthening of the locks?—No increase might be necessary, but with regard to independent canals there is a great difficulty certainly in compelling an independent canal to expend any of their corporate funds in any enlargement of the gauge of their locks.

13,622. If persons in the possession of canals wish to extend the benefit of their canals and to spend capital on them at present I suppose they would require an Act of Parliament?—Yes, they would.

13,623. And they would be met with the opposition of the railway companies probably?—Yes, I assume that the railway companies would oppose it if they could.

13,624. It would be very much easier if they could in some way or other apply to the Railway Commissioners; after getting the sanction of the Railway Commissioners they might probably have to go through Parliament, but with their sanction they probably would meet with much less opposition in getting their Act of Parliament?—Yes.

13,625. Is not that a feasible idea?—Certainly.

13,626. (Mr. Muntz.) With regard to the Birmingham Canal, I understood you to say that you do not propose removing the canal out of the control of the railway companies?—No, I have merely proposed that the Birmingham Canal, speaking of that as one of a number of canals affected by the proposition, should be compelled to accept the mileage proportion of the through mileage for every species of goods, excepting in such a case as they could show that there were some special circumstances which warranted the Commis-

sioners in awarding them a larger proportion of the through rate.

13,627. I understood you to suggest that there should be a uniformity of tolls on canals, or that there should be an approximate uniformity of tolls?—Uniformity would be the best thing, but I think there are special circumstances with regard to some canals which would have to be taken into account in the division of a through toll.

13,628. That is so, is it not, with regard to the Birmingham Canal in this way, that the Birmingham Canal passes through a colliery district in which it might be much more difficult to maintain the canal in good repair than it would be in a rural district?—I think that that argument entirely fails, and I will tell you for why. The Birmingham Canal Company charge their highest tolls for goods that do not originate upon their canals, take for instance, creosote.

13,629. Now you are getting to another subject. I am alluding to the question of the expense of maintaining the Birmingham Canal, whether it is not very much greater than it would be if the canal were in a rural district?—I say it is very much less—vastly less. It is less in this way, if you take the volume of traffic as the measure of cost, the Birmingham Canal carries a ton of goods on an average a mile for less than any other canal in England. If you take the measure of revenue on tonnage they make a larger proportionate profit out of every ton per mile than any other canal company.

13,630. That is taking into consideration the amount of traffic passing over the mile?—And so it ought to be; it is the basis of all calculation. You cannot propose, or at least I should think it could not be proposed, that because the Birmingham Canal is, we will say, a canal earning 10,000*l.* per mile, it should be compared geographically mile for mile as to the cost of maintenance with a canal which is earning 500*l.* or 200*l.*

13,631. That is one point, but that is not what I want to draw your attention to. What I want to draw your attention to is this: that the Birmingham Canal runs through a colliery district, and therefore it entails a large expense in maintaining the canal in a state of efficiency? And it enjoys a larger revenue in consequence.

13,632. It enjoys a larger revenue because it does a larger traffic?—No, but because it is located in a large manufacturing and mining district.

13,633. Since the London and North-western acquired possession or control of the Birmingham Canal Company, can you tell me whether the tolls have been increased or whether they have been the same as they were before the London and North-western Company took it?—To a large extent they are the same, but in some instances they have considerably decreased. They have been decreased in a very large number of instances, under an agreement with my own companies and in connexion with my companies.

13,634. But then I understand you to say that they charge a higher toll upon goods which start, we will say, beyond their system, and pass over their system, and come over your system, than they would upon goods merely traversing their own system?—That is so.

For the sake of argument, supposing bricks coming from Stourbridge pass over the Birmingham Canal to our Warwick Canals, they charge 1*s.* 8½*d.* a ton, but if they come from above the locks on the Stourbridge Canal, even if they come from the Stourbridge Canal, but do not pass through a lock upon the Stourbridge Canal, they only charge 1*s.* 1*d.*

13,635. How do they justify that?—You must not ask me how the Birmingham Canal Company justify anything.

13,636. Can you give any reason why that should be so?—None whatever, nor do I think that such a reason exists.

13,637. Have you ever inquired of the Birmingham Canal Company why such a thing exists?—I have made many inquiries from the Birmingham Canal

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Company, but I never got any satisfactory reply from them; they are the most tyrannical people that I have to deal with.

13,638. You recognise, of course, that it is a very important point?—It is a very important point, inasmuch as they do not charge the same rate per ton per mile that we charge. We could extend our traffic, and, as I believe, we could extend their traffic, and we could double our dividend. If, on the other hand, you will pardon me for one moment, we get our fair proportion of the toll that is now recoverable, the Birmingham Canal having the same proportion of mileage rate, we should double our dividend, in other words, it absorbs one-half of our dividend.

13,639. You suggest that the Railway Commissioners should control the rate of tolls on various canals?—On all canals.

13,640. Would not that be a very difficult question. For instance, the Birmingham canals at the present moment are really not earning their dividend; it is made up by the London and North-western Railway Company; and, supposing that the Railway Commissioners determined to lower their rate of tolls, the London and North-western shareholders might be called upon to pay a still larger proportion of the Birmingham Canal Company's dividend; would that be fair towards the London and North-western Railway?—I doubt very much whether that would be the result of it. In fact, I shall be prepared to deny that it would.

13,641. Who should be responsible?—The London and North-western Company, who undertook a bad bargain. If you will allow me, I will tell you exactly how it works out. The mean cost to the Birmingham Canal upon every ton of traffic is 2·94*d.*; the revenue upon that traffic is 6·20*d.*; the capital charge in the shape of dividend is 4·52*d.*, and the loss to the London and North-western Company upon every ton of traffic carried is 0·87*d.* Now, we want to inquire next what is the result upon that portion of the traffic, which goes to independent canals. The average revenue to our canals on traffic passing over the Birmingham Canal, as nearly as I can get it (I have not the figures to enable me to get it very accurately, but you may assume that it is near enough correct), is 12½*d.*, just double their present revenue. The average revenue derived by the Birmingham Canal Company for the omnibusing trade to the railway stations is under 1*d.* per ton, so that the Birmingham Canal is actually contributing by way of bounty, we will say, to the Midland and Great Western Railway Companies upon every ton taken to those railways, something over 5*d.* per ton in the way of bounty over and above what they would receive if it went to the independent canal.

13,642. Are you aware that the original shareholders of the Birmingham Canal are entitled to any excess of income above the 4 per cent. dividend which is guaranteed by the London and North-western Company?—There is some such an arrangement that after the payment of certain charges the original proprietors get an additional dividend.

13,643. Supposing that your scheme were carried out, and that the revenue of the canal would not pay a dividend up to 4 per cent., and that the London and North-western Company made it good, and continued to make it good, the original shareholders would lose the additional claim which they have to a dividend?—Which they do now, because the London and North-western Company are contributing 26,000*l.* to make up the dividend this year.

13,644. But they may not do so for ever?—Of course, they are, however, wise enough in doing so, so long as it is under the present management.

13,645. Do you think that the system of canal and water navigation may be developed without relieving the railway companies of the canals?—I think if all canals were compelled to accept through tolls, and if the division was fairly made, taking into consideration the circumstances of every canal owned, the

canals could compete, and successfully compete, with the railways, but if you load the canal with 1*s.* a ton upon a low-priced traffic, you cannot make it profitable; it is impossible.

13,646. What do you consider the excessive toll taken upon the Birmingham Canal at the present time?—The lowest toll that they charge is about 55 to 60 per cent. higher than ours. Their highest toll is about 600 per cent. greater than ours.

13,647. Do you think that the toll ought to be reduced 55 per cent.?—I do not say that. I do not say that there are not special circumstances which might entitle them to take an additional toll.

13,648. Did I rightly understand you to say that in consequence of the large tonnage passing over their canal they ought to be able to carry at a cheaper rate than your canal?—No, I did not go so far as that, but if they can carry at a lower rate than the independent canals, let it be reduced, and let us be met fairly in competition with them.

13,649. Would that increase the traffic to such an extent as to maintain the dividend?—Unquestionably, because they would receive a very much larger rate of toll upon it than they do now. If they take a ton of goods to the railway station and receive a penny per ton for it, it would be better for them and more advantageous to their revenue if they brought it to an independent canal and received 6*d.* You see the calculation is this. They now carry a very large proportion of all the traffic over a very short distance upon their canals, receiving a very small amount of their tonnage from the railway companies, who are their competitors to a very large extent, and if that traffic instead of going to the railway systems came to the independent canals even at 50 per cent. or 55 per cent., or whatever it might be, of the present toll, that would yield them 6*d.*, whereas now it only yields them 1*d.*, and therefore they would be advantaged by it to that extent. If the whole of the traffic on the Birmingham Canal instead of going to the railway stations, was carried by the independent canals to its ultimate destination, the shareholders of the Birmingham Canal would get above 4 per cent., very considerably above the guarantee.

13,650. As a matter of fact no traffic from Staffordshire to London or from Staffordshire to Liverpool is carried at a lower rate by canal than it is by rail?—To London traffic is carried by canal at lower rates than by railway.

13,651. (Mr. Palgrave.) You anticipate an advantage to the canals from the alteration that you propose in their management?—Yes.

13,652. Do you anticipate any advantage to the country generally?—Unquestionably.

13,653. Will you describe that advantage?—It would result in lower charges upon all goods carried, unquestionably, if the canals could be filled with traffic at a very low price, as I believe that they would be, and if the main routes of the canals were emancipated from railway control, a very low rate would afford a considerable dividend, or a sufficient dividend, to the canal companies, and consequently the public would receive the benefit.

13,654. And I understand you to say that it would give a stimulus to the trade at the present time?—No doubt of it.

13,655. Could you give us a statement showing that?—I am not prepared with a statement with regard to any particular trade, but there is no doubt at all that there is a very large volume of material used in trade of such a small value that even a few pence per ton in the prime cost would largely influence its use.

13,656. Do you anticipate the creation of a new traffic or a development of the present one?—A development of the present one to a large extent.

13,657. You mean that the same weight of goods would be carried at a lower rate?—Exactly so, and a larger quantity of goods. We have evidence of that in this way.—Since the year 1846, that is since the date at which the Birmingham Canal fell under the control of

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the London and North-western Company, the through traffic interchanged between the Birmingham Canal and our canals has very largely diminished, but the independent and internal traffic on the canals has enormously increased. Taking, for the sake of argument, the article of coals from South Staffordshire, of which we carried before the arrangement between the London and North-western Railway Company and the Birmingham Canal 165,000 tons of coal annually into the counties of Oxfordshire, Northamptonshire, and Buckinghamshire; last year we did not carry a ton, but the volume of traffic carried over the canal was greater last year than it was in 1846.

13,658. (Mr. Aird.) Has any inquiry been made as to what would be the total value of the absorption of the canal system as it exists?—I could not form even a remote idea of it. I could only tell you that I believe the original capital of the canals was approximately 60,000,000*l.*, and supposing that the Government bought up the whole of the canals at their original value, the cost would be about 60,000,000*l.*

13,659. At the present value, about what would it be?—I should say that they are quite worth their

The witness withdrew.

Mr. CHRISTIAN ALLHUSEN examined.

Mr.
C. Allhusen.

13,661. (Chairman.) I think you have been engaged in business in the north of England for many years; would you mention what branches of trade you have been connected with?—I commenced business in 1825 as a general merchant, and for many years I was extensively engaged principally in the corn trade. In 1840 I became the purchaser of the chemical works of Charles Attwood and Company; and the experience I have gained during the last 60 years, enables me to form a fair judgment with regard to the past and the present state of trade. I have endeavoured to embody my views in a memorandum which I beg to hand in (*handing in the same*). I may remark that I have always taken a great interest in tariff reform, first with the view of bringing about the removal of restrictions in this country, and subsequently I was actively engaged in promoting tariff reforms abroad. I visited France, Germany, Austria, Italy, Spain, and Belgium, and from the support I received from Her Majesty's Ministers, some good resulted from my exertions. I cannot hesitate to state now that had commercial treaties been entered into before our corn laws were repealed, our commercial relations with foreign nations would have been much better than they are at present. I am able to speak more particularly with regard to the chemical trade.

13,662. What is the present condition of the chemical trade?—It is at this moment somewhat better than it has been a few years back; but upon the whole it is not satisfactory.

13,663. Can you mention what the course of the trade has been of late years?—This particular trade originated, I may say, about the year 1820, when a very small quantity of soda was produced: then it increased at first slowly, and afterwards it became a very important branch of industry. If I mention that the consumption of salt, which was about 200 tons a week in 1820 has risen to the enormous amount of 690,502 tons in 1884, it will be understood how rapid the progress has been, and I need not mention that during the period of progress large profits were made, which induced the investment of capital to too large an extent I should say, because the result was, that much more was produced than the public required, and consequently the trade became unproductive and suffered greatly from over-production.

13,664. What proportion of the chemicals produced find their market at home, and what go abroad?—I am afraid I am hardly able to answer that question. I have not documents to that effect by me. I have a statistical report, the first one which

original value, because many canals are even now at a considerable premium.

13,660. And your belief is that if the canal system was improved and worked with uniformity, and with fairness, it would be a good paying property?—Undoubtedly. The crushing force is the interference pressing upon the canals by the railway-owned and controlled canals. The independent canals are crushed and crippled at every turn; the railway-owned canals do everything that is possible for them to do to destroy our traffic. It is a positive fact that one of the tunnels on the Birmingham Canal was stopped for 11 months and closed entirely. They said that they proceeded with the repairs with the greatest possible expedition, but they progressed at the rate of an inch an hour. The Manchester, Bury, and Bolton Canal has been stopped for something like eight months, and all the work that they have done I would undertake to have done in five weeks, and if I had not done it I would give up being a canal engineer. I could have done it in less time. I could speak of a work which was done in about nine days which I was concerned in, and it was a work of larger magnitude than that.

was prepared by chemical manufacturers in 1852, and I have also the last report which was prepared by the Alkali Association in 1884, which shows the progress to have been very important. The amount in value of the products in 1852 was 1,234,580*l.*, and the amount of capital employed in that year was about 1,000,000*l.*, whilst at present it is about 10,000,000*l.*

13,665. I observe that in the statement we received from the Newcastle Chamber of Commerce, they speak of the soda products and bleaching powder as finding a market at home to the extent of about 47 per cent., and abroad about 53 per cent.; there is no very great difference between the two; is that your view?—I think that statement is reliable.

13,666. Now the trade is not in a flourishing condition; is that in consequence of competition?—It is in consequence of over-trading and competition.

13,667. Does that competition come from abroad or from home?—Latterly it has come from abroad to a very considerable extent; not that we have had as yet any very large imports into this country, but the Germans particularly have taken our markets away from us. The first shipment of chemicals to Germany was made by me in 1835, to within a few years the exports were constantly increasing, but now the Germans produce about 120,000 tons of soda ash annually, which is more than sufficient to supply their wants.

13,668. I observe that in the answers which are sent from the Newcastle Chamber of Commerce they refer very much to the decadence of the production of soda under the Le Blanc process in consequence of the introduction of the ammonia process; what is the Le Blanc process?—In the Le Blanc process sulphuric acid has to be used for the decomposition of salt, and this accounts for its being more expensive than the ammonia process. The Le Blanc process is one that has been acted upon until within the last four or five years, and then the ammonia process, which was the invention of a Mr. Solway, came into practice, and it is an acknowledged fact that under that process soda can be produced at a lower price than under the Le Blanc process.

13,669. Has that produced more competition from the foreign or from the home manufacturers?—I think that competition has been produced both at home and abroad.

13,670. Do you consider that we are in a position in this country to compete successfully with foreign countries as regards chemicals?—I think we can compete, so far as it concerns the cost of raw materials. I think we are upon the whole upon an equality, except with regard to labour. I have prepared a table,

which shows the increase of wages during the last 45 years, and, if I may be permitted, I will hand it in (*handing in the same*).

13,671. The rate of wages has fallen this last year, has it not?—That is owing to the compulsory retirement of some of the manufacturers; the trade began to be so unproductive that several works have been closed. Since I prepared that statement I have ascertained the wages paid in Prussia, which are from 50 to 100 per cent. below our rates, though the hours of working here are 54 against 70 hours per week in Germany.

13,672. You find, do you not, that trade suffers very much from strikes?—Strikes have done very serious injury. I have no hesitation in saying that the misfortunes of some of the parties who have been obliged to retire from business may be traced to the effect of strikes. I myself had one important strike at my works (I will not refer to smaller ones), which caused a loss of at least 30,000*l.* I do not believe that it did the men any good; as at any rate they must have lost also.

13,673. On the whole, has the amount of work done proportionately improved in relation to the advance in the money wages?—No, it has not; the work is performed at less cost than formerly, owing to the introduction of machinery. Suffering so severely from strikes we were obliged to erect machinery, at a very considerable cost, and the result has been economy in the cost of production, and the number of men employed has been lessened. I should say, in my case, there is at least a difference of 20 per cent. in the number.

13,674. Have there been many works closed in consequence of the depression?—I do not recollect the precise number of works, but I think five or six have been closed on the banks of the Tyne, and one of them, a very old established and well-known concern, like myself suffered serious losses from strikes.

13,675. What do you look to as the best measure to be taken for improving the condition of the trade, especially in that business?—In the first place, bad trade cannot fail to lessen production, and this probably will increase the price of the articles which have to be sold. The only way to compete, with Germany particularly, would be by a reduction of wages, but how that is to be brought about is the difficulty. That it must come is to me perfectly clear, because when employers cannot sell their productions at a profit they will in course of time be unable to pay the wages now required by the men. At present, owing to the influence of trades unions, it is excessively difficult to reduce or bring down wages to meet competition; it must be a question of time. I have no hesitation in saying that trades unions have done serious injury to trade generally.

13,676. (Mr. Aird.) Do you think that the problem suggested by the last question would be solved if the workmen could be induced to do more work in the week, receiving their present weekly pay, and therefore lessening the cost of production?—I have no hesitation in saying that if the cost of labour is lessened our chance of competition will be very greatly improved. Taking the article of soda, for instance, the cost is entirely composed of labour, except the royalties paid for coals and salt, and at each stage the wages are at present higher than our competitors abroad have to pay.

13,677. Do you think it will be possible to bring those controlling the labour market to agree to any arrangement which would bring about that desirable state of things?—There is a very great difficulty in doing so. I have endeavoured to reason with them, but up to the present time not much good has resulted. I have lost money from year to year, and endeavoured to obtain a reduction of wages, but until lately there has been no reduction at all; during the last year or two there has been a slight reduction owing to failures, but it is not sufficient to meet the case; and, according to my commercial experience, I have come to the conclusion that unless we can sell our goods at the

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same price as our competitors, we shall be obliged to retire.

13,678. You have expressed the opinion that the influence of trade unions is detrimental to the industry you represent?—That is my opinion.

13,679. Do you think that the workmen if they were not committed by subscriptions, which have been continued for years to those unions, would so readily follow the instructions which have been given to them, and which, unless they sacrifice all their past subscriptions, they are bound to obey?—As far I understand the operations of these trades unions, it is this: that the leaders of them insist upon certain things being done, and the men who do not comply with those demands are obliged to lead a most unhappy life. I have seen a good deal of that, both as an employer and as a magistrate. In fact we have free trade in commerce, but we have not free trade in labour; the proper thing would be unquestionably that the men who wished to work should be at liberty to do so without molestation.

13,680. Do you believe that it would be beneficial to industries such as you represent if the influence of the trade unions were controlled and brought within reasonable limits, so that the individual action and the wish of the workmen might be followed?—I think that that would be a decided advantage, because a great many men, as far as my experience goes, would have willingly preferred to take lower wages than to walk about the street and do nothing, but they are in fear of having their bones broken, and hence they are obliged to refuse work except on the terms dictated by the unions.

13,681. The trade unions were originally organised, were they not, with the view of forming an association for the benefit of the workmen in times of sickness, and for other purposes for their benefit, and for their families, but without any view in the first instance of controlling the organisation and direction of labour itself?—I believe that has been their origin. Unions for the purpose of giving assistance in the case of sickness, and so on, of course would be very proper and right, but unfortunately the present way of managing those unions is of a very different description; it is, I think, excessively hard upon a man who is willing to work, and who has a family, and who can get a sufficient wage, to be told, you shall not do so, you will be a black leg if you do.

13,682. Would it not be a great advantage to the country if the power of the unions were limited to that benevolent purpose, the masters also being required to contribute to the necessary funds for the benefit of the families of the workmen?—I think some such regulation would be very beneficial.

13,683. I believe in Germany trade unions, in the sense in which they exist in this country, are considered and held to be illegal, and not allowed to exist?—I think that is so, but I could not say for a certainty.

13,684. As regards the strikes, do you consider that the strikes which have taken place in the past have been one of the main causes which have brought about and encouraged the introduction of machinery to lessen the requirement for labour?—Upon that point I have no doubt whatever, it became a matter of necessity. I spent a very large sum of money in order to lessen the number of hands I had to employ.

13,685. Upon the question of technical education as applied to the chemical industry, do you think that in England we have held our own with Germany and other nations in giving those facilities for a thorough knowledge of the subject?—No, I do not think we have. Education has always been a great deal cheaper, particularly in Germany, than in this country. Latterly, some improvement I think has taken place here, but it will take a long time before we come up to the Germans in that respect.

13,686. (Mr. Drummond.) A question has been asked you with regard to trade unions, and it has been put to you that the primary object was the maintenance of sick members; as a matter of fact, I should

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like to ask you whether you do not know that the sick benefit and the other benefits attached to trade unions have been after thoughts, and were not in any sense of the word the primary object of trade unions?—I do not think I could answer this question conclusively.

13,687. I would like to ask you what trade unions you specially refer to as having caused you some loss and inconvenience?—It was a trade union which forbade the men to work when we required a reduction of the wages during a period when the business lost 20,000*l*.

13,688. What union was that?—It was a trade union denominated the Chemical Operatives' Association.

13,689. What trade did it affect?—It affected the chemical trade in particular. If I had known that this question would have been asked, I would have brought documents which would have carried home conviction that trade unions combine to work against the employers in an impolitic manner.

13,690. Although you may have lost 20,000*l*. or 30,000*l*., and the trade unions did as you say, it does not follow that they were wrong?—I think sensible men would say that they were wrong. I then employed about 2,400 people a week, and paid them full wages, and when a reduction in price took place, which compelled me to ask for a reduction of wages, I think if prudence had guided the men they would have worked with me and met the market; at least that is my notion.

13,691. May I ask you where you would draw the line?—I never had any difficulty in coming to terms with the men until the unions existed, and in spite of the non-existence of the unions in former years the men got an increase of wages; as the rate of wages naturally depends upon the demand for labour. I have been obliged to send to Norfolk and Suffolk and elsewhere for men because owing to the great and sudden increase in the chemical industry I could not get a sufficient number in the neighbourhood, and the wages I could afford to pay induced the men to come from a distance.

13,692. You suggested in your evidence that the leaders of the union dictate to the members of the union what they should do, but as a matter of fact that is not so, is it?—I think it is.

13,693. Do you know as a matter of fact that any action such as you speak of, involving the loss of 20,000*l*. or 30,000*l*. to combat with it, would never be taken by any union except by the vote of a mass meeting or the vote by ballot of the whole of the members or something of that kind?—I believe that numerous meetings both in public-houses and in the open air were held. The men knew that I had been making money, and my impression is that they thought the time had arrived when they might lay their hands upon some of my past earnings. In justification of this remark I must explain the method adopted. After much delay and negotiation and the writing of numerous articles in the local papers, it was at last agreed that arbitration should be resorted to; but what was our surprise when, after this point having been reached, the men demanded the production of the company's books, so as to get at past profits, and this requirement was supplemented by a condition that we should sign a stamped agreement to abide by the arbitrator's decision, a condition which, if agreed to, might have bound us to pay wages based upon large past profits during a period of adverse trade, whilst, on the other hand, we could not have held the men to their bargain. Everything possible was done to compel compliance on our part; neighbouring works were allowed to carry on business at the wages we were willing to give, deputations were sent to distant places to solicit assistance, long lists of subscriptions were published to encourage the men to hold out, and in the end I sustained a serious loss, sufficient to deter me from ever investing money again in manufacturing property. Documentary evidence in support of these remarks can be produced.

13,694. Every member of that union was equally

responsible with the other members, and the officers of that union were no more responsible than the other members?—I do not agree with you.

13,695. Will you show how you differ from me?—Because some of the men showed that they would have liked to go to work. I also recollect cases where men have been ill-treated during strikes.

13,696. But you are a magistrate and you know the law provides for that kind of occurrence?—The law provides for it, it is all very well to say that, but you cannot put the law in force, you might just as well try to put the law in force in Ireland as to put it in force in cases of that kind.

13,697. Has your relation with your workmen been good?—Yes; in former times, when the men were able to settle their affairs without the intervention of the principals of the union, wages questions were then amicably arranged.

13,698. Are your workmen unionists?—Yes, I believe most of them are, but now the shoe pinches, and as it is difficult to get work they are more reasonable; but in spite of the bad times they are getting from 50 to 80 per cent. more than they got in 1840, when everything was dearer than it is at present. I do not wish to say anything against trade unions or against the men if things were properly conducted, but at present they interfere most seriously with our difficult position, as unless we can sell our goods in competition with other countries we cannot keep our trade. You would not go to a hatter to buy a hat for 2*s*. if at a shop close by you could buy it for 20*s*., that is exactly our case; and if you have any control, believe me you would render a very essential service if you were to induce the men to suit themselves to circumstances.

13,699. I gather from your latter evidence that they have been suiting themselves to circumstances?—I am sorry to say only to a very limited extent. The list handed in shows that wages have come down about 10 per cent., but that is not sufficient to meet the case.

13,700. What are the average wages in your neighbourhood?—That is a difficult question to answer; the list handed in shows what the wages are and what they have been.

13,701. Those are the various trades you employ—blacksmiths, mill-wrights, joiners, and labourers?—Men of all these trades are employed in chemical works, as well as men engaged in the various processes carried on in them.

13,702. They would be all distinct trades governed by distinct unions?—Not all by distinct unions, I think; I do not exactly know how many unions there are. I can assure you that I have seen a copy of the regulations of a union, it was handed to me in private, if I could have kept it and could have produced it here you would have been surprised to see the conditions imposed upon the men and upon the employers.

13,703. What union was that?—I cannot give the name, a copy of the regulations was handed to me privately, but I can assure you that I was astonished to see the conditions and terms introduced into that document.

13,704. As to strikes, you would admit that the men have quite as much to lose as the employers?—Men also lose to an extent, but not equal to the employers, and many of them are coerced into striking.

13,705. For instance, the leaders who are always referred to during the existence of a dispute, have everything to lose by a strike, because the union itself might cease to exist, and they would then lose their position?—The unions have not ceased to exist, and the leaders, I believe, have always retained a very good position in point of payment.

13,706. But you do not assume that the leaders of the unions are the people who advocate strikes, do you?—I do not know whether they advocate strikes.

13,707. (Mr. Ecroyd.) You told the Commission that you foresaw that unless the cost of production in this country could be brought to a level with the cost of production in those countries with which you

have to compete you must necessarily retire from a business like yours; what do you estimate to be the reduction of wages necessary to bring your cost of production in this country on to a level with that in Germany?—It is a little difficult to answer a question of that sort promptly; it requires reflection and calculation, and it also requires taking into account the probable future. For instance, during my period of experience the cost of living abroad has increased very considerably, whereas the cost of living in this country has been lessened, and I hope that the efforts which have been made in that direction will be continued. Our ships carry produce at a very much lower rate than was the case 40 years ago. America has of late years supplied us very largely, and I know from very good authority that there is every prospect of India underselling America in the price of wheat. All this will tend to reduce the price of living in this country, so that ere long we may in that respect be on an equality with our continental competitors.

13,708. I think you gave us an illustration of the rate of wages as between Germany and this country, but you would make some allowance probably for the greater efficiency of labour in this country?—In many cases an Englishman can work I will not say better but he can produce more than the foreigner; he generally has more strength to do it, but if he will only work 54 hours a week against 70 hours that difference ceases to exist.

13,709. You, therefore, would not consider that a reduction in the English rate of wages to the German level measured by the rate per week would be necessary to place us upon terms of fair competition?—I do not think it would. We have certain natural advantages. England is an island; we have open ports for 12 months in the year; we have the best commercial connexion; we have the raw materials at the same price as the Germans have, and I, therefore, think we should hold our own if we get a reasonable reduction in the cost of production. I am not only referring to wages; there are certain other matters, taxation in this country is very much heavier than elsewhere. I may mention one case, for instance, as far as manufactories are concerned. The manufacturer is taxed under Schedule A to the income tax. If that identical manufacturer loses money under Schedule D larger than the amount he is assessed at under Schedule A he is still taxed. That is putting an unfair burden upon the manufacturer; it is an impolitic burden. Now that the Income Tax Act is under consideration some honourable member of the House might point out that the manufacturers ought to be placed upon the same level as the farmers. If I as a farmer lose my crop I am not assessed to the income tax, if as a manufacturer I make a loss I am still assessed. I do not think that is fair. I trust you will understand that I do not speak from a personal interest; my object is to point out what might be done to facilitate competition. If permitted, I should like to hand in a list of the taxes levied upon the particular establishment I represent, and you will be amazed at the amount and how it has increased during the last 30 years (*handing in the same*).

13,710. Is it your opinion that the incidence of taxation, general and local, under the English system is relatively greater upon industrial establishments than it is in countries with which we compete?—Unquestionably so; not only greater, but immensely greater. When I was in a merchant's employment in Germany in the year 1824 I had something to do with the direction of a sugar manufactory, and I do not believe that the whole manufactory paid for taxation 25 dollars a year, equal to 4*l*. If you look at the list I have handed in you will see that I have to pay nearly 3,000*l*. a year, which is a very handsome income in itself.

13,711. (Mr. Drummond.) May I ask if you do not consider 54 hours a week a sufficient length of labour, and that if you could get the foreign workmen to

reduce their hours to something like a similar rate that would be the better plan of the two?—If the foreign workman's hours of labour could be fixed at 54 hours per week it would be satisfactory, as we should then be on a level with our competitors. I admit that 54 hours would be a fair time, but it should not be overlooked that longer hours may be worked, as shown by past experience. I can tell you that I worked from 9 till 9 for nearly 20 years, and it did me no harm. If a merchants' union had existed to restrict the hours of work on the principle adopted by trades unions, I hardly think I should have been here to give evidence.

13,712. (Mr. Ecroyd.) Referring to the rate of wages, do you believe that such a reduction in the rate of wages would be required to put you on a level with your German competitors as would seriously reduce the comfort and well-being of the labouring population?—It would naturally reduce their comforts to an extent; but I think the men could still live comfortably upon something less than they have been earning of late years. There is no question that anything taken from them lessens their comfort, but I have found invariably that an increase of wages meant more drink. The indulgence with regard to the use of strong beverages is a great misfortune to the nation. Fortunately a change for the better has set in.

13,713. Setting aside the question of injurious expenditure upon the part of the working classes, do you believe that we shall have to lower our ideal of the comfort and status of the working population in this country in order to meet the foreign competition which at present comes against us?—I am a little at a loss to find a proper answer to that question. As you reduce the wage you naturally reduce the comfort of the men to an extent; but if you were to revert to the rate of wages which was received in former years the men would still be able to live tolerably well, owing to provisions being considerably cheaper than they were. I do not wish to reduce the wage of the men. I am not here with that object. I only wish to point out what is necessary to do on our part to retain our commerce. With regard to the status of the foreign working man, I may state that in general it is superior; as a rule, they are better educated, and to judge by the appearances of the men and their families, their condition cannot be considered unsatisfactory.

13,714. Has the market for your productions been seriously narrowed by the operation of foreign tariffs?—It has been seriously affected. The raising of duties in every country has the effect of lessening our sales. Having always taken a great interest in reforms of foreign tariffs, Mr. Cobden asked me to go to Paris with him, and the reduction of the then existing duties on chemicals was to a great extent placed in my hands in connection with Mr. Muspratt, of Liverpool. The duties fixed by the tariff then arranged gave us temporarily a considerable trade with France; but the French since then have lessened the cost of production, and our exports of chemicals to that country have consequently ceased, solely excepting small quantities of bleaching powder. The present duty on soda surpassed 33 per cent. on its value. In the year 1877 I was asked to join Sir Louis Mallet and Mr. Kennedy, of the Foreign Office, to visit Paris once more, with a view to improve our commercial relations with France, but the French Ministry then in power made all efforts in that direction futile.

13,715. And your experience has been that a given rate of import duty which once permitted considerable trade on your part with France has now come by the improvements in their process of manufacture to be a rate which excludes your productions?—The export of soda to France, as stated, has ceased. When in Paris, during the reign of Napoleon the Third, I stated at an interview I had with M. Rouher that I was pretty sure, although reduced rates of duty were fixed, we should in time again be excluded, as the French manufacturers were sure to increase their produce and lessen prices, a prediction which has been verified.

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13,716. In some cases the same duty without any addition being made to it has become by the change of circumstances prohibitory?—Yes, that is so. My notion always was that we should have made commercial treaties before we repealed the corn laws.

13,717. You think our mistake was in giving up the bargaining power before we attained a secure position in our relations with foreign countries?—Yes. I am justified in saying so because, from the interest I always took in tariff reform, I was introduced at the Ministries of France, Austria, Italy, Belgium, Spain, and Prussia, and in every case the question was, What can you give us in return? But unluckily the mischief was done, and it cannot now be remedied.

13,718. You are aware, I suppose, that there was a great increase in the German duties in 1879; did that affect your branch of the trade?—It has affected us to a considerable extent, but I think we are more affected by the Germans having become our competitors. The German manufacturers made fortunes, and as a consequence they greatly enlarged their establishments.

13,719. Have you observed that the adoption of a strictly protective policy in 1879 on the part of Germany has damaged their position in competition with other countries?—From what I have heard, I think it has to an extent, but I have not been in Germany since, and I am not quite informed upon the subject.

13,720. Are you sensible of a greater or less pressure of German competition than there was seven years ago?—I think the competition has very much increased, in our trade particularly. As stated before, the quantity of soda ash manufactured in Germany now reaches 120,000 tons annually, about one-fifth of the quantity produced by us.

13,721. Is there a great actual import of German chemicals into the British colonies or possessions?—I do not recollect; they send a considerable quantity of their produce to America, where we had the entire market in former years. The Prussians, I know, send largely to Austria, and I think to other countries where they have easy access.

13,722. Are the Americans making much progress in their chemical manufactures?—They are attempting to do it, and they may succeed, but their high wages are against them. I am in great hopes, however, that we shall get free trade with America some day, because the present system can hardly last.

The witness withdrew.

Adjourned to to-morrow at 11 o'clock.

13,723. (*Mr. Gibbs.*) I think I understand you to say that on the Continent, in Germany particularly, the workmen do work for less wage than they do here, and for a greater number of hours?—Yes.

13,724. And that we have here certain compensating advantages by our position and our open ports at all times; but at the same time I suppose you would say that, if we are successfully to compete, the men must be satisfied to work as long hours as their opponents, and at wages that are comparatively the same. I mean wages that are the same in respect to the power of purchasing the necessities of life?—I would not say that it would exactly be necessary to work 70 hours a week, nor that it would be necessary that the wages should be reduced to the precise figure which is paid on the Continent, but that a reduction must take place. Speaking off-hand, my impression is that, if we could get men employed at, we will suppose 25 per cent. over what is paid abroad, that, taken altogether, would very nearly put us upon an equality.

13,725. That is what I rather meant to suppose; that we have certain compensating advantages which will enable our people to compete without reducing wages precisely to the point which obtains in Germany; that our men need more wage because the necessities of life are dearer; is that so?—I cannot say that the necessities of life are dearer now in this country than they are abroad. I do not think they are. I may mention in support of this remark that I have fitted out India ships in London, and I have fitted them out in Hamburg, and the provisioning the ship cost me more in Hamburg than in London. The cost of many articles is quite as high abroad as here; but the German workman is very economical; he is thrifty and saving, so that, somehow or other, for the same amount of money, he is apparently better off than the British workman would be.

13,726. The German workman differs from the British workman in his estimate of what are the necessities of life?—I think that is so, but he apparently knows how to make his money go further.

13,727. He can be happy while living more hardly than our men are quite content to do?—I do not altogether understand this question. If hard living means that he deprives himself of wholesome food, I should say that is a mistake.

THIRTY-FOURTH DAY.

Thursday, 6th May 1886.

PRESENT:

THE RIGHT HON. G. SCLATER-BOOTH, M.P., IN THE CHAIR.

EARL OF DUNRAVEN.
MR. J. AIRD.
SIR J. ALLPORT.
MR. L. L. COHEN, M.P.
SIR J. P. CORRY, M.P.
MR. C. J. DRUMMOND.

MR. W. F. ECROYD.
MR. H. H. GIBBS.
MR. G. A. JAMIESON.
MR. A. O'CONNOR, M.P.
MR. R. H. INGLIS PALGRAVE, F.R.S.

MR. G. H. MURRAY, *Secretary.*
MR. T. H. ELLIOTT, *Assistant Secretary.*

Mr. PETER MALKIN examined.

13,728. (*Chairman.*) Will you state in what capacity you and your friends come here to-day?—We are all silk weavers from Macclesfield.

13,729. And you come here to lay your views before the Commission?—Yes.

13,730. I presume you are aware that we have already received a good deal of evidence from Macclesfield?—Yes.

13,731. We have also had it before us that the silk trade of Macclesfield is depressed. I presume you agree with that?—Yes, it is very much depressed.

13,732. What have you to say from your point of view upon that subject?—I have prepared a few remarks upon the subject which I might place before the Commission historically if I may be allowed to read them.

13,733. Will you put, very shortly, before us what you have to say as to the previous condition of the Macclesfield trade until you come down to the present period of depression?—I have been acquainted with the weaving branch of the silk trade since the year 1842, four years previous to the repeal of the Corn Laws. And since that time I have been a close observer of the different phases of the silk trade both in Macclesfield and Lancashire, so far as the hand and the power loom weaving is concerned. I should like, therefore, to refer briefly to some of the periods that impress me as worthy of observation in something like an historical manner. About this time, namely the year 1842, it was computed that there were in and about Macclesfield between 4,000 and 5,000 hand looms at work, and the trade in every department was busy. In 1845, February 14th, Sir Robert Peel abolished the import duty on raw silk in his Budget arrangements, which gave an additional impetus to the silk trade by making the production of the loom somewhat cheaper. About this time, and for a few years previously, some hundreds of looms were employed in making a very rich satin cloth for ladies' dresses, and contemporary with this fashion was a large demand for gentlemen's satin vestings, also of the richest quality, which was known to the trade as 6, 8, and 10 threads. In fact, such a high class of cloth is not made now.

An effort was made in 1849 by the weavers to obtain what in Macclesfield is known as "uniformity of prices," that is, that each manufacturer must pay the same price for the weaving of the same class of fabric containing the same number of ends, the number of picks to an inch, and the same width of work; these conditions generally having been found from experience to involve the same amount of labour and the same amount of time in making the same length of cloth. The consequence of this demand on the part of the weavers was a "book list" of prices formulated by 12 manufacturers and 12 weavers.

13,734. The employers and the workmen were agreed upon this list?—Yes.

13,735. What is the date that you fixed for that?—1849. As I was saying, the consequence of this demand on the part of the weavers was a book list of prices formulated by 12 manufacturers and 12 weavers, and the outcome of this mutual arrangement was the establishment of a "board of arbitration and conciliation;" the first experiment of the kind, I believe, in England, copied after the manner of one in Lyons, for the purpose of settling all trade disputes between the employer and the employed. This board was presided over by a gentleman unconnected with the silk trade, and who gave his casting vote, which in all cases was considered at the time to be final, subject to be re-opened by either party at the expiration of three months. It was an admirable system for two things. It removed misunderstandings between the employer and the employed; it enabled the representatives of the weavers to learn the manufacturers' views respecting the difficulties of any special case, and also to put forward their own views on behalf of the weavers where the labour in the making of a fabric was not sufficiently remunerated. But moral obligations only are not strong enough to make the working of such a scheme successful, for this system, which was much approved of by the weavers and faithfully adhered to by them in every case, broke down in something less than two years, arising from the want of cohesion to those principles on the part of the manufacturers. Yet notwithstanding this final dissolution of the board, the book list of prices that was then formed became a valuable guide of remuneration for our labour for many years after. The trade at that time was very good; orders given to the weavers were long and in many cases continuous; and this state of things had continued to my knowledge since the year 1842 in the manufacturing department; and the throwing department was equally good. There was a great variety of fabrics being made, some of the articles being of a very complicated character, which tested the ability of the weaver, but he was always found to be equal to the occasion.

I may here remark that the apprentice system about this time had degenerated from what it was originally some 15 or 20 years previously. Then the imparting of a full and practical knowledge of the trade to apprentices was the primary condition that entered into the contract; but under this new system which now obtained those conditions were entirely lost sight of by the manufacturer through the interest that was created by the employer receiving one half of the earnings of the apprentices—one firm alone at this time employing 50 on this principle in a mill containing about 200 weavers altogether. Under such a system as this the apprentice really learned nothing about the knowledge of the loom but simply throwing the shuttle, for when the loom was out of order, or when putting the loom to work in the first instance called "gating," overlookers were employed whose duty it was to set the loom

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right in both cases for the apprentice; consequently when the apprentice had served his time (which under this new system was five years), and had to shift for himself, his ignorance about the structure of a loom soon became manifest. But the daily application to his business afterwards, and the severe training which a Macclesfield weaver has to undergo to enable him to make the endless variety of patterns and styles that must fall to his lot season after season, make him ultimately, like the rest of his compeers, a capital workman.

The fabric known as the "Ladies' Ties" continued in great demand down to the year 1851. Mr. Nicholson, I observed in his evidence, does not speak of the interval that elapsed between 1851 and 1857. When the "Ladies' Tie" trade went down in 1851 the ladies' scarf trade sprang up, and for five years the demand for this article nearly equalled the ladies' tie trade, with a slight demand for ladies' silk aprons. In 1857, the period known as the "American money panic," the silk trade of Macclesfield, more especially the manufacturing branch, became suddenly paralyzed, and compelled a large number of weavers to migrate to other towns. But, singular to say, the silk trade of Lancashire during this time of depression in Macclesfield continued fairly busy. But this sudden depression which we experienced, and which we may describe as being very great, was but of short duration, for at the beginning of 1859 the trade began to resume its wonted activity and continued gradually increasing until the year 1860.

Having now arrived at a very important period of the silk trade, I would like for a moment to retrace my steps just to point out that during the period from the year 1842 to 1860 there had been four strikes at four mills respectively; but, with employers, I am glad to say they were of short duration, and like all the other disputes which have taken place in Macclesfield, were conducted in a frank and open manner, and in no case have they excited the fear of the peaceably disposed inhabitants or led in the remotest degree to a breach of the peace.

As previous witnesses have spoken of the silk trade of Lancashire in general terms, I should wish to mention in particular what came under my own notice after the French treaty was negotiated. The silk at this time in Lancashire was a great trade giving employment to many thousands of hands, and taking one firm that I was particularly acquainted with as an illustration, it may serve as a fair criterion of the rest. This firm employed about 600 hands. Its management, so far as I could judge, was conducted on economical principles, the hands were regularly and constantly employed, and had been so for ten years previously, that is to say, since 1850, the employer was one along with many other manufacturers who had signed the memorial in favour of the French treaty, with an impression, I was given to understand at the time, that they considered they were so perfect in the business that they could defy the competition of the world to affect them. I remember that the commercial world were so enamoured with free trade principles that our ports were thrown open almost immediately for the introduction of foreign goods shortly after the adoption of the Budget in March of that year. But in less than four months after that event the mill went on short time, discharged a large number of hands, and struggled on for a few years and gave up silk altogether. The large mill that contained the throwing machinery, winding, &c., is standing idle. The description I have given of one firm applies in detail to many other firms that I was acquainted with. I may safely say, from observation and inquiries I have made on the spot, that there are not more than two or three silk mills working in and about Manchester. In Lancashire strikes were unknown in the silk trade. All transactions with regard to the price paid for labour were conducted on pure free trade principles, but those conditions could not save them from what appears to me the almost general extinction of the silk trade. Their principal manu-

facture was plain or tabby cloth and striped, so that, apart from the dyeing, they could not be charged very well with a deficiency of technical knowledge in the manufacture of that class of article. There is no place in the United Kingdom that has maintained its position for the manufacture of silk like Macclesfield.

13,736. You made use of the expression just now that nothing could save the extinction of the silk trade; do you mean to imply that in consequence of the French treaty and all the circumstances involved nothing could save the extinction of the silk trade?—Yes. As I was saying, there is no place in the United Kingdom that has maintained its position for the manufacture of silk like Macclesfield. And even now her own sons, after having made a fair position in the town, are reducing the already scant labour by sending their work to be done elsewhere, and trading on the reputation of the Macclesfield weaver by representing the goods as Macclesfield make. But to revert to Macclesfield as to how it fared after the French treaty came into operation, it would be correct to say that for many years subsequently the whole trade of the town was prostrated, for that appears to me the proper word to convey the correct idea; and it got the opprobrious name applied to it through its sad condition of the "Doomed Town," and down to 1868 there were, according to statistics obtained at the time, 1,300 houses empty out of about 7,000. The Franco-German war occurring two years later the trade suddenly revived and extended in all directions. Three years after the declaration of that war the prosperity that set in was rarely, if ever, witnessed in Macclesfield before. The scarf trade to which I have referred was in great demand, and also the swivel trade, and many other works for which labour could not be found, nor even places or houses in which to put new looms; and this state of things continued down to 1876.

I think it will be in order now, having passed briefly in review the 15 years that have elapsed since 1860, to point out the number of strikes that have taken place in that time. One was in 1866, over prices to be paid for a new class of work to which I need not further refer, and the other, which was rather more important, took place in 1872. The dispute arose from a desire on the part of the weaver to obtain some little share of this general prosperity, beyond the List price and continuous labour, and therefore we conceived the idea of demanding 1s. per week of reduction in our loom rent, and this brings me to a point which is worthy of an explanation. The inside weaver, as we are called, up to this date, 1872, according to a custom of the trade, paid to his employer out of his earnings 5s. per week when he was working for what is called "Loom Standing" or rent. The concession was granted, and the loom rent has remained at 4s. per week ever since. The weavers of Macclesfield are divided into two classes, designated the journeyman and the undertaker. The journeymen have no looms of their own, but work on the premises of the manufacturer or else in the garret of the undertaker, who undertakes (from which the word is derived) the management of the work he receives from the warehouse, and as a rule he finds all the machinery necessary for making the cloth, and from his knowledge he arranges the loom for that purpose,—the only cost in such a case to the manufacturer is to find the silk and the pattern, which, if not of his own immediate design, is performed by a designer. The undertaker then becomes responsible for the safe keeping of the work and the due performance of its management. The undertaker must be a practised man in his business, and in most cases they have nearly served a lifetime to it. He may have succeeded his father or grandfather; consequently they are enabled by their practical knowledge of the loom to undertake to make any kind of fabric that the manufacturer chooses to make. For the art of weaving, when thoroughly understood as it is in Macclesfield, secures to the manufacturer the due performance of all kinds of work, no matter how complicated that work may be. This being the case, it

gives to the enterprising manufacturer many advantages, for it places at his services the machinery belonging to the undertaker, as well as a competent class of workmen to perform the work he requires. The gradual decline of our trade commenced in 1876, and has continued in a downward direction ever since. The prices paid to the weavers are lower now all round than ever they were known before, and judging from the most recent information to hand about the efforts of the manufacturers to make further reductions we cannot tell what the minimum of the prices will yet be. Comparing the prices that are paid to the weaver now to what he received 10 years ago, and to what the Book List of 1849 specifies, I should say that the reductions generally which have taken place are 15, 25, and 30 per cent.

13,737. (Mr. Ecroyd.) Is that from 1849?—Yes, from the 1849 List. The disparity of prices too paid by the manufacturers for the same class of work which is destined to go to the same market, and perhaps to be placed on the same counter, appears to be most reprehensible, for it induces a rivalry among the manufacturers as to who shall pay the lowest price to the weaver for his labour. And, paradoxical as it may appear, I have noticed that the lower the price of labour descends the more limited the work becomes, the less work there is to be given out. And even those manufacturers who are noted for paying low wages have generally the least to give out. I have pointed out the expenses which fall on the undertaker in providing himself with all that is necessary in machinery, &c. for making cloth. There are yet other expenses that fall exclusively on the journeyman in the shape of loom rent, poundage, and gas, and when taken in conjunction with the other reductions I have named they form no small item in the low earnings of the weaver. In order to make this clear it will be necessary to suppose the case of a journeyman weaver whose wages in the gross would amount to 1*l.*; in such a case taking the reduction of 15 per cent. there would be 3*s.* from his 20*s.*, making it 17*s.*; for loom rent 4*s.*, making it 13*s.*; and for gas, if he should use any, 6*d.*, bringing the total down to 12*s.* 6*d.* But unfortunately the process is not finished, for there is 6½*d.* for poundage still to be deducted, making the 1*l.* under this singular process 11*s.* 11½*d.* And here I may observe that in this method of obtaining the average rate of wages there may have occurred those mistakes which have been made by the gentlemen who have appeared before to give evidence from Macclesfield.

13,738. (Chairman.) You said just now that the reductions in the remuneration of labour in the silk trade have been 15, 25, and 30 per cent.; do you suppose that the reductions in the profits of the manufacturers have been greater or less than that?—I cannot say.

13,739. When you speak of the depression in Macclesfield, I suppose you mean depression to all parties engaged in the trade, manufacturers as well as weavers?—Yes, all round manufacturers as well as weavers.

13,740. What strikes me is that we have heard in this room of a depression of 15 and 25 and 30 per cent. in the last 10 years as a pretty general depression in all trades and manufactures, in fact, it is a very moderate one?—Yes, it is a general reduction, as it were, throughout the various trades.

13,741. Is it the subject of complaint on your part that the reduction of 15, 25, and 30 per cent. in wages is not fair as between you and the manufacturers?—No, but there are other reductions as I have pointed out, which have taken place.

13,742. Still you lump them together and you say 25 and 30 per cent.?—Yes, but the reductions which have taken place in some cases have rather exceeded that; I have taken a moderate sum.

13,743. If it should appear to be made out that the reductions of the profits of the manufacturer are at least 30 per cent. in the 10 years would you think it unfair that the reductions in the wages

should bear a like proportion?—Not altogether, but we cannot ascertain as respects the profits of the manufacturers as to how far their profits have been reduced.

13,744. Have you any reason to suppose that the truth on that subject is withheld from the world, and that the manufacturers are making undue profits whilst you have been bearing the brunt of the depression?—No, I think there is a general depression which reduces their profits as well as ours.

13,745. Then you say, as a general proposition at the close of your remarks, that you believe that the lower the price of labour the more limited the work to be put out?—Yes.

13,746. Might you not take it the other way, that the more limited the work to be put out the more will the price of labour be reduced?—That is the lower the price the work becomes less.

13,747. It is a question which is the cause and which is the effect?—Yes, it is.

13,748. You have given us a very interesting picture of the silk trade from your point of view, and you have mentioned your objections to the apprentice system—do you consider that it would be possible to go back upon the old system of trade apprentices?—No.

13,749. And you do not advocate that as a remedy for the present state of things?—No.

13,750. With regard to the technical knowledge of weavers, we have heard something of that?—I do not know that there could be much improvement with respect to the technical knowledge of the weavers, but, of course, the more knowledge that is gained so much the better for all round.

13,751. We have heard a good deal of the difficulties which have arisen in Macclesfield in former days by reason of this list of prices which was put out; that list is no longer in operation, I believe?—No, they work their own prices.

13,752. According to your statement strikes have had but a very limited operation in Macclesfield?—A very limited operation indeed.

13,753. Nevertheless, the fact is that since the French treaty, and in consequence of it, according to your view, the silk trade in England has received a heavy blow?—Yes.

13,754. Although it was for a moment, as it were, revived by the stimulus afforded by the Franco-German war?—Yes.

13,755. Is there any other observation which you have to put forward with regard to the evidence which we have already before us upon the subject of the silk trade of Manchester?—I want to point out that the average rate of wages of weavers is about 9*s.* per week net, or between 9*s.* and 10*s.*

13,756. (Mr. Ecroyd.) Do you mean of hand-loom or power-loom weavers?—Of hand-loom weavers.

13,757. What would be the average rate of wages for power-loom weavers who work inside?—I cannot answer that question for the simple reason that I am not connected with the power-loom department. The average rate of wages for the outside weavers would be something like 7*s.* 6*d.* a week, and a great deal of time is wasted.

13,758. (Chairman.) I take it then from the statement which you have made that what you have come here to represent as your view as to the depression of the silk trade in Macclesfield is not due to any action of the trade, or any trades unionism, or any strikes, but is a consequence of the French treaty and of the opening of the trade to all the world?—Yes, I look upon it in that light.

13,759. You feel that the French workman in silk who competes with the English workman is imperfectly educated, and not so well provided with the means of pursuing his calling?—I cannot say that the knowledge of the Frenchman is superior to the knowledge of the Macclesfield weaver. There is nothing that surpasses in ability for making a good article our Macclesfield weavers. No one can surpass them.

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13,760. You spoke of one particular firm that used to enjoy extreme prosperity, but is now completely extinguished; where was that firm located?—In Manchester.

13,761. Was it a similar class of silk manufacture to that which prevails in Macclesfield?—No, a very different class—ladies' dresses.

13,762. That can hardly be any part of the evidence which you have to give with regard to Macclesfield?—No, but it is pointing out the contrast, and the decline of the Lancashire silk trade immediately after the passing of the treaty.

13,763. How do you account for the revival which was experienced in 1870 and the two following years—do you think it was a real or a fancied revival?—A fancied revival, arising from the disorganised state of industry in France and Germany.

13,764. It was supposed, was it not, that that would continue and would give an opportunity for the revival of the trade in England?—Yes, because it would lessen the production in France and Germany, and of course diminish the importation of silk goods.

13,765. The revival of those two or three years does not inspire you with any confidence that such another revival would be likely to take place and to be permanent?—No, there is a gradual decline. The trade is worse at the present time than I have ever known it before.

13,766. You said in the earlier part of your evidence that a number of persons had left Macclesfield and migrated to a number of places in consequence of the prevalent depression?—Yes, that was in 1857.

13,767. Where did they go?—A great number of them went to Lancashire because the Lancashire silk trade was fairly busy at the time, and some went to Crewe, where works existed, and which is not so very far distant from Macclesfield, and some went to other places.

13,768. I suppose you remember the time when the Spitalfields silk trade was considerable?—Yes.

13,769. Was the Macclesfield prosperity built on the ruins of the Spitalfields trade, or had it nothing to do with it?—No, it had not, because they were two distinct classes of work.

13,770. But, however, the Spitalfields trade had become practically extinct long before the time that you speak of, had it not?—No; it was being reduced, because a higher rate of wages prevailed in Spitalfields, I believe, and consequently a portion of the trade was going into the country; but still in 1860 I believe there was a fair business in Spitalfields.

13,771. Do you know how it has been since then?—Since then it has gone down—shortly after 1860 it went down, and it has been going down since.

13,772. Are you aware that any migration from Spitalfields, that is to say, from London to Lancashire and Cheshire in the silk took place?—Some went down to Macclesfield, and some went to Lancashire from Spitalfields. I was acquainted with one or two that did so. But I may point out a fact of which I am reminded, and that is with respect to Coventry. In the year 1860, the same year, a number of weavers went from Coventry to Lancashire, and a great number went in 1865 from Coventry to Bolton, in Lancashire, and a portion went to Colne, in Lancashire, from Coventry, and the trade gradually went down.

13,773. Coventry was mostly engaged in the ribbon trade, was it not?—Yes, mostly in the ribbon trade. In the year 1875 a deputation, consisting of working men, was sent to Basle and Zurich, and they went over and reported. I had the privilege of getting that report, which was printed, and it was a very important one; and they concluded something like what I might conclude, that in Coventry the orders were very short, and the weavers of Zurich had large orders.

13,774. What was the date of that?—In 1875; and they concluded that the orders that they received were merely to supplement the orders that the Zurich weavers received.

13,775. However that is all about Coventry, but

generally speaking with regard to Macclesfield, have you anything to press upon the Commission which you would wish to place before us as a remedy for the present depression?—I can only say that according to what I understand, so long as we have free trade in silk and are under the present conditions with respect to the tariffs of foreign countries, our own silk trade must and will decline. There may be some limited quantity being manufactured, but it will never be a prosperous trade.

13,776. Do you think that but for the prohibitory tariffs of foreign countries you could push your silk manufactures in the face of France and Switzerland?—It would place us on a footing of equality, for I believe myself that the continental nations are not superior to us in respect of make, and their knowledge is not superior. I have seen specimens yesterday of their work far inferior to ours, but the price is considerably lower. The ability of the Macclesfield weavers stands very high, and they are industrious.

13,777. But, after all, may I take it as the sum of your evidence that the depression in Macclesfield has affected the operative classes to the extent of a reduction of from 15 to 30 per cent. in wages in the last 10 years?—Yes, it has lowered the wages of the weavers and it has reduced the number of weavers. During the last seven years five mills have closed in Macclesfield, and one very important mill. I can go down a street in Macclesfield, and I can count four or five mills that have been converted and have stopped.

13,778. It is one thing for mills to be closed, or for people to have migrated, and it is another thing for people to remain there without work; is that the case in Macclesfield?—Yes; the trade is going down and the mills are being closed.

13,779. Are there a large number of operatives out of work?—Yes, at the present time there are a great number.

13,780. Then your statement as to 15 or 30 per cent. has to be further qualified in the sense that a certain number have no work at all?—I have taken the average of those weavers who are playing, and also of those who are working. I have made particular inquiries concerning the wages that they receive, and they average inside between 9s. and 10s., and outside somewhere about 7s. and 7s. 6d., or rather lower.

13,781. After all, if there are a large number of persons unemployed, and without any work at all, a reduction of from 15 to 30 per cent., however deplorable, is still a better condition than that?—Yes; it must be.

13,782. And the question is whether the reduction that you speak of is disproportionate to the position of the employers of labour?—Yes; but we cannot get at that.

13,783. (Mr. Aird.) As regards the present depression, is it your opinion that if the cost of production could be lessened you would then be able to compete with the French and German markets?—If it should go so low as to be equal to the cost of production on the continent, we then should be in a fair condition of sustaining our trade; but a question occurs to me as to whether we should be able to go down sufficiently low for that.

13,784. If you were unable to do so there would be no alternative but for the trade to be abandoned?—If we were able to do so, of course we should obtain a good portion of the trade back again.

13,785. But if you were unable to do so, what would be the result?—Then the trade must go.

13,786. You believe, as regards the working classes, that it is impossible to reduce the wages any lower so as to enable the cost of production to be lessened?—I should say that they have got as low as they possibly can be.

13,787. I also gather, from your answer to the Chairman, that you do not think that the manufacturers at the present time are obtaining any excessive or undue profits?—There are some that do, because we have evidence which will be placed before the Commission by the gentlemen that are now present.

13,788. How many days a week do the weavers work in Macclesfield?—Six days per week.

13,789. Do they work all those six days?—They work half a day on Saturday—they work somewhere about 56 hours per week; that is to say, the inside weavers, and the outside weavers work somewhere about 62 or 63 hours a week.

13,790. I believe at the present time they are not controlled by trades unions?—No, they are not.

13,791. Does it at all occur to the workmen that possibly the trade of Macclesfield might have been benefited if the manufacturers could have arranged to dispose of their goods directly to the buyers without the aid of merchants or middlemen?—Yes; I believe myself that it would better the condition of the manufacturers if some arrangement could be made to dispense with the services of the agents in a great measure; because it must be the agent or else the draper that receives a large amount of profit. From what we can learn, and what we have learned, the profit is very large in some cases.

13,792. Has any representation to that effect been made at any time by the workmen to the manufacturers?—Yes; it has been several times stated to the manufacturers.

13,793. Is it your own opinion that the manufacturers have, as a class, shown sufficient enterprise in leading the fashion, or in anticipating the changes of fashion so as to follow the requirements of the trade?—They have shown very great enterprise in times gone by; but, the trade declining like it has, has deprived them of energy in a measure, and of that spirit of speculation which formerly existed.

13,794. (Sir J. Allport.) I gathered from some remarks of yours since I came into the room that you attribute the falling off in the silk trade, which is your chief trade in Macclesfield, to the tariffs, and the prosperity of the silk trade on the continent with you?—Yes.

13,795. Are you aware that the French Chamber of Deputies appointed a Commission to inquire into the depression of trade in France?—Yes, I am fully acquainted with that.

13,796. Have you seen the report of that Commission?—Part of it.

13,797. I suppose I am right in assuming that the two chief seats of the silk manufacture in France are St. Etienne and Lyons?—Yes.

13,798. Is it the fact that at St. Etienne, at the time when this report was issued to the French Deputies there were about 3,500 out of 7,000 owners of looms entirely out of work?—I am not aware of that fact.

13,799. I am reading from the report to the Chamber of Deputies from the Commission appointed in 1884, and which was issued to the Chamber of Deputies in 1885. Are you also aware that the exportation of silk goods from St. Etienne has fallen off from 60,000,000 francs to 35,000,000 francs?—No; I am not aware of that.

13,800. I assume that that would be in 1885. I will now pass from St. Etienne and go to Lyons. Lyons, of course, is a more important place than St. Etienne, is it not?—Yes.

13,801. Are you aware that the municipality are absolutely supporting about 30,000 unemployed workmen at Lyons?—No, I am not aware of that.

13,802. Are you aware that the production of Lyons silk rose to about 160,000,000 francs, and that in 1881 it had been reduced to 395,000,000 francs, and since that period it has been considerably further reduced?—I was not aware of that.

13,803. Are you also aware that in 1874 Lyons exported 485,000,000 francs of silk manufacture, and in 1883 only 286,000,000?—Yes, I am aware of that.

13,804. Does that show that France is interfering with the silk trade of England?—According to what I learn France imported into this country 5,000,000l. worth.

13,805. Do not you see that the exports of silk

goods from France have fallen off very seriously?—Yes.

13,806. On the reverse side of the picture, instead of their tariffs interfering with the importations of silk, are you aware that France, in 1874, imported 33,000,000 francs worth of silk tissues; and in 1883, 43,000,000, which is an increase of about 30 per cent.?—I am not aware of that.

13,807. Would those figures rather disabuse your mind that the silk manufacturers of France are interfering with your trade in England?—I cannot understand the real cause why France, for instance, is being reduced in the number of looms, but I can comprehend the position that we occupy with respect to France if the statistics published by the Board of Trade are correct, namely, that they imported last year 5,000,000l. worth of silk goods into this country.

13,808. That is true—we had always imported a large quantity of silk into this country, long before free trade was adopted?—According to the latest returns of the Board of Trade in 1883, the imports of this country were 10,360,000l. worth.

13,809. That is raw silk, is it not, chiefly?—No, it was manufactured silk. In 1883 we imported 10,360,000l. worth, and the amount that we manufactured, both by hand and power, in the United Kingdom would not amount to 4,000,000l. according to the statistics of the United Chambers of Commerce.

13,810. Still with the figures which I have read to you, you cannot suppose that the silk manufacture in France is prosperous?—No, I cannot.

13,811. Then it cannot be that their importing into England so large a quantity has made them prosperous; but in spite of their excessive tariff, they are importing a much larger quantity into their own country than they were a few years ago. I am speaking of the imports into France, you see that the imports have increased from 33,000,000 to 43,000,000 francs, or just about 33 per cent., does that show a very prosperous state of trade in France?—No.

13,812. This report does not say where those imports came from, but does not it show that in spite of that tariff foreign manufacturers can compete with them even in their own country?—Yes, it appears so in that instance. What I was going to point out, if you will allow me, is that in 1883 we imported 10,360,000l. worth of silk manufactured goods into this country, and that we can only produce 3,000,000l. or 4,000,000l. worth in the course of the year.

13,813. That is rather a complicated question, but that importation does not apply to your trade in Macclesfield, does it—it includes a great deal of half-manufactured material. We do not produce silk in England, I suppose?—No.

13,814. You have to import your raw material and half the manufactured material, have you not?—Yes, but I understand that in 1860 we imported in raw silk 6,500,000l. worth, and last year we imported in raw silk three millions and some hundred thousands of pounds worth—that is about half—I believe that statement would be found also corroborated by Mr. Wardle's evidence that was given in the Commission on Technical Education.

13,815. Manufacturers have told this Commission that a great falling off in the trade has been in consequence of the change in fashion, ladies wearing now all wool goods instead of silk goods?—There would be a great deal of force in that observation if, for instance, I had not pointed out that in 1860, mills that were busy for 10 years previously, three months after the opening of the treaty went on short time, struggled for existence and went out. So that the change of fashion, if it took place at all, was singularly coincident with the opening of the ports for foreign-made goods. It was a singular coincidence indeed, because those mills were very well established, old mills, and were working under very favourable circumstances. The mill property was the manufacturer's property, and the houses adjoining the mill were occupied by the working people, and they were

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paying a high rent, and yet, in three months after, the mills went down on short time.

13,816. Surely you do not mean to say that the silk trade has been gradually becoming more depressed from 1863 to 1885?—From 1860, from my own observation, and I have bestowed a great deal of attention to the subject, the silk trade is gradually going down. It is getting less, I may say, in Macclesfield now to-day than I ever knew it since 1842. There are less mills and less production.

13,817. Still, with all that, your great competitor, which you say is France, is feeling the depression and suffering probably to a greater extent than you in England, judging from their report, which I should recommend you to get and read?—I shall do so. I am much obliged to you for that offer.

13,818. (*Mr. Drummond.*) Do I understand that you do not hope for anything as the result of increased technical education?—Not very great. I cannot see that technical education would improve things much.

13,819. As a matter of fact, you could tell us, could you not, whether you have lost any work in Macclesfield because the Macclesfield weavers were unable to compete with the French weavers as the result of insufficient technical knowledge?—The technical knowledge of the Macclesfield weavers, I should suppose, from my own experience, is equal to that of the foreign weavers.

13,820. Then, as a matter of fact, you could hold your own, you think, in every sense with the French weavers?—Yes. I happened to have the privilege at one time of working with French and German weavers. I worked side by side with them, and I am happy to say I was able to hold my own under those circumstances.

13,821. (*Mr. A. O'Connor.*) Where was that?—At Messrs. Houldsworth's, in Manchester. They came over from Germany, and I worked side by side with nearly 20 of them.

13,822. (*Mr. Drummond.*) Were you on piece-work?—Yes, we were on piece-work. We were working the same class of cloth, and I was able to hold my own better than the Germans, I might say.

13,823. You know something of the French manufactures and the Macclesfield manufactures; would you say that the English manufactures are far superior to the French?—Judging from the cloth which I saw yesterday in the City, from the specimens that were placed before me, and from other specimens, my conclusions are, from the statement of the merchant and my own observation, that the Macclesfield manufacturer is equal to the French manufacturer, so far as the appearance of the cloth is concerned, and so far as the design and combination of colours and effect is concerned.

13,824. Would it not be correct to assume that, speaking generally, the English manufactures are very superior and far more serviceable than foreign manufactures?—Yes; they are far more serviceable. Taking the class of cloth that I saw in several merchants' warehouses—and I had very good samples of work brought before me, all of them being of the highest form of Macclesfield make—and they said there was nothing to equal it, and nothing to surpass it. The point is the cheapness. The article which is produced in France is very light; in fact, I am in the habit of weaving day after day, and I never saw such light cloth before; a dozen was computed to weigh $4\frac{1}{2}$ ozs., and we generally have our cloth weighing 10 or 11 ozs.

13,825. If there were a demand, you could manufacture in Macclesfield equally light cloth, could you not?—Yes; but the French get the patterns, as far as I can see, of a style that would be suitable to the taste of the English people, and then they run on the same lines of the pattern, and produce an inferior cloth with the very best effect in a measure.

13,826. Do you think that the Macclesfield manufacturers are quite as enterprising as they might be?—No doubt they are enterprising, but at the same time, the trade is in such a depressed condition that it

deprives them, in a great measure, of the energy that they otherwise would exercise.

13,827. You tell us that very considerable reductions of wages have been made for a very long period of years; do you consider that those reductions have in any way improved the condition of trade in Macclesfield?—No, they have not.

13,828. If still further reductions were made, may we assume that the trade of Macclesfield would not be improved?—If the reductions went below a certain standard, that would seem to balance the wages paid on the Continent, then the scale might be turned in favour of the Macclesfield weaver, but until that balance is obtained by a great reduction and by more reduction still, the trade must gradually go down.

13,829. I presume, with the present rates of wages, the Macclesfield weaver has quite as much as he can do to pay 20s. in the £, has he not?—The present rate of wages that the Macclesfield weaver receives are as I have stated. The average rate of wages for the inside weavers is about 9s. to 10s. per week, and the average rate of wages for outside weavers is somewhere about 7s. to 7s. 6d. per week net.

13,830. Are those men's wages?—Yes, men's wages and women's wages. They are all men inside.

13,831. Are there any proposals to reduce wages in Macclesfield at the present time?—Yes, there is a proposition, and there is a dispute on now. A manufacturer, on the 25th of April, dated a bill, which you observe was Easter Sunday, and pasted that bill on the door of his warehouse, and, of course, when the people resumed their work on the Wednesday following (because the two days Monday and Tuesday were holidays) they discovered this bill announcing a further reduction of something like $7\frac{1}{2}$ per cent. in one case and $12\frac{1}{2}$ per cent. in another case, making something like 10 per cent. of reduction, and making still further unpleasantness.

13,832. What was the result of that?—The result of it was a dispute and a strike, and the men ceased working.

13,833. Notwithstanding that there is no union in Macclesfield, the men ceased working?—Notwithstanding that there is no union the men ceased working.

13,834. Then it cannot be said that the union has brought about that dispute?—No; there is no union in Macclesfield, but a united action on the part of the weavers has produced a cessation of work.

13,835. The actual number of workpeople in the trade, I presume, is decreasing, as the result of the depression?—Yes, very much so; and great numbers are going to America.

13,836. I suppose it is a fact that the young people do not know the trade to the same extent as they did?—No, they do not know it as they did. I might make a remark now with respect to America. A great number have gone to America, to Paterson, which is called the Macclesfield of America; they have gone there, and the population has doubled within these last 20 years. There was no broad cloth woven in Paterson in 1851. Now there are more looms in Paterson making this class of cloth that we make than what is made in Macclesfield.

13,837. Do they manufacture for the American market?—Yes, they manufacture for their home market. There is 50 per cent. duty placed upon English-made goods imported into America.

13,838. Can you give us any idea of the number of workpeople in Macclesfield in your trade who are employed at the present time?—At the present time in silk weaving I should say there are 700 or 800 actually at work.

13,839. And how many out of work?—700 or 800. I was going to say with respect to Paterson that that place had doubled its population, and that there are about 3,000 or 4,000 looms at work in Paterson, and the manufacturers, many of them, are Macclesfield men, and that a Macclesfield weaver is selected for his ability before the weavers of other countries.

13,840. We were told that the Macclesfield weavers when there was work for them to do did not feel very much inclined to do it; what do you say as to that?—I say that the Macclesfield weaver is intelligent and industrious, and is not surpassed by any other workman in England, to my knowledge.

13,841. Then that would be a libel upon the weavers of Macclesfield?—Yes, it would be a gross libel to say that they were indolent.

13,842. That is to say, when there is work for them to do they are only too anxious to do it?—They are only too anxious to do it, and they have done it.

13,843. Speaking generally, they are very industrious?—Yes, very industrious.

13,844. (*Mr. Ecrolyd.*) You have told us that the average rate of wages to indoor weavers in Macclesfield is from 9s. to 10s. a week?—Yes.

13,845. Was the proposal of which you just now spoke to reduce those wages by $7\frac{1}{2}$ per cent.?—Yes.

13,846. That would bring the rate of wages down to under 9s.?—Yes.

13,847. And you say that those people who earn those wages are men?—Yes, all men.

13,848. Do you think it possible that English skilled labourers can exist on lower wages than 9s. a week?—Not to be honest men, or to do their duty, under present circumstances.

13,849. You do not come here, I suppose, to speak of those matters as matters of dispute between manufacturers and operatives at Macclesfield; there is no general misunderstanding between employers and operatives?—No, there ought not to be.

13,850. They are sharers in a common misfortune?—Yes.

13,851. And the difficulty is, as I understand from you, that neither of them is able to find a proper remuneration; neither the manufacturer for his capital and skill, nor the operatives for their labour?—No, they are not.

13,852. You have spoken in your evidence in reply to Sir James Allport, first of the import of raw silk into this country, and next of the condition of the silk trade in France—you would agree, I suppose, that this is a period of almost universal depression of trade throughout the world?—Yes, exceptionally so.

13,853. Does it surprise you that a country which maintains a very retrograde protectionist policy, which is imposing an enormous burden of taxation upon its people, and which has no colonies, or at least no successful colonies, and no Indian Empire, should be suffering from the depression of its great industries?—Not particularly.

13,854. Does it not surprise you much more that England with a policy of absolutely free imports, with an abundance of food, and an abundance of raw materials at lower prices than they were ever known before, and with the possession of an immense Indian and Colonial Empire, should be depressed in its industry as is the case at Macclesfield?—It surprises me that England should be placed under such favourable circumstances with respect to her colonies abroad, and the advantages that she possesses with respect to English-speaking people numbering something like 100,000,000; it does surprise me that the trade and commerce of this country is not in a better condition, and that the colonies are not brought more closely to understand the position, and the inclination that a great many of us have towards advancing the prosperity of all.

13,855. Would you expect, under the policy which England has followed and considering the vast resources of her empire, to see a much more marked difference between herself and countries like France in the prosperity of their industries than you now do see?—Yes, certainly.

13,856. You stated that the import of raw silk into this country has diminished enormously during the last 30 years?—Yes, since 1860.

13,857. Then of course as we do not produce any silk in this country, that means that the quantity worked up in this country by our manufacturers has

diminished by one half during that period?—I should say so.

13,858. Do you believe or know that anything of that kind has happened in the case of France, that the quantity of raw silk worked up in France has also diminished one half during that period?—I cannot say, but I can answer your question in this way, that the imports of French manufactured goods into this country in 1860 were of the value of 2,000,000*l.*, and at the present time or last year, they were of the value of 5,000,000*l.*; that would be an increase of imported silk goods to the extent of 3,000,000*l.*

13,859. I cannot give you the figures, but would you be prepared to believe what is the fact, resting upon public documents and figures, that whilst the amount of raw silk worked up in England has diminished by one half, during the very same period the amount of raw silk worked up in France and Switzerland and Germany has enormously increased?—Yes.

13,860. Then that would dispose of the allegation that the decline in the prosperity of the silk trade in England is only a part of the common decline shared with other countries, and would clearly point to an exceptional decline in England?—Yes, it does, for this reason, that our decline in the silk trade has been gradual since 1860. This is not as it were a passing depression, it is a continued depression since 1860, with the exception of 1870, and it has been gradual since 1876 to the present period—that is our belief, and it has the appearance of going still further.

13,861. You say that with regard to the whole of the silk manufacture of England during the last 25 years, with the exception of three or four years during which labour was violently diverted from manufactures in France and Germany by the great war, with that passing exception the history of the silk manufacture in England has been one of continuous decline?—That is my impression.

13,862. To what do you attribute that?—I attribute the fact to the large increase of importation of silk goods which has taken place.

13,863. Would that be from countries where the labour is cheaper than ours?—It is generally reported so, that the labour is cheaper in Germany and in Zurich, and it is lower in Lyons.

13,864. Would it be possible in this country to establish a lower rate of wages, which means a lower rate of living for the population in any one particular trade, than that which would correspond with the general scale of living, and the general rate of wages in England?—I should say that so far as silk is concerned it has nearly reached the lowest point in the manufacturing department. I was about to say as an illustration, which I am reminded to give just now, that handkerchiefs are imported from France, which we might have purchased yesterday at 11s. per dozen. We could not possibly manufacture them in this country at that price; and one of our deputation will have the honour, if it is agreeable to the Commission, to show how it could not be done. We could not possibly produce a handkerchief at that price, because the cost of the manipulation of the silk in the various processes must be smaller in France than what it is in this country, and that would amount to a sum perhaps which would make the difference between a handkerchief that could be made here and a handkerchief that could be made on the Continent.

13,865. Are you aware that the Commission upon Technical Instruction incidentally obtained information with regard to the circumstances of the silk trade which is to the effect that the success of the French and other continental manufacturers in supplanting the silk manufacturers of England has been due, not to their superior skill, but to their superior skillfulness in the dishonest weighting of the silks with dye-stuffs?—Yes, that is one of the conclusions that I draw from the reference that I have made to some of those mills in Lancashire where they manufactured silk goods of pure silk; that in three months after the opening of the treaty in 1860 those mills went on

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short time; and the conclusion must be that the silk was either weighted, and so had perhaps a better appearance than English silk, or else that the labour on the Continent was considerably lower, and that the silks were so much lower in price than the English-made silks that the English-made silks were driven out of the market.

13,866. Then one of the causes of the decline of English silk manufacture has been the superior skill in the dishonest weighting of the fabrics by our continental competitors?—That might be so. I have pointed first of all to cheap labour, I cannot say distinctly upon the other point, but I might assume the two points.

13,867. I am trying to keep those points separate, and I want to be clear on this point, whether within your knowledge that was true which was stated before the Royal Commission on Technical Instruction, that one great element in the destruction of the silk manufacture of this country by foreign competition has been the superior skill of the French and the Germans in dishonestly weighting silk fabrics?—I have seen the same statement myself, but I could not vouch for its accuracy.

13,868. Now we will go to the question of wages; you gave us a very interesting answer which I want to ask you a little further about, namely, that low wages always in your opinion appeared to create a diminution of the work that was to be done?—It did appear to me to be so.

13,869. Is this a fact that the lowering of wages in any branch of industry, especially if it be a lowering relatively to the general rate of wages throughout the country, that is to say, the lowering in one particular trade under the circumstances of the pressure of competition to a greater extent than that which is applied to other trades in the country, always lowers the skill and ability of the workpeople employed in that trade?—Yes, in most instances it does, it drives the skilled workmen into other directions.

13,870. So that the relatively low wages in the silk trade means the depression and gradual deterioration of industry in the silk trade, and of its power to compete with skilled industry in other countries?—Yes, it reduces the skilled labour in this country to a great extent, and leaves, of course, the unskilled labour behind.

13,871. And, of course, where a low remuneration is offered, there cannot be the same inducement to put forth skill and industry on the part of those engaged in the trade?—Precisely so.

13,872. Therefore it strikes at the very root of the spirit of the traders and workers?—Yes.

13,873. But further than that, would it not be quite impossible for any one branch of manufacture subjected to foreign competition, like that which the silk trade has encountered in this country, to get skilled work done at a much lower rate of wages than the average rate for skilled work in other parts of the country?—Yes.

13,874. Then it appears that you are strictly limited in this way with reference to the power to reduce wages in England so as to compete with your continental competitors?—Yes.

13,875. You have spoken of the decline of the trade in Spitalfields and in Coventry, and in Macclesfield and Manchester; I suppose those remarks also apply to places like Derby and Leek and Congleton?—Not so much to Leek as they would to Congleton.

13,876. Generally they would apply to the centres of the silk trade?—Yes.

13,877. Would you say that the fact that we are only working up one half of the quantity of raw silk that we were working 20 years ago points to the fact that it is not one part of the country which has taken the trade away from another part, but that it is foreign countries which have taken it away from us?—Yes, that is what I conclude.

13,878. There are branches of the silk trade, are there not, in which English skill and labour are paramount over all others at present?—Yes.

13,879. Is there much competition in spun silk?—Yes, and in pure silk as well in certain branches.

13,880. Then there are certain branches in which with a fair field and no favour, supposing there was universal free trade on the Continent and in the United States, we could supply the world?—Yes, we are superior in such a class of silk as pocket handkerchiefs. We surpass all that I have seen in several classes of mufflers.

13,881. I suppose if we had time to go into it at greater length you could specify many other particular classes of silk in which, speaking generally, we could supply other nations better than they could supply themselves?—Yes.

13,882. Is it the fact that in almost every case of another nation having a silk manufacture that we could beat in fair competition we are shut out by import duties from the power of doing so?—Yes.

13,883. And at the same time, in the case of those other articles in which they have the superiority over you, they are allowed to pour their goods into our market?—Yes.

13,884. Do you not think that under those circumstances it would be impossible to prevent the decline of the silk trade in England?—By what you suggest it is impossible.

13,885. Are you not unequally weighted in a competition in which wherever you win by superior skill you are cut out by the duties?—Yes.

13,886. And in which wherever your competitors have superior skill they are allowed to send the goods here duty free?—Yes.

13,887. Is it your opinion that that is the real cause of the depression in the silk trade?—It amounts to the same thing with respect to the free importation of foreign-made goods.

13,888. Moreover, whilst they are able from that circumstance to beat us, and whilst in other articles we can beat them, they are allowed the benefit of their skill in this country, and we are not allowed the benefit of our skill in their countries?—No, we are not.

13,889. Speaking generally, what ought to be the state of trade. You are aware that the population of the civilized world is steadily and rapidly increasing?—Yes.

13,890. You are aware that there never was a greater superabundance of the necessities of life for man in the shape of food at low prices?—Yes.

13,891. And you are aware that there never was such a great superabundance of raw material of all descriptions?—Yes.

13,892. Under these circumstances, what ought to be the present position and character of the general trade of the most enterprising and world-wide empire in existence?—It ought to be very good.

13,893. And, if it is not good, you attribute that to special circumstances?—In the silk trade, confining myself to that trade, I do think so.

13,894. And you think that you ought to be swimming in a current of general prosperity?—Yes. If, for instance, we import a large amount of silk goods, to the amount of millions in the course of a year, and we can only produce in this country, both by hand and power loom, between 3,000,000*l.* and 4,000,000*l.* worth, those 3,000,000*l.* or 4,000,000*l.* worth added to the 10,000,000*l.* would make 13,000,000*l.*, and if last year, the year that I am speaking of, we exported 2,000,000*l.*, that leaves 11,000,000*l.* to be accounted for as having been consumed in this country.

13,895. I have only two more questions to ask you, and the first is: What is the prospect of your industry?—Very bad.

13,896. Do you see any light on the horizon or any prospect of improvement?—No; I see no prospect of improvement whatever, but the contrary.

13,897. My second question is: Can you suggest any remedies?—The only remedy that occurs to my mind, conscientiously speaking, is a protective policy, imposing a duty on imported silk goods, because I have watched the matter very closely since 1860; and I

remember a remark which Mr. Richard Cobden made when passing through Macclesfield before he entered upon the important business with the French Emperor. He required the presence of a most distinguished man in Macclesfield for a few words of conversation upon the coming subject. Mr. Cobden could not persuade that gentleman to believe that the free importation of silks would benefit the country, and, when he could not remove the impression which that gentleman entertained concerning the question, he said, "Rather than that the silk trade should stand in the way of 'free trade, I would say perish the silk trade.'" That gentleman wrote a letter to the papers, and the statement was published.

13,898. (*Chairman.*) Was it a public statement?—It was just when they were discussing this question when Mr. Cobden was passing through Macclesfield.

13,899. Was the statement made in public?—No; but the gentleman published an account of the interview, and he made use of the statement which Mr. Cobden had made use of.

13,900. (*Mr. Aird.*) Was that statement contradicted by Mr. Cobden?—The gentleman to whom I have referred published the statement twice. He published the statement either in 1861 or 1862, and he published the same statement in 1868 in the "Macclesfield Courier," and neither statement was contradicted.

13,901. (*Mr. Ecroyd.*) I want to know whether, when you ask for a protective duty, you would rather have a protective duty levied upon the silk manufactures imported into this country, or whether you would prefer to have, if you could get it, perfectly free trade between this country and the States on the continent of Europe and the United States of America?—I should prefer free trade if it was all round; because I do believe it is the very best principle that can be adopted by mankind, since the climates of the earth produce different things for the benefit of man, and ultimately, if free trade principles were adopted all round, they would develop and cultivate good feelings between nation and nation, of which I have not the slightest doubt, because men being brought together generally understand each other better, and the fear of aggression and other prejudices ultimately disappear. I believe that the effect of the treaty, so far as feeling is concerned, between France and this country has been far more peaceable.

13,902. Under our present circumstances, as I understand it, the protective duty which you would like to see established would be for this purpose; that until foreign nations will allow us to reap the fruit of our superior skill in articles of manufacture in which we can beat them, we should not allow them to reap the fruit of their superior skill here, and so to displace a double amount of English labour?—That is what I mean. I think that the Government when they discover a weak point in the manufacture of important articles, and that they are under unfavourable conditions with respect to other countries, should see that those articles are protected in a certain way in order to secure a prosperous industry.

13,903. That is to say, in the absence of the possibility of realizing complete mutual free trade?—Yes, in the absence of that.

13,904. (*Mr. Jamieson.*) In stating what you have now said on the subject of free trade, do you represent that that would be the opinion of Macclesfield or is it your own opinion?—My own opinion.

13,905. Do you think that that is an opinion generally maintained in Macclesfield?—The opinions that I have been expressing have been changing in Macclesfield. There are parties who entertained a very strong feeling with respect to free trade, and I find that the opinions of those gentlemen are coming round to what is protection.

13,906. Are there any industrial societies in Macclesfield?—No, not now. I have been connected with a union when it was in operation.

13,907. What you have now said you have said, and have said very well, are your own opinions after

your long experience?—Yes, they are my own opinions. I am connected with no political party in Macclesfield, and never was.

13,908. In the event of this system being introduced, would you anticipate a further development of trade in Macclesfield?—I should expect a great development of trade in Macclesfield if the silk industry was protected.

13,909. Why?—Because it would limit to a certain extent the import, and we should have the benefit of our home markets.

13,910. I should have thought that the effect would have been that the industry would be continued and conducted in those places of the world which would be most suitable for it; would not that be so?—Macclesfield does not grow silk, does it?—No.

13,911. If Macclesfield were to contrive to grow silk, would it not then be in more favourable circumstances?—Yes, it would be under more favourable circumstances.

13,912. And, therefore, would the influence of free trade not be to transfer the silk trade to those parts of the world where it could be conducted under the most favourable circumstances?—If there is a large consumption going forward in this country, and the foreigner takes the greatest portion of it, it is evident that it would make our condition better if we were placed under more favourable conditions and thus have a better chance of our own market.

13,913. I thought you said that you identified the falling off of your industry in Macclesfield with the introduction of the French treaty and the introduction of free trade?—Yes.

13,914. So long therefore as protection lasted Macclesfield flourished?—Yes.

13,915. But you were going to do away with that wish for protection; you said that you preferred free trade if it were general?—Yes, if it were general and universal.

13,916. Therefore those circumstances which made Macclesfield fortunate before free trade could no longer exist?—If other countries have not adopted the principle of free trade in its entirety, as we have done, then of course that alters the case.

13,917. What is the population of Macclesfield?—36,000.

13,918. How many operatives engaged in the silk trade do you suppose there are?—Perhaps about 5,000 people who are directly engaged in the trade, and the rest of the inhabitants principally are indirectly dependent upon them.

13,919. You would say that the number of operatives in the trade, male and female, would be about 5,000?—Yes.

13,920. Did I understand you rightly when you said that you found that only 700 are now fully employed?—I meant in the manufacturing department.

13,921. How many operatives do you suppose that there were in the manufacturing department?—In the manufacturing department I suppose there are 1,500 hand weavers, and about 700 or 800 are employed.

13,922. Would you say about 2,000 altogether?—There are not 2,000 weavers now. I should say there would be about 1,500 weavers altogether.

13,923. And the allied industries dependent upon their weaving, how many would they represent?—Perhaps 4,000 in the different departments of the silk manufacture.

13,924. When you said that there were 700 employed did you mean 700 out of the 1,500?—Yes, 700 or 800 out of the 1,500.

13,925. And the balance would be unemployed?—Yes.

13,926. Would a proportion of the rest of the allied industries be unemployed also?—The throwing department seems to be very fairly employed.

13,927. But on the whole perhaps one half would be unemployed?—Not quite one half.

13,928. Is it your opinion that one half of the population of Macclesfield at the present time are

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unemployed?—I should say that one half of the weavers are unemployed.

13,929. You said, did you not, that there were 1,500 weavers?—Yes.

13,930. And you said that there were 700 employed?—There are between 700 and 800 employed.

13,931. Therefore there must be a balance which is over a half unemployed?—No, I did not put it in that way.

13,932. You mean that one half are unemployed?—Yes.

13,933. Then there must be more weavers than you say?—It would perhaps be a correct statement to say that one half of them were unemployed.

13,934. The proportion that are employed you say are making a wage of 9s. a week?—Yes, on the average.

13,935. Therefore the whole of the wages now made by 1,500 employes in the weaving trade of Macclesfield is an average of about 4s. 6d. a week. Am I putting it right in saying so?—No. Of the weavers who are employed in Macclesfield the greater proportion of them are only employed seven or eight months out of the twelve, and consequently it may so happen at the present time because the silk manufacturing department is very much depressed; it may happen at the present time that a great number are out of employment, and therefore the average wages of the weavers that are really engaged, whether they are working or not, the average wages of weavers who are what is called following the occupation, amount to about 10s. per week inside and about 7s. 6d. per week outside.

13,936. That is about an average of 9s. a week for the persons that are employed?—Yes, for the persons all round. I should say that that is a fair average for those that are employed, and those that are not employed in a sense, because the weavers' employment is so irregular. A man might be working to-day and to-morrow he might be idle, and he might remain idle for weeks.

13,937. Then I understand that a man who works as long as he can work just now in Macclesfield would make 9s. a week on the average of the year?—Yes.

13,938. And those who were not working at all would be making nothing?—Not at present, but there are times in the course of the year when they might be working, and you would take the average of those.

13,939. Would it be correct to say that the wage fund of those 1,500 operatives in Macclesfield was only 750l. a week, and that all that those 1,500 operatives would have to live upon in Macclesfield was 750l. a week?—The way that I wish to put it is this: The average wage that the weavers take for a year amounts to something like 10s. inside and 7s. 6d. outside, taking the whole bulk of the weavers, but their employment is so irregular that a portion of them might play or might be without employment for two or three months, whilst others might be regularly employed. But taking those who are employed, and those who are not employed and who follow the occupation of weaving, the average wages all round in the course of the year would amount to 9s. or 10s. per week.

13,940. You stated that a good many young men have migrated to America—what are their wages in America?—The average amount of wages is somewhat startling, but they are all going down. In English money the average wage of the workman would amount to something like about 30s. to 35s. per week.

13,941. In using a different average price, you mean to apply the same explanation to the 30s. in America as to the 9s. in Macclesfield, which is the same kind of average that you refer to?—You see there is something peculiar about money in America when compared with what it is in this country, and therefore I should not like to venture upon that subject.

13,942. Would the American operatives be working as long hours or shorter hours than the operatives in Macclesfield?—They work a little longer in America.

13,943. You have been since 1842 engaged in the weaving business; what were the highest wages that you ever made in one week?—It may startle you because of the peculiarity of the business. The highest that I have made in a week, which was in the year 1871 and 1872, was 2l. 5s.

13,944. What were the lowest wages that you ever made?—I might venture to say that for some time past my wages have not averaged more than 9s. per week.

13,945. In 1845 and 1846, or anywhere about that period, what were the wages then do you suppose?—In 1842 it would be a difficult thing to decide what the average was, but I should think that it was considerably higher than what it is now. But that is hardly a fair answer; because in 1842, when I was first engaged as a weaver, I should say the average wage paid all round was 11s., 12s., or 13s. a week.

13,946. Would you rather have 11s., 12s., or 13s. at that time than now—is the cost of living, in your judgment, as reasonable and cheap now as it was then. Would your 11s., 12s., or 13s. be worth so much to you now as it was 40 years ago?—I should not in 1842 be so close an observer as I should be a few years after.

13,947. Taking it a few years after, what should you say?—I should think, so far as the silk trade is concerned, and speaking of Macclesfield, it was far better under the state of things that I have attempted to describe than what it is now.

13,948. That is to say you could live better as a whole?—Yes, and there was more energy.

13,949. What I want to know is whether your 11s., 12s., or 13s. would enable you to purchase any more than now, or less?—There was more comfort I might say then than there is now, because people are suffering a great deal in Macclesfield at the present moment.

13,950. Was the living of the workmen in Macclesfield at the time that I now refer to in all respects equal to what it is now; were they as well housed as they are now?—The style of building is superior now.

13,951. Are the people as well clothed as they were then?—I do not think that they are better clothed now than they were then. The general trade of the town itself was good, and, consequently, there was more money in circulation.

13,952. So that the condition of the working population was rather better than it is now?—Yes, but their habits were not so good as now; the habits of people have considerably improved of late years. A vast improvement has taken place throughout the country, and they are improving, I should say, yearly. More care and more attention is paid now to domestic matters than what was the case formerly. Both in a sanitary point of view, and with respect to their general conduct, the tendency has been in a better direction so far as that is concerned.

13,953. Are the young people of Macclesfield being now brought up to the staple trade of Macclesfield in the same extent as they were when you were a young man?—No, it is not so popular; the name of silk weaver now is almost a reproach.

13,954. To what do you attribute that?—I suppose it is to be attributed to the low state to which trade has descended.

13,955. What do the young people of Macclesfield now do?—We have been just lately introducing another class of trade, and the throwing department is growing fairly busy, as I previously observed, but I might explain how that matter came about. We, perhaps, have not the statistics sufficiently well defined to let us know the quantity of throwing silk which may be exported to other countries, and that those countries which get the silk which has been thrown in this country, perhaps, and make it into cloth, and then it is imported here. That may be so, but I cannot say to what extent.

13,956. Then the bulk of the population of Macclesfield, I understand you to say, is not migrating;

it is only changing its employment?—They are migrating to America.

13,957. To a large extent?—Yes, there is an account given of it every week. A few years ago there was 200l. expended for the purpose of inducing people to emigrate.

13,958. But the gross population is not falling off, I perceive?—No, it has increased rather during the last decade.

13,959. The migration of working men does not appear to be upon a very large scale?—Every week, nearly, there are some going out. Last week nine weavers went to Paterson.

13,960. Out of a population of how many?—Out of a population of 32,000.

13,961. And out of a weaving population of 1,500?—Yes.

13,962. Would it be correct to say that the effect of the depression upon the migration of trade has been more in the direction of throwing it into other trades, than in the migration of that trade to other places?—The silk manufacture is not extending in any other place that I am aware of.

13,963. Are they going into other employments?—Yes, they are going into other employments or they are going out of the country. There is a great amount of suffering at the present time in Macclesfield by people being out of employment, and the wages being so low; and this suffering hardly ever comes to the surface, because, I suppose, the plain statement of poverty is held below the surface as much as possible.

13,964. You spoke of the profits which you believed were great, by the merchants and middlemen, in disposing of the produce of the manufacturers; did you speak of your own knowledge with regard to that?—Yes, and I believe one of the deputation has an instance to mention.

13,965. (Mr. Palgrave.) You spoke of protection as being what you thought would bring your trade into a better position?—Yes, in that particular article.

13,966. But France is a country with a strong protective duty, is it not?—Yes.

13,967. And we have heard that the trade in France is worse than the trade in England?—Of course that has been stated, but I am not competent to speak upon that subject.

13,968. We have had evidence to that effect; but have you any reason to think that protection would answer better in England than it has done in France?—The reason we conclude that protection would answer better for England is, that we can trace such an effect as proceeding from a certain cause. Up to 1860 the trade continued in a certain state; then came the French treaty. I have closely observed the effects of that treaty, and I see that the trade is affected, and shortly after the passing of that treaty continues to be affected, until another extraneous cause arises. I find that it is affected also in 1857, but it is affected by a money panic, and therefore I conclude that that is the cause. Then in 1870 the extraneous cause to which I am going to allude was the Franco-German war. Then the Franco-German war took place, disorganising the industry of France and Germany, our principal competitors. Then I find a buoyancy taking place with respect to our silk trade, and this buoyancy continues and gives us, as I say, an impetus, and we advance and advance until we get to somewhere about 1874 or 1875, and then there is a gradual decline from 1875. But I have not taken Macclesfield only, I extend my views to the whole of England where silk is made, and I find a gradual decline taking place again; and I find that this decline is continuing till we arrive at the year 1886, and at the present moment I find that there is really no prospect, so far as I can see, in the future with respect to the silk trade.

13,969. But the same decline has taken place in France, has it not, nearly over the same period?—Yes, that has been mentioned to me.

13,970. (Earl of Dunraven.) When you speak about the people in Macclesfield taking to other trades, do you mean that men who have been engaged in silk weaving have taken to other occupations, or do you mean that people in general are bringing up their children to other occupations?—I only say that the men who were formerly engaged in the silk trade have migrated to other places. I cannot distinctly say as to what trade they have gone to. A good number of them have gone to America.

13,971. Are there many men who were silk weavers who are now making their living by any other industry in Macclesfield?—There are a great number of weavers, or rather young men that were formerly weavers, who have gone into the cotton trade.

13,972. I suppose you do not know anything much about the condition of the silk industry in France, do you?—No.

13,973. Do you know what the duties are on Italian silks, for instance?—No.

13,974. (Sir J. Allport.) You complain of the import of raw silk having fallen off so very much; to begin with, are you aware that the import of raw silk in 1870 was 6,300,000 lbs., and in 1884, 4,500,000 lbs., so that there is a falling off of just about 1,500,000 lbs.?—But I was speaking of value; the price of silk may fluctuate.

13,975. I understood you to say that the home manufacture was falling off, and you bring forward the fact that the importation of raw silk has fallen off very much to show that the manufacture of silk is also falling off?—Yes.

13,976. And it is true that from 1870 to 1884, in 14 years, it has fallen off from 6,300,000 lbs. to 4,500,000 lbs., or, in other words, about 1,800,000 lbs.; but I find that in 1875 the importation of raw silk was 4,100,000 lbs. against 4,500,000 lbs. in 1881?—Yes, it had increased, you will understand, from 1870 to 1874. The silk trade was reviving, and it revived considerably.

13,977. To come down a little later, I find that in 1877 the importation of raw silk was also 4,100,000 lbs., against 4,500,000 lbs. in 1884, when you say it was reviving?—It had been reviving from 1870 to 1875, and then a decline took place from 1876.

13,978. Up to what period?—From 1876 to the present period.

13,979. I find in 1881 that the total importation of raw silk was only 2,900,000 lbs., whereas in 1884, three years later, the importation was 4,500,000 lbs., and there has been a continuous increase in the importation of raw silk since 1881,—2,900,000 lbs., 3,300,000 lbs., 3,100,000 lbs., and in 1884, 4,500,000 lbs.; does that show a falling off in the silk trade?—Not in the importation of raw silk.

13,980. You must import raw silk?—I quite agree with that; and that is accounted for in this way, that a portion of the silk which is introduced into this country is perhaps mixed with other articles.

13,981. This is raw silk?—But when it is manipulated and put into thread, the thread may go and be mixed with cotton or worsted, or some other material,—not pure silk.

13,982. That is to say that the English manufacturers mix it?—Yes; we manufacture pure silk in Macclesfield.

13,983. With regard to the importation of manufactured silk goods, I find that in 1870 the total value of silk goods imported into this country was 15,200,000l. sterling, and that has fallen off up to 1884 to 10,900,000l., so that that would show that the import trade was falling off?—Yes, according to that statement.

13,984. And a still more extraordinary thing is, that although the prices have gone down so much in value, the exportation of silks manufactured had gone up from 1,400,000l. in 1870 to 2,100,000l. in 1884?—Then I should conclude, from these statements being placed together, that there had been an increase in the manufacture of silk in this country; and providing that these statistics are assumed to be correct, I look around the country to find where this increase

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has been, but I cannot see that there positively is any increase, only the figures exist.

13,985. But you do not dispute the accuracy of the Board of Trade returns, do you?—There is this difficulty in my mind, when statistics are placed before me of this startling character. First of all the falling off of the imports, and the increase of the raw material coming into the country. I then of course expect an increase of trade following from the combination of these two circumstances. Then I look abroad in the country to find where this increase of trade is, but I cannot see it, because every place that manufactures silk is declining. If, for instance, I look to Macclesfield, which is the principal centre of the silk industry, since 1879 we have had in Macclesfield seven mills closed.

13,986. Now let me take you to 1879. The exportation had gone up very considerably since 1879, and I suppose you will admit that the prices have fallen considerably between 1879 and 1884?—Yes, the prices have.

13,987. Yet the declared value of silk had gone up from 1,600,000*l.* to 2,100,000*l.*?—Yes, but I must explain myself in this way on the present occasion. It seems to me that these statistics are misleading, because if you refer to Mr. Evan's evidence, he tells you that when he wrote to the Board of Trade respecting the returns concerning the imports of ribbons, he could point to one house that had imported more than the whole of the value which was recorded in the return, and when he pointed out that error, in the next year they corrected those returns, and they rose by millions. I believe if you refer to Mr. Evans' evidence you will find what I say, so that the statistics really are not altogether to be relied upon in my opinion, and for this reason. If the exports of silk are increasing and the imports are decreasing, and assuming that the consumption of silk in the same measure is going on, then of course I look abroad through the country to see if this increase is taking place; but I find on the contrary that it is going down, that there are mills here being closed, and mills in other places being closed, and since 1879 there have been nine bankruptcies.

13,988. (*Chairman.*) What you mean to say is that the statistics which are put before you are in conflict with what your own experience would lead you to believe to be the case?—Yes.

13,989. (*Sir J. Allport.*) Does not it come back to this, which I put to you before. Taking the silk mills at Manningham, have they not adapted their machinery now to the manufacture of what ladies choose to wear in preference to silk, and that they are very prosperous indeed?—Yes, the Manningham

mills are certainly very prosperous; but it is not purely a silk manufacture.

13,990. You do not think that this book containing the returns of the Board of Trade is to be depended upon?—I would not make a general statement of that sort; I merely say that this occurs to me, that it is quite possible that the statistics are not accurately drawn up, and I refer you to Mr. Evans' evidence in support of that.

13,991. I suppose the protection which you advocate being put upon the importation of foreign silks you would advocate for any other trade?—I cannot go upon other trades; that involves too large a question.

13,992. Surely, if protection is good for the silk trade, it is good for the woollen manufacturers?—I rather confine myself to the silk trade, because I have a knowledge of it.

13,993. We find that the agriculturists complain very much indeed. Should you like to see a duty of 20*s.* or 25*s.* per quarter on corn?—That would bring us to the great question of free trade and protection.

13,994. Would you like to see an import duty put upon wheat of 20*s.* or 25*s.* a quarter?—No.

13,995. Or upon provisions of any kind?—No.

13,996. If duties are to be put upon anything, is it not right that they should be put on raw silk also?—If I found that an industry was declining under a certain policy, and that an important industry which ought to be preserved, then, if a certain course could be adopted of putting a duty upon an article which seems to be its principal competitor, I should, of course, place it on; but at the same time, the most singular part of the business is, that the duties are placed upon articles where there is no competition, such as coffee and tea. I should not place a duty upon corn.

13,997. Because that would affect you in another way; and surely the agriculturist has as much right to expect a duty upon corn as you have to have a duty placed upon silk. Is it not as fair to put a duty upon corn as to put it upon silk where the agriculturist is complaining that he cannot live at the present time; does not it look rather selfish to make a distinction?—It certainly does look selfish.

13,998. (*Mr. Ecroyd.*) I understood your previous statement in reply to me to be to this effect: you were comparing the import of raw silk before the negotiation of the Cobden Treaty with the import of raw silk to-day, and showing the effect of the free import of French silk manufactures spread over a lengthened term of years.

13,999. Would you then say that any mere partial comparison of the import of raw silk in 1870, and in the two or three years of the Franco-German war, can have anything to do with that period?—Nothing at all; that was exceptional.

Mr. JOHN TWEMLOW examined.

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14,000. (*Chairman.*) Will you state shortly, generally, anything that you have to say and which you think has not been noted in the examination which has already taken place?—In the first place, I am not going into detail, as Mr. Malkin has done, but to give you a few little items of information that have come to my own knowledge. The first thing that I should suggest is in reference to the manufactures of Lyons. I am not prepared to go into figures. I do not intend to meddle with them, it is not in my province at all; but with respect to the increase of trade or the decline in the trade in Lyons, I may state that in 1870, in Lyons there were 40,000 looms employed, whereas in 1885 there were 20,000 power looms employed in Lyons and the district, and 80,000 hand looms, that is a total of 100,000 looms employed in Lyons and the district where 15 years before there were 40,000 employed. Those figures are taken from a report given before the Commission of Inquiry.

14,001. What do you argue from that?—I use it to show that there is a great deal of manufacture of

goods going on there, and a great deal of employment at the same time that we are declining, and a great portion of those goods are manufactured in Lyons, and they come in competition with our manufactures in the London and other markets, to the great detriment of the Macclesfield silk weavers.

14,002. You heard what was put before the last witness just now from the Report to the French Chamber, which tended to show that at both Lyons and St. Etienne there was just as great complaints of the depression in the silk trade as in England?—Yes.

14,003. And notwithstanding that, you adhere to what you have stated?—Yes; I have read that paper.

14,004. You attribute the great increase which you find in the silk trade at Lyons to protection and other machinations of the French Government in order to stimulate their own industries?—Yes.

14,005. Do you mean to say that you would have the English Government pursue a similar course here?—Yes. I should like, if I may be allowed to make

another statement as to what I have heard spoken about since I came here, that goods inferior in quality are sent over from Lyons to this country and sold at a considerably lower figure than what the manufacturers of Macclesfield could make them at.

14,006. Why do people buy those inferior articles?—Because there is such a rage for cheap goods; cheap goods are chosen in preference to the best manufactured silk goods.

14,007. But you say they are lower in price; when you say they are lower in price are they lower in price for the same qualities?—Yes, they have the same weight of material, but they are inferior as a rule, and they are lower in price considerably.

14,008. Are they lower in price in those cases where they are equal in quality?—I have not seen any equal in quality; they are not the same weight of goods; they are all on the cheap style that we come across as a rule.

14,009. Then it is the perverse taste on the part of the public to prefer such articles?—Yes, because they are got up for cheapness and outward appearance.

14,010. You do not condescend to those practices in Macclesfield?—No, we keep up as a rule to a good article.

14,011. Is there any other point which you wish to bring before us?—There was one question put with respect to the poverty of the town, as to which I can say that it never was in such a state before. It so happens that I went to the union workhouse last Monday, and I made inquiries as to the number of weavers on the books, and that were inside. I did so with reference to statements that had been made that there was no great depression, and no great calls upon the funds of the union; I found that there are more weavers in the Macclesfield union now who are able to work if they could get work outside than ever there were before; and that there are more applications for relief than there ever has been for the last 25 years. Besides that, taking the official evidence that is given from books and from experience, there are scores of families that will suffer any privation beyond all question before they will apply for relief in any shape or form.

14,012. Do you see any increasing tendency to migration on the part of the skilled workpeople in Macclesfield?—Yes, young men that have learned their trade get off as fast as they can to America; that is the principal place where they are going to.

14,013. Do they get very remunerative employment there?—Yes, they get 50 or 60 per cent. more for their work than we get at Macclesfield.

14,014. Is that on account of the skill and the reputation which is connected with the name of Macclesfield?—Yes, as a rule they are a better class of people that will go out to America and those other countries. I say that from reports that I have heard; I never was there, so that I cannot speak from personal observation.

14,015. Was there a time within your experience when the same thing happened as between Macclesfield and other places, that people were attracted to Macclesfield, say from London or from elsewhere?—Yes, from 1870 to about 1875 or 1876 there was a great rush, and for two or three years there was a great rush into the trade; there were many weavers that came in from other trades, besides putting young people in who had not been in the trade before.

14,016. So far as that goes, it would seem to be the natural consequence of the oscillation of trade in a particular place that it should raise or diminish the number of persons engaged in the trade in that place?—Yes.

14,017. As Macclesfield benefitted by it at one time, so now it is suffering from a similar cause?—Yes. There is another thing which I wish to call attention to that causes a great deal of distress and poverty in the town, and that is the number of looms that are sent away to Scotland and other places, the consequence of which is that the Macclesfield manufacturers are great losers.

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14,018. Where in Scotland are they sent to?—To a place called Strathaven, and Stonehouse, I believe.

14,019. You mean that fabrics are produced in those places pretending to be Macclesfield goods and are sold as such?—They are woven in Scotland and sent to Macclesfield. The Macclesfield manufacturer sends his warp and his weft and his card to Scotland, which is returned in cloth to the Macclesfield warehouse.

14,020. Are they inferior imitations of Macclesfield goods?—They are Macclesfield goods, but cheaper; what we call lower count goods.

14,021. What objection have you to that?—We object because they are taking our work out of our hands; they are taking that which we consider the Macclesfield people should have, and we are willing and able to do it if we had a chance.

14,022. I suppose they do it because they get it done cheaper?—I do not think it is the price now. I believe it was the price when it first originated; but I do not think that that is the cause of its going away at the present time, because they can have their work done at Macclesfield at their own price. There is no restriction upon them unless it gets into the higher class goods.

14,023. What are the other causes to which you have alluded?—The chief cause is this sending away to Scotland, where we have skilled weavers competing against us; it is who will do it the lowest. And one other reason is that if they were to supply us with this number of looms that they send to Scotland, and we were to be fully employed, they are afraid that the Union would be re-formed, and that we should pull them up to their former price.

14,024. You do not think they are materially advantaged by the competition that they have introduced?—I do not think they are at the present moment.

14,025. The last witness told us what rather surprised us, that the people who work in the silk trade in Macclesfield have their wages depressed to the extent of from 15 to 30 per cent.; do you agree with that general statement?—I go a little beyond that; I am an outdoor weaver, what we call an undertaker, and I have gone into these things very minutely. I find that the inside weaver at the present time is working from 20 to 25 per cent. less than he worked in 1876, and that his wages average the year round probably 10*s.* 6*d.* a week.

14,026. You think that you might make a stronger statement as to the depression of wages?—Yes, I was going to say that the average for inside weavers is 10*s.* 6*d.*, and for outside weavers 7*s.* 6*d.*, and by giving the Scotch weavers the same average they send away from Macclesfield in wages alone 11,700*l.* per annum.

14,027. Who are those Scotch weavers, and what were they doing before they got those silk looms?—They were weavers. So far as I can learn, all the Scotch manufacturers and all the Macclesfield manufacturers employed undertakers or putters-out, and in the time of the disputes they were sent over there, and they put out the work, and it was returned through the putter-out or the undertaker, as the case may be.

14,028. Before they got this work from Macclesfield had they any experience in the working of silks?—Yes, I believe they had, though I have never been there.

14,029. However, to come back to what I am endeavouring to get from you, you would put the depression of wages at a higher rate rather than the last witness?—Yes.

14,030. But supposing it was 30 per cent., do you think that that depression is out of proportion to the general depression of profits throughout the kingdom?—30 per cent. reduction on wages is a great deal greater reduction than there is in the profits of the manufacturer.

14,031. I suppose you are aware that the depression in agriculture is a great deal more than that, as has been stated here before us in evidence?—Perhaps that

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may be so, but I take more interest in manufactures than in agriculture.

14,032. Would you like to mention anything further?—I do not know that I have anything more in particular, unless you have any other questions to

Mr. E. Smith.

Mr. EDWARD SMITH examined.

14,033. (*Chairman.*) Will you be good enough to give us anything that occurs to your mind which you think is needed in order to present to the Commission a complete picture of that which you desire to lay before them?—I have heard the statement made by Mr. Malkin, and I endorse the greater part of it. I noticed in one part that a question was put as to the weavers turning their hands to other branches; that is not so in a town like our town. There are very few being put to the trade at present, and if the present system goes on there is no doubt that the trade must entirely die out.

14,034. What do you mean by the present system?—The present state of trade in the town. I noticed another point. So far as technical skill is concerned we think that we are able to hold our own against all comers. I took the pleasure, before I left Macclesfield, of purchasing a couple of handkerchiefs which I had been engaged in making myself; I do not mean to say that I made those two handkerchiefs, but I have made similar ones, and I bought these in the ordinary way of trade. Perhaps the gentlemen on the Commission would like to look at these as a specimen of what we make (*producing two silk handkerchiefs*).

14,035. Do you say that the price which you paid for those handkerchiefs was excessive compared with what you know is the cost of production?—Yes, I do. I should think that the cost of production would be about 3s. each for these handkerchiefs, and I gave 5s. 6d. for each, retail, in the ordinary way of business.

14,036. Do you mean that you bring those handkerchiefs in order to extract a moral for the benefit of the Commission?—Simply to show that we are thoroughly up in our business. With regard to the remark that was made as to whether the manufacturers were making the same profits now that they made in years gone by, when trade was better, that is a matter upon which we cannot offer any opinion. We have no means of ascertaining what the profits are to-day, or what they were 10 or 15 years ago.

14,037. You do not doubt, I suppose, that their profits are depressed?—I cannot say. I cannot give an opinion.

14,038. If you do doubt it, that is the very thing which we should wish to hear?—Judging from appearances there does not seem to be that depression among the manufacturers that there is amongst the weavers.

14,039. We have had a great number of witnesses with reference to different trades, but they all agree that there is a great depression, and I do not know that it has been disputed in any other trade that the depression of profits on the part of the employers was not disproportionate to the depression on the part of the employed. What has been put to us generally is, that the wages have not fallen in proportion to the depression of the profits of the employer, but that is not your view, as I understand?—No, it is not. Speaking of the average of the wages of the weavers, I could give you my own wages for three years in making a class of goods like these handkerchiefs. In 1883 I earned 41*l.* 11*s.*, in 1884, 43*l.* 8*s.* 1*d.*, and 1885, 34*l.* 11*s.* 10*d.*

14,040. There is only a falling off in one year, but do those three sums which you have given us together represent a falling off of 25 or 30 per cent. from what you had 10 years ago?—Yes, I should say that they represent at least 15 per cent.

14,041. Do you think that that is an undue depreciation as compared with what you suppose to be

ask us. Our general views have been represented by Mr. Malkin, and, of course, we endorse what he has stated; but on any questions that your Lordship thinks proper to put to us, any information we can give we are quite ready to give.

the profits of the manufacturers?—As I said before, I am not prepared to say. I have no means of ascertaining what their profits are.

14,042. In other trades we have not had this suggestion at all before us; the suggestion as regards other trades has generally been that the wages of labour in the trade have not fallen in proportion to the profits of the employers, but you dispute that proposition, as I understand, as regards Macclesfield?—Here is an article which I say cost about 3*s.* as near as I can judge, to produce, and it is sold at 5*s.* 6*d.* retail, and the question is where does the excessive profit come in; has the manufacturer obtained the excessive profit, or has the middleman got it?

14,043. But you are not prepared to throw any light upon that subject?—I cannot throw any light upon it.

14,044. Is there anything else that you wish to add to the evidence that has been given?—I can only corroborate the evidence given by Mr. Malkin that a Macclesfield weaver in Paterson can always obtain employment in preference to either Germans or French.

14,045. Having regard to the condition of affairs at Macclesfield, do you advise or encourage young men to emigrate to America in order to take advantage of this opening?—Certainly.

14,046. And do you think that more will go there?—I have no doubt that more will go unless there is a change in the trade.

14,047. (*Mr. Drummond.*) Have there been many failures of late years amongst the manufacturers in the silk trade?—Not many; there was one a few weeks ago—a very old firm, in fact, I think it is about the oldest firm in the town—failed.

14,048. So far as you are able to judge, do the manufacturers live in as good a style now as formerly?—So far as I am able to judge they seem to me to do so.

14,049. Then they are living on their losses?—Just so.

14,050. (*Mr. Ecroyd.*) I suppose it does not necessarily follow when any trade is declining that it leads to the failure of the houses engaged in it; in a great many cases they withdraw, finding it more profitable to retire from the trade?—Yes.

14,051. With regard to the style of living of the manufacturers engaged in the trade, does it not frequently happen that manufacturing firms, for generations since they were formed, have accumulated large fortunes, and their style of living may be perfectly independent of the present condition of trade?—That may be the case; but I was thinking of manufacturers who have risen from the ranks.

14,052. But is not this the fact that there are many cases of large manufacturing houses who have not made any money by their manufacturing processes for many years past, but who have had private fortunes and who have never altered their style of living?—No doubt that is the case.

14,053. (*Earl Dunraven.*) Do you agree with the other witnesses as to the desirability of protection?—On that point I am not altogether clear. I believe myself that if we must have protection we must have it all round, and I think it would be very unfair to put a protective duty on silk unless you are prepared to put it also on corn.

14,054. That is rather an abstract question; but you do not require it for your own trade merely?—There is no doubt about it that protection would be a benefit to us.

Mr. ROBERT CLARK examined.

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14,055. (*Chairman.*) Do you wish to add anything to what we have heard from the other members of the deputation?—I should like to be allowed to state that I have been a weaver for 35 years, and I have been a close observer of the trade of Macclesfield ever since about 1856, and I find that since the French treaty there was a great depression in Macclesfield, so much so that there was almost in the working classes a universal bankruptcy. Little shopkeepers were failing, and people were emigrating into the iron and cotton and woollen trades. I myself went in 1863 to America. After going into Canada and a lot of manufacturing villages in New York State, I got down to Paterson. There I found three Macclesfield manufacturers who, in time past, had about 16 or 17 looms. They found that the tariff that was put on silk goods coming into America was not sufficient to secure to them the market of New York, and they went up to the President of the day, Mr. Abraham Lincoln, and they got him to push up the tariffs on all silk goods to 60 per cent., and on Scotch plaids to 90 per cent. Since then the trade of Paterson has developed, so much so that the population of that place has doubled. In those days, when I was there, the locomotive works of three or four railways were located in Paterson; but they have somewhat shifted their works for the purpose of giving more scope and a clearer atmosphere for the manufacture of silk goods. At the present moment I should say there are 400 or 500 Macclesfield weavers and their families in Paterson, that have sheerly gone from Macclesfield on account of the bad trade in this country. In 1872, during the Franco-German war, our trade increased on account of our having our home market to ourselves; and of course the American trade was somewhat depressed, and many of those people came back, and our trade from 1876 has gradually gone down. I have been about 12 months in Preston, and the cotton trade I find throughout Lancashire is also in a depressed state. In sheds in Preston, with some thousand looms, there are only from 300 to 700 looms going, and the state of that town is anything but in a pleasant condition. I find also that the iron trade of the country has gone down, and the woollen trade is not what you may call brisk; and the consequence is at the present moment I maintain that if those outlets for labour were in a flourishing condition, the state of Macclesfield would be considerably worse than ever it was known in the history of the town, because there are hundreds that are now on the verge of bankruptcy so far as their domestic affairs are concerned. I will give you an instance in my own case. Since I have come back to the loom these last two months, I am what is termed an undertaker, and I have five looms in my garret, but I cannot get work for any loom, and I am in this unfortunate position that I have to go to be journeyman weaver in another undertaker's garret. I have worked almost three weeks for 16*s.* 8*d.* over an article that is chiefly consumed in England; it is what we call a swivel muffler, which requires a skilled workman to make it: but owing to the want of the machinery and the harness, as we term it, and the silk being of a very inferior quality, I cannot do half a week's work in a week; and the consequence is that I am sheerly working, making my time up and not keeping the cart on the wheels, as we say at home. I have a family of seven children, there is one over 20—he was a warehouseman, but he got out of work over 12 months ago, and he has tried in every way to get into work. I have had him at Preston and had him placed upon the cotton, but he could not succeed in getting permanent employment. I have another of 18, who has been out of work six months, a hard silk hand, as we term him; he has got work in these last three weeks. I have another child of 16, a girl, and this will show you the shocking depression that there is in the silk

trade. She is working at a lately established shirt factory. She works a machine, and gets for her wage 3*s.* 1*d.* per week; she gets three farthings for making a man's shirt, or 9*d.* per dozen. I have another of 13, and others that are not workers but school-goers. My wife and I have travelled several times round the town trying to get work for the children, but they distinctly tell you it is of no use your coming and trying to get those children of yours work unless you can be bespoken, or have some influence of some kind or other. It is really no use your attempting, for we are quite full and have more hands than what we require. The whole sum of my wages and of the money that is coming from the work in my house for the last six weeks is 2*l.* 15*s.* 5*d.* I live in a house for which I pay 5*s.* per week, and you will see that I am not in a very prosperous condition; and I say that there are scores of families in Macclesfield belonging to the weaving portion and the hard silk portion of the trade that are in similar circumstances, if not worse. I have been a steady man since I became a man, and I do not place this information of my own case before the Commission for the purpose of creating any extraordinary sympathy or anything of that kind, but to assure you of the state of the majority of the people in the place to-day. I have only had one new suit of clothes since 1859, when I was married, but what some one else has worn. In fact, I have been very largely helped by charity off and on, and if it had not been for that, and if it was not for private charity exercising its beneficial influence in the town, I really do not know what the condition of the town would come to. I find that the Macclesfield silk weavers and the manufacturers have to contend with the cheap stuff of the foreigners. You must bear one thing in mind, that all that you need to supply absolutely is designs. If I have a dozen of silk goods to sell, and I make a good profit out of selling eight, I can afford to put the other four in, if the sale of those articles becomes scarcer, at a very low rate of price—lower than what it is possible for them to be produced at—and I believe that is our case with the Germans and Swiss to a great extent, and in many cases in France. They have their own market to supply, and they get their home profits, and the surplus of their produce is flooding England to our detriment, and their goods are sold at a price that is really not the price of the silk.

14,056. Then a very undue sum of money must have been extorted out of the pockets of the consumers in France and Germany?—Yes, decidedly so; but then they have benefited themselves in the first instance. I say that if the cotton trade and the iron trade and the woollen trade were in as prosperous a condition as was the case in times past, instead of there being from 1,700 to 2,000 empty houses in Macclesfield there would be double that number empty.

14,057. You say that you give 5*s.* a week rent although there are 1,700 empty houses in Macclesfield?—Not now; the 1,700 happened from 1863 to 1869.

14,058. However, has the rent of house property fallen in consequence of those houses having been empty?—No. During the good trade that came about in 1872 to 1876, house property went up considerably; for instance, a 3*s.* house went up to 3*s.* 6*d.*, and a 4*s.* house to 5*s.* 6*d.*, and so on.

14,059. But have you had no advantage in the lowering of your own rent although your employment has fallen off?—No; it would be a serious item for me to pull my plant down, and to get a house to put it up again; and of course I keep hanging on from week to week expecting something to turn up, and nothing does turn up.

14,060. As a matter of fact, you do not find it possible to get your rents reduced in proportion to

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those changes?—No; and the result is, as a case happened on Monday, that a person was sold up for debt. He had a plant in his garret, which at the lowest estimate must have cost him from 50*l.* to 60*l.* to place there, and there was everything that would conduce to the production of the most splendid fabric of silk, excepting the silk. He had everything for the most perfect process of manufacturing, barring the material, silk; he had all the plant to make the goods, but he was sold up for rent. I have seen the time, when the trade was fairly good, that his plant would have been snatched up at very considerable prices, that is to say, there would not have been much loss on the sale; but that 50*l.* or 60*l.* worth of plant was sold last Monday for 16*s.* 6*d.*, showing clearly to the observer the state of things that there is in Macclesfield. But, at the same time, whilst the people are so distressed and are put to such straits, the last thing in the world that they do is to make their poverty known. They will do anything and contrive in every way to keep their miserable condition within their own circle.

14,061. Are the owners of those houses engaged or interested themselves in the manufactures of the town?—No; that is another striking instance in comparison with Lancashire and Yorkshire. I find that the manufacturers do not own cottage property in Macclesfield, whereas in other towns they do to a certain extent, showing that cottage property is not a safe investment in Macclesfield on account of the destitution and the fluctuation of the silk trade.

14,062. Let me go back to one or two other questions in your evidence. You told us that you visited America; was that after the time of the French treaty?—Yes, in 1863.

14,063. How long did you stay there?—About 18 months.

14,064. Did you go out with the view of settling?—Yes, I did.

14,065. Why did not you settle there?—There were a variety of circumstances. The first was that I was not cut out to go on the land.

14,066. I am speaking now of the town of Paterson?—I could not get work at broad silk loom weaving. I wove ribbons and I wove tapes. It was just the period when there was a turn. The trade was at its lowest point, and the manufacturers had been up to the President and got those better conditions, but I did not wait long enough for the turn of the tide. There was a manufacturer who afterwards became one of the leading firms in Paterson, who offered to take me into partnership and find the money, at least the Company would, if I would commence and employ my skill as a weaver in producing silk goods at his works; but I never could see, with my then present experience, any prospect of the shareholders ever getting a dividend; and I had qualms of conscience which I could not surmount, and I did not agree. But there was another man from Macclesfield who did, and who came back a few years ago independent and spent the rest of his life in Macclesfield in a very nice position.

14,067. You spoke of your sons grown up, or nearly grown up, having learnt some skill in this particular industry; have you not, from your experience at Pattison, the means or the desire to send them out there to make their fortunes?—If I had the means to do it I would scarcely go home again. I would go right off to America myself, but I have not the means. Of course I have no friends in America that would advance the money. That is what enables the people to get over from Macclesfield; it is not the money that they have themselves, their friends in Paterson send them over money, and it is in that way that hundreds have gone out, and it is in that way that they are going out at the present moment.

14,068. You spoke just now of the difficulties that you have been under in getting assistance and in finding work for your children; one would have thought that the most natural and legitimate way of getting assistance would have been in sending your sons out to America?—My eldest was an articulated apprentice to

silk weaving, but the trade became so bad that he got a free pass to go to Queensland, and he went there. During the period when he could not do weaving he was one of those rovers that rove up and down, and he came in contact with and went to a master painter, and asked him whether he wanted a painters' labourer. The painter had happened to see a little bit of white-washing somewhere that he had done, and he said, "Yes, I will take you," and he was with him for a summer; and he also got a groom's place in Macclesfield, and he worked at that. This will show the condition of the people in the town. He wanted to keep respectable company, and to keep himself very respectable, and he took a situation and walked three miles a day out and three miles a day home, it being somewhat distant from the gentleman's gardens, and the gentleman gave him 10*s.* a week, which was nothing like equivalent to the meat that he took out. There was nothing for the assistance of the home or for his lodging.

14,069. Was that before he went to Queensland or after?—Before. That decided him to make up his mind to go, and he went out and he got employment as a painter at a shilling an hour, and he was doing very well until shiploads of emigrants went and so lowered the labour market.

14,070. Why did not you send him out to America? If you had an opportunity of getting him a free pass to Queensland could not you have got him one to Paterson?—No; going to the Colonies is different to going to the States. The United States of America leave all this to private enterprise; they do not grant a certain sum of money out of their Treasury for the purpose of emigration the same as the Colonies do. My son is doing very well now, and I should say that ever since he went, which is now three and a half years ago, he has sent home 1*l.* a month.

14,071. You were going to tell us something, were you not, about the remedies which you would propose?—When I find that all the countries in the world close their markets to us, and are not allowing our manufactured goods to go in without a duty, and they are better situated than us so far as silk is concerned, I say it is time that we bethought ourselves to see whether we could not secure our own market by putting on some small tariff that would contribute to the revenue, and also be a little protection to the trade which is suffering under this foreign competition. There are many trades that are suffering. If my income is threatened, which is 7*s.* 6*d.* to 9*s.* a week, and I have no purchasing power, and if you limit the trades of the country to two or three, and I cannot purchase off those other trades, the depression becomes general. With regard to the example of putting a tax on corn I say that if I am benefited by protection, every other trade that is suffering from foreign competition ought to be considered as well as myself, unless we get universal free trade, and in that case I do not think the silk trade would live; but still the openings for silk goods would be greater, because we should retain them in our own country centres. It would give employment to people if we had universal free trade, but the tendency seems to be that every country fosters their own trade and their home products, and the French manufacturer floods our market with his surplus produce.

14,072. You have given us a very interesting statement; have you anything more to add, or is there anything which you think has been imperfectly put before you?—No, except this: there has been a good deal said about the Macclesfield trades unionism driving the trade out of the town. There has been a lot said about foreign competition and local competition.

14,073. I take it that you wish to put before the Commission your repudiation of the idea that strikes have done any real mischief to the trade of Macclesfield?—Yes, and I would say that the weavers of Macclesfield have never foisted a List on manufacturers except in the case of a reduction in the loom rent. All those Lists have appended at the end the names of

the manufacturers who sat on the Board, along with the names of the weavers who compiled them.

14,074. We have understood that a reduction in the loom rent was effected, and it has continued down to this time?—Yes.

14,075. So that the movement was successful as it deserved to be?—Yes. You must bear one thing in mind, that those chief Lists were compiled in 1849, when the wages in the labour market were considerably lower than what they are at the present time generally; and when you take into consideration the per-centage that they have taken off, namely, from 15 to 40 per cent., and the present rate is perhaps 37½ per cent. below the 1849 List, you can easily see what a difference that makes. And there are worse cases than that. Also in this time of depression that we are going through, I do not think, if I speak fearlessly, that the manufacturers are undergoing their proportionate share of it, for, as we go down in the social scale, as a rule, they go up, if I may judge by their style of living. I can remember most of them, with the exception of the Brocklehursts, being either weavers or the sons of weavers.

14,076. As Mr. Ecroyd put it to the last witness, that may be from the accumulation of former profits, not out of the profits of the capital which they have now in the trade?—Yes; but the money which they have did not come originally out of the investments in silk manufacturing; for instance, there are many places where some people had their own styles and where they accumulated large fortunes, and that has been in a great measure the case in Macclesfield.

14,077. (Mr. Drummond.) With respect to what has been said about a deputation which was proposed to be sent to the Continent, referred to when the employers were here, will you give us some information upon that?—I believe that it was at the Chamber of Commerce one afternoon (and that is the only remembrance that I have of it) when this foreign competition and this foreign low rate of wages was on the table. A gentleman not connected with the silk trade said, "It would be well if the weavers could see those countries, and see how they are being beaten by the low wages of the operatives. Why do they not go and examine into the thing? and to put the thing into something like order, I will be 5*l.* towards the expenses of the deputation." I believe that was the beginning and end of the whole matter. Certainly there was never a communication transmitted on paper at the time either to the secretary or to any of the executive of the weavers thereon. I believe whatever was done was simply said at the table of the Chamber of Commerce, and when they found that there were individuals ready to subscribe, the thing exploded. They did not write down anything definite, and send it to the trade, saying, "We should like you to do it, and will help you to work it."

14,078. As a matter of fact, no formal overtures were made to the workmen that a deputation should go to the Continent, and consequently no action was ever taken on the part of the workmen?—No, never. I believe that if an offer had come in the proper order it would have been entertained, and that a deputation would have gone, because a deputation has gone to Scotland under similar circumstances, and I do not see any difficulty in them going to the Continent. I know that we would not have refused going if an offer had been made which was in a legitimate form and manner.

The witnesses withdrew.

Mr. MARK OLDROYD examined.

14,091. (Chairman.) You come here not merely on your own account, but as a representative, I believe?—Yes, I represent here the district which, in its turn, is represented by the Chamber of Commerce at Dewsbury, and the Chamber of Commerce at Batley.

14,079. Have you seen the evidence that was given by the employers of Macclesfield?—Yes.

14,080. Your reply is that that is absolutely incorrect?—Yes, it is.

14,081. And I presume that all the gentlemen who are with you are able to corroborate your statement on that point?—Yes.

14,082. (Mr. Ecroyd.) You spoke of the rent that you paid for your house being 5*s.* per week; but that includes, necessarily in connexion with your trade, a considerable amount of room for the looms and apparatus?—Yes; in the top of the house.

14,083. It is not merely a measure of the rent for your domestic purposes?—I would not give 2*s.* for the house if it was not for the workshop.

14,084. That is to say, you would estimate the house at about 2*s.* a week, and you would pay about 3*s.* a week for the space that it gives you for your apparatus?—Yes.

14,085. You have been in the United States, and you have told us some very interesting things about America. If you were going to emigrate, so far as you know, would you be inclined to go to the United States or to some of our Colonies?—I would rather go to the Colonies. I have been in Canada, in Lower Canada, and in the inhabited portion of Upper Canada.

14,086. As an experienced English workman, you would deliberately be of opinion that it is better to live in either the United States, the most protectionist country perhaps in the world, or in one of our own protectionist Colonies, than in this country, where we adopt the principle of free imports?—Yes.

14,087. You have told us that your belief is, with regard to the present condition of things, that the labourer is suffering more in proportion to his power of endurance, more in proportion to that which he has to sustain, than the employer is?—Yes, so far as the silk trade is concerned.

14,088. Then your belief is that the present system, to which you attribute the disasters of your trade, is even more injurious in its effect upon the working classes than upon the capitalist?—Yes, to a greater degree.

14,089. (Mr. Gibbs.) In speaking of the rent of your cottage, would 2*s.* a week be the normal rent of a cottage such as yours, without workshop conveniences?—No, that would be supplementary. It is a very inferior house so far as accommodation goes down stairs, still it is a very imposing-looking house, it is modern built; but unfortunately at the time the houses were built, there was a good deal of intoxication, if I may call it, in the building trade, and they were not built according to contract. For instance, you shall have a bed on one side of the room, No. 1 bed, and you shall have No. 2 bed on the other, and there is not more than a foot of room between them. There is no extra space for any furniture that you might want to put there. There are two rooms down stairs, and what we call a cellar kitchen, that is a cellar where you have coals, and a larder, and means of washing, all together under the kitchen.

14,090. Can a workman get for 2*s.* per week a really efficient lodging in Macclesfield?—A house only, not a workshop. You would get a first-class house in Macclesfield for about 3*s.* 9*d.*, that is, when I say a first-class house, two rooms up stairs and two down, and a wash kitchen, and a very nice back, and in a very nice respectable street. In some cases there are three rooms up stairs, and you would pay another 3*d.* for the third room.

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14,093. In what you call the heavy woollen trade?—In the heavy woollen trade; I may say comprising not only cloths but blankets, and to a small extent the production of carpets.

14,094. When you speak of the district as being of this size and population, can you define it by any well-known limits?—There is the borough of Dewsbury and the borough of Batley, and the townships of Soothill Upper and Nether, Ravensthorpe, and Thornhill.

14,095. Will you describe to the Commission the sort of trade which is carried on in those particular districts?—The particular class of goods which we produce, speaking now first of the woollen cloths, I think I can best describe by saying that it is a heavy and low-priced fabric. We are large users of shoddy in our district; in fact it is the centre of the shoddy business.

14,096. How would you define shoddy, which one is accustomed to hear used rather as a term of reproach?—It is a term of reproach to those who do not understand it, but it is a very comprehensive term, representing a thing of very practical utility to those who do understand it.

14,097. Will you be so good as to let us know shortly what it is?—Shoddy is produced by the tearing up of woollen tissues, some of which have been worn and some not worn.

14,098. It is the remanufacture of old manufactured stuffs?—Yes.

14,099. Is it a class of trade which you may say grew up in Dewsbury and thereabouts?—It has been developed in Dewsbury, and up to some few years ago we had practically a monopoly of the shoddy business in our district.

14,100. When did it begin to grow into importance?—I should think that it has been for 50 years or more of considerable importance. During the course of the last 10 or 15 years, and especially since the increase of the duties on the Continent, the shoddy trade has been developed in those countries. I may mention particularly Germany, Italy, and, to some extent, France.

14,101. Should you say that the development of a shoddy trade in those countries has brought about a system of protection under which you suffer, or is it the mere competition which has interfered with your profits at Dewsbury?—I think that the development of the shoddy trade is a consequence of the tariffs, because in Germany and Italy and France they were in general ignorance of the use of shoddy until those tariffs were imposed; and under the protection of those tariffs the trade was developed.

14,102. Do you think that the injurious tariff was imposed in order to keep out what was supposed to be an inferior class of goods from those countries?—I do not think that was the intention, but it was one of the practical results.

14,103. With what object do you think the hostile tariffs have been introduced except either the benevolent object of keeping out an inferior class of goods, or the selfish object of stimulating a home trade in the goods?—I do not think that the tariffs have had, intentionally, any specific reference to the exclusion of low-priced fabrics; but it is the accidental circumstance that specific duties have been resorted to instead of ad valorem duties, which, of course, tells very heavily upon us. I shall refer to that by-and-bye under another question.

14,104. There is depression, we may assume, in these districts, as there is elsewhere?—Yes, there is a general sense of depression and a general complaint of diminished profits on the part of manufacturers.

14,105. How far will they bear the test of examination? In the first place, from what period does the depression date?—I propose to give a few facts bearing on that: With regard to the volume of business, in the first place, I think that the best way to arrive at a fair estimate of the volume of trade in our district will be by taking four quinquennial periods. First of all, I will take the period from 1865 to 1869 inclusive.

During that period there was a very considerable development of our trade; that is to say the art of producing a good substantial fabric at a low price, to meet the demands and requirements of the public, was largely developed during that period; and correlatively with that development of the trade generally, there is no doubt that the profits of that period were substantially good, and such as were acceptable to those who were engaged in the business. Then we come to the period from 1870 to 1874 inclusive, during which period, I should say, that the volume of the business of our district was very much increased, and, indeed, very largely inflated.

14,106. By "inflated," do you mean preternaturally increased?—That is exactly what I do mean, in this sense, that there was a large increase of the plant and machinery which was applied to the purposes of the trade, and there was a very general and excessive resort to overtime; that is to say, working beyond the ordinary factory hours. Of course, we attribute a great part of the development to the destructive forces abroad in the time of the Franco-German war. Then, in the next period, from 1875 to 1879 inclusive, I should say, with reference to the volume of our business, that the inflation of the former period was quietly subsiding, and this was particularly marked by the fact that there was a less general resort to overtime and excessive production; but, on the whole, I should think that there was no real diminution of the plant and machinery employed in the business of the district. Taking the next period, from 1880 to 1884 inclusive, I would say that that was a period in which we suffered very much from the increase of foreign and colonial tariffs. I may say that our suffering amounted not only to a disturbance of the natural course of our business, but almost, practically speaking, to a revolution. But bearing in mind the fact that we have been so hit by the imposition of these specific duties, and such heavy ones too, both on the Continent and in our own Colonies, we may claim that the trade, notwithstanding that, has been fairly, if not wonderfully, sustained.

14,107. You are now speaking of the period from 1880 to 1884?—Yes, in the last remarks which I have made. Taking a review of the whole period from 1865 to 1884 inclusive, a period of 20 years, I should say that there has been, notwithstanding those disadvantages from which we have suffered, a large increase in the trade of the district, much larger than in proportion to the advance in the population. I think I may prove this so far, at all events, as property is concerned, by giving you the rateable value of the district. I have before me a statement of the rateable value of these districts, and I find that in 1874 the rateable value stood at 238,200*l.*; in 1879, taking the same district, the rateable value stood at 290,854*l.*; in 1884 it stood at 339,345*l.* That is in the district of Dewsbury and Batley, and the overflow population, as you might call it. Then referring, not only to the volume of business of which I have just spoken, but to the profits, so far as one can estimate them, of course, we have no accurate figures before us, but reviewing the profits of business in the same periods, I should say that in the first period from 1865 to 1869, seeing that that was a period of large development, profits were very good, perhaps a little more than what might be called normal profits. In the period from 1870 to 1874 the profits were inordinately large. The general advance in prices of all commodities, and in building and plant, tended to high valuations at that period, and I am afraid that a good many firms, in view of the fact that things were worth more than they had actually cost them, neglected the very important point of depreciation in making an estimate of their profits; and of course the supposed profits that were made in this period from 1870 to 1874 have to be discounted very considerably in the light of the general fall which has occurred since. Then taking the next period, from 1875 to 1879, I should consider that profits were

sinking to the ordinary level, succeeding to the period of inflation.

14,108. Can you put a figure to the normal profits?—I could not state an exact figure; they were profits which were generally acceptable.

14,109. Would you put them at 10 per cent., or 15 per cent., or 20 per cent.?—That is a question which I could not answer with any definiteness.

14,110. What would be your opinion?—I should think that 10 per cent. would be nearer the mark than either the 15 or the 20 per cent.

14,111. (*Mr. Eeroyd.*) Are you now speaking of the profit on the amount turned over, or of the interest upon the capital employed?—I am speaking of the capital employed. Then taking the last period from 1880 to 1884 I should say that the profits have been seriously diminished, arising principally from two causes: one the increase of tariffs which has led to a disturbance of our business; and also from the change of fashion, which has rendered necessary considerable alterations in machinery, and in some cases has actually thrown existing machinery out of use. This particularly applies to those persons who have had to discard in some measure the production of woollen yarns, and have had to use worsted yarns, which, with their own machinery they could not produce, but which they have had to buy from those who were in that trade.

14,112. (*Chairman.*) I suppose there is no vested interest in fashion; you cannot reasonably complain of that?—No, I do not think we must do that; we must cater for those who require our goods and meet their demands.

14,113. Now will you give us instances of those hostile tariffs, specifying the country and the date when a specific duty being put on interfered with your trade to your prejudice?—With us, of course, the question of specific and ad valorem duties is a question of great importance.

14,114. Why do you say "of course"?—It is apparent from the fact that ours is a heavy and low-priced fabric. The specific duties hit us more than they hit any other section of the woollen industry, because we produce a greater weight for the same money than any other class of woollen manufacturers.

14,115. Is the specific duty by weight or by size?—By weight.

14,116. (*Mr. Eeroyd.*) After all it reduces itself to this: that the alteration of duties from ad valorem to specific means the imposition of a much higher rate of duty upon your class of goods than upon many others?—Yes, exactly.

14,117. And what you complain of is that by hook or by crook a very much heavier duty has been imposed upon the articles that you make when they enter foreign countries?—Not only that. I will give illustrations of that directly; but what I mean to say is this: that relatively with the other woollen manufactures of other districts ours are particularly hit by the specific duty, because a cwt. of our produce does not represent anything like the same value as a cwt. of superior goods.

14,118. It only comes to this: that what you complain of is that many of those countries have adopted an alteration of their tariffs which has the effect of putting a much heavier duty upon your goods?—That is so. Our first great blow was the American duty, which has proved absolutely prohibitive.

14,119. (*Chairman.*) When was that imposed?—I think it was about 1862.

14,120. But you are speaking of the special depression from 1880 to 1884?—Coming to a later date, our trade during the last ten years has been more or less restricted by continual advances in the duties in such countries as France, Italy, and Austria. The tariff which was imposed in 1879 in the Zollverein, in Germany, has also proved absolutely prohibitive. In the tariff preceding 1879 there was a duty on our goods of 1*l.* 10*s.* 6*d.* per cwt. on admission into the Zollverein, and the aggregate of exports of woollens to Germany at that period was equal in value to 2,038,510*l.* In

1879 a new duty was arranged, and it was advanced to 3*l.* 8*s.* 7*d.* per cwt.—more than doubled—an advance of about 225 per cent. The result of that was that in 1883 the aggregate exports from this country to Germany were 953,160*l.*

14,121. Being reduced by more than a half?—Exactly so; but I should like to point out that although the woollen trade generally was reduced by more than half, that is to say from 2,000,000*l.* to a little less than 1,000,000*l.*, in our district, the trade was absolutely cut off.

14,122. You say that the duty was 1*l.* 10*s.* 6*d.* per cwt.; was that upon woollen goods generally, and not on your own goods in particular?—It was on woollen goods generally.

14,123. And the effect of that was, having regard to your particular class of goods, to make it prohibitory in your case?—It was, when it was advanced to 3*l.* 8*s.* 7*d.*

14,124. But after all, even in 1879 and previously, it was not an ad valorem duty but a specific duty?—It was in that case. Then we have had another considerable branch of our business cut off in late years by the imposition of the Canadian tariff.

14,125. When was that imposed?—I do not know the exact date, but it was in 1879 or 1880, I think.

14,126. I only asked the question because we are upon the point of the serious diminution after the year 1880?—About 1879 or 1880 we had increased tariffs in France, Italy, and Austria, while in Germany we had an absolutely prohibitive tariff, and also in Canada. That all occurred about 1879 or 1880, and that is why I take that period as a distinct epoch. Then during the period from 1880 to 1885 there has also been a distinct change in fashion, which I think has seriously affected us.

14,127. What was the date at which a hostile Canadian tariff was put on?—About 1880.

14,128. Do you remember what the change was there which was so injurious?—There was a small revenue duty before, and now there is a very protective duty, I think something like as high as the American duty. I do not know the exact terms, but it is something like the American duty. We have been seriously affected also of late years, since 1880, by the change of fashion. When we were developing the art of producing these cheap goods we had a long series of years when simple plain goods, which were readily made without much technical difficulty, were in large demand; and now, just at the point when we were losing those markets which I have just referred to, and which in a large measure constituted the outlet for our goods, there came up a demand for a greater variety of design and a greater variety of fabric altogether on the part of the public, which called for a larger amount of technical knowledge and care amongst both employers and employed.

14,129. Would the variety of fabric and design of which you speak, imply a readiness to give higher prices, or a necessity for charging higher prices?—It would imply that more or less, but it was almost Hobson's choice; we must either make the goods according to the designs required, or else not make any at all.

14,130. What was the competition that forced you into that cleft stick?—It was the demand of the consumer.

14,131. But the demand could only have been brought about by the consumer finding that he could get such things elsewhere, I take it?—I suppose it was the development of his own taste.

14,132. You have not that direct dealing with the consumer that brings you into contact with his individual tastes, have you?—Our dealing is altogether with the consumer ultimately.

14,133. You mean that this change of fashion was brought home to you by the merchants and dealers declining to take goods unless they were adapted to the fashion and to the demand?—That is so, and we found it out very quickly.

14,134. Have you anything to say about wages?—

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Yes, I may say that wages generally now are lower than they were in the period of inflation from 1870 to 1874; but taking it altogether, and especially as applied to skilled labour, I do not think that the fall has been commensurate with the decrease in profits. There is one consideration, however, which we ought to bear in mind, and that is, that whereas formerly there was a large amount of overtime worked, there is now a good deal of short time; and the practical result to the labourer, the workman, is greater than is represented in the fall in the rate of wages. But taking it altogether, I should think that, having regard to the cost of the necessities of life, the position of artisans in our district is not worse than usual.

14,135. Not even having regard to the shortening of the hours of labour, which, of course, would be a make-weight upon their side, if it has not injuriously affected the quantity of production?—I do not think that the increase of cost arising from the 56½ hours' Bill instead of 60 hours, is appreciable. Of course there are certain operations when it is merely a question of starting a machine and letting it run so many hours, where the shortening of the hours does tell in some measure. But taking our operations in the aggregate, I do not think it has made very much difference; and I think it has certainly had a tendency to increase the attention given to machinery.

14,136. What have you to say about foreign competition?—I should think that one of the chief features of foreign competition, as we have to regard it now, is this: that the machinery used by foreigners is getting more abreast with our own in its excellence and capacity; and I think this is growingly so.

14,137. When you speak of foreign competition, do you mean the competition of Germany particularly?—Germany and France I regard as our closest competitors.

14,138. In both cases there are longer hours of labour, are there not, than there are in this country?—That is so, both in Germany and in France.

14,139. Do you think that the question of artistic skill came in?—I think it has done so, and it does come in more or less, especially with regard to the productions of France.

14,140. Even in the manufacture of what you call these cheap and heavy woollen goods?—So far as we are particularly concerned in our trade, we have not yet felt it very much either in our home markets or in our neutral markets. But where we have felt it has been in certain mantle fabrics adapted for women's wear which have found their way into this country, and which have been introduced here and adopted here by our merchants, because they were tastefully worked and made up.

14,141. Do they come from Germany and France?—Yes; I think I should say perhaps that the larger proportion comes from Germany.

14,142. Whereabouts in Germany do they come from?—I do not know the exact district, but I think it is the western district.

14,143. Those are new manufactories of a sort that did not exist in Germany 30 years ago, I take it?—I should think that the mantlelings that I am referring to now had been produced in the older mills in Germany, and that they have gradually adapted themselves to the lower-priced goods.

14,144. Are those mantles made of materials previously manufactured and broken up and re-manufactured?—I should think they must be in some cases.

14,145. (Mr. Ecroyd.) Are they sent here in a made up condition as mantles, or as mantle cloths in the piece?—They come both ways. That part of the trade which I was just now referring to comes in the piece; but there has been for a long time a large quantity of mantle goods made in Berlin and the neighbourhood and sent to London ready made for the wearer. In fact, previously to the imposition of the tariff in December 1879, a large quantity of those mantles that came to London "ready made" were ready made from goods that were manufactured in

Yorkshire, in our district; they were sent to Berlin; they paid 1*l.* 10*s.* 6*d.* per cwt. duty; they were made up into mantles and then sent over to London, especially, in wholesale quantities, to be worn here.

14,146. (Chairman.) There would be nothing illegitimate in all that you have described now?—No, and I would point out that so far as I could understand the feeling of the Germans themselves, at the time of the imposition of the 1879 tariff, those persons who were engaged in Berlin in the manufacture of these mantles from the Yorkshire cloth, and from cloth coming from other countries, but particularly from Yorkshire, were the loudest in their complaints about the imposition of the new tariff, because they said that it would deprive them of their raw material, and that our fabrics would then have to pay such a very high duty that they would be excluded, and hence their export trade to London would suffer.

14,147. (Mr. Ecroyd.) Has that effect really followed?—I do not think it has.

14,148. You would say that instead of their losing the mantle trade, they have gained the trade in making the cloth as a consequence of the imposition of that tariff, and that now they make up the mantles for England out of their own cloth?—Yes; but I think that a new set of circumstances arose in so far as complaint was made to the mantle makers in London by the Yorkshire manufacturers, that they must look after this branch of business, which had been neglected; and I believe that considerable improvement has been made in making up the mantles from the cloth in the London district; and as a result of that I do not think that the trade from Berlin here has increased, and indeed, I should think that it has rather diminished.

14,149. During what period?—Since the imposition of the tariff in 1880, during the last five years.

14,150. (Chairman.) What you describe does not appear, as I have already said, to be otherwise than legitimate competition; but have you anything to say as to the injurious effect of deliberate protection or exclusion?—What I say is this: that when the new tariff was imposed in Germany, it was prohibitive; we lost our trade entirely. I think we were exporting perhaps 30,000*l.* a year from the firm that I represent into the Zollverein; and we have not sent since then 5*l.* worth.

14,151. But the sending of these mantles into the London market to compete against you is hardly a consequence of the prohibitory tariff as against the English goods in Germany?—No, I do not give it as such.

14,152. Therefore my observation arises again, that there does not appear to be anything in this except legitimate competition between one manufacturer and another?—It depends upon what you call legitimate competition. We do not think it is very legitimate competition; at least it is not fair competition for the Germans to impose a tariff against us of 3*l.* 8*s.* 6*d.* per cwt., because it seriously affects our trade.

14,153. But if you could produce these mantles in London at the same cost as the Germans produce them at, you might compete with them in the London market in spite of their refusing to take your goods in, except at a prohibitory duty?—I only referred to that mantle trade in reply to an inquiry of Mr. Ecroyd's. The trade that we did with Germany before was very much larger than is represented by that section of it which came back again in the form of mantles, because a great deal that we sent out was actually consumed in Germany both for men's wear and for women's wear.

14,154. No doubt; but the Germans are, and for some years past have been, making great efforts to develop their own industries?—I have observed a considerable difference in public opinion in Germany as regards industry. Some years ago industry was not looked upon with favour, but now there seems to be every effort made to develop their industries.

Within my recollection it was very difficult for gentlemen entertaining the idea of entering into any industrial enterprise in Germany to obtain monetary assistance by way of loans or mortgages; but I believe that now there is a considerable disposition on the part of moneyed men to lend their capital to help the development of industry amongst the commercial classes in Germany.

14,155. Does your district suffer from over-production, the markets being glutted with the stuffs which you make?—I do not think that that can be stated. Where it is a matter of fashion and of taste, which is fleeting and temporary, it would be ruinous to make a large quantity of stock with a possibility of the market suddenly collapsing for any particular fashion and design. But on the other hand I can safely testify that we have a capacity of production considerably greater than we are now exercising; we could produce more if we had a larger demand.

14,156. How far is Dewsbury from Bradford?—Nine miles.

14,157. The class of manufactures that you have to do with are quite different from the Bradford manufactures?—Utterly different. There are worsted goods and ours are woollen. We are nine miles from Bradford, eight miles from Leeds, five miles from Wakefield, seven miles from Huddersfield, and 11 miles from Halifax. We are in the very centre of the Yorkshire industry.

14,158. How would you characterise your present position as regards business?—I should say that business is now more difficult to do and to manage on account of the changes in fashion, which entail considerably more labour on the part of the manufacturers; and we have to make a quicker response in the matter of taste and demand for style, seeing that the manufacturers now have to hold stock much more than they did formerly, to the relief of the merchants.

14,159. But the last answer that you gave rather led me to the opinion that you, in your trade at all events, were very cautious not to overstock yourselves with goods?—Yes, we are cautious not to overstock ourselves with goods, and hence the difficulty of keeping ourselves going by orders that come in in a retail way, instead of in the large wholesale way which characterised the business when all the goods were plain; and this hand-to-mouth style of business which now obtains seems to affect the general swing of business, as I might express it, and produces a good deal of cautiousness.

14,160. Do you not turn over your money more rapidly in consequence of that?—No, I do not think so; but I may say that one of the good effects of this style of business is that business is less speculative and more cautiously conducted; and I should think that in the trade generally we are on a more sound financial basis. Payments are made more largely in cash, and fewer acceptances obtain in the trade.

14,161. Are the prices of the goods that you speak of now falling, or are they steady at this moment?—They are still tending downwards, because our raw material is still tending downwards.

14,162. Has this falling off in price deterred people from embarking in the trade, or caused people to withdraw from the trade at all?—I should think that it has tended to make the trade more retail in its character. Every one engaged in it says: "I will only buy to-day for my immediate requirements, because to-morrow or next week I may be able to get the remaining quantity that I shall require at a rather less price."

14,163. Then you rather exhibit the trading feeling of your district as being in a condition of suspense and expectation?—It is in a condition of expectation. I do not think that it is in a condition of despair, but I should rather say that it is in a condition of hopefulness, on the whole.

14,164. And as yet you consider that the full measure of the loss has not been participated in by the wage-earning classes?—I do not think it has, as a

matter of the rate of wages; but as a question of the aggregate earnings during the whole year, I should say that it almost has been participated in by them on account of the more irregular hours; and of course the condition of those who happen to be thrown out of employment is very distressing, because there is very little disposition amongst the employers to increase the number of hands, and when a workman once loses his situation he has great difficulty in obtaining employment.

14,165. What have you to recommend by way of remedy for the depression affecting your trade?—I think we shall have to await the return of confidence, which will naturally take place when there is a general conviction in the commercial world that we have reached the lowest level of prices in commodities generally. As you will perceive, we, as manufacturers, are under the necessity of holding a large quantity of wool and raw materials, and other things used in the process of manufacture, and also more or less stock; and if in the course of the 12 months between one stock-taking and another there has been a decrease in the value of those articles, that has to be made good before the real profit for the year can be shown. This has applied for a good many years now, seeing that there has been a general decline in commodities, which I take to be just the converse of the experience in the inflated period from 1870 to 1874 or 1875, when everything was improving in value.

14,166. Several witnesses have stated it as their opinion that the supposed inflation from 1870 to 1873 or 1874 was rather an imaginary than a real demand for commodities, and that people expected a great deal of good to result to them from the misfortunes of other countries, but that their expectations were not, in fact, afterwards realised; do you concur in that opinion?—I should think that the results of stock-taking at that period were more or less spurious, from the fact that it was succeeded by a fall in values; so that we ought really, in estimating the profits of 1870 to 1874, to take into account the profits of a later period, when things were becoming more equalised.

14,167. That was not exactly the point which I meant to put. I meant to ask you whether what you call the inflation of prices and values, and the demand for commodities which arose in consequence of the Franco-German war, was not found by experience to have been an unreal demand, and to have proceeded rather from the imagination of speculators than from the bonâ fide demand of consumers?—I should think it is the case in all commercial experience, that the sense of depression is more intense than the facts would warrant, and that the sense of prosperity is based upon more slender facts than one would suppose.

14,168. Now let us come to your remedies. I see that you are prepared to advocate a Minister of Commerce, for example?—I have put that down on my notes; but what I mean by that is this: that I should like, if possible, the statistical and commercial facts that are collected by the different Departments to be concentrated and put before the country in an authoritative way under the responsibility of one chief; because I think that if in the negotiations which we have from time to time with artisans, we could point to the condition of the world, commercially speaking, and to those facts as adduced by an independent authority, such as the one I am now suggesting, the facts would be more appreciated.

14,169. How is it that that is not done now in the statistics laid before the public by the Board of Trade?—It is done more or less; but I think that, coming from an established Department, and from a Minister of Commerce with the authority of one recognised individual in such a position, such statistics would have more influence, making both the employers and artisans feel that they were unprejudiced, and that they had a distinct and marked bearing on commercial relationships.

14,170. Whether the statistics are put before the

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public by a Minister of Commerce or by the President of the Board of Trade, they must be compiled by a large number of skilled people who are only represented by the Minister or the President, as the case may be, and I cannot see what difference there is, except in the name?—There is a sort of general opinion that there is a divided authority, that some of those facts are collected by the Foreign Office and some by the Board of Trade; and I think that if those things were brought ultimately (even if they were compiled by different authorities, as they are now) before the public by one central responsible authority, they would have more weight.

14,171. Do you contend that the Board of Trade is not at present a responsible authority?—Not at all; I do not think so, and I do not say that.

14,172. I should like to know how a Minister of Commerce is going to be more authoritative than a President of the Board of Trade?—I do not know that he would be more authoritative in reality, or that his facts would be in any way better, but I think that they would be more popularly accepted.

14,173. It is merely a change in name, in fact?—And a change in the acceptability, perhaps.

14,174. You want to get rid of the idea of a Board?—Yes, I should like to have a personal responsibility, so to speak.

14,175. You are aware, of course, that there is no such thing as a Board of Trade?—I think that a Minister appointed under the name of a Minister of Commerce would be looked upon as a man whose personal position would be at stake, and he would feel the personal responsibility of seeing that the figures and tables brought before him were properly collected and authoritatively laid before the country.

14,176. You are aware, of course, that there is no real existence in the Board of Trade, and that it is the President and nobody else?—I am quite aware of that. I think that some benefit might perhaps accrue by the extension of technical, scientific, and artistic instruction in the country.

14,177. We have had a good deal of that within the last 20 years, have we not?—We have had a large increase in our district, and both at Dewsbury and at Batley technical schools have been established; and there is a general desire, I think, to extend their utility.

14,178. Do you find from your experience that young men who are taught drawing and design in these schools have brought their talents to bear upon the improvement of the patterns and designs which you manufacture?—I think that those who have had the advantage of this class of education make better and more valuable workmen, and they work more under a sense of the importance of understanding these details than those who are ignorant of them.

14,179. Do you mean understanding the chemical or mechanical composition of the fabric, or understanding what is most artistic in the way of design?—I think it applies to all three departments of education.

14,180. When it is said that the French and Germans give more attention to technical education than we do, do you mean both those heads of technical education; not merely the design but also the knowledge of the composition of the material,—how to test good and bad materials, and the chemical qualities of this, that, and the other sort of material?—I should think that applies all round.

14,181. Something of that kind has been attempted by the schools of designs in this country, I take it?—Not by the schools of design. There are chemical studies being prosecuted in these educational institutes. Dyeing, for instance, is an operation of which of course chemistry is the basis so far as the scientific knowledge of it is concerned.

14,182. You consider that we are still behind the French and Germans in the application of skill to these sorts of manufacture?—I hope we are not behind in our intentions, but I think I must admit that we are behind in our accumulated experience, because atten-

tion has been directed to these questions for so short a period in this country. I think we shall improve by-and-bye, comparing the two countries.

14,183. Do you compete in any way as regards your products with Oriental countries, such as China, Japan, and so on?—No, we do not. Besides the production of woollen cloth in our district, one of our staple trades is that of blankets and rugs. In this department of our local industries, apart from the effect which war has so very directly and immediately upon the blanket trade, and the fluctuations incident thereto, there has been during the last 20 years a gradual and satisfactory development.

14,184. War would have a beneficial effect upon the blanket trade, would it not?—Yes, but it is usually followed by depression. But taking out those years in which we have been seriously affected by war (and of course in the blanket trade we are always rather advantageously affected by war, for the moment at all events), there has been a gradual development of the trade. New markets have been opened up in China and Japan, where the Governments take large quantities of blankets, and blankets are also used for domestic purposes. Then there has been a large trade in blankets and rugs at the Cape; but since the war there that trade has rather fallen off. A large trade is also done to Australia in white domestic blankets. The only check, so far as tariffs are concerned, that the blanket trade has sustained, has been from the Canadian tariff; and I think I may say that now the blankets which the Canadians use are all made in Canada, there are no exportations of blankets to Canada.

14,185. Has been brought about by prohibitory duties?—It has.

14,186. Do you make carpets?—Only to a small extent; and that trade has been rather seriously affected by the cheaper production of tapestry and Brussels carpets. Ours were the ordinary carpets, what are called Scotch and Kidderminster carpets; and the cheap production of Brussels carpets has seriously affected our trade.

14,187. You do not mean carpets made in Brussels?—No, carpets like the one on the floor of this room. Their cheap production has interfered with the production of the lower class of carpets made in our districts; but the manufacturers, who are accustomed largely to manufacture carpets, have devoted themselves to cognate businesses.

14,188. You have given us a very interesting picture of the trade of a particular district, and the special points of complaint I think that you have to lay before us are the prohibitory duties which have been recently established in Canada, America, Germany, and France?—Yes.

14,189. Would you advocate a retaliatory system, or do you think that one would be possible if you advocated it?—I do not advocate it.

14,190. Do you expect that we should get more good than harm by going on in our own way?—I think so.

14,191. Then I hope we may take it as your judgment that the great depression which has been so much complained of over the whole kingdom is, at least, not excessive in those parts of Yorkshire to which you belong?—I should say that, on the whole, the depression has affected us perhaps less than it has affected the country generally.

14,192. And your neighbours in Bradford, we know, scarcely feel it at all?—I think that the Bradford gentlemen had better speak for themselves upon that subject; I should not like to give any evidence upon that.

14,193. (Mr. Ecrold.) You told us, did you not, that the Germans imposed a considerable additional duty upon your goods about the year 1879?—That is so.

14,194. And the effect of that, you say, was prohibitory, so far as concerned the export of your goods to the German Empire?—It was so.

14,195. But what has been the effect of it, in your

opinion, upon the development of the German industry itself; has it in any way checked the rapid and energetic development of the German woollen industry since 1879?—I should think that it has stimulated, particularly the production, in Germany of the class of goods with which we are concerned.

14,196. Then Germany not only produces for her home trade, but she also exports that class of goods?—I do not think so.

14,197. You have told us that there is an export to this country of mantle cloths and of mantles made from German mantle cloth. That is a very crucial instance. The case of the export of mantle cloths from Germany to London, to compete here at home in the most powerful woollen manufacturing country in the world, would be a very crucial test of the effect of the German fiscal system upon her power of competition. In your opinion, what has been the effect, or have there been any evidences during the last seven years, since the imposition of their protective system, of its having decidedly weakened the Germans in their power of competition in neutral markets?—I should say that, on the whole, their exportation of ready-made mantles is no larger than it was before the imposition of the increased duty.

14,198. That does not quite exhaust the point upon which I am inquiring. We might have supposed that the imposition of a heavy protective duty would have had this effect: that whilst placing them in full possession of their own home trade it would have absolutely destroyed whatever trade they might have for export. That would have been the theory of most people in this country, and I wanted to know whether it had produced that effect and had largely cut them out of competition in neutral markets?—I do not think it has cut them out.

14,199. The condition of the manufacturing industry in your district you have described very fully, and I do not want to go over the ground again; but I want to know whether there has been, during the last 10 or 15 years in your district, in Dewsbury and Batley and the dependent places, an increase in the number of persons employed in your staple industries correspondent to the general increase in the population of the country?—If you ask me for 15 years I should say Yes; if you ask me for 10 years I should say, perhaps, No, because I should be comparing this moment of general depression with a moment of general inflation.

14,200. I will put it in another shape. Do you believe that the industries of Dewsbury, Batley, and the district, and the number of people employed in them, are expanding in a fair ratio with the general expansion of the world?—If you take a period which I think this Commission has frequently taken, viz., a period of 20 years, as comprising different sets of circumstances, I should say that there has been a larger increase in our industries than in proportion to the increase of the population of the civilised world.

14,201. Did that disproportionate increase take place wholly in the first 10 years of the 20 years?—No, I should think not, though the ratio of increase since 1873 or 1874 has been less.

14,202. We will say since 1876 even?—Perhaps since 1876. We did not feel much of the reaction from the inflation period until about 1876, but we just began to feel a sort of arrestment of our increase.

14,203. During the 10 years from 1876 to 1886, do you think that the increase in the number of persons employed in the industry as a whole has been fairly correspondent with the general increase of the population and trade of the world?—From 1876 to 1885 I do not think there has been an increase. It is very difficult to estimate.

14,204. How many new mills do you suppose have been built in that district, say during the last seven years?—There have not been many new mills.

14,205. Have there been any?—I should say that there had been some, but only a few.

14,206. Have any been burnt or removed?—Some have been burnt.

14,207. Would you suppose that those which have been burnt or which have come to an end, or which have been removed, or displaced in any way, have really been replaced by the new ones that have been built?—I should think so; and any exception to that rule would be effete premises with old-fashioned machinery; and other exceptions would be in the case of men who have violated ordinary commercial principles in other respects, and have had to suffer the result.

14,208. Still old mills and effete machinery can only be replaced in a healthy state of trade by the erection of new ones, which you say has not been practically taking place in the last seven years?—There have not been many of the old ones going out of occupation either.

14,209. Are there any or many mills standing idle in the district at present?—There are some, but they are not very important or very large ones. There is one mill in which a failure took place two or three months ago, and pending the settlement of the estate, that is standing. There is another set of premises in the neighbourhood which has been closed, but it was owned by a firm who had been speculating, or something of that kind, and brought disaster upon themselves. I do not know the exact circumstances, but it is a matter of notoriety in the district.

14,210. How many firms should you say have removed their manufacturing businesses from your district to Germany and other countries during the last seven years?—I do not know of any who have absolutely removed. Removal is almost an impossibility.

14,211. But I mean, who have transferred their manufacturing operations, or the bulk of their manufacturing operations, to other countries?—I do not know of any who have transferred the bulk; I know of some who have sent abroad machinery that was specially adapted for the article which was being exported to Germany; they have sent it there to continue the manufacture of the article for domestic use in Germany, so to speak, behind the walls of the tariff.

14,212. That is to say, in order to escape the incidence of the tariff which was destroying their industry here, they have removed that industry to Germany in order to operate within the area protected by that tariff?—Yes.

14,213. That is to say, they have found it more advantageous to live in a protected country, and work there, than in a free trade country?—I do not think that is a fair conclusion from the facts. It was better for them to take a certain portion of their machinery, which they had had specially put up and adapted to that special trade, than to break it up for old metal.

14,214. Is it not the fact that five firms in that manner have removed their operations from the neighbourhood of Dewsbury into Germany, and others in addition from other portions of the district?—There may be four or five firms, I dare say, who have established branches in Germany, or in other ways identified themselves with operations there, but their sanguine expectations have not been realized.

14,215. Are they still carrying on their manufacture?—They are.

14,216. And their works are still running?—They are.

14,217. And the usual number of workpeople are employed in Dewsbury?—I think so. I think that the vacancies have been filled up by the introduction of other machinery, and going into other branches of trade.

14,218. You think that the operation of these foreign tariffs is to remove the portion of the industries affected by them from this country to those countries which impose the tax?—To that extent, I think it is. It is the most conspicuous case I know of.

14,219. You have spoken of the trade of your district being generally in a somewhat discouraging and depressed condition, though not perhaps more so than that of other districts. But you said that you entertain a hope that things may improve; I should

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like particularly to know the grounds of your expectation of an improvement in the industries of your district?—We think that the very fact that we are able to produce a fabric at a lower price than ever in our history will tend to increase the consumption.

14,220. Where?—Where consumption goes on.

14,221. But a large increase of consumption in the countries that have prohibited your goods is of no use to you?—I am not speaking of that. I hope that we shall be able to live even if they cut us off.

14,222. You will admit that any increase in the power of consumption of those countries which have prohibited your goods will henceforth be of no use to you?—It will not.

14,223. Then coming back, in the first place, to the home trade, can you imagine that there will ever be a period in which, in consequence of the extreme cheapness of provisions and other articles, a larger surplus for the purchase of clothing will be available to the English workman than there is now? For if the impetus is not to come from without it must come from within, and I am speaking now of the chances of its coming from within. Are not circumstances at present inordinately favourable to an active condition of the home trade?—From the point of view of the cheapness of the necessities of life, I should think so.

14,224. Have you any hope that they will improve in that respect?—I should think that they will not improve in that respect.

14,225. Have not former recoveries of the home trade notoriously, to a large extent, been dependent upon a great reduction in the price of food, which has at once set at liberty a larger proportion of the income of the population for the purchase of clothing?—I could not speak definitely of that.

14,226. At all events, that hope cannot exist under present circumstances; we cannot expect a cheaper range of prices?—No, I do not think there can be any improvement from that source.

14,227. Then with regard to the operations in the Colonies, you have given us a very interesting history of the state of things in Canada, and you tell us that the Canadian duties are practically prohibitory?—Yes, they are so now.

14,228. Then in point of fact the Colonial demand must entirely depend upon the extent to which the Colonies follow the lead of Canada, or follow that of the mother country in their fiscal policy?—It will be so more or less.

14,229. At the present time, is it not the fact that Canada, for instance, alleges that she for a long period endeavoured to work with revenue duties on the same main lines of policy as the mother country, but that during the 20 years in which she patiently did so, the mother country refused at any point whatever to give her the slightest advantage over America, who was persistently maintaining prohibitory duties against British goods? Have not the people of Canada alleged that as a reason why they could not any longer pursue that policy?—I daresay that may be so, but I cannot speak as to that.

14,230. And are we not adopting the same policy still in regard to the other self-governing Colonies, that we give them no advantage whatever over the most protectionist foreign nation?—That is so.

14,231. Must not the effect be the same in their case as it has proved in the case of Canada, of our persisting in such a policy?—I do not think that we have a right to expect it.

14,232. Judging from analogy, from what Canada has done, have we not a right to expect it?—You cannot take the action of one Colony, such as Canada, as indicative of what all the Colonies may do.

14,233. Except so far as it is based upon a general principle?—You are at liberty to draw your own deductions from that, so far as the evidence goes; but it can only be taken as evidence so far as it does go.

14,234. (*Chairman.*) Perhaps it is in the general direction of the other Colonies that your hopes of improvement are based?—We have not been able to get it yet.

14,235. (*Mr. Ecroyd.*) Excluding Canada, and taking the remaining self-governing Colonies, do you see any indication whatever of a spread of the disposition towards absolute free trade in the populations of those Colonies?—As a whole I think there is no chance either way for some years.

14,236. Have they not been tending rather to impose tariffs even against one another for some years?—You are referring, I suppose, to the Australasian Colonies. I think, so far as my experience goes, we have had no check in our business with the Australasian Colonies so far; but I cannot speak of the tendencies at all, because I think that they are subject to considerable changes according to their circumstances or political necessities.

14,237. In inquiring into the prospects of trade and the causes of the depression of trade or the remedies that may be hoped for, is it not most essential to study the reasons which have led a Colony like Canada to adopt this policy, because is there not an inherent probability that other self-governing Colonies may be led to act in the same manner by the same reasons?—I think one might, with advantage, study the reasons which induce a given Colony to adopt a given policy, but we might not agree with them.

14,238. Naturally we do not agree with the policy of protectionist countries, nor yet with the policy of Canada, but we are only considering now the grounds of your hope of an improvement in trade: is there any reasonable ground upon which you can entertain that hope in regard to the other self-governing Colonies?—In regard to the point that you have now raised, I think there is hope, from the fact that I do not see any positive indication that they will resort to protection; and there is the natural development which will go on in the population there, tending to an increased demand for our commodities.

14,239. Supposing that the other Colonies should, quite contrary to your wish and mine, follow the example of Canada, and adopt prohibitory tariffs, and set up a manufacture of woollen goods within themselves—in Australia particularly, which is a large producer of wool; where do you expect to find your markets for the employment of your people under the present system?—If you ask me whether the markets will be enlarged, and you establish as a premiss that the markets are all going to be reduced, of course I cannot tell you where the increase will be.

14,240. That is to say, that the future of our manufacturing industry in branches like this is dependent upon the very precarious question whether the other self-governing Colonies may or may not follow the policy of Canada?—If all the world becomes protectionist I do not see where our export trade will be. I think it is on the very face of the question; I do not see how any other answer can possibly be given.

14,241. What has been the effect of the condition of trade in your district upon the value of mill property, house property, and other property during the last 10 years?—Mill property is considerably lower in value than it was 10 years ago, and I should think that 10 years ago it was at the highest point it ever stood at.

14,242. How is it in value at present compared with what it was 20 years ago?—I do not think that there will be very much difference.

14,243. Have you any large outlet for your goods to the Cape Colony?—Yes, we have, more or less. It is a fair trade that is done there, but I think it is chiefly in blankets and rugs.

14,244. That is for war, I suppose?—No, for exportation up country. I believe that some of the natives there, when they get a blanket on or pair of spectacles are dressed.

14,245. You told us that the wars in Cape Colony had of late years interfered with your trade there?—At the time of some of the wars there was for the moment a large expansion, and a very unnatural demand arose for blankets; and then when they came to pay for the wars their trade fell off, and of course it affected us.

14,246. Do you think that the unsettled state of the country and the uncertainty in men's minds as to what is to be the future of large sections of the country, has anything to do with the depression of trade there?—I should think so. I should think that that applies to the whole world.

14,247. Your district has been interfered with to a certain extent by the changes of fashion?—It has, to a certain extent.

14,248. But of that of course you would not reasonably complain?—I might not like it, but of course I have no ground of complaint.

14,249. But the changes of fashion which at one moment make it better for Huddersfield, at another time better for Dewsbury, at another time better for Leeds, and at another time better for the South of Scotland, are not matters of which any reasonable business man would be disposed to complain?—I think if he is equal to his position he will rise to the emergency, and adapt himself to new demands.

14,250. So far as he can, which is often not very far?—I think that if he exerts himself he will overcome most of the difficulty; and I think it has been characteristic of our district that we have adapted ourselves to the new requirements in a very large measure, and hence we have suffered less from the general depression than some of the neighbouring towns.

14,251. Supposing that the run of fashion was to be again upon Scotch Cheviots, for instance, upon the Tweedside manufactures, it would be only to a limited extent that you could take up that; and it would naturally fall into the hands of the Tweedside people themselves, would it not?—There is no doubt that a

The witness withdrew.

Adjourned to Wednesday, the 26th instant, at 11 o'clock.

return to their particular style of goods would be advantageous to them, but I think we should share in the general prosperity.

14,252. But it naturally happens that when an extension is to be made to meet the run of fashion upon one particular class of goods, that extension can best be made by those who are most experienced in the making of those goods, and have already the business in hand?—I must say that I think the general depression that has obtained during the last few years has caused the manufacturers in our district to devote more attention to woollens generally, and that it has necessitated and enforced upon us a large extension of our technical knowledge and experience, and that we are better qualified, with respect to our capacity and knowledge of the woollen business generally, to adapt ourselves to any change of fashion that may arise than we were five years ago.

14,253. You would say that there is an advance, and a very important and gratifying advance, in the technical skill of both employers and workmen?—That is so; and I think that if there is a demand for woollen goods of any kind we shall be in the run.

14,254. Is there any marked difference to be observed in the character or habits of the population; are they more provident, more temperate, and more industrious than they were 20 or 30 years ago?—I should think that they are more provident, and certainly more temperate, and I should think quite as industrious.

14,255. (*Mr. Gibbs.*) Those two things depend upon the third, do they not; the industry and providence depend upon the temperance in a great measure?—I think so.

Mr.
M. Oldroyd.
6 May 1886.

APPENDIX.

APPENDIX A.

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PAPERS RELATING TO THE EVIDENCE GIVEN BEFORE THE COMMISSION.

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APPENDIX A.

I.

PAPER handed in by Mr. MURROUGH O'BRIEN, March 10 1886. (See Question 8404.)

DESCRIPTION of a SWISS LAND CREDIT BANK. An extract from a Paper read to the Statistical and Social Inquiry Society of Ireland, by Mr. O'Brien.

The demand for legislation to facilitate the lending of public money on small plots of land in Ireland may make a description of the constitution and operations of a continental Land Credit Bank of some interest.

Mr. H. D. MacLeod, in his *Lectures on Credit and Banking*, says:—

"Many banks in central Europe have been founded for the purpose of making advances to cultivate land, and a very large portion of the advance in agriculture during the last 130 years has been due to them."

The provisions of the French Civil Code, the principles of which have been adopted in many other European countries, make land a suitable security for banker's loans, which it is not under English law.

In the Report of the Royal Commission of 1857 on Registration of Titles the following sentence (p. 46) occurs, and is still applicable to land as a banking security:—

"It has been well said that the greatest condemnation of the existing system of lending money on land is the reluctance which bankers, the natural traders in loans, have to lend on mortgage or judgment. The security which they refuse, careless trustees, ignorant people who have savings, and widows and others who have some small provision, are advised to accept, and in this way the whole risk of bad security is thrown on the classes least able to bear it."

The Land Credit Bank of the State of Vaud (*Caisse Hypothécaire Cantonale Vaudoise*) was established for the purpose of granting advances on the security of real property to the agricultural classes. As the entire canton is owned and occupied in very small parcels, the advantages of the bank extend to the whole community. The control and management of the bank is in the hands of the following three bodies:—

- (1.) A council of 20, of whom 10 members are named by the executive government, and 10 are elected by the bank shareholders, with a president, who must be a member of the government; the council meets at least once in each six months.
- (2.) A committee of supervision, consisting of the president of the council, and four members named by the council, meeting at least twice a month.
- (3.) A directorate, consisting of a chief director, two managers, and two assistants. They meet at the chief office at least three times a week, and must not be related to each other. The secretary of the bank is selected by the Government from among the permanent officials of the State.

The following figures are taken from the report of the bank for the year ending 31st December 1883, and are given in round numbers:—

The resources of the bank consisted of:—

	£
(1.) Paid up capital in 20L. shares (the State must be the proprietor of at least 1,000 shares) -	380,000
(2.) The funds of the State savings bank, on which 4 per cent. interest is guaranteed -	835,000
(3.) Funds obtained by the issue of debentures in amounts of 20L., 40L., and 200L. -	790,000
(4.) Sundry convertible securities, cash, &c. -	80,000

According to the constitution of the bank, loans can only be made on real or quasi real property, and by preference on agricultural and pastoral properties. The following classes of loans are made:—

- (1.) On real estate, for terms varying from 9 to 53 years, repayable by a sinking fund, varying according to the term, from 10 per cent. to $\frac{1}{2}$ per cent., the interest being calculated at $4\frac{1}{2}$ per cent.
- (2.) On real estate, for not less than five years; but without sinking fund repayment; at the expiration of this time repayment cannot be required unless a year's notice has been given.
- (3.) On assignment of mortgage debts, and on deposit of the bank's own debentures.

During 1883, $4\frac{1}{2}$ per cent. interest was charged on loans, with a commission of from $\frac{1}{2}$ to $\frac{1}{4}$ per cent.; 12L. is the smallest amount lent.

Four per cent. is paid on the debentures issued, and outstanding debentures issued at $4\frac{1}{2}$ and $4\frac{1}{4}$ per cent. are being paid off.

At the end of 1883 the bank had 17,533 debentures, of the aggregate value of 790,000L., in circulation, and had 9,087 loans outstanding, of the aggregate value of 1,899,400L.

During 1883 its chief operations were the issue of 1,026 new loans, amounting to 219,500L., and the cancelling of loans repaid, amounting to 162,183L.:—the issue of 1,264 new debentures at 4 per cent., and the paying off of 588 $4\frac{1}{2}$ and $4\frac{1}{4}$ per cent. debentures of the value of 39,700L. It had property of the value of 60,000L. in liquidation, and during the year had disposed of 18,880L. worth of these estates. The realisation of such property is, the directors report, the most difficult part of their work, requiring great care and watchfulness of the market, lest by too many sales in any locality they should increase the depression which has now for some years prevailed in the market for land.

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The bank pays 4 per cent. for the savings bank funds; a trifle over 4 per cent. on the whole on its debentures; and 4 per cent. on its paid up shares. After providing for these fixed charges, $\frac{2}{3}$ ths of the net profit is divided among the shareholders, and the remaining $\frac{1}{3}$ ths between the bank's officers and the reserve funds.

For 1883 the bank had a net profit of 7,304L., which was disposed of in the following manner:—

	£
One per cent. to the shareholders in addition to the fixed interest of 4 per cent. -	3,800
To the reserve fund -	1,638
To a special reserve for depreciation of property in liquidation -	1,200
Bonus to the bank officers -	620
Carried forward -	46
	<u>£7,304</u>

Management expenses amounted to 2,500L.; taxes and sundries to 1,100L.

In round numbers the bank handles about 2,000,000L., and on this sum earns about 10s. per 100L. The shareholders are content with the modest return of 5 per cent. The business can scarcely be called very remunerative, but is kept up for the public convenience by the countenance of the State, its credit, and partial guarantee, and by special laws to facilitate the operations. The receivers of taxes throughout the canton act as agents for the bank and the savings bank.

Even the modest return of 5 per cent. could not be earned were it not for the facility and certainty with which loans can be charged upon land. Imagine the solicitor of an English county bank making 1,000 investigations of title each year, and the cost of such investigations and of the mortgage deeds in case the loans were made.

The term "mortgage" is not properly applicable to loans secured upon land under the system prevailing in countries subject to the principles of the French Civil Code; for the legal estate in the land is not conveyed to the lender as under the English system; but as the words "mortgage" and "*hypothèque*" are almost exclusively used in connexion with loans upon real property, it is convenient to treat them as equivalents, although the legal ideas underlying the two words are different.

The description given by Mr. Jenkins, Assistant Agricultural Commissioner, of the system of transfer and mortgage in France, Belgium, the Netherlands, and Denmark, is equally applicable to most of Switzerland:—

"The transfer of landed property is done by means of a system of book-keeping, coupled with an official map, on which every plot of land is marked and numbered; a registration office exists in each district; and an intending purchaser can ascertain in a short time the official acreage of any particular field; the name of the registered owner, the amount and nature of any mortgage or other charges upon it. No transaction connected with land is authentic (in other words legally executed) unless it is duly registered at the district office.—The proceeding is perfectly simple and effective."*

In Vaud the following books are kept for each commune in connexion with the official maps:—

- (1.) A register of parcels. (*Registre Foncier.*)
- (2.) A register of owners and their property. (*Registre Cadastrale, or Cadastre.*)
- (3.) A register of loans on land. (*Contrôle des hypothèques.*)
- (4.) A register of rights, easements, temporary interests. (*Contrôle des charges immobilières.*)

If an owner wishes to borrow, say, 1,000 francs, or 40L., and charge his property with that amount, he furnishes with his application to the bank his title, consisting of an extract from the *Cadastre*, and certificate endorsed thereon by the registrar of loans and charges. The expense of obtaining this would not usually exceed 2s. The loan having been agreed to, an *acte* would be drawn by a notary for 5 francs, to the effect that the borrower admits his liability, and charges his land with the amount in favour of the lender. This is presented to the registrar, and the charge recorded against the land for a fee of from 1s. to 2s. The charge can be wholly or partially erased when paid off in full or in part, or can be assigned to a third person for similar trifling fees.

Special laws, in addition to the Vaudois Civil Code, have been recently passed in order to facilitate the obtainal of loans on land, and in these laws the interests of borrowers have been preferred to those of lenders.

The preamble of a law (*Loi concernant l'obligation hypothécaire à terme*), passed in 1874, recites that the

* Mr. Jenkins' Report, Richmond Commission, p. 68.

wants of the country require that greater facilities should be given for obtaining loans upon land, and this law legalised a new and special form of *hypothèque* for a term of years not less than five. At the expiration of this term, or at any subsequent period, the lender cannot require repayment except after a year's notice; the borrower may pay off the loan, or any part being not less than one third of the original loan, on giving three months' notice. Instead of making repayment when legally demanded, the debtor may require the creditor to assign his right of action to any other person who may be willing to take it up. These loans may be paid off by a sinking fund not exceeding 10 per cent. annually on the loan.

The 16th section of this law promised the establishment of a Land Credit Fund, and in fulfilment of this promise a special decree reorganised a previously existing loan fund and constituted the present Land Credit Bank.

The bank is restricted to making loans on real estate, preference is to be given to, and the greater part of the bank's resources lent on, rural and agricultural properties. Loans must not be made for more than two thirds of the insured value of houses; nor for more than two thirds the capital value of vineyard land, where the growing vines constitute a considerable portion of the value, and are capable of removal or deterioration; in other cases three fourths the value may be lent. In case of unpunctual payment, interest at the rate of 6 per cent. is charged on the overdue annuity.

The general council of the bank, on which the executive government has a preponderating influence, is charged with the duty of laying down each year the general lines on which business is to be carried on, fixing the rates of interest, and providing that the greater part of the loans shall be made on rural properties, and repayable on the sinking fund system.

The land debenture (*obligation foncière*) is one of the chief instruments used by these Land Credit Banks, and the Vaudois Bank derives nearly half of its resources from the issue of these debentures in exchange for deposits. They are issued in amounts of 20L., 40L., and 200L., with interest coupons attached, payable to particular persons, and transferable by endorsement, or payable to bearer and transferable by delivery; they are repayable at par after three years, on three months' notice being given by the holder.

They are recommended as a safe and suitable investment for persons of small means, municipalities, and friendly societies. The law permits trust moneys to be invested in them, without application to any legal tribunal. The security for these debentures is the whole amount of property mortgaged to the bank, and the paid up share capital of the bank on which the State guarantees 4 per cent. interest. The numerous mortgage debts of various amounts due to the bank, and each secured on a certain special property are, as it were, converted into stock, and issued in amounts found to suit the convenience of the public.

The whole amount of the bank's transactions may seem small; but it is to be remembered that its operations are confined to a district and population which are not as large as some counties in Ireland.—The county of Antrim, exclusive of the borough of Belfast, is about the same size and has about the same population as Canton de Vaud.

The success of this bank, earning for its shareholders the modest dividend of 5 per cent., is not due to the countenance and guarantee of the State so much as to the system of land transfer and registration of charges, without which its operations could not be carried on at all.

The effect of the State aid extends its operations and keeps the rate of interest charged somewhat lower than it otherwise would be. This State aid would be of little avail if the general law was not adapted to the needs of the country—making transfer and registration of charges so easy that the price of land is quoted by the yard, and sales are made with quite as much facility and with the same certainty as to costs as sales of shares and stock in this country.

Transfer of land by deed in comparison with transfer on the record of title system seems as antiquated and cumbersome as the use of metal in bulk in place of coin. In the one case the metal must be assayed and weighed at every transfer; in the other its quality and weight are known at sight.

Under a perfected system of recording titles it is seldom that the title cannot be kept written up. Its state and ownership can be ascertained at a glance, and a legal certificate can be obtained in a few minutes. The delays and uncertainty of the other system are only too familiar to persons in this country who have had dealings with lands.

Another Swiss Land Credit Bank, the "*Banque Foncière du Jura*," without any State aid or guarantee, also pays 5 per cent. on its paid up capital. Its head quarters are

at Delémont, the most prosperous part of the canton of Berne. This bank, however, charges from 4½ to 5 per cent. for most of its loans, and pays 4½ to 4¼ on all its debentures. Money is obtained on its debentures so easily that it has abandoned a contemplated increase of its paid up capital. In their report for 1883 the directors say that interest and annuities due have been satisfactorily paid, and that notwithstanding the great depreciation in the value of land, not only in the Jura, but throughout the whole of Switzerland and adjoining countries, they have been enabled to sell properties on their hands without loss, and sometimes at a profit.

Mr. H. D. Macleod, in his *Lectures on Credit and Banking*, claims for the system of cash credits, as practised in Scotland, similar advantages to those of the continental Land Credit Banks. There is, however, a very great difference which is due to the superior system of transfer and mortgage under the continental codes of law. The "cash credit" is given on personal security and for a short term. In the case of the continental *hypothèque* the land is the security; the loans can be made for long terms and at a lower rate of interest.

Although 5 per cent. may appear a very small return for a banking business as compared with the earnings of English and Irish banks, it is in reality a very good return for an investment on the security of real estate, and must be considered in this light when contrasted with the earnings of a speculative business, such as an ordinary bank.

Mr. Thorold Rogers says it has been estimated that the conveyance of real estate in the United Kingdom is

mulcted in law charges, exclusive of taxes, to the extent of 12,000,000*l.* annually:—

"Such charges are not only a present loss, but the system under which they are permitted brings about and perpetuates an insecurity from which properly registered titles would be free."*

Whether the estimate of 12,000,000*l.* be correct or not, there can be no doubt that the legal charges on the conveyancing and charging of lands are enormous—not in proportion to the work done, for the evil consists in there being so much work, such cumbrous methods of performing what might be done, and what is done in other countries, so much more simply, certainly, expeditiously, and cheaply.

The repeated failures of the many attempts at reform in Ireland by means of "purchase clauses" may not be considered universally due to the want of a simple system of transfer and charging. Transfer of land-ownership from one class to another may be effected on a large scale by a liberal system of State loans; but it is essential to the success of the system sought to be established that the laws relating to transfer and loans on lands should be radically changed. Under those at present in force, loans of small amounts on land are unsafe; they are made on a bad security, no matter how much the value of the land may exceed the amount of the loan, for the security can neither be sold nor charged, nor can loans be recovered without delay, and great and uncertain expense.

* Six Centuries of Work and Wages, p. 549.

APPENDIX A.

II.

STATEMENT put in by Mr. S. B. L. DRUCE. (See Question 9153.)

RATE OF MONEY WAGES OF ORDINARY AGRICULTURAL LABOURERS in the YEARS 1870-71 and 1880-81.

Name of County.	1870-71.	1880-81.
	Per Week.	Per Week.
Bedford - - -	10 <i>s.</i> to 11 <i>s.</i>	12 <i>s.</i> to 13 <i>s.</i>
Berks - - -	10 <i>s.</i>	11 <i>s.</i> to 13 <i>s.</i>
Bucks* - - -	11 <i>s.</i> to 13 <i>s.</i>	{ 13 <i>s.</i> to 14 <i>s.</i> winter. 14 <i>s.</i> to 15 <i>s.</i> summer.
Cambs† - - -	10 <i>s.</i> to 12 <i>s.</i>	12 <i>s.</i> to 13 <i>s.</i>
Chester - - -	12 <i>s.</i> to 15 <i>s.</i>	(No general return.)
Cornwall - - -	11 <i>s.</i>	14 <i>s.</i> to 15 <i>s.</i>
Cumberland - - -	15 <i>s.</i> or 9 <i>s.</i> ‡	18 <i>s.</i>
Derby - - -	14 <i>s.</i>	15 <i>s.</i> to 18 <i>s.</i>
Devon - - -	8 <i>s.</i> 6 <i>d.</i> to 12 <i>s.</i>	11 <i>s.</i> to 15 <i>s.</i>
Dorset - - -	8 <i>s.</i> 6 <i>d.</i> to 11 <i>s.</i> 6 <i>d.</i>	10 <i>s.</i> to 12 <i>s.</i>
Durham - - -	15 <i>s.</i> to 17 <i>s.</i>	17 <i>s.</i> 6 <i>d.</i> to 18 <i>s.</i>
Essex - - -	10 <i>s.</i> to 12 <i>s.</i>	12 <i>s.</i> to 13 <i>s.</i>
Gloucester - - -	9 <i>s.</i> 6 <i>d.</i> to 12 <i>s.</i>	12 <i>s.</i> to 15 <i>s.</i>
Hants - - -	10 <i>s.</i> to 11 <i>s.</i>	11 <i>s.</i> to 13 <i>s.</i>
Hereford - - -	9 <i>s.</i> to 10 <i>s.</i>	12 <i>s.</i> to 14 <i>s.</i>
Herts - - -	10 <i>s.</i> 9 <i>d.</i> to 11 <i>s.</i> 3 <i>d.</i>	12 <i>s.</i> to 15 <i>s.</i>
Hunts - - -	11 <i>s.</i>	12 <i>s.</i>
Kent (extra-metropolitan) - - -	13 <i>s.</i> to 15 <i>s.</i>	15 <i>s.</i> to 18 <i>s.</i>
Lancaster - - -	15 <i>s.</i> or 7 <i>s.</i> ‡	17 <i>s.</i> to 18 <i>s.</i>
Leicester - - -	12 <i>s.</i> to 14 <i>s.</i>	{ 11 <i>s.</i> to 12 <i>s.</i> ordinary districts. 14 <i>s.</i> to 15 <i>s.</i> ironstone districts.
Lincoln - - -	13 <i>s.</i> 6 <i>d.</i>	13 <i>s.</i> 6 <i>d.</i> to 15 <i>s.</i>
Middlesex - - -	(No return)	15 <i>s.</i> to 16 <i>s.</i>
Monmouth - - -	11 <i>s.</i> to 16 <i>s.</i> 6 <i>d.</i>	12 <i>s.</i>
Norfolk - - -	10 <i>s.</i>	12 <i>s.</i> to 13 <i>s.</i>
Northants - - -	11 <i>s.</i> to 12 <i>s.</i>	13 <i>s.</i> to 14 <i>s.</i>
Northumberland - - -	15 <i>s.</i> to 18 <i>s.</i>	15 <i>s.</i> to 18 <i>s.</i>
Notts - - -	12 <i>s.</i> to 14 <i>s.</i>	{ 13 <i>s.</i> to 15 <i>s.</i> ordinary. 18 <i>s.</i> to 20 <i>s.</i> colliery district.
Oxon* - - -	10 <i>s.</i> to 13 <i>s.</i>	11 <i>s.</i> to 15 <i>s.</i> 6 <i>d.</i>
Rutland - - -	12 <i>s.</i>	(No return.)
Salop - - -	10 <i>s.</i> to 12 <i>s.</i>	12 <i>s.</i> to 14 <i>s.</i>
Somerset - - -	10 <i>s.</i> to 11 <i>s.</i>	11 <i>s.</i> to 15 <i>s.</i>
Stafford - - -	13 <i>s.</i>	12 <i>s.</i> to 15 <i>s.</i>
Suffolk - - -	10 <i>s.</i> to 12 <i>s.</i>	12 <i>s.</i> to 13 <i>s.</i>
Surrey (extra-metropolitan) - - -	13 <i>s.</i> to 14 <i>s.</i>	14 <i>s.</i> to 16 <i>s.</i>
Sussex - - -	11 <i>s.</i> to 13 <i>s.</i>	12 <i>s.</i> to 15 <i>s.</i>
Warwick - - -	11 <i>s.</i> to 12 <i>s.</i>	12 <i>s.</i> to 16 <i>s.</i>
Westmoreland - - -	14 <i>s.</i> to 17 <i>s.</i>	18 <i>s.</i>
Wilts - - -	9 <i>s.</i> 6 <i>d.</i> to 11 <i>s.</i>	11 <i>s.</i> to 13 <i>s.</i>
Worcester - - -	10 <i>s.</i> to 12 <i>s.</i>	13 <i>s.</i> 6 <i>d.</i>
York (E. R.) - - -	(No return)	15 <i>s.</i>
" (N. R.) - - -	12 <i>s.</i> to 15 <i>s.</i>	16 <i>s.</i> to 17 <i>s.</i>
" (W. R.) - - -	13 <i>s.</i> 6 <i>d.</i> to 17 <i>s.</i>	15 <i>s.</i> to 18 <i>s.</i>

* Extracted from the "Report of the Commissioners on the Employment of Women and Children in Agriculture, 1867-68."

† For quarter ended Michaelmas 1869 (harvest money not included).

‡ The latter with board and lodging.

APPENDIX A.

III.

PAPERS relating to the EVIDENCE of MR. C. E. COLLYER. See Question 10,661.

141, Fenchurch Street, London, E.C.,
February 17, 1886.

SIR,

We beg to invite your attention to one cause which, within our personal experience, is having a very serious, depressing effect upon English trade, and which, if persevered in, will practically destroy this trade in future; we refer to the—

Differential Freights from China.

	Per ton of 40 c. feet.
	£ s. d.
Present scale is from Shanghai to London - - -	2 17 6
And (via London) to Havre or Hamburg, including transit - - -	2 0 0
or against London - - -	0 17 6
Add to this on goods bought or sold in London and re-shipped - - -	0 12 6
Total premium for delivery on continent - - -	£1 10 0

The object of this is stated by the shipowners to be to drive the German steamers out of the China trade.

The effect is to seriously endanger the very existence of the China straw plait trade in London; the above difference in freight is equal to about 10*s.* per bale on all plait sent from London to the continent, and about 5*s.* 10*d.* per bale on all plait used in England compared with that used on the continent.

Until very recently practically the whole of the China straw plait for Europe came to London (value over 400,000*l.* per annum) for distribution or sale, now a constantly increasing quantity goes to Havre and Hamburg, and these places under the above favourable rates of freights will rapidly become distributing centres instead of London.

In like manner plait intended for re-shipment to America is actually being sent to Hamburg instead of, as hitherto, to London, the freights via Hamburg being cheaper than via London.

In our capacity of brokers for a large French firm, we, until recently, used to land all their goods in London, and try this market before sending them on to Paris, selling fully two thirds here, now all go to Havre direct, and England loses all chance of profit on them. We have lost 600 to 700 bales from this cause alone within the past six months.

We have drawn the attention of merchants and others to the decided practical effects of this freight question, few of whom had any idea of the serious extent of the evil.

We shall be glad (if you desire it) to support our present statements by further details from our own experience.

We have, &c.

(Signed) COLLYER & Co.

P.S.—We have referred only to one article; of course, the same cause affects all other China goods more or less.

The Secretary,

Royal Commission on
Depression of Trade, &c.,
Richmond Place, Whitehall.

Luton Chamber of Commerce,
March 9, 1886.

SIR,

REPRESENTATIONS having been made to this Chamber by individual members respecting the serious loss they are sustaining through the action of certain shipping firms, the council of this Chamber would beg to direct the attention of the Royal Commission on the Depression of Trade to the following facts:—

Luton and district, comprising a population of upwards of 60,000 inhabitants, is dependent in a large measure upon the straw plaiting and straw hat and bonnet manufacturing industry. The principal supply of straw plait is derived from China, amounting in the aggregate to about 84,000 bales per annum at an average value of 8*l.* per bale. About

one third of this quantity is sold for re-exportation, leaving about 448,000*l.* worth of plait passing into manufacture.

Since China plait has been easily obtainable and the introduction of sewing machines, there has been a great development of the trade, and Luton has become the principal centre of the straw hat and bonnet industry, notwithstanding the injurious effects of hostile tariffs; this pre-eminence being mainly due to the cheapness and abundance of China plait.

Any cause, therefore, which interferes with the supply of China plait at the cheapest possible rates, or which enables foreign centres of manufacture to obtain this plait on cheaper or better terms than Luton, is of serious consequence, not only to the Luton trade but also to the United Kingdom.

The Chamber desires to draw attention to a very serious danger, which is calculated to do great injury to the trade in the near future, by practically giving a large bounty on China straw plait shipped in transit via London to foreign countries by the operation of the differential freights from Shanghai.

These differential freights are enforced by some of the principal steamship owners in the China trade acting together under the so-called "conference" rules, being practically a combination formed to monopolise the trade by excluding outside competitors.

Whenever an opposing "outside" steamer is on the berth in Shanghai the following rates are adopted, varying slightly from time to time, but usually—

	Per ton of 40 c. feet.
	£ s. d.
On straw plait for London - - -	2 17 6
On straw plait in transit on through bill of lading for Hamburg, Havre, &c. - - -	2 0 0
Thus making a difference in first cost of freight of - - -	0 17 6
To which, on all goods once landed in London and subsequently forwarded to the same ports, a further freight has to be paid of (say) - - -	0 15 0
A total of - - -	£1 12 6

or, about 10*s.* per bale against England, representing an increased cost of 10 per cent. on the chief article re-exported.

Under this system China plait is now being offered in large quantities for delivery in France or Germany, 10*s.* to 12*s.* 6*d.* per bale lower (via London) than if delivery be taken in England, consequently the foreign manufacture is placed on better terms to that extent and the English exporter is taxed to a corresponding extent.

The practical effect will be to permanently injure the Luton trade, especially that portion which is occupied in the exportation of plait to the continent; London will gradually cease to be the great warehousing and distributing centre for plait, and Hamburg and Havre will respectively become new centres of distribution in opposition to London.

At present the concentration of capital in England has caused, and may for some time cause, the bulk of the continental business to be done in England; but the great difference in freight pointed out will surely, sooner or later, lead to the gradual diversion of this trade from London and Luton.

The endeavour of the "conference" shipowners to drive German and other steamships, backed as they are, or may be, by the German Government out of the China trade, cannot be expected to succeed, and before they can secure this monopoly they will have destroyed or driven away a large proportion of the London entrepôt trade, and have permanently established it in foreign ports.

This Chamber, therefore, would respectfully bring under the notice of the Commission the serious and injurious effects of such proceedings and solicit their influence to counteract the evil.

I have, &c.

(Signed) HUGH GUNN,
President.

The Secretary,

Royal Commission on
Depression in Trade.

APPENDIX A.

IV.

PAPERS put in by Mr. John Price, April 1, 1886.
PALMER'S SHIPBUILDING AND IRON COMPANY, LIMITED.
ENGINE WORKS DEPARTMENT.

(i.)—STATEMENT showing Number of Men employed, with particulars of Engines delivered, in the following Years.

	1885.						1873.						1882.					
	Average No. of Men employed.	No. of Engines delivered.	Nominal Horse Power.	Total Value.	Cost per Nominal Horse-power.	Cost for Labour per N.H.P.	Average No. of Men employed.	No. of Engines delivered.	Nominal Horse-power.	Total Value.	Cost per Nominal Horse-power.	Cost for Labour per N.H.P.	Average No. of Men employed.	No. of Engines delivered.	Nominal Horse-power.	Total Value.	Cost per Nominal Horse-power.	Cost for Labour per N.H.P.
Fitters	164	18	2,248	100.55	44 14 7	12 1 11	210	8	2,200	131,788	58 6 3	17 2 8	246	29	5,808	257,893	43 19 0	12 5 2
Machinemen	121						101						170					
Tool repairers	6						5						6					
Coppersmiths	8						12						24					
Plumbers	6						7						17					
Masons	13						15						10					
Painters	6						8						10					
Engineers	5						6						9					
Boilermakers	184						245						200					
Blacksmiths	57						54						61					
Metal moulders	138						122						188					
Brass "	9						14						27					
Patternmakers	24						20						23					
Joiners	23						22						27					
Labourers	129						144						212					
Draughtsmen	11						11						17					
Foremen	11						17						14					
	915						1,023						1,351					

Rule used for N.H.P. $D^2 \times S = \text{N.H.P.} \times \frac{100}{100}$

D = Diameter of cylinder in inches.

S = Stroke in inches.

(ii.)—TIME WORK WAGES PER WEEK FOR IRON SHIPBUILDERS, as under.
Jarrow Shipyards, 27th March, 1886.

Names of Trades.	1871.	1871.	1882.	1886.	Percentage Increase from September, 1871 to 1886.
	September, 60 hours.	November, 57 hours.	September, 54 hours.	March, 54 hours.	
Platers	s. d. 31 0	s. d. 31 0	s. d. 34 0	s. d. 32 0	Per cent. 14½
Riveters	30 0	30 0	33 0	30 0	11
Caulkers	28 0	28 0	31 0	30 0	19
Drillers	20 0	20 0	24 0	19 0	5½
Smiths	26 0	26 0	30 0	29 6	26
Fitters	26 0	26 0	29 6	28 0	19½
Carpenters	29 0	29 0	37 0	34 0	30
Joiners	29 0	29 0	34 6	32 0	22½
Riggers	27 0	27 0	30 0	28 0	15
Painters	28 0	28 0	27 6	28 0	11
				Mean increase	17.4

(iii.)—PIECE WORK EARNINGS FOR IRON SHIPBUILDERS, as under.
Jarrow Shipyards, 29th March, 1886.

Names of Trades.	1871.		1871.		1882.		1885.*		Percentage difference between September 1871 and December 1885. Increase = + Decrease = -
	September, working 60 hours.		November, working 57 hours.		September, working 54 hours.		December, working 54 hours.		
	Week.	Day.	Week.	Day.	Week.	Day.	Week.	Day.	
	£ s. d.	s. d.	£ s. d.	s. d.	£ s. d.	s. d.	£ s. d.	s. d.	Per cent.
Platers - -	2 14 6	10 11	3 7 9	13 6	3 17 6	15 6	2 17 1	13 0	+ 16½
Riveters - -	1 14 5	6 10½	1 15 6	7 1	2 11 2	10 3	1 17 3	7 10	+ 20
Angle Smiths -	2 5 9	9 2	1 17 11	7 7	4 4 10	16 11	2 15 3	11 0	+ 34
Caulkers - -	1 18 6	7 8½	1 18 9	7 9	2 15 9	11 2	2 0 7	8 1	+ 17
Drillers - -	1 15 7	7 1	1 12 0	6 5	1 14 0	6 9	1 5 8	4 8	- 19½
							Average increase on above trades -		21.8

* The rates of this year bear three reductions since January 1884.

(iv.)—PALMER'S SHIPBUILDING AND IRON CO., LIMITED.
AVERAGE RATE OF WAGES.—ENGINE WORKS DEPARTMENT.

	September 1871. 59 hours per week.	November 1871. 57 hours per week.	September 1882. 54 hours per week.	March 16, 1886. 54 hours per week.	Per-centage of difference between September 1871 and March 1886. Increase +. Decrease -.
Fitters	s. d. 26 9½	s. d. 26 10½	s. d. 32 5½	s. d. 32 4½	+ 32½
Machinemen	26 9	27 0	31 2½	29 10½	+ 22
Machine drillers	19 0	19 0½	21 5½	21 2½	+ 22
Tool repairers	28 8	28 6	31 9	32 4	+ 23½
Coppersmiths	38 0	35 1½	34 10	33 2	- 5
Plumbers	28 3½	28 3½	32 7½	31 9	+ 22½
Painters	27 0	28 0	28 3½	26 0	+ 5
Engineers	24 6	21 3	25 4	24 8	+ 9½
Masons	31 3	31 3	35 0	33 0	+ 15½
Metal moulders	27 1	27 1½	30 0½	30 9	+ 24
Brass moulders	27 5	27 9½	29 9½	30 2½	+ 20½
Blacksmiths	26 5½	26 7	31 11½	31 5½	+ 30
Blacksmiths' strikers	17 9½	17 8½	18 9½	19 0	+ 16½
Patternmakers	26 8	26 8	33 11	34 0	+ 39½
Joiners	26 1	26 4½	33 8½	32 4½	+ 36
Labourers	17 7½	17 9½	20 6½	20 4	+ 26
Brass finishers			32 1½	32 6	
BOILER MAKERS.					
Platers	30 6	30 6	38 2½	37 2½	+ 33½
Flangers	34 0	34 0	39 0	38 0	+ 22½
Caulkers	26 7½	26 7½	33 0	32 0	+ 31½
Smiths	29 0	29 0	31 9½	29 2½	+ 10
Smiths' strikers	20 7½	20 6	21 5½	21 3	+ 12½
Riveters	29 0	29 0	35 0	34 0	+ 28½
Holders up	22 0	22 0	28 0	27 0	+ 34½
Drillers	22 6	22 6	23 4½	22 10	+ 10½
Planers	25 0	25 0	25 0	25 6	+ 11½
Labourers	17 5	17 6	20 2½	19 11½	+ 25½

The mean ratio of increase is 21 per cent.

APPENDIX A.

(v.)—TABLE SHOWING PER-CENTAGE OF LABOUR ON HULLS FOR FOLLOWING YEARS, 1865, 1873, 1882, AND 1885.

Year.	—	Gross D. W.	Total Cost of Hull.	Cost of Labour.	Rate per Cent. of Labour.
1865	A. - - -	1,700	£ 18,186	£ 5,573	30·64
1873	B. - - -	2,477	25,074	6,020	24·01
1882	C. - - -	2,400	16,935	5,779	34·01
1884	D. - - -	2,600	18,461	6,266	33·94
1885	E. - - -	1,540	11,457	4,044	35·30

(vi.)—TABLE SHOWING PER-CENTAGE OF LABOUR ON ENGINES FOR FOLLOWING YEARS, 1865, 1873, 1882, AND 1885.

Year.	—	Indicated H.P.	Total Cost of Engine.	Cost of Labour.	Rate per Cent. of Labour.
1865	A. - - -	1,150	£ 16,086	£ 3,734	23·21
1873	B. - - -	670	8,388	2,328	27·75
1882	C. - - -	1,050	8,559	2,286	26·71
1885	D. - - -	850	6,164	1,883	30·55

(vii.)—TABLE SHOWING TOTAL COST AND TOTAL WEIGHT OF ENGINES, WITH COST OF LABOUR, LABOUR PER TON OF ENGINE, AND RATE PER CENT. OF LABOUR.

Year.	—	Indicated H.P.	Total Cost of Engines.	Total Weight of Engines without Water.	Total Cost of Labour.	Labour per Ton of Engine.	Rate per Cent. of Labour.
1871	A. - - -	800	£ 11,193	221	£ 2,815	£ s. d. 12 14 9	25·15
1882	B. - - -	1,050	8,559	240	2,286	9 10 6	26·71
1885	C. - - -	850	6,164	182	1,883	10 6 11	30·55
1871	D. - - -	1,200	10,764	322	3,198	9 18 7	29·71
1882	E. (special type) -	2,500	20,431	526	5,952	11 6 3	29·13
1885	F. (triple expansion) -	2,200	12,672	373	4,245	11 7 7	33·50

(viii.)—TABLE SHOWING TOTAL COST OF HULLS, RATE PER TON DEAD WEIGHT, COST OF IRON LABOUR, AND RATE PER TON.

Year.	—	Tons D. W.	Cost of Hull.	Rate per Ton D. W.	Weight of Iron.	Amount of Iron Labour.	Rate per Ton of Iron Labour.
1871	A. - - -	2,440	£ 16,770	£ s. d. 6 17 6	769	£ 2,040	£ s. d. 2 13 0
1882	B. - - -	2,400	16,934	7 1 1	939	4,077	4 6 10
1884	C. - - -	2,600	18,461	7 2 0	1,038	4,423	4 5 2
1885	E. - - -	4,900	29,016	5 18 5	1,745	6,405	3 13 4
1885	F. - - -	6,026	35,914	5 19 2	2,246	8,765	3 18 0

APPENDIX A.

V.

PAPERS put in by Mr. JOHN SCOTT. April 8, 1886.

(i.)—ANNUAL OUTPUT of CLYDE SHIPBUILDING for the following Years.

Year.	Gross Register Tonnage.
1853	54,740
1854	70,530
1855	84,750
1856	58,627
1857	57,417
1858	40,522
1859	35,707
1860	47,833
1861	66,801
1862	69,987
1863	123,262
1864	178,505
1865	153,932
1866	124,513
1867	108,024
1868	169,571
1869	192,310
1870	180,030
1871	196,000
1872	230,340
1873	232,226
1874	262,430
1875	211,800
1876	174,824
1877	169,710
1878	215,640
1879	173,800
1880	239,815
1881	341,868
1882	395,270
1883	418,482
1884	297,784
1885	195,033



(ii.)—STATEMENT of the Number, Tonnage, and Description of Vessels building in the United Kingdom for Classification in Lloyd's Register at the under-mentioned dates.

Date.	Iron.				Steel.				Wood.				Total.	
	Steam.		Sailing.		Steam.		Sailing.		Steam.		Sailing.			
	No.	Tons gross.	No.	Tons gross.	No.	Tons gross.	No.	Tons gross.	No.	Tons gross.	No.	Tons gross.	No.	Tons gross.
31st March 1876 -	134	144,978	156	149,590	—	—	—	—	10	972	189	36,291	489	331,831
“ 1877 -	202	257,026	139	146,803	—	—	—	—	—	—	174	30,382	515	434,211
“ 1878 -	230	299,850	175	79,692	3	1,242	1	1,600	7	1,530	151	23,028	467	406,942
“ 1879 -	192	254,781	15	18,369	8	12,826	—	—	2	200	125	17,371	342	303,547
“ 1880 -	264	372,506	22	30,100	23	44,214	1	1,200	5	520	95	13,206	410	461,746
“ 1881 -	338	607,238	40	58,144	29	74,617	6	8,460	5	507	72	8,525	540	817,491
“ 1882 -	483	810,373	79	129,065	66	136,470	10	14,710	6	777	57	4,803	701	1,097,098
“ 1883 -	411	555,062	41	68,479	81	154,782	9	8,710	8	687	59	6,113	609	793,833
“ 1884 -	273	352,309	57	90,976	51	84,164	5	6,552	9	913	71	6,891	466	541,805
“ 1885 -	108	124,208	72	106,184	56	89,864	13	15,120	9	629	68	6,362	326	342,367
31st December 1885	105	85,256	46	77,044	83	138,747	13	17,520	7	527	67	6,142	321	325,236

(iii).—TABLE of AVERAGE WAGES on CLYDE in Iron Shipbuilding Trade in under-noted years.

Year	1872.	1873.	1874.	1875.	1876.	1877.	1878.	1879.	1880.	1881.	1882.	1883.	1884.	1885.
	No. of work- ing hours per week.	51 Nov. to Dec.	51.	51.	51.	51.	51.	Jan. to Mar. 51. Apr. to Dec. 51.	54.	54.	54.	54.	54.	54.
PIECE WORK RATES on similar Classes of Ships.	—	Rate.	Rate.	Rate.	Rate.	Rate.	Rate.	Rate.	Rate.	Rate.	Rate.	Rate.	Rate.	Rate.
	Setting frames -	\$. d. 40 0	\$. d. 40 0	\$. d. 30 0	\$. d. 36 0	\$. d. 30 0.	\$. d. 36 0	\$. d. 35 0	\$. d. 30 0	\$. d. 30 0	\$. d. 33 0	\$. d. 49 0	\$. d. 50 0	\$. d. 30 0
	Fitting shell plates -	8 6	8 6	7 6	7 6	7 0	8 0	7 6	7 9	8 6	8 6	9 9	7 0	7 0
	Fitting keel plates -	22 0	22 0	18 0	18 0	14 0	18 0	16 0	15 0	17 0	17 0	20 0	18 0	16 0
	Fitting stringer-plates -	7 6	7 6	6 6	6 0	6 0	7 0	5 9	5 9	7 0	7 0	7 0	4 9	4 9
	Fitting deck plates -	7 0	7 0	6 6	6 0	6 0	6 0	5 9	5 9	6 6	7 0	6 6	4 9	4 9
	Fitting keelsons (angles).	0 4½	0 4½	0 4½	0 4	0 4½	0 4½	0 4	0 4	0 4	0 4	0 6	0 3	0 3
	Per 100 rivets.	9 0	9 0	8 9	6 9	6 9	7 9	6 6	6 6	8 6	8 6	9 0	6 6	5 8
	Per 100 rivets.	10 0	10 0	9 9	7 9	7 9	8 9	7 6	7 6	9 6	9 6	11 0	7 6	6 8
	Per 100 rivets.	11 0	11 0	10 6	9 9	8 9	10 0	8 6	9 0	11 0	13 0	13 0	8 6	8 0
Riveting.	Per 100 rivets.	12 0	12 0	10 0	8 6	8 6	9 0	8 0	8 0	10 0	10 0	12 0	8 6	8 0
	Per 100 rivets.	7 6	7 6	7 0	7 0	6 6	6 6	5 0	5 6	7 0	7 6	7 6	5 0	5 0
	Per 100 rivets.	8 6	8 6	8 0	8 0	7 6	7 6	6 0	6 6	8 0	8 6	8 6	6 0	6 0
	Per yard.	0 4½	0 4½	0 3½	0 3½	0 3	0 3	0 3	0 3	0 3½	0 4½	0 4½	0 4	0 3
Caulking.	Deck	0 3½	0 3½	0 2½	0 2½	0 2½	0 2½	0 2½	0 2½	0 2½	0 4½	0 3½	0 3	0 2
	Shell	0 6½	0 7½	0 8	0 7½	0 7	0 7	0 6½	0 6½	0 7	0 7½	0 8	0 7½	0 6½
TIME RATES.	Carpenters	Per hour.	0 6½	0 7½	0 8	0 7½	0 7	0 6½	0 6½	0 7	0 7½	0 8	0 7½	0 6½
	Smiths	Per hour.	0 6½	0 6½	0 7	0 6½	0 6½	0 6½	0 6	0 6½	0 7	0 7	0 6½	0 6
	Joiners	Per hour.	0 6½	0 6½	0 7½	0 7½	0 7	0 7	0 6½	0 6½	0 6½	0 7½	0 6½	0 6½
	Painters	Per hour.	0 6½	0 6½	0 7½	0 7½	0 7½	0 7½	0 6½	0 7	0 7	0 7	0 7	0 7

APPENDIX A.

Trades.	1872.	1873.	1874.	1875.	1876.	1877.	1878.	1879.	1880.	1881.	1882.	1883.	1884.	1885.	1886.
	Rate per Hour.	Rate per Hour.	Rate per Hour.	Rate per Hour.	Rate per Hour.	Rate per Hour.	Rate per Hour.	Rate per Hour.	Rate per Hour.	Rate per Hour.	Rate per Hour.	Rate per Hour.	Rate per Hour.	Rate per Hour.	Rate per Hour.
Pattern Makers - - -	d. 6	d. 6½	d. 7	d. 7	d. 6½	d. 6½	d. 6½	d. 5½	d. 6	d. 7	d. 7	d. 7½	d. 7½	d. 7	d. 6
Erectors and Finishers - -	5½	6½	6½	7	6½	6½	6½	6	6	6½	6½	7½	7	6½	6½
Turners - - - -	6½	6½	7	7	6½	6½	6½	6	6½	6½	7	7½	7½	6½	6½
Brass Finishers - - -	5½	6½	6½	6½	6½	6½	6½	6½	6	6½	6½	7	6½	6	5½
Smiths - - - -	6½	6½	7½	7	6½	6½	6½	6½	6½	6½	6½	7½	7½	7	6½
Boilermakers--															
Platers - - - -	7½	7½	8½	8½	7½	7½	7½	6½	7½	7½	7½	8½	7½	7½	7
Riveters and Caulkers -	6½	7	7½	7	6½	6½	6½	6	6½	6½	6½	7½	7½	6½	6½

(v.)—SHIPBUILDING INDUSTRY in FRANCE. Rates of Pay to Workmen (March 1886).

ST. NAZAIRE.—NANTES DISTRICT.			
Trades.	Per day of 10 hours.	Per hour.	
	Fr. cts.	centimes.	
	5 0	50	
Hull and Outfit - Platers - - -	4 50	45	
Caulkers - - -	3 50	35	
Punchers - - -	4 50	45	
Riveters - - -	3 50	35	
Do. - - -	1 50	15	
Do. - - -	5 0	50	
Carpenters - - -	5 10	51	
Do. - - -	5 50	55	
Caulkers - - -	4 50	45	
Masons - - -	3 50	35	
Labourers - - -	5 0	50	
Joiners - - -	4 50	45	
Painters - - -	5 0	50	
Riggers - - -	4 50	45	
Sailmakers - - -	5 0	50	
Upholsterers - - -	6 0	60	
Engineers' fitters, the best -	5 0	50	
Do. average	6 0	60	
Boilermakers and smiths, iron or copper, the best -	5 0	50	
Do. do. average			

LA CIOTAL DISTRICT. (Messageries Maritimes Works.)			
Trades.	Per day of 10 hours.	Per hour.	
	Fr. cts.	centimes.	
	5 25	52'5	
Hull and Outfit - Platers - - -	4 75	47'5	
Caulkers - - -	4 75	47'5	
Punchers - - -	3 75	37'5	
Riveters - - -	4 50	45	
Carpenters - - -	4 0	40	
Caulkers - - -	5 25	52'5	
Smiths - - -	4 25	42'5	
Labourers - - -	4 25	42'5	
Joiners - - -	4 25	42'5	
Riggers - - -	4 25	42'5	
Sailmakers - - -	5 50	55	
Engineers' fitters, the best -	4 75	47'5	
Do. average	5 25	52'5	
Boilermakers, iron, average	5 25	52'5	
Smiths, average - - -	3 75	37'5	
Riveters - - -	4 75	47'5	
Patternmakers - - -	4 25	42'5	
Labourers - - -			

The number of hours worked (6 to 6) per day (Saturdays also) is 10; 54 hours in the morning, 44 hours in the afternoon; 4 hour at 2 for

The number of hours worked per day (Saturdays also) is 10; 5 hours in the morning, 5 hours in the afternoon; one hour rest for lunch.

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APPENDIX A.

MARSEILLES DISTRICT.

Trades.	Per day of 10 hours.	Per hour.
Platers	Fr. 5	cts. 50
Caulkers	5 0	50
Punchers	5 0	50
Riveters	4 25	42½
Carpenters	7 0	70
Caulkers	6 0	60
Smiths	6 0	60
Do.	8 0	80
Labourers	5 0	50
Joiners	5 0	50
Riggers	5 0	50
Sailmakers	5 50	55
Engineers' fitters, the best	6 0	60
Do. average	5 0	50
Boilermakers, the best	5 50	55
Smiths, the best	8 0	80
Do. average	6 0	60
Riveters	4 25	42½
Patternmakers	5 0	50
Do.	6 0	60
Labourers	2 75	27½
Do.	3 50	35

The number of hours worked (6 to 9) per day (Saturdays also) is 10; 5½ hours in the morning, 4½ hours in the afternoon; ½ hour at 9 for breakfast, 1½ hours at noon for dinner.

BORDEAUX DISTRICT.

Trades.	Per day of 11 hours.	Per hour.
Platers	Fr. 4	cts. 50
Caulkers	4 0	36½
Punchers	3 50	32
Riveters	—	—
Carpenters	5 50	50
Caulkers	5 0	45½
Borers	4 50	41
Labourers	3 0	27½
Joiners	5 0	45½
Painters	4 50	41
Riggers	5 0	45½
Sailmakers	4 50	41
Upholsterers	5 0	45½
Engineers' fitters	5 50	50
Do.	5 0	45½
Boilermakers and Smith.	4 50	41

The number of hours worked per day (Saturdays also) is 11; from 6 a.m. to 6 p.m., with one hour's rest (11 to 12) for lunch.
In winter according to day or light, 1 hour less, say 10 or even 9 hours.
In very few yards carpenters, &c. earn per day of 11 hours, 6 francs or 54 cents, per hour.
If working on board of vessels in the river or in graving dock, the average pay per day of 10 hours (even in summer) is 6 francs or 60 cents, per hour.

(vi.)—STATEMENT showing the amount expended on SHIPPING BOUNTIES in France under the Law of January 29th 1881. (See question 11,919.)

Rapport fait au nom de la Commission des finances, chargée d'examiner le projet de loi, adopté par la Chambre des Députés, portant ouverture au Ministre du Commerce, sur l'exercice 1884, au titre du budget ordinaire, d'un crédit de 3,000,000 de francs, pour subventions à la marine marchande. Par M. Edouard Millaud, Sénateur.

MESSIEURS,

DEPUIS l'application de la loi du 29 Janvier 1881 sur la marine marchande, les liquidations des primes de construction et de navigation ont progressé d'année en année. Elles se sont élevées, savoir :

En 1881 à	3,883,621 fr. 52
En 1882 à	10,967,473 94
En 1883 à	11,607,683 38

Les primes ordonnancées en 1884 s'élevaient au 31 Décembre à 10,733,121 fr. 46; il ne reste disponible sur le crédit de 11,000,000 de francs ouvert au budget de 1884 que 266,878 fr. 54, somme insuffisante pour recevoir l'imputation des primes restant à allouer sur l'exercice 1884.

Bien que le chiffre de ces dernières liquidations ne puisse être fixé d'une manière positive, la comparaison des résultats des exercices antérieurs permet de l'évaluer assez exactement. Du 31 Décembre à la clôture de l'exercice les dépenses constatées se sont élevées :

En 1881 à	2,845,232 fr. 72
En 1882 à	3,115,859 08
En 1883 à	2,312,483 57

Il ressort de ces chiffres que si la dépense totale de chaque exercice a varié d'une manière très sensible, les dépenses constatées à partir du 31 Décembre ont atteint en moyenne 2,800,000 francs environ. Cette année, les renseignements très incomplets qui ont pu être recueillis ne permettent pas d'évaluer à moins de 3,200,000 francs les primes restant à liquider sur l'exercice 1884.

ci - 3,200,000 fr.

La dépense au 31 Décembre	10,733,121 46
étant de	13,933,121 fr. 46

La dépense totale serait de	13,933,121 fr. 46
Le crédit ouvert ne s'élevant qu'à	11,000,000

L'excédent des dépenses peut donc être évalué, au moins, à

2,933,121 fr. 46

en nombre rond 3,000,000 de francs, chiffre du crédit demandé.

En présence des charges toujours croissantes imposées au Trésor par les primes à la marine marchande, votre Commission des finances a voulu être exactement éclairée sur les effets de la loi de 1881.

M. le Ministre du Commerce, entendu par elle, il y a quelques jours, a pu lui fournir de très intéressants et très nombreux renseignements. Nous croyons devoir les reproduire ici sous la forme synthétique des deux tableaux suivants :

PRIMES À LA NAVIGATION.

	1881.	1882.	1883.
Nombre de navires } vapeurs	69	104	132
ayant navigué au } voiliers	338	498	444
long cours			
Total -	407	602	576
Tonnage des navires } vapeurs	93,163,08	140,795,02	208,616,66
restant navigué } voiliers	137,064,24	184,232,66	176,702,41
au long cours			
Total -	230,767,32	325,027,68	385,409,07
Nombre de milles } vapeurs	1,228,233	2,583,530	3,937,874
parcourus par les } voiliers	3,579,229	7,906,490	6,464,131
navires de long cours			
Total -	4,807,462	10,490,020	10,402,005
Total des primes } vapeurs	1,821,638,16	4,037,180,78	6,428,337,52
liquidées pour les } voiliers	1,159,257,09	2,407,163,64	1,972,034,19
navires de long cours			
Total -	2,980,895,25	6,444,344,42	8,400,371,51

PRIMES À LA CONSTRUCTION.

Catégories de navires et travaux de constructions navales.	Nombre.				Tonnage.				Primes.			
	1881.	1882.	1883.	Total.	1881.	1882.	1883.	Total.	1881.	1882.	1883.	Total.
Voiliers { en bois	620	612	689	1,921	8,448	9,569	86,189	104,106	92,476	110,753	866,398	1,069,627
{ en fer	—	1	—	1	—	1,258	—	1,258	—	75,514	—	75,514
Total	620	613	689	1,922	8,448	10,777	86,189	105,414	92,476	186,267	866,398	1,145,141
Vapeurs { en bois	5	13	6	24	218	727	225	1,170	2,180	6,547	2,252	10,979
{ en fer	40	46	42	128	9,772	66,505	37,616	113,893	586,342	3,808,516	2,256,983	6,651,841
Total	45	59	48	152	9,990	67,232	37,841	115,063	588,522	3,815,063	2,259,235	6,662,820
Totaux	665	672	737	2,074	18,438	78,009	124,030	220,477	680,998	4,001,330	3,125,633	7,807,961
Primes pour les machines motrices et les appareils auxiliaires	—	—	—	—	—	—	—	—	174,239	849,829	614,351	1,638,419
Accroissement de tonnage { voiliers	—	—	—	—	—	—	—	—	702	3,183	1,540	5,425
{ vapeurs	—	—	—	—	—	—	—	—	240	416	44,424	45,080
Renouvellement des appareils	—	—	—	—	—	—	—	—	94,717	91,720	144,600	330,437
	—	—	—	—	—	—	—	—	269,898	945,148	804,315	2,019,361
Totaux	—	—	—	—	—	—	—	—	950,896	4,940,478	3,929,948	9,827,222
A déduire :	—	—	—	—	—	—	—	—	—	—	—	—
Droits afférents aux objets admis en franchise pour la construction	—	—	—	—	—	—	—	—	81,104	56,553	—	—
	—	—	—	—	—	—	—	—	869,792	4,889,925	3,929,948	9,689,665

Si l'on considère les modifications survenues depuis l'application de la loi du 29 Janvier, dans le matériel naval de notre marine marchande par rapport aux marines étrangères, on constate que, pour les vapeurs, notre marine qui, en 1879, occupait le troisième rang après l'Angleterre et les États-Unis, a gagné le deuxième rang, venant immédiatement après l'Angleterre. Le tonnage de notre marine marchande qui, en 1883, n'était supérieur à celui de la marine américaine que de 6,288 tonnes, lui était, en 1884, supérieur de 197,863 tonnes. Quant à l'Allemagne, qui vient après la France, son tonnage était inférieur au nôtre de 149,792 tonneaux en 1882, de 190,635 en 1883, et de 186,697 en 1884.

Il y aurait peut-être lieu d'examiner aussi avec attention, et non sans quelque profit, quel a été le sort des capitaux engagés dans les constructions navales et les entreprises maritimes à la suite de la législation nouvelle; mais votre Commission des finances a cru devoir, pour le moment, réserver cette grave question, et vous demander d'autoriser l'ouverture d'un crédit que l'exécution pure et simple de la loi de 1881 a rendu indispensable.

En conséquence, afin de pourvoir à l'insuffisance du crédit inscrit au budget de 1884, votre Commission des finances vous propose d'adopter le projet de loi ci-après, déjà voté par la Chambre des Députés dans la séance du 21 Février 1885.

PROJET DE LOI.

Article premier.

Il est ouvert au Ministre du Commerce sur l'exercice, 1884, au chapitre 16, Subvention à la marine marchande, un crédit supplémentaire de trois millions de francs (3,000,000 fr.).

Art. 2.

Il sera pourvu à cette dépense au moyen des ressources afférentes au budget ordinaire de l'exercice 1884.

APPENDIX A.

VI.

TABLE of COMPARATIVE RAILWAY RATES referred to in the EVIDENCE of MR. MARSHALL STEVENS.—See Question 12,642.

Articles.	Distance.	Railway Rate without Collection or Delivery.
	Miles.	£. d.
COTTON:—		
Liverpool to Manchester, reduced rate	32	7 2
Havre to Rouen	60	5 7
SUGAR (LOAVES):—		
Liverpool to Manchester, reduced rate	32	10 10
Paris to Rouen	83	5 7
Paris to Havre	140	7 11
COTTON MANUFACTURES:—		
Manchester to Liverpool, reduced rate	32	6 10
Rouen to Havre	60	6 1
GRAIN (WHEAT):—		
Liverpool to Manchester, reduced rate	32	5 11
Paris to Rouen	83	4 7
Rouen to Havre	60	3 6

APPENDIX A.

VII.

STATEMENT put in by Mr. C. ALLHUSEN, May 5, 1886.

It may be asserted without fear of contradiction that the existing depression of trade has resulted from causes beyond the control of any Government.

My opinion is that this depression is the natural consequence of over-production and foreign competition.

Over-production will correct itself in course of time by the voluntary or compulsory retirement of producers who are now working at a loss. It is different with regard to foreign competition, as we have no power to interfere with other nations.

The complaints which are now generally made with reference to badness of trade are well founded if the present period is compared with the prosperous years 1867 to 1875, but on the other hand it may be asserted that trading profits at present are generally in excess of what they were prior to 1840.

Great prosperity resulted in consequence of free trade legislation, the introduction of railways, and the passing of the Limited Liability Act. During a long period we had virtually a monopoly of trade, and this monopoly may be said to have lasted till the termination of the war between France and Germany.

Subsequent to that period the number of manufactories in both of these countries increased rapidly, and as their owners in many cases made large fortunes the result was that rapid extensions took place.

Our manufacturers also having laid out large portions of their gains in extending their works we arrived at a period when the supply of most articles surpassed the requirements of the public.

Under these circumstances trade could not fail to become unprofitable generally.

Most of the nations who can compete with us have now the same advantages which we possess with regard to railways and capital, and inasmuch as it is not likely that they will retire from the contest, it behoves us to do what is necessary to enable us to compete successfully.

The cost of manufactured goods is composed of the value of raw materials, fuel, labour, and general charges, and, finally, of the capitalist's profit.

Raw materials, upon the whole, are no dearer here than elsewhere.

Fuel is in most localities cheaper than abroad, but general charges, such as taxes, &c., are much higher here.

Labour, also, is considerably higher than in any competing country.

The capitalist's profit being regulated by competition is likely to be the same everywhere.

In order to maintain our commerce we shall be compelled to reduce the cost of our productions or successful competition cannot take place.

To this end I would, in the first case, recommend that manufacturing establishments be relieved from burthens now imposed, and which do not fairly belong to them; and, secondly, that efforts be made to convince the working classes that strikes, which are unfortunately of frequent occurrence, must be avoided in their own interest as well as in the interest of the nation.

Manufacturing property is at present charged a full proportion of borough rates, which are mainly incurred for the benefit of inhabitants of towns; the burthen so imposed in one case has amounted for the last eight years to from 2,081*l.* 5*s.*, the lowest, to 2,546*l.* 4*s.* 2*d.*, the highest amount, paid annually, though the establishment in question has hardly derived any benefit in return for this expenditure.

It may further be suggested that the duty imposed under Schedule A. of the Income Tax Act should be recoverable whenever Schedule D. shows a loss to the amount of the assessment or in excess of it.

That the past prosperity of the employer has been largely participated in by the workmen is best shown by reference to the rates of wages periodically paid since 1840 and subsequent years; as detailed in the list now handed in, it will be seen that the rise has been very important, though the weekly hours of work have been reduced from 61 to 54 hours.

Though a reduction of about 10 per cent. took place in 1885, the wages prevailing in this country are still very much in excess of what is paid for similar work abroad, where the longest working hours are observed.

Much has of late years been done to reduce the cost of living, and efforts in this direction should be continued until an equality with foreign countries has been reached.

To maintain our commercial position it is indisputably necessary that the working classes should learn that a better understanding between them and their employers must be brought about.

The trades unions in this country interfere greatly with the labour market. We have free trade in goods and everything else, but we have no free trade in labour; the cost of manufacture is, therefore, difficult to reduce when circumstances call for it.

The unions at present tyrannise over the workpeople in a manner to be deplored. This state of things can only be altered by legislative action; the question is one of great difficulty, but it must be grappled with.

That strikes have in an ordinary way been injurious to employers and employed alike cannot be doubted, yet they occur again and again. It often happens that men who would be willing to work are not permitted to do so, and in the end they are obliged to apply for parish relief.

This evil ought to be lessened, at any rate it could be done to a certain extent if the unions were compelled to afford relief to any men thrown out of work by their action until their funds are exhausted.

It might be further enacted that men who, because they refused work, have become applicants for relief shall be bound to repay when again in receipt of wages whatever sum their parish has expended on their behalf.

The existing trade unions are not unfrequently used as instruments for extorting money from employers, and they have in many cases laid the foundation for their ruin.

In order to prove the inconsiderate and impolitic way in which these unions exercise power a case in point may be cited.

In the year 1875 wages had reached the highest point on record, the following rates being paid, viz. :—

Blacksmiths and millwrights, 32 <i>s.</i>	
per week, against	20 <i>s.</i> and 21 <i>s.</i>
Bricklayers and joiners, 26 <i>s.</i> per week, against	20 <i>s.</i> and 18 <i>s.</i>
And common labourers, 22 <i>s.</i> to 24 <i>s.</i>	
per week, against	12 <i>s.</i> and 13 <i>s.</i>

and the wages paid to process men had risen in the same ratio.

The rapid decline in prices of chemicals at that period necessitated a reduction of wages, a notice to reduce to the extent of 10 per cent. was consequently given to the process men, but instead of compliance on their part they demanded the continuance of full pay, and struck work.

This strike commenced in January 1875, and lasted till the 7th April.

Amongst other efforts to bring this strike to a speedy termination the case was explained to the late Mr. Macdonald, who was then considered the principal unionist; he simply replied that it was not right to ask for full pay whilst the employers did not make profits; but there the matter rested until arbitration finally brought the strike to an end.

That the notice of a reduction of wages became a necessity will be understood when it is stated that the company's loss in 1874 amounted to 21,015*l.* 19*s.* 10*d.*

The men on strike were supported by the unions of most of the large manufacturing towns, yet their loss must have been important, whilst that of their employers, at a moderate estimate, surpassed 30,000*l.*

The employers to protect themselves against a recurrence of the same treatment substituted machinery to a considerable extent where manual labour had been employed, and the result was that the number of workmen was reduced by upwards of 20 per cent.

The depression of trade has already led to the closing of several works, a continuance of bad times cannot, therefore, fail to lessen the employer's ability to pay wages; the time is, consequently, at hand when the workmen will discover that work can only be found for them if they will submit to a reduction of pay to an extent sufficient to enable employers to meet foreign competition.

Tables are annexed showing :—

(1.) The rates of wages paid at the Newcastle chemical works, from 1840 to 1885.

(2.) The rates of wages paid in Prussian chemical works in 1885.

(3.) The amount of rates and taxes paid in Allhusen's chemical works at Gateshead, from 1855 to 1885.

RECORD of WAGES paid at the NEWCASTLE CHEMICAL WORKS from 1840 to end of 1885.

APPENDIX A.

Year.	Blacksmiths.	Millwrights.	Bricklayers.	Joiners.	Labourers.
	Per week. <i>s. d.</i>	Per week. <i>s. d.</i>	Per week. <i>s. d.</i>	Per week. <i>s. d.</i>	Per week. <i>s. d.</i>
1840	20 0	21 0	20 0	18 0	12 <i>s.</i> to 13 <i>s.</i>
1850	22 0	23 0	22 0	20 0	14 <i>s.</i>
1855	24 0	25 0	24 0	22 0	14 <i>s.</i> to 15 <i>s.</i>
1860	26 0	27 0	29 0	24 0	16 <i>s.</i> to 18 <i>s.</i>
1872	28 0	30 0	22 0	28 0	20 <i>s.</i>
1873	32 0	32 0	32 0	32 0	20 <i>s.</i> to 22 <i>s.</i>
1874	32 0	32 0	36 0	36 0	22 <i>s.</i> to 24 <i>s.</i>
1875	32 0	32 0	36 0	36 0	20 <i>s.</i> to 22 <i>s.</i> 6 <i>d.</i>
1876	30 6	30 6	34 0	34 0	18 <i>s.</i>
1877	28 0	28 0	30 0	30 0	17 <i>s.</i>
1878	26 0	26 0	28 0	28 0	18 <i>s.</i>
1879	27 6	27 6	29 6	27 6	18 <i>s.</i>
1880	30 0	30 0	29 6	29 6	18 <i>s.</i>
1881	30 0	30 0	29 6	29 6	18 <i>s.</i>
1882	31 6	31 6	29 6	29 6	18 <i>s.</i>
1883	31 6	31 6	29 6	29 6	18 <i>s.</i>
1884	27 6	28 6	28 0	28 0	18 <i>s.</i>
1885					

NOTE.—Up to year 1871 a week's work consisted of 61 hours, from that period 54 hours.

WAGES paid in PRUSSIAN CHEMICAL WORKS, 1885.

Principal workmen	-	-	24 marks
Second class do.	-	-	18 "
Ordinary do.	-	-	9 "

12 hours daily, with 2 hours allowed for meals and rest;
10 hours or 70 hours per week.

STATEMENT of Rates and Taxes on Allhusen's Chemical Works, Gateshead-on-Tyne, 1855-85.

Year.	Rateable Value.	Borough Rates.		Property Tax.	Poor Rates.		Annual Totals.
		Rate per £	Amounts paid per Annum.	Annual Amount.	Rate per £	Amounts paid per Annum.	
		<i>s. d.</i>	<i>£ s. d.</i>	<i>£ s. d.</i>	<i>s. d.</i>	<i>£ s. d.</i>	<i>£ s. d.</i>
1855	1,447	1 2½	173 17 7	54 8 0	1 2	166 19 0	395 4 7
	1,431	"	"	"	"	"	"
	1,431	1 4½	195 10 5	58 0 8	"	165 18 0	419 9 1
	1,413	"	"	"	"	"	"
	1,431	"	34 5 0	58 0 8	1 1	153 19 0	446 4 8
	1,116	1 8½	"	"	1 2	"	"
	1,413	1 6½	217 17 0	31 9 4	1 3	171 6 10	423 13 2
	1,413	"	"	"	"	"	"
	1,413	1 5	200 3 6	38 5 7	1 5	200 17 8	439 6 9
	1,413	"	"	"	"	"	"
1860	1,413	1 9	242 12 9	34 2 3	"	200 17 8	477 12 8
	1,449	1 7	"	"	"	"	"
	1,419	1 10	259 2 1	22 14 10	1 3	175 1 9	456 18 8
	1,449	1 9	"	"	1 2	"	"
	1,469	1 8½	312 3 2	60 16 4	"	189 9 4	562 8 10
	2,298	1 7½	"	"	1 2	"	"
	2,134	2 0	435 18 0	70 13 0	"	264 14 4	771 5 4
	2,134	2 1	"	"	"	"	"
	2,294	1 11	435 1 10	53 7 3	1 1	259 6 5	746 15 6
	2,296	1 10½	"	"	1 2	"	"
1865	2,296	"	430 9 8	43 13 10	"	267 12 8	741 16 2
	2,296	"	"	"	"	"	"
	5,537	"	1,083 6 3	117 15 8	1 1	622 18 3	1,824 0 2
	5,527	2 0½	"	"	1 2	"	"
	5,527	"	1,143 14 10	27 9 1	"	646 2 0	1,817 5 11
	5,677	"	"	"	"	"	"
	5,677	"	1,257 9 3	147 9 7	1 1	691 8 2	2,096 7 0
	6,741	"	"	"	"	"	"
	6,641	"	1,355 18 0	189 7 0	"	719 6 8	2,264 11 8
	6,641	"	"	"	"	"	"

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APPENDIX A.

Statement of Rates and Taxes on Allhusen's Chemical Works, Gateshead-on-Tyne 1855-85—continued.

Year.	Rateable Value.	Borough Rates.		Property Tax.	Poor Rates.		Annual Totals.
		Rate per £	Amounts paid per Annum.	Annual Amount.	Rate per £	Amounts paid per Annum.	
	£	s. d.	£ s. d.	£ s. d.	s. d.	£ s. d.	£ s. d.
1870 -	6,640	2 0½	1,355 13 4	175 17 10	1 1	719 6 8	2,250 17 10
	6,640	"	"	"	"	"	"
	6,640	1 11	1,313 9 11	141 19 2	"	719 6 8	2,174 15 9
	6,632	"	"	"	"	"	"
	6,631	2 0½	1,354 16 6	217 2 0	1 0	664 4 0	2,236 2 6
	6,641	"	"	"	"	"	"
	6,641	1 10	1,286 13 10	144 14 8	"	664 4 0	2,095 12 6
	6,641	1 11	"	"	0 9	"	"
1875 -	11,530	1 10	1,693 6 11	108 14 0	"	864 15 0	2,666 15 11
	11,530	1 9	1,969 14 2	72 9 4	0 10	960 16 8	3,003 0 2
	11,530	1 8	"	"	" 8	"	"
	11,530	1 9	2,209 18 4	72 9 4	"	768 13 4	3,051 1 0
	11,530	2 1	"	"	"	"	"
	11,530	2 1½	2,450 2 6	183 16 9	"	768 13 4	3,402 12 7
	11,530	"	"	"	"	"	"
	11,530	2 3½	2,546 4 2	183 16 9	0 11	1,056 18 4	3,786 19 3
1880 -	11,530	2 0	2,197 15 10	306 7 11	0 9	752 5 0	3,256 8 9
	10,030	2 1	"	"	"	"	"
	10,030	"	2,245 16 8	266 10 10	"	864 15 0	3,377 2 6
	11,530	"	"	"	"	"	"
	11,530	2 1½	2,450 2 6	319 17 0	"	864 15 0	3,634 14 6
	11,530	"	"	"	"	"	"
	10,530	"	2,259 11 3	266 10 10	"	789 15 0	3,315 17 1
	10,530	2 2	"	"	"	"	"
1885 -	9,250	"	2,004 3 4	363 15 4	"	693 15 0	3,061 13 8
	9,250	"	"	"	"	"	"
	9,250	2 3	2,081 5 0	240 17 6	"	693 15 0	3,015 17 6
	9,250	"	"	"	"	"	"
	9,250	"	2,081 5 0	289 1 0	0 8	616 13 4	2,986 19 4
	9,250	"	"	"	"	"	"

APPENDIX A.

VIII.

STATEMENT received from Mr. JOHN KIDGER, 10, Clegg Street, Oldham, with regard to the working of LIMITED COMPANIES.

1. There are in Oldham and district about 90 companies being worked under the Limited Companies Acts, 1862 to 1883, and all of which are engaged in the spinning of cotton yarns (not one of them has any weaving), 10 of these companies, the registered capital is divided in 100l. shares, one 50l. share, one 25l. share, two 20l. shares, four 10l. shares, and 72 5l. shares.

2. The balance sheets of these 90 concerns show that 3,455,676l. of share capital has been called up and paid by the shareholders, and the uncalled share capital at this date amounts to 2,207,859l.

3. That 3,435,427l. (including 710,000l. lent in 35 companies on mortgage) has been lent the said companies by way of open loans, making the total capital employed, viz., share and loan together, 6,891,103l.

4. The present balance sheet value of these concerns stands at 5,704,785l., and as the aggregate total number of spindles is 5,946,096, they average a value about 19s. 2d. per spindle with all preparations at this date.

5. The principal Limited Liability companies were first introduced in Oldham about 1861, but not until 1872, 1873, and 1874 did they get firmly rooted.

In 1874, owing to the few already in existence paying well, there was quite a mania for new companies, no less than 30 being registered in two months, all of which, with the exception of two were formed for building new large mills. The exceptional cases (two in number) were floated for the purpose of purchasing concerns already in existence. It must be remembered that the formation of these companies was done without the aid of professional floaters. In many cases the shares were subscribed for without even

a prospectus being issued, all that was wanted being an application form. The mills that were built about this time took two years before they were fully equipped and putting goods into the market.

This batch of new mills have turned out to be very costly, averaging at least 33 per cent. more than those being erected at the present time. Trade in 1877 began to wane, and though occasionally favourable spurts have visited the cotton trade, which has led to the formation of other companies, the capital invested in this class of securities has not had a reasonable return for some eight years back.

6. Though I have several suggestions for the amendment of the Companies Acts, I think that the principle has done a great deal of good to the country at large. In the first place it has enabled small capitalists and the wage-earning class to combine together for purposes of working a business which otherwise would be in the hands of large capitalists only.

I believe that Oldham has been overdone in the building of new mills, but to what extent it is difficult to say, because while we have been erecting, several old established cotton spinning centres have been decaying and stopping their old mills, mostly on account of not being able to compete with Oldham mills either in quality or as economically in production.

Among the towns that may be mentioned as decreasing their production are Preston and Stockport.

7. The system of book-keeping adopted in the district is looked upon as a model for all engaged in the trade on account of the rapidity in which the result of the quarters

or half-yearly operations are known after stocktaking. Speaking generally, the balance sheet is made out and signed by the auditors within three days of the date of making up. There are two forms of book-keeping and balance sheets in use, both of which bring about the same result. I put in for examination a few of each. One is on the double entry system, showing the exact working expenses account, and the other is single entry system, showing a summary of cash account pure and simple, and may be said to be the same as is in use at the Co-operative Stores throughout the whole of this district. It has been asserted that Oldham companies have kept their books in such a manner that unreal profits have been shown and dividends paid to shareholders during the first five years of their existence for the purpose of inflating the market value of shares, so as to enable the alleged promoters to sell out and form another company. This I emphatically deny, and believe such a statement arises more from personal jealousy at the success of Oldham companies than anything else. The system adopted and the amount allowed for depreciation or charging to revenue account, a certain sum to be put aside for renewals of machinery, general wear and tear, &c., was introduced by the late John Platt, M.P., 20 years ago, and has never failed to answer its purpose. It is on the basis of allowing 7½ per cent. per annum on machinery and 2½ per cent. on buildings, engines, and mill gearing before arriving at the net profit for dividend purposes. Although there are some companies which have not strictly adhered to this percentage of allowance, it must be explained that they now build good strong fire-proof mills, and it is believed that as Mr. Platt's method is ample for non fire-proof mills rather less will do for fire-proof. I put in for your perusal a paper showing: A. Total number of shares subscribed. B. Amount of share. C. Name of Company. D. Amount of share called up. E. Capital as per last balance sheet (distinguishing share from borrowed money). F. Balance forward of profit and loss. G. Last dividend. H. Balance sheet value of plant, including buildings, steam engines, machinery, &c., as per last report. I. Approximate amount charged to revenue for depreciation per year. J. Number of spindles.

The total amount set aside and taken from the profits yearly for renewals, as exhibited by these figures, is 240,925l., or about 4½ per cent. on the value of the mills. It is, perhaps, as well I should explain that 7½ per cent., calculated on one part of the plant, and 2½ per cent. on another does not equal an all round 5 per cent. as is supposed, because that part that 2½ per cent. is calculated upon is fully a fifth greater in amount than the other, which 7½ per cent. is chargeable. While upon the question of balance sheets and the amount that ought to be charged to revenue for depreciation or wear and tear, I am strongly of the opinion that it is utterly impossible for a hard-and-fast line to be laid down which would honestly apply itself equally to all concerns.

I could give numerous instances where it would act unjustly. Therefore, I contend that the Commission ought to suggest that legislation should not interfere with the Oldham system of account keeping, and that if we are wrong it is an evil that will work its own cure.

The balance sheets of these companies have always been published in the newspapers circulating in the district, and every opportunity is given for criticism. Some of them have been strongly commented upon, and the few that are not considered up to the standard are well known, and the market value of the shares are governed accordingly.

8. With regard to the directors, they are a persevering body of men, and a glance at their avocation shows that nine tenths of them have practically been brought up in the business of cotton spinning, and not a few are to-day engaged as private spinners.

9. It is firmly believed that Oldham companies have been beneficial to the trade of this country, because they came into existence at a time when it was of the utmost importance that the production of cotton goods should be as cheap as possible.

Private firms had not kept pace with the times, and the formation of Oldham companies stepped into the breach and took the lead, and up to now have not been displaced.

10. Moreover, the social condition of the people has been benefited thereby. It has taught them to save from their earnings, and to invest their small savings in the best manner possible. I know of a good many operatives who now live in their own houses. With these strong views I earnestly think that the privilege of limited liability ought to be encouraged. I would suggest for the better management of the principle: A. Balance sheet should be filed with the Government within 21 days of it being signed by the auditors. B. That in the formation of a company not less than one tenth of the nominal amount of share should be deposited on application, and not less than one tenth again on the allotment call becoming due. C. Before a company should be allowed to commence business a certificate from some official of the Board of Trade should be obtained; this to be withheld until the promoters or directors had put in affidavits showing that the capital subscribed was sufficient to enable them to proceed with the operations and business of the company which they have set out for.

11. Out of the whole of the companies formed in Oldham for the purpose of spinning cotton, only three have been in chancery, two of these were taken out by arrangement with the creditors, and the other one proceedings are now pending. I should, however, suggest that in dealing with the law for regulating the winding up unfortunate companies, that all chancery principles should still apply, but the powers be transferred to the county court of the district where the business was carried on. By this process there would be a great saving in counsel and other fees, and, in addition, creditors who had personal knowledge of the assets being dissipated by the liquidator, would be more ready to bring his charges home.

12. I would suggest that all persons carrying on manufacturing of any kind in this country should, once at least in every year, make a return of his or their productions to the Board of Trade in a similar way to what farmers are called upon to do. This would enable those who take notes of returns to have an idea as to whether there was an increased production going on, and to what amount. In a business like the cotton trade I would compel them to state the number of spindles and looms at work, and weight of production turned out.

13. In dealing with the dull and unprofitable state of trade in Oldham, I have no direct suggestions to offer for its improvement further than has already been given. I should, however, like to point out, in addition, that as our finished products have fallen in value fully 30 per cent. during the last 12 years, and the raw material cotton has not fallen in a like ratio. That the cotton plant ought to be cultivated in our colonies, and that Her Majesty's Government ought at all times use their influence in opening out new markets, and curtail those foreign tariffs of other nations which militates so much against us. Speaking from my own personal knowledge, the management of our limiteds have done what is possible to fight through these adverse times. Among other things that have been tried are: A. Producing as much as they could and as cheap as possible. B. Lessening production by running short time; and, C. Finally, a 13 weeks' strike of four fifths of the whole spindles in the district. All these remedies have failed to improve their positions; and from the statements put in you will see that the dividends are almost nil.

APPENDIX A.

310 THIRD REPORT OF THE ROYAL COMMISSION ON DEPRESSION OF TRADE AND INDUSTRY:

APPENDIX A.

Registered Capital.	A.	B.	C.		D.	E.		F.		G.	H.	I.	J.		No. of Company.
	No. of Shares subscribed.	Amount of Share.	NAME OF COMPANY.		Amount per Share called up.	Capital as per Last Balance Sheet.		Balance carried forward after Dividend.		Last Dividend per Cent.	Value of Plant, including Building, Steam Engines, Machinery, &c., as per last Report.	Approximate Amount charged to Revenue for Depreciation per Year.	Spindles.		
						Share.	Loan, Mortgages, &c.	Profit.	Loss.				Twist.	Wet.	
£		£			£ s. d.	£	£	£	£		£	£			
70,000	14,000	5	1. *Albany	- - -	2 10 0	29,895	40,064	-	1,470	-	69,248	3,200	20,856	43,116	1
40,000	8,000	5	2. †Albert	- - -	2 15 0	22,041	17,054	-	1,470	-	29,808	1,122	23,870	None.	2
80,000	800	100	3. *Albion	- - -	40 0 0	31,924	72,582	-	592	-	90,206	3,200	28,160	56,136	3
100,000	14,088	5	4. *Astley	- - -	2 0 0	24,364	66,111	267	-	10	79,661	2,000	42,824	43,740	4
15,000	1,940	5	5. *Bankside	- - -	4 10 0	8,730	1,654	-	303	-	10,511	400	10,620	None.	5
70,000	14,000	5	6. *Belgian	- - -	3 0 0	47,930	48,058	-	1,954	-	80,458	2,875	34,764	21,792	6
65,000	6,000	5	7. †Brunswick	- - -	2 10 0	16,187	30,736	-	681	-	42,055	1,544	58,020	None.	7
90,000	18,000	5	8. *Borough	- - -	3 0 0	54,000	22,286	-	1,064	-	60,419	2,609	57,240	None.	8
100,000	12,000	5	9. *Boundary	- - -	3 0 0	35,990	48,685	-	708	-	69,163	2,440	35,508	29,244	9
80,000	7,735	5	10. *Broadway	- - -	5 0 0	38,675	43,190	-	1,651	-	71,018	2,400	39,432	21,708	10
100,000	2,543	25	11. †Butler Green	- - -	25 0 0	63,575	27,612	-	361	-	65,886	3,000	66,460	24,540	11
25,000	5,000	5	12. †Cambridge	- - -	4 0 0	20,000	70,306	-	972	-	30,091	1,432	16,632	11,604	12
70,000	9,209	5	13. *Cavendish	- - -	1 17 6	12,630	60,975	416	-	10	66,267	3,000	32,592	24,828	13
50,000	10,000	5	14. †Central	- - -	3 0 0	30,000	16,778	7	-	5	35,898	1,710	24,108	31,668	14
80,000	800	100	15. *Cladderton	- - -	40 0 0	15,050	18,048	-	-	-	88,000	4,000	41,640	40,592	15
75,000	15,000	5	16. *Coldhurst	- - -	3 10 0	52,500	22,898	-	449	-	65,886	2,800	50,000	12,000	16
60,000	12,000	5	17. †Commercial†	- - -	3 0 0	36,014	36,798	-	1,634	-	61,720	3,200	23,550	28,800	17
150,000	11,980	5	18. *Crawford {A.	- - -	2 0 0	46,647	80,615	1,097	-	5	69,959	3,200	33,120	40,512	18
	16,000		{B.	- - -	1 5 0										
20,000	5,000	4	19. †Croft Bank†	- - -	2 0 0	10,000	325	-	724	-	4,756	816	15,262	None.	19
50,000	10,000	5	20. Crompton †*	- - -	4 12 6	46,268	17,535	4,454	-	44	58,349	2,672	18,900	44,700	20
100,000	12,000	5	21. *Dowry	- - -	2 15 0	30,040	45,128	-	1,228	-	68,485	3,000	41,160	25,600	21
70,000	14,000	5	22. *Duchess	- - -	1 15 0	24,201	54,560	112	-	-	66,634	3,000	25,908	47,104	22
100,000	14,000	5	23. *Duke	- - -	2 10 0	30,703	51,662	-	253	-	72,331	3,200	22,812	47,568	23
30,000	6,000	5	24. †Dukinfield Hall	- - -	5 0 0	25,327	16,156	-	4,949	-	29,104	1,627	17,023	29,400	24
150,000	9,925	5	25. *Equitable {Old	- - -	5 0 0	64,221	45,526	-	2,493	-	88,558	2,800	43,284	35,496	25
	3,000		{Preference	- - -	5 0 0										
100,000	1,000	100	26. *Fern	- - -	35 0 0	22,986	53,680	-	-	-	48,202	3,600	14,412	72,832	26
70,000	12,000	5	27. *Garfield	- - -	2 0 0	23,000	47,727	328	-	10	59,807	2,800	30,156	31,208	27
112,500	14,930	45	28. Gladstone (p)	- - -	3 10 0	48,679	31,027	-	2,708	-	72,632	2,800	27,648	56,040	28
80,000	14,721	5	29. †Gladwick	- - -	4 0 0	58,742	41,106	-	3,446	-	82,822	3,081	49,368	24,840	29
70,000	14,000	5	30. Greenacres †*	- - -	4 0 0	56,603	82,875	-	3,099	-	105,394	3,720	65,172	43,218	30
100,000	616	50	31. †Green Lane {Old	- - -	50 0 0	31,409	29,911	1,691	-	5	46,606	2,000	30,612	32,424	31
	600		{New	- - -	1 0 0										
45,000	450	100	32. †Grimshaw Lane	- - -	60 0 0	27,000	17,005	2,010	-	5	33,306	1,620	39,388	9,312	32
10,000	2,000	5	33. †Grosvenor†	- - -	2 15 0	5,500	2,392	-	630	-	4,166	224	None.	11,220	33
150,000	30,000	5	34. *Guide Bridge	- - -	2 10 0	75,000	90,872	-	669	-	169,904	6,400	96,264	53,976	34
40,000	7,868	5	35. Harper Twist (p)	- - -	3 10 0	27,538	10,558	-	516	-	33,391	1,000	36,936	None.	35
120,000	15,217	5	36. *Hathershaw	- - -	3 0 0	45,651	64,306	-	2,337	-	92,486	3,600	55,584	21,840	36
40,000	8,000	5	37. †Haugh	- - -	3 0 0	24,000	25,993	1,343	-	64	37,345	2,120	23,400	None.	37
100,000	10,000	5	38. *Henshaw Street	- - -	4 15 0	47,547	30,499	-	5,671	-	69,631	2,800	35,508	25,068	38
25,000	5,000	5	39. †Hey	- - -	3 0 0	15,040	13,986	-	1,448	-	23,338	1,000	18,072	7,692	39
90,000	14,257	5	40. †Higginshaw (p.)	- - -	4 5 0	56,340	49,709	-	6,168	-	102,057	3,000	36,288	43,430	40
80,000	16,000	5	41. †Hollinwood	- - -	2 10 0	40,000	35,706	-	936	-	61,889	2,613	53,000	22,024	41
50,000	10,000	5	42. *Honeywell	- - -	5 0 0	50,000	40,385	-	262	-	74,891	2,000	39,666	35,934	42
60,000	12,000	5	43. †Hope	- - -	3 15 0	44,976	31,047	-	2,013	-	60,140	2,200	38,376	30,456	43
60,000	9,133	41	44. *Industry {Old	- - -	4 5 0	45,537	47,993	-	1,855	-	100,766	2,000	36,000	41,412	44
10,000	6,742		{Preference	- - -	1 0 0										
70,000	10,000	5	45. *Ivy	- - -	1 15 0	17,132	27,992	-	571	-	36,719	1,850	24,576	10,080	45
100,000	1,000	100	46. *Junction	- - -	50 0 0	50,000	24,135	677	-	5	63,762	3,000	51,076	23,500	46
126,000	28,000	44	47. †Lancashire	- - -	4 0 0	112,682	52,894	-	6,000	-	144,471	4,000	51,060	58,200	47
36,000	8,000	45	48. Lansdowne (p)	- - -	2 0 0	15,765	29,095	-	617	-	38,815	1,353	28,808	23,504	48
45,000	5,000	9	49. †Lees Union	- - -	6 0 0	30,000	23,112	-	1,202	-	44,693	2,200	42,768	11,484	49
60,000	3,000	20	50. *Lime	- - -	16 0 0	48,000	19,093	-	393	-	51,673	2,523	34,500	18,000	50

* Fireproof mills. † Non-fireproof. p. Portion fireproof. ‡ Turning let to tenants. § Tenants owners of machinery only. || Ring spinning.

APPENDIX A.

Registered Capital.	A.	B.	C.	D.	E.		F.		G.	H.	I.	J.		No. of Company.
	No. of Shares subscribed.	Amount of Share.	NAME OF COMPANY.	Amount per Share called up.	Capital as per Last Balance Sheet.		Balance carried forward after Dividend.		Last Dividend per Cent.	Value of Plant, including Building, Steam Engines, Machinery, &c., as per last Report.	Approximate Amount charged to Revenue for Depreciation per Year.	Spindles.		
					Share.	Loans, Mortgages, &c.	Profit.	Loss.				Twist.	Wet.	
£		£		£ s. d.	£	£	£	£		£	£			
60,000	12,000	5	51. *Livingstone - - -	2 0 0	24,000	48,756	—	1,906	—	62,275	2,180	37,074	20,378	51
60,000	7,766	5	52. †Longfield (p) - - -	5 0 0	38,660	14,853	—	1,593	—	49,799	1,000	20,760	None.	52
15,000	2,151	5	53. †Lower Moor - - -	3 15 0	8,066	5,411	606	—	8	9,657	487	9,252	None.	53
90,000	6,000	10	54. †Middleton and Tonge {A. - - - B. - - -	10 0 0	115,404	89,849	—	4,980	—	161,764	6,655	86,112	99,900	54
	14,404	10		5 0 0										
70,000	14,000	5	55. †Moorfield - - -	4 0 0	56,000	24,948	1,076	—	24	67,215	3,236	35,796	36,240	55
40,000	5,856	4	56. †Mossley - - -	4 0 0	23,156	22,369	—	494	—	34,254	1,360	24,774	16,128	56
80,000	8,000	10	57. †Moss Lane - - -	5 0 0	40,000	19,538	4,414	—	5	52,428	3,000	23,000	48,500	57
40,000	9,885	4	58. †New Earth - - -	3 10 0	34,768	6,946	—	1,346	—	38,446	1,600	25,584	18,864	58
20,000	4,000	5	59. †New Ladyhouse - - -	4 0 0	15,488	18,140	397	—	5	24,719	1,175	15,728	None.	59
100,000	20,000	5	60. *North Moor - - -	3 0 0	60,000	36,372	111	—	34	79,760	3,600	59,700	16,806	60
100,000	20,000	5	61. Oak (†) - - -	2 10 0	49,941	79,452	—	1,356	—	110,469	4,400	54,444	54,918	61
100,000	1,250	20	62. Oldham Twist †* {Old - - - New - - -	20 0 0	62,381	88,383	—	1,517	—	117,782	5,400	67,476	58,086	62
	3,150	20		10 0 0										
100,000	16,000	5	63. *Oldham and Lees - - -	2 10 0	40,000	43,570	—	1,382	—	60,100	3,094	20,400	50,400	63
100,000	800	100	64. *Olive - - -	40 0 0	32,000	63,435	—	2,090	—	93,543	4,000	57,352	32,258	64
100,000	1,000	100	65. *Palm - - -	35 0 0	24,870	46,378	378	—	—	66,084	3,000	40,000	None.	65
65,000	13,000	5	66. †Parkside - - -	3 0 0	39,000	19,220	1,674	—	5	39,201	2,500	17,916	30,846	66
40,000	8,000	5	67. †Park and Sandy Lane - - -	3 10 0	27,959	9,270	—	647	—	28,205	1,188	12,546	23,276	67
15,000	3,000	5	68. †Phoenix† - - -	2 10 0	7,500	2,304	—	1,263	—	6,064	252	15,504	None.	68
80,000	16,000	5	69. *Prince of Wales - - -	3 0 0	48,000	55,659	—	2,822	—	88,024	4,400	68,500	None.	69
37,500	5,817	5	70. †Quick Edge - - -	4 10 0	26,025	10,723	107	—	24	30,976	1,120	20,232	9,204	70
80,000	10,000	5	71. *Ridgefield - - -	4 15 0	47,313	46,107	—	1,289	—	75,990	2,800	46,272	22,800	71
60,000	12,000	5	72. Royton (p) - - -	3 0 0	36,000	30,458	1,801	—	5	51,970	2,600	27,978	30,642	72
70,000	14,000	5	73. †Shaw - - -	3 10 0	49,000	25,258	—	851	—	60,247	3,200	30,670	39,330	73
30,000	5,931	5	74. †Shiloh - - -	2 10 0	14,827	25,806	—	1,633	—	33,427	1,400	22,806	14,448	74
70,000	14,000	5	75. †Smallbrook - - -	4 0 0	56,000	24,523	—	621	—	66,612	3,000	24,972	40,080	75
75,000	15,000	5	76. *Stalybridge - - -	2 0 0	31,754	53,271	885	—	10	74,167	3,700	33,420	36,000	76
50,000	10,000	5	77. †Stock Lane - - -	2 0 0	20,000	12,395	1,298	—	5	27,017	1,580	17,280	22,608	77
40,000	7,820	5	78. †Stanley - - -	3 10 0	26,602	32,439	—	3,377	—	51,412	2,320	20,484	27,996	78
70,000	14,000	5	79. †Star - - -	3 10 0	49,000	66,756	824	—	54	96,288	4,100	44,004	59,532	79
75,000	15,000	5	80. Sun Mill (p)- - -	5 0 0	75,000	57,118	—	1,940	—	98,900	3,374	83,382	52,404	80
120,000	12,000	5	81. *Swan - - -	4 10 0	54,072	41,813	—	1,272	—	77,491	3,600	43,800	27,900	81
60,000	12,000	5	82. †Thornham - - -	3 5 0	39,006	44,758	—	1,600	—	50,972	2,316	57,692	24,480	82
70,000	5,710	5	83. *Tonge Vale {Old - - - New - - -	5 0 0	34,542	50,147	—	1,627	—	73,921	2,400	55,392	None.	83
	2,996	5		2 0 0										
100,000	20,000	5	84. *United - - -	3 0 0	60,520	63,210	—	1,691	—	95,144	4,000	46,068	45,480	84
120,000	24,000	5	85. *Werneth - - -	3 0 0	71,963	49,970	—	2,724	—	98,447	4,000	56,424	43,568	85
80,000	12,000	5	86. †Westwood - - -	3 0 0	36,000	18,711	18	—	—	44,129	1,960	27,804	21,600	86
150,000	15,000	10	87. †West End - - -	5 0 0	75,000	49,820	—	2,870	—	94,478	4,400	90,160	21,586	87
100,000	20,000	5	88. Whitelands Twist †* - - -	2 10 0	49,998	122,151	434	—	5	119,112	6,054	91,218	35,274	88
30,000	6,000	5	89. †Windsor* - - -	2 10 0	15,242	8,882	—	446	—	16,522	1,367	17,862	21,810	89
50,000	10,000	5	90. †Woodstock - - -	4 10 0	45,001	38,638	—	1,299	—	71,576	2,916	42,600	39,276	90

APPENDIX B.

CURRENCY AND STANDARD OF VALUE IN ENGLAND, FRANCE, AND INDIA, AND THE
RATES OF EXCHANGE BETWEEN THESE COUNTRIES.

Memorandum laid before the Commission, prepared by R. H. Inglis Palgrave, F.R.S.

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The following are among the principal heads of inquiry suggested. A summary of legislation on the subject is prefixed.

I.

MINT LEGISLATION IN THIS COUNTRY, 1666-1870.

In considering the legislation in the United Kingdom on the subject of the Standard of Value, it is advisable to commence with the Act of 1666 (18th Charles II. ch. 5), which gave the right to every person who brought gold and silver bullion of "standard" value to the Mint to have it struck into coin at the expense of the public. Since that date there has been no mint charge on the coinage of the standard of value in this country.

This Act thus established a free Mint.

It also established a double currency of gold and silver in the proportion of 1 to 14·485, the pound troy of fine gold being coined into 44l. 10s., and the pound troy of fine silver being coined into 3l. 2s. Silver was the sole standard of value. Gold was, as Sir William Petty said in his *Political Anatomy*, "but a commodity very like money." This Act was to be in force till December 20, 1671, but it was continued by various successive Acts.

Gold was over-valued by the proportion established between it and silver, and the silver coin was exported largely. To prevent this a proclamation was issued, 17th December 1717, reducing the nominal value of the guinea from 21s. 6d. to 21s., and the other gold coins in proportion. It declared "that the said respective pieces of coined gold shall be current at the rates and values then set upon them. By this injunction the guinea and all the other gold coins became legal tender at the rates therein declared." [Lord Liverpool, Letter to the King on the Coins of the Realm, p. 84, ed. 1805.] A double standard was thus introduced. This proclamation was founded on the Report of Sir Isaac Newton, at that time Master of the Mint, dated 21st September 1717; it reduced the proportion of gold to silver to being as 1 to 15·209; the pound troy of fine gold being coined into 46l. 14s. 6d.; and the pound troy of fine silver into 3l. 2s., as before.

This reduction in the nominal value of the guinea, however, left it still slightly over-valued as compared with the value of the current silver coin; the result was that gold became the general circulating medium, though silver was equally unrestricted legal tender till 1774, when it was enacted by 14 Geo. 3. c. 42. "that no tender in the payment of money made in the silver coin of the realm of any sum exceeding the sum of 25l. at any one time shall be reputed in law, or allowed to be a legal tender within Great Britain or Ireland, for more than according to its value by weight, after the rate of 5s. 2d. for each ounce of silver."

Silver thus, though remaining legal tender up to any amount by weight, was restricted to 25l. by tale, by this Act, which was continued till 1st May 1776, then till 1778, then till 1st May 1783, when it was suffered to expire, according to Lord Liverpool, from neglect. The coinage of silver during the latter part of the 18th century was certainly very small. "It appears by the accounts presented by the officers of the Mint, that from the year 1717 to the end of the last century, that is, in a period of eighty-three years, no more than 584,764l. 17s. 5½d. in tale of silver has been coined."—[Lord Liverpool, Letter to the King on the Coins of the Realm, p. 85. Ed. 1805.]

In 1798 it was declared necessary to suspend the coining of silver, and it was enacted by 38 Geo. 3. c. 59. "that from and after the passing of this Act no silver bullion shall be coined at the Mint." In 1799 the Act of 1774 was made perpetual by 39 Geo. 3. c. 75.

The restriction of specie payments by the Bank of England commenced in 1797.

The following statement is taken from the "Tables on the National Debt by Robert Mushet, showing the fluctuations in the value of the currency from 1820 to 1821." To this I have added a column showing the average per-centage of depreciation of value of the currency. These fluctuations in the value of the currency were accompanied by fluctuations in the prices of commodities generally during the restrictions of specie payments; though it is probable that the fluctuations in prices were by no means entirely dependent on the forced circulation in use at that period.

TABLE I.—MARKET PRICE OF GOLD, VALUE OF CURRENCY AND DEPRECIATION OF VALUE OF CURRENCY IN ENGLAND, 1800-1821.

Year.	Average Market Price of Gold per ounce from February 1800 to 1821.	Average per cent. of the Value of the Currency at the Market price of Gold.	Average per-centage Depreciation of Value of the Currency.
	£ s. d.	£ s. d.	Par.
1800 - - -	3 17 10½	Par.	
1801 - - -	4 5 0	91 12 4	8·4
1802 - - -	4 4 0	92 14 2	7·3
1803* - - -	4 0 0	97 6 10	2·6
1804 - - -	4 0 0	97 6 10	2·6
1805 - - -	4 0 0	97 6 10	2·6
1806 - - -	4 0 0	97 6 10	2·6
1807 - - -	4 0 0	97 6 10	2·6
1808 - - -	4 0 0	97 6 10	2·6
1809 - - -	4 0 0	97 6 10	2·6
1810 - - -	4 10 0	86 10 6	13·5
1811 - - -	4 4 6	92 3 2	7·8
1812 - - -	4 15 6	79 5 3	20·7
1813 - - -	5 1 0	77 2 0	22·9
1814 - - -	5 4 0	74 17 6	25·1
1815 - - -	4 13 6	83 5 9	16·7
1816 - - -	4 13 6	83 5 9	16·7
1817 - - -	4 0 0	97 6 10	2·6
1818 - - -	4 0 0	97 6 10	2·6
1819 - - -	4 1 6	95 11 0	4·5
1820 - - -	3 19 11	97 8 0	2·6
1821 - - -	3 17 10½	Par	Par

* By the evidence of Mr. Abraham Goldsmid before the Bullion Committee, 1810, the market price of gold was stated to be 4l. per ounce from 1803 to 1807.

The final resumption of specie payments was directed by Sir Robert Peel's Act of 1819, and was completed in 1821 and 1822. The Bank of England resumed specie payments on 20th August 1819. Resumption was made on the gold basis directed by the Act of 1816, 56 Geo. 3. c. 58., which established the gold standard in England, and restricted silver from being legal tender for any sum exceeding 40s. "either by tale of weight of such silver coin, or otherwise howsoever." The pound troy of fine gold was coined into 46l. 14s. 6d., and the pound troy of fine silver into 3l. 6s.; the comparative value of fine gold to fine silver being as 1 to 14·287. This Act has been repealed, but was in substance re-enacted by the Coinage Act of 1870.

The coinage of gold bullion of standard value is executed in England without cost to the owner, and without limit as to amount. In practice, it is usual for the owner of

gold bullion to take it to the Bank of England, which is bound by law to buy any amount of gold at the rate "of 3l. 17s. 9d. per ounce of standard gold, or in other words, to give their notes or acknowledgment at that rate." (Thomson Hankey on the Principles of Banking, p. 94.) The bank is authorised to charge 3l. 17s. 10½d. per ounce, the difference 1½d. per ounce being their remuneration for trouble incurred, while as the owner of the bullion thus is able to convert it immediately into money he finds the transaction answer to him, as he saves the loss of interest from delay.

Silver, which is a token coinage, is only minted on account of the Government, and in such amounts as appears to them to be desirable.

The more recent changes in the standards for coinage of gold and silver are as follows:—

Date.	Reign.	Silver.		Gold.		Comparative Value of fine Gold and fine Silver.
		Fineness of Silver Coins.	Pound Troy of such Silver coined into	Fineness of Gold Coins.	Pound Troy of such Gold coined into	
1666 - - -	18 Charles II. -	oz. dwt.	£ s. d.	car. grs.	£ s. d.	1·14·485
1717 - - -	3 George I. -	11 2	3 2 0	22 0	44 10 0	1·15·209
1817 - - -	56 George III. -	11 2	3 6 0	22 0	46 14 6	1·14·287
1822 - - -	2 George IV. -	11 2	3 6 0	22 0	46 14 6	1·14·287

Coinage Act, 1870 (33 Vict. c. 10.).

Standard Fineness.

Gold.—Eleven twelfths fine gold, one twelfth alloy or millesimal fineness, 916·66.

Silver.—Thirty-seven fortieths fine silver, three fortieths alloy or millesimal fineness, 925.

[Mr. Fremantle, the Deputy Master of the Mint, has been so good as to add to this statement the following memorandum, explaining the method on which the comparative value of the gold and silver coins is calculated.]

MEMORANDUM.

Standard gold = 46 14 6 per lb. troy.
 " silver = 3 6 0
 1 lb. of standard gold contains 11 oz. of fine gold.
 1 lb. of " silver " 11·1 oz. of fine silver.
 and
 The value of 1 oz. of fine gold = 4 4 11·454
 " 1 oz. of fine silver = 0 5 11·351
 ∴ the value of fine gold to fine silver is as 5s. 11·351d. to 4l. 4s. 11·454d., or 1 to 14·287.

II.

MINT LEGISLATION IN OTHER COUNTRIES.

France.

The monetary arrangements of France must always have great influence on affairs in this country. In 1679—Louis XIV. being king—the coinage of gold and silver bullion was undertaken by the Government without charge, and to an unlimited amount. The present monetary arrangements of France, however, date from October 30, 1785, when the declaration of Louis XVI. fixed the value of gold and silver in the proportion of 1 mark of gold to 15½ of silver. This principle was continued by the law of 1803 (7-17 Germinal, year XI. of the French Republic), gold coin and silver in 5 franc pieces being equally legal tender for any amounts. The mintage of both gold and silver was unlimited in amount, the charge for coining was to be borne by the owner of the bullion at the rate, in 1803, of 9 francs per kilogramme of gold, and 3 francs per kilogramme of silver. Some alterations in the Mint charges have occurred since, but the principle of the unrestricted mintage of both gold and silver was maintained till 30th January 1874; after this date the coinage of silver was restricted.

Some amounts of full weighted silver coin were minted both for France and the other countries comprised in the Latin Union after this date, principally in fulfilment of previous engagements; but these operations were not long

continued. The restriction on the free coinage of silver thus established has remained in force to the present time.

Specie payments were suspended in France in February 1848. This suspension does not appear to have had any marked effect on prices. On 6 August 1850 a law was passed in the National Assembly authorising immediate resumption.

Specie payments were also suspended in 1870.

The Bank of France suspended specie payments in the week ended 18th August 1870.

There was a partial return to specie payments in 1874, and a complete return in 1875.

The gold points of the exchange with France are as follows:—

Francs.
 25·32½ - - - 4 per mille for England.
 25·22½ - - - Par.
 25·12½ - - - 4 per mille against England.
 The suspension of specie payments was followed by some slight alterations in the rate of exchange. The Paris "short exchange" was quoted in London.

1870, August 5	-	-	25 30
" September 16	-	-	25 70
1871, November 3	-	-	26 15
1872, February 2	-	-	25 60
" November 1	-	-	25 70
1873, March 31	-	-	25 50

After this date the exchange appears to have reverted to normal rates. The alteration, if any, of prices or commodities generally is not so easily to be traced. If this existed at all, it appears to have been but to a small extent. It is not certain that an alteration in the purchasing power of the standard of value, compared with bullion, as indicated by the rate of exchange when the circulating medium of a country becomes paper instead of specie, is always reflected in the purchasing power of the standard of value as shown by its command of commodities generally.

Germany.

In Germany generally the standard of value was silver till the Imperial Law of December 4, 1871, prepared the way for a gold valuation, and shortly afterwards the law of 9th July 1873 established for the Empire of Germany a gold standard on which the legal tender money was based, the silver minted after that date being legal tender only to the amount of 20 marks, = 1l., between individuals; the Imperial and State Treasuries, however, accepting this coin up to any amount. (Report from Select Committee, House of Commons, on Depreciation of Silver, 1876, p. xix.) The thaler pieces remaining in circulation were permitted to be also legal tender to any amount, at the rate of one thaler for

APPENDIX B.

3 marks. The gold coinage of Germany of the denomination of marks amounted to 96,508,276*l.*, on 31st December 1885. The silver coinage of the denomination of "marks" in coins ranging from one fifth of a mark up to five marks amounted to 22,224,573*l.* at the same date. This is only a "token" coinage. The silver for it was doubtless obtained by the re-mintage of coins withdrawn from circulation. Germany also has sold a large amount of silver; 7,000,000*l.* in value up to 1874 is mentioned among the evidence given before the Select Committee of the House of Commons on Silver, 1876. It has been stated that altogether 30,000,000*l.* in value of silver has been sold by the German Government. Dr. A. Soetbeer estimated the thaler pieces remaining in 1878 at a value of about 19,500,000*l.*

Belgium, Switzerland, Italy, Greece, Roumania.

These countries have joined with France in the Coinage Treaty, called the "Latin Union," which was established 23rd December 1865, coming into force 1st August 1866. This treaty was suspended, so far as the unlimited coinage of silver was concerned, 30th January 1874. The proportion fixed between the values of gold and silver has, since the establishment of the "Latin Union," corresponded in these countries with those existing in France.

Italy suspended specie payments in 1866; they were resumed 1st April 1883. The rate of exchange was influenced by the suspension. The Genoa "three months" rate was quoted as follows in London:—

	fr.	c.
1870, August 5	-	28 20
1872, November 15	-	29 10
1873, July 11	-	29 40
September 26	-	29 60
October 31	-	30 85

The rate may be taken as 25 fr. 70 ct.—25 fr. 85 ct., or figures close to this in a general way. Though the alterations in the rate of exchange with Italy were marked very clearly, the suspension of specie payments does not appear to have had so great an effect either in an alteration in the prices of commodities or in the wages of labour during the period that the suspension lasted.

Spain.

Spain has not actually joined the "Latin Union," but the monetary system is identical with that of France. The gold and silver valuation was adopted under the Mint law of 19th October 1868, which came into force 1st January 1871.

Sweden, Denmark, Norway.

These countries established a gold circulation by a convention, the "Scandinavian Union," between 1872–1875.

Austria and Hungary.

These countries have a silver standard. Gold coins since 1870 have been struck at the ratio of 1 to 15½.

Portugal.

Portugal was on a silver valuation till 1854. The law establishing the gold valuation dates from 29th July 1854. English sovereigns are the circulating gold coins.

Mexico.

A very large coinage of silver, and a considerable coinage of gold, has existed in Mexico since 1537, and continues to the present time. The amount of these coinages is mentioned in the statement respecting coinages which follows. The silver dollars coined in Mexico circulate principally in the East.

Brazils, Argentine Republic, Chili, Uruguay.

Most of these countries have a nominal silver standard, but a paper circulation prevails.

Columbia and Venezuela.

These countries are stated to have adopted since 1872 a system based on the arrangements of the "Latin Union."

Holland.

In 1847 Holland had a double standard, on the proportion of 1:15·604 between gold and silver. A single standard being thought advisable, silver was made the sole basis on 26th November 1847, and remained thus the standard. Some restrictions were placed on the coinage of silver in 1873 and 1874, and 6th June 1875, gold was made the standard.

Holland is thus, at the present time, mono-metallic on gold, but the observations made by the delegate of that country at the International Monetary Conference held in Paris in 1881 show that Holland has reconsidered the question of a bi-metallic standard, and may adopt it.

[The statements as to the mintage regulations in several of these countries are based on a paper supplied to the Select Committee on Depreciation of Silver by Mr. Ernest Seyd, and these have been examined by his son, also Mr. Ernest Seyd.]

Russia.

The Law of 1810 established the full valued silver rouble, which is the unit of coinage; the normal value of the rouble is 37*d.*, taking silver at 60*d.*, the oz. The Law of 1817 established the gold half-imperial, equal to 5½ roubles at the value of silver mentioned above, in concurrent circulation. In 1867 the divisional silver coins were lowered in fineness. The coinage of silver for private persons was suspended by the Law of September 1876, except for the silver money needed for trade with China. There is no charge for coinage.

Both gold and silver full-valued coins have disappeared from circulation, through the extension of the paper currency, and the value of the paper rouble is now about 24*d.*

The Bank of Russia held, as stated in its balance sheet of 3rd March 1886, the latest to hand, besides the amount in the "Compte du fonds d'échange et des billets de crédit" named below.

Cash.

Gold and silver, 10,938,424*l.*
Divisional money, 46,610*l.*
Deposits for safe custody (gold and silver), 372,748*l.*
Gold and silver received in payment of customs and other duties, 1,232,816*l.*

[The rouble converted as = 3*s.* 1*d.* in this statement.]

The accounts of the Bank of Russia also contain at their head the following official statement, styled—

"Compte du fonds d'échange et des billets de crédit."

Dr.	£	Cr.
1. Metallic Reserve.		
Gold - £20,261,089}	26,435,342	Note circulation - £110,450,141
Silver - 173,653}		
2. Uncovered notes	84,014,799	
	£110,450,141	

3rd March 1886.

[The rouble converted as = 3*s.* 1*d.* in this statement.]

This statement corresponds to that published by the "Issue Department" of the Bank of England, and is the account of credit notes issued by the Bank of Russia and the amount per contra of the gold and silver held by the Bank.

The United States.

The Congress of the Confederation established the double standard in 1786, with the ratio of 1:15·25. This was altered in 1792 to 1:15: the right to have gold and silver coined without charge being open to everyone. The law of 1834 fixed the ratio between the two metals as 1 to 16·002, this proportion was altered by the law of 1837 to 1:15·988. The law of 1873 made the gold dollar the "unit of value;" gold coin being unlimited legal tender, and silver coins up to 5 dollars. The law of 28th February 1878 (the Allison or Bland Bill) directed a limited coinage of silver dollars (2,000,000 a month at least; 4,000,000 at most), and "gave" them full paying power, except in case where it is strictly "stipulated otherwise in the contract." (See Report and Appendix, International Monetary Conference, 1878. Mr. Dana Horton, pp. 103, 104.)

Specie payments were suspended in the United States in 1862 and resumed 1 January 1879. The following statement indicates the fluctuation in the value of the currency which resulted.

Prices generally were inflated during this period, though not necessarily in the same proportions.

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TABLE 2.—CURRENCY PRICE OF GOLD DOLLARS, GOLD PRICE OF CURRENCY AND DEPRECIATION OF VALUE OF CURRENCY IN UNITED STATES, 1865–1879.

Date.	Currency Price of 100 dollars, Gold.	Gold Price of 100 dollars, Currency.	Average per cent Depreciation of Value of the Currency.
August 31, 1865	Dollars. 144·25	Dollars. 69·32	30·7
January 1, 1866	144·50	69·20	30·8
" 1867	133·00	75·18	24·8
" 1868	133·25	75·04	25·0
" 1869	135·00	74·07	26·0
" 1870	120·00	83·33	16·7
" 1871	110·75	90·2	9·7
" 1872	100·50	91·3	8·7
" 1873	112·00	80·28	10·7
" 1874	110·25	90·70	9·3
" 1875	112·50	88·89	11·1
" 1876	112·75	86·69	13·3
" 1877	107·00	93·46	6·5
" 1878	102·87	97·21	2·8
" 1879	100·00	100·00	Par.
November 1, 1879	100·00	100·00	Par.

TABLE 3.—VALUE OF GOLD DOLLARS IN LEGAL TENDER PAPER DOLLARS IN UNITED STATES, 1864–1879.

1864.	1865.	1866.	1867.	1868.	1869.	1870.	1871.	1872.	1873.	1874.	1875.	1876.	1877.	1878.	1879.
Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.
238·1	142·1	151·6	130·4	142·7	136·1	116·8	112·4	114·3	115·7	110·0	114·8	112·1	105·8	100·6	100·0

Report of the Comptroller of the Currency in the United States, December 1, 1879.

India.

As generally is the case in the East, silver is the standard of value in British India. The coinage of silver is unlimited. Gold coin has not been legal tender in India since the Act on "Gold and Silver Coinage" of 1835. The Indian mints, however, strike Gold coins, under "the Indian Coinage Act, 1870," in the proportion of 1:15.

Indian Coinage Act, 1870.

The following are the sections of this measure (Act No. XXIII. of 1870) which apply to the point:—

II. GOLD COINAGE.

4. The under-mentioned gold coins only shall be coined at the Mint:—

- (1.) A gold mohur or 15-rupee piece.
- (2.) A 5-rupee piece equal to a third of a gold mohur.
- (3.) A 10-rupee piece equal to two-thirds of a gold mohur.
- (4.) A 30-rupee piece or a double gold mohur.

5. The standard weight of the said gold mohur shall be 180 grains Troy, and its standard fineness shall be as follows:—Eleven-twelfths, or 165 grains, of fine gold, and one twelfth, or 15 grains, of alloy.

The other gold coins shall be of proportionate weight and of the same fineness.

Provided that, in the making of gold coins, a remedy shall be allowed of an amount not exceeding two thousandths in weight and two thousandths in fineness.

III. SILVER COINAGE.

6. The under-mentioned silver coins only shall be coined at the Mint:—

- (1.) A rupee, to be called the Government Rupee.
- (2.) A half rupee.
- (3.) A quarter rupee, or four-anna piece.
- (4.) An eighth of a rupee, or two-anna piece.

7. The standard weight of the Government Rupee shall be 180 grains Troy, and its standard fineness shall be as follows:—Eleven-twelfths, or 165 grains, of fine silver, and one-twelfth, or 15 grains, of alloy.

The other silver coins shall be of proportionate weight and of the same fineness.

Provided that, in the making of silver coins, a remedy shall be allowed of an amount not exceeding the following:—

	Remedy in Weight.	Remedy in Fineness.
Rupee -	Five thousandths	Two thousandths.
Half rupee -	Seven thousandths	
Quarter rupee -	Ten thousandths	Three thousandths.
Eighth of a rupee -		

The rules as to the charge on the coinage of gold and silver are contained in Section VIII.

The following quotations from the Report of the Comptroller of the Currency in 1879 give the history of these fluctuations:—

"On July 1, 1864, 100 dollars in gold was worth 250 dollars in Treasury notes; on August 31, 1865, the day when the public debt was at its maximum, it was worth more than 144 dollars; and on January 1, 1870, 120 dollars; since which time the Treasury notes and the National Bank notes have gradually increased in value, until the beginning of the present year, when they each reached the same purchasing power as gold coin. This may be seen by the following table, which gives the average value of the standard gold dollar, in legal tender paper dollars, during the month of July in each year, from 1864 to 1878, and also on January 1 of the present year:—"

VIII.—COINAGE OF BULLION.

20. A duty shall be levied at the rate of one rupee per cent. at the Mint on the produce of all gold bullion and on all gold coin brought for coinage to the Mint in accordance with the said Mint-rules.

21. All silver bullion or coin brought for coinage to the Mint, in accordance with the said Mint-rules, shall be subject to a duty at the rate of 2 per cent. on the produce of such bullion or coin, and the amount of such duty shall be deducted from the return to be made to the proprietor.

22. A charge of one-fourth per mille on gold bullion and coin, and of one per mille on silver bullion and coin, shall also be levied for melting or cutting such bullion and coin, so as to render the same fit for receipt into the Mint. . . . The Act also gives power to the Governor-General in Council to make and alter the present rules. The charge for coinage is at the present time the charge fixed by the Act.

The old standard for gold coin in Bengal was 99½ parts of pure gold to ½ parts alloy, and it will be observed that the fineness of the gold bars now sent to India from England and Australia, referred to under head IV. of this memorandum (Statistics of the Production and Use of Gold and Silver), closely approximates to the fineness thus indicated.

Australia and New Zealand.

In Australia and New Zealand gold is the standard as in England. There are branches of the Royal Mint at Sydney, established 14th May 1855, and at Melbourne, established 12th June 1872. No silver is coined at the Australian mints.

Summary of Mint Regulations.

This summary of the mint regulations of the principal countries of the world shows—

1. That down to the year 1871 silver was a principal standard of value in Europe, and that the demonetization of silver by Germany in that year was followed by the closing of the mints of the "Latin Union" against silver in 1874. The "Latin Union" continued in force about seven years and a half, from 1st August 1866 to 30th January 1874.
2. That at the present time the only important mints open to silver without restriction are those of British India and Mexico. The United States also coins a considerable quantity of silver, of this, however, a large portion cannot, even taking the "silver certificates" into account, be said to be in circulation. The other coinages of silver are only of "token" coins.

APPENDIX B. COINAGES IN GREAT BRITAIN, THE AUSTRALIAN COLONIES, FRANCE, GERMANY, THE UNITED STATES, BELGIUM, AND ITALY FROM 1872; IN MEXICO FROM 1837 TO 1885; IN INDIA FROM 1835-36 TO 1884-85.

Mr. Fremantle, the Deputy Master of the Mint, has been so good as to supply me with the following statement, showing the amount of gold and silver coined in Great Britain, the United States, and Germany, from 1872 to 1885 inclusive:—

Year.	Great Britain.		United States.		Germany.
	Gold.	Silver.	Gold.	Silver.	
1872	15,261,442	1,243,836	20,376,495	3,029,834	The total amount of the new coinage from 1871 (the commencement of the new coinage) to 1885 amounted to:— Gold - 1,930,165,525 or 96,508,276 Marks. Silver - 444,491,481 or 22,224,573 Marks.
1873	3,384,569	1,081,674	35,249,337	2,945,795	
1874	1,461,565	890,604	50,442,690	5,083,001	
1875	243,264	594,000	33,553,965	10,070,368	
1876	4,696,649	222,354	38,178,962	19,126,502	
1877	981,469	420,948	44,078,199	28,540,933	
1878	2,265,069	613,998	52,798,980	28,290,826	
1879	35,050	549,054	40,936,912	27,227,882	
1880	4,150,053	761,508	56,157,735	27,942,437	
1881	—	997,128	78,733,864	27,649,967	
1882	—	209,880	80,413,448	27,783,389	
1883	1,403,713	1,274,328	35,936,927	28,835,470	
1884	2,324,015	658,548	27,932,824	28,773,388	
1885	2,978,453	720,918	24,861,124	28,848,960	
Total	39,180,311*	10,238,778	628,701,462 or £125,740,292	295,053,354 or £59,011,671	—

* 24,225,146 from Ingots.
14,955,165 from worn coin.

Mr. Fremantle also has informed me that the amount of worn gold coin re-melted at Tower Hill from 1872 to 1885 (14,955,165*l.*) includes the Australian as well as the British sovereigns and half sovereigns sent in for re-coinage, and that conversely of the amount of light coin sent into the Sydney Mint a large proportion is undoubtedly coined in England, as imperial British gold coin forms a large part of the Australian circulation; and he adds the following interesting statement with respect to the operations of the United States mints mentioned above:—

"The amount of the United States and foreign gold coin received at the United States mints and assay offices from the 1st July 1871 to the 30th June 1885 was—

United States coin	-	-	7,813,192
Foreign coin	-	-	31,660,925
			39,474,117

"The whole of this was not necessarily received for re-coinage, but it was at any rate withdrawn from the circulation of the world."

The operations of the mints at Sydney and Melbourne have been as follows since 1872:—

SYDNEY MINT.

Gold Coin and Bullion Issued.

Year.	Coin.	Bullion Value.	Total Value.
1872	1,903,000	98,728 2 1	2,091,728 2 1
1873	1,478,000	50,063 1 5	1,528,063 1 5
1874	2,025,000	11,611 12 8	2,036,611 12 8
1875	2,122,000	6,517 6 0	2,128,517 6 0
1876	1,613,000	8,292 17 4	1,621,292 17 4
1877	1,590,000	6,656 18 7	1,596,656 18 7
1878	1,322,000	6,276 5 8	1,328,276 5 8
1879	1,413,000	4,888 8 9	1,417,888 8 9
1880	1,409,000	6,48 12 8	1,409,648 12 8
1881	1,391,000	306,649 8 9	1,697,649 8 9
1882	1,324,000	149,005 9 11	1,473,005 9 11
1883	1,218,000	124,610 4 4	1,342,610 4 4
1884	1,595,000	70,591 18 1	1,665,591 18 1
1885	1,436,000	46,978 1 7	1,532,978 1 7
Total	22,099,000	892,121 7 10	22,991,121 7 10

NOTE.—The report from the Sydney Mint includes a statement that from 1876 to 1885, 421,263*l.* in gold coin had been withdrawn from circulation. The withdrawals of light gold in New South Wales begun in 1876. Mr. Fremantle observed to me, with respect to this coin, that a large proportion of it was undoubtedly minted in England, as imperial British gold coin forms a large part of the Australian circulation.

MELBOURNE MINT.

Gold Coin and Bullion Issued.

Year.	Coin.	Bullion Value.	Total Value of Coin and Bullion.
1872*	748,000	3,610 9 7	751,610 9 7
1873	834,500	11,035 6 6	845,535 6 6
1874	1,373,000	10,416 10 0	1,383,416 10 0
1875	1,888,000	13,857 4 8	1,901,857 4 8
1876	2,124,000	14,144 10 1	2,138,144 10 1
1877	1,527,000	13,004 4 9	1,540,004 4 9
1878	2,171,000	14,640 4 10	2,185,640 4 10
1879	2,740,000	6,829 12 11	2,746,829 12 11
1880	3,052,800	7,219 5 10	3,060,019 5 10
1881	2,345,800	44,766 13 0	2,794,566 13 0
1882	2,519,000	789,686 17 11	3,308,686 17 11
1883	2,050,000	1,112,478 5 1	3,162,478 5 1
1884	2,966,000	835,728 8 9	3,801,728 8 9
1885	2,972,000	379,838 18 8	3,351,838 18 8
Total	20,311,100	3,661,256 12 7	32,972,356 12 7

* From 12th June, the day the Mint opened to the public.

NOTE.—The reports from the Melbourne Mint for 1883-1884 state that the greater part of the gold bullion issued (value 1,112,478*l.* 5*s.* 1*d.* in 1883, 835,728*l.* 8*s.* 9*d.* in 1884) consisted "of small bars for export to the East."

The following statements show the coinages of gold and silver in the principal countries composing the Latin Union, France, Belgium, and Italy since the year 1872, including divisional money, which is a token coinage. The silver coinages in five-franc pieces are of full weighted coins in the proportion of 15*l.* to 1.

COINAGE IN FRANCE.

GOLD COINAGE.

1872	-	-	No coinage.
1873	-	-	do.
1874	-	-	972,788
1875	-	-	9,396,480
1876	-	-	7,059,724
1877	-	-	10,207,246
1878	-	-	7,412,724
1879	-	-	984,422
1881	-	-	86,680
1882	-	-	149,680

SILVER (IN FIVE FRANC PIECES).

1872	-	-	15,568
1873	-	-	6,185,966
1874	-	-	2,399,840
1875	-	-	3,000,000
1876	-	-	2,106,453
1877	-	-	658,571
1878	-	-	72,857

SILVER. DIVISIONAL MONEY.

1872	-	-	1,057,967
1881	-	-	269,338
1882	-	-	46,394

COINAGE IN BELGIUM.

GOLD COINAGE.

1874	-	-	2,437,080
1875	-	-	3,307,400
1876	-	-	1,655,746
1877	-	-	4,724,856
1878	-	-	2,044,320
1882	-	-	417,848

SILVER (IN FIVE FRANC PIECES).

1872	-	-	409,000
1873	-	-	4,468,192
1874	-	-	480,000
1875	-	-	596,188
1876	-	-	431,977

SILVER. DIVISIONAL MONEY.

None in years 1867 to 1880.

1880	-	-	31,221
1881	-	-	8,779

COINAGE IN ITALY.

GOLD COINAGE.

1872	-	-	2,644
1873	-	-	816,166
1874	-	-	236,777
1875	-	-	89,778
1876	-	-	86,182
1877	-	-	197,918
1878	-	-	253,811
1879	-	-	117,173
1880	-	-	103,626
1881	-	-	674,422
1882	-	-	5,580,922
1883	-	-	162,700
1884	-	-	12,884

SILVER (IN FIVE FRANC PIECES).

1872	-	-	1,424,476
1873	-	-	1,690,957
1874	-	-	2,400,000
1875	-	-	2,000,000
1876	-	-	1,278,069
1877	-	-	881,931
1878	-	-	360,000
1879	-	-	800,000

SILVER. DIVISIONAL MONEY.

None between 1868 and 1881. Since that date as follows:—

1881	-	-	331,263
1882	-	-	228,737
1883	-	-	280,217
1884	-	-	439,783

[The franc converted as 25 = 1*l.* in these statements.]

Mr. John T. Denniston has been so good as to supply me with information respecting the coinages of the Mexican Mint, from which I have prepared the following statement. The great importance of the Mexican coinage has caused me to carry the table back as far as the records extend. The columns showing the annual average coinages both of gold and silver will be of assistance in enabling us to trace the relative movements of these coinages. It will be observed that the average coinages of gold have decreased in recent years, and those of silver have increased.

STATEMENT OF MEXICAN COINAGE FROM 1537 TO 1885.

Period.	No. of Years.	Silver.	Annual Average of Coinage in Silver.	Gold.	Annual Average of Coinage in Gold.
1537-1731	195	150,413,491	771,000	1,639,590	8,700
1732-1771	40	88,325,812	2,208,000	3,977,802	99,400
1772-1821	50	177,712,797	3,554,000	8,078,289	161,500
1822-1856	35	90,371,008	2,582,000	5,022,826	160,600
1857-1867	11	36,321,193	3,302,000	2,147,208	195,100
1868-1878	11	40,673,951	3,697,000	1,809,544	163,600
1878-1879	1	4,432,507	4,433,000	131,641	131,600
1879-1880	1	4,803,705	4,804,000	104,365	104,300
1880-1881	1	4,923,479	4,923,000	98,413	98,400
1881-1882	1	5,029,252	5,029,000	90,518	90,500
1882-1883	1	4,816,784	4,817,000	81,520	81,500
1883-1884	1	5,075,475	5,075,000	65,739	65,700
1884-1885	1	5,168,145	5,168,000	84,650	84,600
Total	349	618,967,719	—	23,983,105	—

The dollar converted as 5 = 4*l.* in this statement.

Mr. Denniston has forwarded me also the following statement:—

"It is calculated that the yearly gold coinage of Mexico may be valued at 600,000 to 700,000 dollars. I have no data before me in regard to the exportation of bar silver and silver ore, but the legal exportation may be estimated at over 2,000,000 dollars per annum. It may be presumed also that a similar amount in bar silver is smuggled every year out of the country. I calculate the yield of silver from the mines of the Republic at 25,000,000 dollars per annum, although there have been years when the production has exceeded 27 millions."

Mr. H. H. Gibbs has likewise been so good as to forward me the following information respecting Mining Industry in Mexico:—

"Mining is the most important industry in Mexico, and although it has been carried on for numbers of years in the country, it may yet be said that it is still in its infancy. In fact our miners continue unacquainted with the machinery used, for instance, by the United States, which serves to a supply of air to the great depths to open adits with facility, raise the ores, grind and beneficiate them. The powerful engines used for draining are only known but in few of the Mexican mines. As soon as our Republic shall have succeeded in bringing about the establishment of large companies for working our mines, with all the modern appliances, the production of silver in this country will exceed that which is actually obtained by the United States."

"We have before us an extract from the report presented by the Director of Mints in the neighbouring Republic, corresponding to 1881, to which was added a scientific and technical description, by the mining engineer, Mr. Charles Tale, on the apparatus for the extraction and treatment of precious metals."

"From this extract we take the following data of the silver produced in the United States during the already mentioned year 1881, viz., a total of 43,000,000 dollars."

"The comparison between the above data and those shown by the Mexican mints in the fiscal year 1880-81 is not unfavourable, considering the want of capital required to give impulse to works and adequate machinery, viz., a total of 24,617,395 dollars. The production of silver in Mexico admits of great development by the system used in the United States, even carried to the extent of yearly production of 150,000,000, justly calculated by Mr. Romero in his answer to Mr. Foster."

(This information is derived from Messrs. Barron, Faber, and Co.)

Mexico, April 1886.

The particulars as to coinages in India of silver and gold, from the years 1835-36 to 1884-85, will be found in statements E. and F. It will be observed that the re-coinage of the silver coins has amounted to more than 8*l.* per cent. of the quantity coined.

III.

OPINIONS OF SOME ENGLISH STATESMEN AND ECONOMISTS ON THE STANDARD OF VALUE, AND SOME OF THE PROPOSALS FOR THE COINAGE OF SILVER AS A STANDARD SINCE 1816.

As the Act of 1816 which virtually regulates the standard of value in England (that of 1870 carrying on the same principle) was founded on the opinions expressed by Lord Liverpool, it will now be desirable to give some extracts from his writings, showing the basis on which his opinions rested, and the authorities on which he relied. Lord Liverpool says:—

"The Money or Coin of a country is the standard measure, by which the value of all things, bought and sold, is regulated and ascertained;—and it is itself, at the same time, the value, or equivalent, for which goods are exchanged, and in which contracts are generally made payable.—In this last respect Money, as a measure, differs from all others; and to the combination of the two qualities before defined, which constitute the essence of Money, the principal difficulties, that attend it, in speculation and practice, both as a measure and an equivalent, are to be ascribed. These two qualities can never be brought perfectly to unite and agree; for if Money were a measure alone, and made like all other measures of a material of little or no value, it would not answer the purpose of an equivalent. And if it is made, in order to answer the purpose of an equivalent, of a material of value, subject to frequent variations, according to the price at which such material sells at the market, it fails on that account in the quality of a standard or measure, and will not continue to be perfectly uniform; and at all times the same"

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"Coins made of Gold or Silver, or of any other metal, whether considered as a measure or equivalent, are however subject to the following imperfections.

"As each of these metals varies in its value with respect to the commodities, for which it is exchanged, so it will vary for the same reason also in its value, in successive periods, even with respect to itself; and this variation is occasioned by the greater or less quantity that may happen to be at different times in the market, or in circulation. Any given quantity or weight of Gold or Silver is at present of much less value, than the same quantity or weight before the discovery of the mines of America. And if any commodity is either manufactured or produced at present, in exactly the same quantity as it was in the reign of Henry VII., when these mines were first discovered, and the demand for this commodity should be equal, a pound of Gold or Silver will not purchase as much of it now as it would have purchased in the former period. Coins are, on that account, an imperfect measure, though they are made of one metal only.

"But if Coins are made of two of these metals, a second imperfection is then introduced; for any two of these metals in successive periods, vary in value with respect to each other. The value of fine Gold, compared with that of fine Silver, was rated, in the forty-third of Elizabeth, at less than 11 to 1, at the English Mint. But when guineas were first coined in 1663, the value of fine gold, compared with that of fine silver, was rated in the English Mint at $14\frac{2}{3}$ to 1. Guineas were then coined as 20 Shilling Pieces, and declared by the Mint indenture to be current as such. They have since been made current by Proclamation as 21 Shilling Pieces. The relative value, therefore, of fine gold to fine silver in the coins of this kingdom is now as $15\frac{2}{3}$ to 1. And in the Mints of several foreign countries, the value of Gold, compared with that of Silver, is rated still higher. These metals will also occasionally vary in their value, even at the same time, in different countries; and Exchange Brokers, and many Bankers, are induced, on this account, to carry on a traffic in these metals, and in the Coins made of them, to their own profit, and to the loss of others.

"If the Sovereign takes upon himself to determine the rate or value, at which Coins made of different metals shall at the same time pass in currency, a third imperfection is introduced into the system; for it is not possible that he should be able to pursue, with sufficient accuracy, the various fluctuations and changes, that may in a short time happen, in the relative values of these different metals. Their prices at the market will therefore frequently differ from the rate, at which he has valued them in his Coins; and when Coins made of different metals are equally legal tender, there will of course be two measures of property, differing occasionally from each other. A profit will always in such case be made by those who traffic in Coins, by exchanging that Coin, which has the least intrinsic value, for that which has the greatest. The debtor will find it his interest to make his payments in the Coin made of that metal which is overvalued at the Mint; and such Coins as are made of the metal undervalued at the Mint, will always be melted down and exported."—(*Lord Liverpool's Letter to the King on the Coins of the Realm*, pp. 8–11. Edition, 1805.)

Lord Liverpool then proceeds to quote the highest authorities known in his time. As the dates when these writers lived are of interest, it is as well to mention that Charles Jenkinson, the first Earl of Liverpool, was born in 1727 and died in 1808. Sir William Petty, the ancestor of the Marquess of Lansdowne, was born in 1623 and died in 1687. The well-known John Locke was born in 1632 and died in 1704. Joseph Harris, Assay Master of the Mint, died in 1764. They were amongst the highest authorities on these subjects at the time Lord Liverpool wrote—

"Sir William Petty, Mr. Locke, and Mr. Harris, are decidedly of opinion that the Coins, which are to be the principal measure of property must be made of one metal only; and it has been assumed that their opinion on this point is too well founded to be shaken. Lest, however, this assumption should be supposed to have been premature, I will here insert the passages themselves, which so fully justify it.

"Sir William Petty observes, 'that money is understood to be the uniform measure of the value of all commodities;' and then adds 'that the proportion of value between pure Gold and fine Silver alters, as the earth and industry of men produce more of one than the other. That Gold has been worth but 12 times its own weight of Silver, but that of late it has been worth 14; so there can be but one of the two metals of Gold and Silver to be a fit matter for money.'

"Mr. Locke observes, 'that two metals, as Gold and Silver, cannot be the measure of commerce both together in any country; because the measure of commerce must be perpetually the same, invariable, and keeping the same proportion of value in all its parts; but so only one metal does and can do to itself. An ounce of Silver is always of equal value to an ounce of Silver, and an ounce of Gold to an ounce of Gold; but Gold and Silver change their value one to another; and one may as well make a measure, namely a yard, whose parts lengthen and shrink, as a measure of trade, of materials, that have not always a settled unvariable value to one another. One metal, therefore, alone can be the Money of account and contract, and the measure of commerce in any country.'

"Mr. Harris says, 'that one only of these metals, that is, Gold or Silver, can be the Money or standard measure of commerce in any country; for the standard measure must be invariable, and keep the same proportion of value in all its parts. Such is Silver with respect to Silver, and Gold to Gold. But Silver and Gold with respect to one another are like other commodities, variable in their value, according as the plenty of either may be increased or diminished; and an ounce of Gold, that is worth a given quantity of Silver to-day, may be worth more or less Silver a while hence. It is therefore impossible, that both these metals can be a standard measure of the value of other things at the same time.'—(*Lord Liverpool's Letter to the King on the Coins of the Realm*, pp. 113–115, Edition 1805.)

The following remarks on the currency are by Mr. Huskisson, born in 1770, died in 1830:—

"The various definitions of the word money, and the different acceptations in which that word is used in the ordinary transactions of life, have contributed to produce much of the doubt and uncertainty which prevail at this moment respecting the state of our currency.

"Money, in the popular sense, is frequently considered as having no other value than one purely arbitrary and conventional. It is sometimes defined to be the representative of all other commodities, and sometimes the common measure of them. These definitions are both incomplete, as applied to money; because they are equally applicable to every description of currency, whether consisting of the precious metals, of paper, or of any other article.

"It is of the essence of money to possess intrinsic value. The quality of representing commodities does not necessarily imply intrinsic value; because that quality may be given either by confidence or by authority. The quality of being a common measure does not necessarily imply intrinsic value, any more than the possession of a foot rule implies the power of acquiring whatever it enables us to measure.

"Money, or a given quantity of gold or silver, is not only the common measure, and common representative of all other commodities, but also the common and universal equivalent.

"Paper currency has obviously no intrinsic value.

"A promissory note, under whatever form, or from whatever source it may issue, represents value. It does so, inasmuch as it is an undertaking to pay, in money, the sum for which it is issued.

"The money, or coin of a country, is so much of its capital. Paper currency is no part of the capital of a country, it is so much circulating credit.

"Whoever buys, gives; whoever sells, receives such a quantity of pure gold or silver as is equivalent to the article bought or sold; or, if he gives or receives paper instead of money, he gives or receives that which is valuable only as it stipulates the payment of a given quantity of gold or silver. So long as this engagement is punctually fulfilled, paper will, of course, pass current with the coin with which it is thus constantly interchangeable. Both money, therefore, and paper, promissory of money, are common measures and representatives of the value of all commodities. But money alone is the universal equivalent; paper currency is the representative of that money.

"Of paper currency, however, there are two sorts; the one resting upon confidence, the other upon authority. Paper resting upon confidence is what I have described as circulating credit, and consists in engagements for the payment on demand of any specific sums of money; which engagements, from a general trust in the issuers of such paper, they are enabled to substitute for money in the transactions of the community. Paper, resting upon authority, is what in common language is called paper money, and consists in engagements issued and circulated under the sanction and by the immediate intervention of the public power of the State.

"Paper, such as alone used to be current in Great Britain before the restriction on the Bank, was strictly circulating

credit. The paper currency in Austria, Russia, &c. is properly denominated paper money.

"The division and subdivision of the precious metals into various shapes and sizes, the proportion of alloy mixed with them in the coins of different countries; the stamp affixed upon such coins, and the names by which they pass current, are things in their nature arbitrary, and subject to such regulations as may be made by the sovereign power of each independent State. By any alterations in these particulars the price of all other commodities, or, in other words, the amount or denomination of money in which their value is stated, may be altered; but these changes cannot affect the relation which the value of the bullion contained in the coin bears to that of such commodities.

"Price, therefore, is the value of any given article, in the currency, by reference to which that article is measured, and must of course be varied by any variation in the quantity of gold or silver contained in such currency."

From *The Question concerning the Depreciation of our Currency stated and examined*. Pamphlet by W. Huskisson, M.P. pp. 1–4, 1810.

The late Sir Robert Peel, born in 1788, died in 1850, was trained in the school of statesmen who followed the opinion of Lord Liverpool. Sir Robert Peel's best-known statement on the standard of value is contained in his speech in the House of Commons on the Bank Charter Act of May 6th, 1844. He expressed himself as follows:—

"Now, I fear, there is not a general agreement on those fundamental principles—that there is still a very material difference of opinion as to the real nature and character of the Measure of Value in this country. My first question, therefore, is, What constitutes this measure of value? What is the signification of that word 'a Pound,' with which we are all familiar? What is the engagement to pay a 'Pound'? Unless we are agreed on the answer to these questions, it is in vain we attempt to legislate on the subject. If a 'Pound' is a mere visionary abstraction, a something which does not exist either in law or in practice, in that case one class of measures relating to Paper Currency may be adopted; but if the word 'Pound,' the common denomination of value, signifies something more than a mere fiction—if a 'Pound' means a quantity of the precious metals of certain weight and certain fineness—if that be the definition of a 'Pound,' in that case another class of measures relating to Paper Currency will be requisite. Now, the whole foundation of the proposal I am about to make rests upon the assumption that, according to practice, according to law, according to the ancient monetary policy of this country, that which is implied by the word 'Pound' is a certain definite quantity of gold with a mark upon it to determine its weight and fineness, and that the engagement to pay a Pound means nothing and can mean nothing else than the promise to pay to the holder, when he demands it, that definite quantity of gold. What is the meaning of the 'Pound' according to the ancient monetary policy of this country? The origin of the term was this:—In the reign of William the Conqueror, a pound weight of silver was also the pound of account. The 'Pound' represented both the weight of metal and the denomination of money. By subsequent debasements of the currency a great alteration was made, not in the name, but in the intrinsic value of the Pound sterling; and it was not until a late period of the reign of Queen Elizabeth that silver, being then the standard of value, received that determinate weight which it retained without variation, with constant refusals to debase the standard of silver until the year 1816, when gold became the exclusive standard of value. The standard of silver was fixed about 1567; but in 1717 the value of the guinea was determined to be 21s.; and, for a certain period, both gold and silver constituted the mixed standard of value. In the year 1774, it being then enacted that no legal contract should be discharged in silver for any sum of more than 25*l.*, gold became substantially the measure of value, and so it continued to be legally and practically until 1797, when that fatal measure for restricting cash payments by the bank was passed, and parties were enabled to issue, at their discretion, Paper Money not convertible into coin at the will of the bearer. From 1797 to 1810, public attention was not much directed to this important subject; but in 1810, men of sagacity observed that the exchanges had been for a considerable period unfavourable to this country—more unfavourable than could be accounted for by the balance of trade, or the monetary transactions of the country. A Committee was appointed to inquire into the subject, and opinions, not really novel, but at that time very startling, were enounced, to the effect that the 'Pound' meant, in fact, nothing else than a definite quantity of the precious metals, and that those who promised to pay a Pound ought to pay that quantity."

"Now, no one contends that there is or can be an

absolutely fixed and invariable standard of value. No one denies that the value of gold, with reference to all commodities, excepting gold itself, may be subject to slight variations. But what other substance is not more subject to variations in value than the precious metals? What other substance possessing intrinsic value will not also be in demand as an article of commerce? It is because gold is an article of commerce, because there are no restrictions upon its export or its import, that you can at all times depend upon such a supply of gold for the purposes of coin as may be sufficient for the wants of this country. The precious metals are distributed among the various countries of the world in proportion to their respective necessities, by laws of certain, though not very obvious operation, which, without our interference, will allot to our share all that we require. Some entertain the apprehension that we may be drained of all our gold in consequence of a demand for gold from foreign countries either for the payment of their armies in time of war, or in consequence of sudden and unforeseen demand for foreign coin for our own internal consumption. It is supposed that gold, being an article in universal demand, and having at all times and in all places an ascertained value, is more subject to exportation than anything else. But the export of gold, whether coin or bullion, is governed by precisely the same laws by which the export of any other article is governed. Gold will not leave this country, unless gold be dearer in some other country than it is in this. It will not leave this country, merely because it is gold, nor while there is any article of our produce or manufacture which can be exported in exchange for foreign produce with a more profitable return. If gold coin be in any country the common medium of exchange; or if the promissory notes which perform, in part, the functions of gold coin, are at all times, and under all circumstances, of equal value with gold, and are instantly convertible into gold; there are causes in operation which, without any interference on our part, will confine within known and just limits the extent to which gold can be exported. There may, no doubt, be temporary pressure from the export of gold, even when it is confined within those limits; but none for which you may not provide, none to which you would not be subject, in a higher degree, probably, were any other standard of value adopted in preference to gold. I have thus stated the grounds which justify the conclusion, that, according to the ancient monetary policy of the country, according to the law, according to the practice that prevailed at all times, excepting during the period of inconvertible paper currency, a certain quantity of the precious metals, definite in point of weight and fineness, has constituted, and ought to constitute, the measure of value."

"It must, at the same time, be admitted that it would be quite consistent with that principle to adopt some other measure of value than that which we have adopted. It would be consistent with that principle to select silver instead of gold as the standard,—to have a mixed standard of gold and silver, the relative values of the two metals being determined,—to dispense with gold coin altogether, and regulate the amount of paper currency by making it convertible only, according to the proposal of Mr. Ricardo, into gold bullion of a given minimum amount. I trust, however, this House will adhere to the present standard,—will resolve on the maintenance of a single standard, and of gold as that standard. All the great writers on this subject, Sir William Petty, Mr. Locke, Mr. Harris, and Lord Liverpool, have been decidedly in favour of a single, in preference to a double standard. Mr. Locke, indeed, was of opinion that silver ought to be the standard, but there appears good ground to doubt the soundness of that opinion; and there are, at any rate, the most cogent reasons, since gold has been for a long course of years the standard in this country, for the continued maintenance of it. They are well stated in the admirable Treatise on Coins, written by the first Lord Liverpool. In that treatise a system of coinage is recommended which is in exact conformity, both in point of principle and detail, with the system which we have adopted. Lord Liverpool observes:—

"After full consideration of this extensive, abstruse, and intricate subject, I humbly offer to Your Majesty as the result of my opinion,

"First. That the coins of this Realm, which are to be the principal measure of property and instrument of commerce, should be made of one metal only.

"Secondly. That in this kingdom the gold coins only have been for many years past, and are now, in the practice and opinion of the people, the principal measure of property and instrument of commerce."

"It has been shown that, in a country like Great Britain, so distinguished for its affluence and for the extent of its commercial connexions, the gold coins are best adapted to be the principal measure of property; in this kingdom,

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therefore, the gold coin is now the principal measure of property and standard coin, or, as it were, the sovereign archetype by which the weight and value of all other coins should be regulated. It is the measure of almost all contracts and bargains; and by it, as a measure, the price of all commodities bought and sold is adjusted and ascertained. For these reasons the gold coin should be made as perfect, and kept as perfect, as possible.

"Thirdly. It is evident that where the function of the gold coins as a measure of property ceases, there that of the silver coin should begin; and that where the function of the silver coins in this respect, ceases, there that of copper should begin; it is clear, therefore, that so far only these silver and copper coins should be made legal tender and no further, at least not in any great degree: and it follows that the coins, both of silver and copper, are subordinate, subservient, and merely representative coins, and must take their value with reference to the gold coins according to the rate which the sovereign sets upon each of them.

"These are, in fact," Sir Robert Peel continued, "the principles which regulate our present coinage. We have a single standard, and that standard gold,—the metal which was practically the standard for many years previously to the suspension of cash payment. The silver coin is a mere token, auxiliary and subordinate to the gold coin; the ounce of silver being now coined into 66s. instead of 62s., and silver coin not being a legal tender for any greater sum than 40s."—Speech on Bank Charter, House of Commons, May 6, 1844.

There have been apparently only two occasions on which there has been any serious proposal made in the House of Commons to question the expediency of the restriction of the use of silver to being token money. The first of these was on 20th May 1830, when Mr. Attwood proposed the use of silver coins, to be "coined in the relative proportion of 15²/₁₆ lb. weight of sterling silver to 1 lb. of sterling gold," as legal tender to an unlimited amount. Mr. Attwood is mentioned as having intended to propose a resolution to this effect on the date mentioned, but it appears to have dropped.

The second was 4th July 1844, when, on the order of the day for the third reading of the Bank Charter Bill, Mr. Wodehouse rose to move the insertion of a clause to the effect "That any sum, not exceeding the sum of 25l. at any one time, shall be reputed in law or allowed to be a legal tender within Great Britain or Ireland, according to its value by weight after the rate of 5s. 2d. for each ounce of silver." It is stated, however, that Mr. Wodehouse subsequently withdrew his motion, as the sense of the House appeared to be against it.

The only English statesman who can be quoted as holding, of recent years, a different opinion as to the desirability of employing more than one of the precious metals as the standard of value in this country was Mr. Alexander Baring, the first Lord Ashburton, who lived a generation later than Lord Liverpool, and is best known, perhaps, as the negotiator of the "Ashburton" Treaty with the United States.

Lord Ashburton (formerly Mr. Alexander Baring) gave evidence 26 April 1828, before the "Committee of the Privy Council for Coin" at the Board of Trade. He was asked "Is it your impression that it is possible and desirable to maintain in this country a silver currency as a legal tender, founded on the proportion of silver to gold, established in the currency of France, or something very near it, at the same time that we maintain our present silver currency, which is obviously not in that proportion, and that there would be an advantage in that system"; and he answered "I have always thought so, and certainly think so still. I have no doubt about it. . . . I can see no difficulty whatever in the co-existence of a silver coinage as a legal tender, in the proportion, or nearly the proportion now existing in France, with the present silver coinage, remaining as a token, and provided the limitation continues as to the amount; with this precaution, I feel quite confident there can be nothing to prevent those two silver coinages existing together. . . . you might continue the silver now out, which now exists as a token silver coinage. There would then be the present gold coin and the new silver coin as legal tenders."

Further on in his evidence Lord Ashburton said, "that the reasons he had mentioned have invariably induced me to think that we made a great mistake at the last settlement of our currency in departing from our old system of the double legal tender."—Minutes of Evidence taken before the Committee for Coin, at the Board of Trade, 1828.

The reasons for this opinion are stated at considerable length in the evidence, which was printed by order of the

House of Commons, 12 February 1830–31, reprinted 29 August 1848.

Lord Beaconsfield (then Mr. Disraeli) called attention in his speech on November 19, 1873, at Glasgow, to the great disturbance of trade which would inevitably, in his opinion, result from the alterations in the standard of value recently made at that date by several of the most important countries of Europe. He stated, "I attribute the great monetary disturbance that has occurred, and is now to a certain extent acting very injuriously to trade—I attribute it to the great changes which our Governments in Europe are making with reference to their standard of value. . . . When the various States of Europe suddenly determined to have a gold standard, and took steps to carry it into effect, it was quite evident we must prepare ourselves for great convulsions in the money market, not occasioned by speculation or any old cause which has been alleged, but to a new cause with which we are not yet sufficiently acquainted, and the consequences of which are very embarrassing."—From Report of Speech of Mr. Disraeli (Lord Beaconsfield) at the City Hall, Glasgow, in "Times" of November 20, 1873.

The double standard was discussed by the late Professor W. S. Jevons (born 1st September 1834, died 13th August 1882). The following statement is taken from his work on Money:—

"I have is no doubt whatever that M. Wolowski is theoretically quite correct in what he says about the compensatory action of the double standard system. English writers seem completely to have misunderstood the question, asserting that the system exposes us to the extreme fluctuations of both metals. No doubt when gold and silver are both legal tenders to unlimited amounts, there will be a tendency to pay in that metal which is over-rated in the legal ratio of 15¹/₂ to 1. Only when the price of standard silver is exactly 5s. 0¹/₁₆d. per ounce is it a matter of indifference in France whether a debt be paid in gold or silver, and this exact price has only been quoted a few times in the London market in the last thirty years. Accordingly it has been urged that the double standard is not really a double one, but only an *alternative gold and silver standard*. When silver is lower in price than 5s. 0¹/₁₆d. per ounce, silver becomes the standard; when silver rises above this price, gold takes its place as the real measure of value.

"So far the English economists are no doubt correct; but, in the first place, it does not follow that the prices of commodities follow the extreme fluctuations of value of both metals, as many writers have inconsiderately declared. Prices only depend on the course of the metal which happens to have sunk in value below the legal ratio of 15¹/₂ to 1."—*Money and the Mechanism of Exchange*, pp. 137–8. By W. Stanley Jevons.

In this volume, Professor Jevons, after referring to the opinions of Locke and other English economists on the standard of value, states that—

"A little reflection must show that MM. Wolowski and Courcelle-Seneuil are quite correct in urging that a *compensatory* or, as I should prefer to call it, *equilibratory action*, goes on under the French currency law, and tends to maintain both gold and silver more steady in value than they would otherwise be. If silver becomes more valuable than in the ratio of 1 to 15¹/₂ compared with gold, there arises at once a tendency to import gold into any country possessing the double standard, so that it may be coined there, and exchanged for a legally equivalent weight of silver coin to be exported again. This is no matter of theory only, the process having gone on in France until the principal currency, which was mainly composed of silver in 1849, was in 1860 almost wholly of gold. France absorbed the cheapened metal in vast quantities and emitted the dearer metal, which must have had the effect of preventing gold from falling and silver from rising so much in value as they would otherwise have done. It is obvious that, if gold rose in value compared with silver, the action would be reversed; gold would be absorbed and silver liberated. At any moment the standard of value is doubtless the one metal or the other, and not both; yet the fact that there is an alternation tends to make each vary much less than it would otherwise do. It cannot prevent both metals from falling or rising in value compared with other commodities, but it can throw variations of supply and demand over a larger area, instead of leaving each metal to be affected merely by its own accidents.

"Imagine two reservoirs of water, each subject to independent variations of supply and demand. In the absence of any connecting pipe the level of the water in each reservoir will be subject to its own fluctuations only. But if we open a connexion, the water in both will assume a certain mean level, and the effects of any excessive supply or demand will be distributed over the whole area of both reservoirs. The mass of the metals, gold and silver, cir-

culating in Western Europe in late years, is exactly represented by the water in these reservoirs, and the connecting pipe is the law of the 7th Germinal, an XI. which enables one metal to take the place of the other as an unlimited legal tender."—*Money and the Mechanism of Exchange*. By W. Stanley Jevons, pp. 139–40. Published 1875.

While expressing himself thus, however, Professor Jevons cannot be considered as an advocate for the employment of the double standard in this country.

In writing on the subject at another time, Professor Jevons said "the question of bimetallism is one which does not admit of any precise simple answer. It is essentially an indeterminate problem." . . . "Unless clear reasons, then, can be shown why silver should be more constant in its circumstances of production than gold, there is no ground for thinking that a bimetallic gold and silver money will afford a more steady standard of value than gold alone." . . . and, in considering minor modifications Professor Jevons stated it "appears to be altogether out of the question that the English Government should contemplate the abandonment of the gold standard."—(*Investigations in Currency and Finance*, W. S. Jevons, pp. 317, 318, 326. Collected and published in 1884.)

The opinions quoted above are taken from amongst English sources alone. The statement is by no means exhaustive, no reference having been made to the many

Production of Precious Metals, commencing with Discoveries in America, from 1492.

The following quotation is taken from "Tooke and Newmarch's History of Prices," Vol. VI., p. 368.

TABLE 4.—PRODUCE AND CONSUMPTION OF GOLD AND SILVER, 1492–1829. Summary of the Conclusions adopted by Mr. Jacob, and described in the preceding details.

1. Produce of Period.	2. Annual Average.	3. Periods.	4. Exported to India and other parts of Asia.		6. Converted into Articles of Use and Ornament.		8. Loss by Wear of Coins, Casualties, &c.		10. Existing in form of Coin at end of each Period.	11. Total Quantity of Coin accumulated from Period to Period.
			Total.	Annual Average.	Total.	Annual Average.	Total.	Annual Average.		
Million £ 177·0	—	1492–1600	Million £ 11·0	Million £ 13	Million £ 28·0	Million £ 26	Million £ 5·0	Million £ 4	Million £ 130·0	Million £ 130·0
237·0	3·4	1601–1700	33·0	33	60·0	60	77·6	77	167·0	297·0
880·0	8·0	1701–1800	352·0	3·20	3·20	3·20	93·0	84	83·0	380·0
103·0	5·1	1810–1829	40·0	2·00	112·0	5·61	18·0	90	67·0	313·0
1497·0			439·0		552·0		193·0			

NOTE.—Column 11 represents the total quantity of gold and silver coin estimated to be in existence in Europe, Africa, and America, at the end of each period. The 177·0 millions in column 1 includes of necessity the stock of 53·4 millions in 1492.

[MEMORANDUM by R. H. INGLIS PALGRAVE on the above statement.

It will be observed that, according to Mr. Jacob, the stock of gold and silver existing in coin in Europe, Africa, and America, to which this statement refers, had diminished in the period from 1810–1829 by 67,000,000l.

The estimate is (Col. 4) Exported to India, &c. 40,000,000
(Col. 6) Articles of use and ornament - - - 112,000,000
(Col. 8) Loss by wear of coins, &c. - - - 18,000,000
170,000,000
Deduct (Col. 1) Produce of period - 103,000,000
(Col. 10) Existing in form of coin, thus less - 67,000,000]

STATEMENT of the conclusions arising out of Mr. Jacob's data.

"The conclusions which are justified by the facts set forth in these Tables seem to admit of being stated as follows:—

"1. That until the year 1521 the annual additions made to the previously existing quantities of Gold and Silver in Europe (and say Africa), those additions being chiefly Gold, were not of a magnitude to produce great or sudden effects.

"2. That from 1521 to 1545, the disturbance of the previous state of things began to be felt in consequence of the large annual supplies, chiefly of Silver, obtained in Peru and Mexico.

"3. That this disturbance was greatly increased between

recent works on the subject. There is also a copious literature from French, German, and American writers, which might be consulted with advantage.

IV.

STATISTICS OF THE PRODUCTION AND USE OF GOLD AND SILVER.

There have been two periods in which great discoveries of the precious metals have taken place within historical times, of which any records have been kept. The first dates from the discoveries in America from 1492, the second from the discovery of the goldfields in Australia and California, commencing with 1848.

It will be advisable to compare the history of what occurred at the former date with what took place at the later. The earlier discoveries were followed by an immense expansion of prices. This expansion appears on the whole to have been maintained. Some information might be obtained by comparing the course of events at the present time with what occurred then.

The following statement, which is a summary of the conclusions arrived at by Mr. Jacob with Mr. Newmarch's comments thereon, shows the description of investigation needed for this purpose. These statements may be compared with the estimates made by Professor Soetbeer, and other statisticians of the productions of gold and silver in the present century.

1546 and 1577, by the large supplies of Silver readily obtained from the Potosi Mine, and by the increase of the supplies of Gold and Silver from other parts of America.

"4. That the discovery, about 1571, of an abundant supply of Quicksilver, and its efficacious application to the processes of Silver Mining, does not appear to have done more than counteract, to a greater or smaller extent, the increasing cost of obtaining the precious metals, more particularly silver, in consequence of the comparative exhaustion of the sources of supply.

"5. That, adopting the general supposition of the cessation, about 1640, of the Decline in the value of the Precious Metals as compared with Commodities, it would appear that that cessation took place at a point—(1) when the amount of gold and silver coin (in Europe and America), say 160,000,000l. sterling, was probably equal to no more than one-third of the amount to which it had attained in the course of the 18th century; and (2) when the quantity of Gold and Silver in the form of articles of use and ornament, say 60,000,000l., was probably equal to no more than one-fifth of the quantity so existing during the second half of the 18th century.

"6. That after the same culminating date of 1640, the Average Annual supplies of Gold and Silver reached, and maintained for a century a magnitude certainly twice as great as the average annual supply existing in the year 1640.

"7. That as a consequence of these premises it would appear that, subsequent to, say 1640, the operation among others, of four principal causes, viz.: (1) the export of gold and silver, but chiefly silver, to India and the east, in payment for Asiatic products; (2) the consumption of gold and silver for purposes of use and ornament; (3) the increase of population and production, and extension of commercial intercourse into new regions requiring a con-

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stantly increasing supply of coin to maintain the former level of prices; and (4) the annual loss by abrasion and casualties on the large quantity of gold and silver in use—were sufficiently powerful to maintain such an exact equilibrium between the Average Annual Supply of and the Average Annual Demand for the Precious Metals as to counteract any tendency to a fall in their value as compared with commodities.”—(Tooke and Newmarch's History of Prices, Vol. VI., pp. 369-370.)

Production of Precious Metals, commencing with discoveries in Australia from 1848.

It would be instructive to compare the changes of prices which followed the discoveries which commenced in the sixteenth century with what has occurred since 1848, bearing in mind the great alterations in the mode of conducting business which have taken place since. The whole of the vast system of credit and of modern banking, paper circulation, &c. has gradually come into play since the earlier period.

With respect to the production of the precious metals since the great discoveries in Australia and California the following statements of quantities and employment for them, derived from statistics prepared by Dr. Adolph Soetbeer in his recent publication “Materialien zur Erläuterung und Beurtheilung der wirtschaftlichen Edelmetallverhältnisse und der Währungsfrage,” No. 9, are quoted here as suggesting subjects for inquiry.

The first, marked Table 5, gives an estimate of the average annual production of the precious metals from 1851 to 1884. The second, marked Table 6, gives a statement of the estimated alterations in the stock of gold and silver in money in civilized countries during the same period. The third, marked Table 7, gives the coinages for the same years in the same countries. The fourth, Table 8, gives an estimate of the consumption of the precious metals in the arts and manufactures during the last four years. The fifth, Table 9, shows the relative value of gold to silver for the years 1701 to 1884.

It will be observed that the coinages of gold recorded have been considerably larger than the estimated production, and that this has been also the case with silver also, even to a larger extent, further that the stock of silver in existence in civilized countries is estimated as being smaller now than in 1850.

While the stock of silver is thus believed to be less, the price of silver is considerably lower, and the recorded consumption has considerably exceeded the recorded supply, even without taking the coinage of Mexico, which has been large, into account. The price of silver, with a great quantity of other valuable information relating to the trade of India, is dealt with in a statistical statement prepared by Mr. C. C. Prinsep, of the India Office Statistical Department, printed with this memorandum. This statement shows also the flow of the precious metals to India since 1835-36.

Imports of Gold into India.

It will be observed from Statements E. and F. (Tables referring to India at the close of the memorandum) that the imports of gold into India have of late years increased while those of silver have diminished. In connexion with this last-named point the following extract from the last report of the Deputy Master of the Mint should be read.

“It may also be mentioned that there is a considerable demand for small ingots of fine gold, of the weight of 10 ounces, for India, not less than 1,400,000*l.* of such ingots having been shipped during the last year. They are believed to be destined for the treasuries of Native States, and are accepted without re-assay.”—Page 90, Fifteenth Report of the Deputy Master of the Mint, 1884.)

With respect to the importation of small bars of fine gold into India, I have been favoured with the following information from Sir Hector M. Hay:—

“The sending of small gold bars to India is by no means a new operation, as ever since 1870 considerable sums have been exported thither, though I cannot be quite certain that the whole of the shipments in the earlier years were in form of 10 oz. bars.

“But certainly since 1874 all the gold sent from England has been in this form, viz., bars, each weighing 10 ounces Troy exactly, and the quality 997·4 millimes. as nearly as possible. I should mention that the bars are all stamped “100 touch” in native characters, and also bear the name of the Indian Bank by which they are sent.

“From 1874 to 1879 the amounts shipped averaged about 500,000*l.* annually, but for the next five years they were over a million. For some years past large amounts of gold have been sent from Australia direct to India, recently bars of 10 ounces have been prepared in Australia for that purpose, but I doubt if these are equal in appearance to those made here. The amount of gold imported into India during the years 1877-84 is about, say, 2,580, laes or, say, 21,000,000*l.*”

The reports of the Melbourne Mint for 1883 and 1884 also refer to the preparation of these bars of fine gold for export to the East.

It is possible that these importations of gold into India might be made available for currency purposes.

The amount of the coinages of silver in India will be found in the statement respecting India at the end of this memorandum.

It would seem that the decreasing value of silver relatively to gold in India, shown in Table 36, has tended to cause a diminished demand for the depreciated metal and, conversely, an increased demand for gold. The precious metals are largely employed for ornaments as well as for hoarding in India. The increased use of gold in India is an important factor, which should be taken into account when considering the question of the appreciation of the standard of value in Europe.

TABLE 5.

PRODUCTION OF THE PRECIOUS METALS.

GENERAL STATEMENT of the Production of Gold and Silver for the Years 1851-1884.

THE STATEMENTS as to weight are for the kilogramme of fine gold and fine silver. The value is reckoned at 2,790 marks (say, 139*l.* 10*s.*) for the kilogramme of fine gold and 180 marks (say, 9*l.*) for the kilogramme of fine silver. The relation of value is taken at 15½ to 1. Although as Dr. Soetbeer remarks, this valuation practically only refers to the period from 1801 to 1873, it has been maintained throughout for the convenience of the statistical statement.

Periods and Years. Average Yearly Production from	By Weight.				By Value.				Total Gold and Silver.
	Gold Kilogrammes.	Silver Kilogrammes.	Proportion per cent.		Gold.	Silver.	Proportion per cent.		
			Gold.	Silver.			Gold.	Silver.	
					£	£	Per cent.	Per cent.	£
1851-1855 - - -	197,515	886,115	18·2	81·8	27,553,350	7,975,050	77·6	22·4	35,528,400
1856-1860 - - -	206,058	901,990	18·5	81·5	28,745,050	8,144,900	77·9	22·1	36,889,950
1861-1865 - - -	185,123	1,101,150	14·4	85·6	25,824,650	9,910,350	72·3	27·7	35,735,000
1866-1870 - - -	191,900	1,339,085	12·5	87·5	26,770,000	12,051,750	69·0	31·0	38,821,750
1871-1875 - - -	170,675	1,609,425	8·0	92·0	23,809,150	17,724,800	57·3	42·7	41,533,950
1876-1880 - - -	172,800	2,150,252	6·6	93·4	24,105,600	22,052,250	52·2	47·8	46,157,850
In Years.									
1881 - - - -	157,900	2,592,639	5·7	94·3	22,027,050	23,333,750	48·6	51·4	45,360,800
1882 - - - -	140,900	2,769,065	5·0	95·0	20,492,550	24,921,600	45·1	54·9	45,414,150
1883 - - - -	143,940	2,805,520	4·7	95·3	20,079,650	26,059,650	43·5	56·5	46,139,300
1884 - - - -	(140,000)	(2,860,000)	(4·7)	(95·3)	(19,530,000)	(25,740,000)	(43·1)	(56·9)	(45,270,000)

(The Reichsmark converted as 20=1*l.* in this statement.)

TABLE 6.

STATEMENT of the estimated alterations in the Stock of Gold in money in civilized countries in the Years from 1851 to 1884.

Periods.	Production of Gold.	Employment of Gold for non-monetary purposes.				Employment in Gold Money, and hoarded.	Estimated Stock of Gold in Money and hoarded at the end of the Periods named.
		Wear and Tear of Coins, and Loss resulting.	Consumption in Arts and Manufactures deducting old materials.	Flow to the East, deducting Imports thence.	Total Employment for non-monetary purposes.		
	Kilos.	Kilos.	Kilos.	Kilos.	Kilos.	Kilos.	Value Sterling.*
1850	—	—	—	—	—	—	1,200,000
1851-1860	2,018,000	5,000	280,000	100,000	385,000	1,633,000	2,833,000
1861-1870	1,885,000	7,000	570,000	300,000	877,000	1,008,000	3,841,000
1871-1880	1,703,000	8,000	840,000	120,000	968,000	735,000	4,576,000
1881-1884	580,000	3,000	350,000	120,000	473,000	116,000	4,692,000

* The Reichsmark converted as 20=1*l.* in this statement.

STATEMENT of the estimated alterations in the Stock of Silver in money in civilized countries in the Years from 1851 to 1884.

Periods.	Production of Silver.	Employment of Silver for non-monetary purposes.				Employment in Silver, and hoarded.	Estimated Stock of Silver in Money and hoarded at the end of the Periods named.
		Wear and Tear of Coins, and Loss resulting.	Consumption in Arts and Manufactures deducting old materials.	Flow to the East, deducting Imports thence.	Total Employment for non-monetary purposes.		
	Kilos.	Kilos.	Kilos.	Kilos.	Kilos.	Kilos.	Value Sterling.*
1850	—	—	—	—	—	—	53,500,000
1851-1860	8,955,500	510,000	2,700,000	11,300,000	14,510,000	-4,500,000	49,000,000
1861-1870	12,201,000	470,000	3,100,000	12,300,000	15,870,000	-3,500,000	45,500,000
1871-1880	22,345,000	460,000	4,500,000	10,800,000	15,760,000	+1,200,000	46,700,000
1881-1884	11,117,000	185,000	2,600,000	6,415,000	9,200,000	+1,917,000	48,617,000

* The Reichsmark converted as 20=1*l.* in this statement.

TABLE 7.

The VALUE of the COINAGES of GOLD and SILVER from the Year 1851 to the Year 1884 has been as follows in the principal civilized countries.

[The Reichsmark converted as 20 = 1*l.* in this statement.]

ACCORDING TO COUNTRIES.

Countries.	Periods.	Gold.	Silver.	Proportion Per Cent.	
				Gold.	Silver.
		£	£	Per Cent.	Per Cent.
Great Britain and Australia	1851-1884	236,373,850	17,262,850	93·2	6·8
United States of America	”	262,035,800	68,866,600	79·2	20·8
France	”	299,416,250	45,712,000	86·8	13·2
Belgium	”	23,651,850	17,919,100	56·9	43·1
Italy	”	19,156,450	22,838,000	45·6	54·4
Holland	”	6,483,550	28,811,800	18·4	81·6
Germany	1857-1884	97,586,600	58,065,200	62·7	37·3
Austro-Hungary	”	16,511,950	50,428,700	24·7	75·3
Russia	1851-1884	131,299,550	29,100,000	81·9	18·1
Scandinavia	1873-1884	5,306,500	2,103,100	71·6	28·4
Spain	1876-1884	36,818,150	24,092,200	60·4	39·6
Portugal	1854-1884	1,462,200	1,818,600	44·6	55·4
Total	—	1,136,102,700	367,018,150	75·6	24·4

ACCORDING TO PERIODS.

Periods.	Gold.	Silver.	Proportion.	
			Gold.	Silver.
	£	£	Per Cent.	Per Cent.
1851-1855	166,555,300	22,879,000	87.9	12.1
1856-1860	179,369,350	46,114,500	79.5	20.5
1861-1865	156,538,200	35,371,500	81.6	18.4
1866-1870	128,909,900	58,609,000	68.7	31.3
1871-1875	189,567,200	69,395,400	73.2	26.8
1876-1880	194,431,700	86,924,950	69.1	30.9
1881-1884	120,731,050	47,723,800	71.7	28.3
1851-1884	1,136,102,700	367,018,150	75.6	24.4

Use of Gold and Silver in Coinage Weight employed, 1851-84.

	Kilos. pure Gold.	Kilos. pure Silver.
These coinages represent a weight of	8,144,000	40,000,000
The estimated production in the same period, 1851-84, is	6,200,000	54,400,000
	-1,944,000	+14,400,000

In the above-mentioned coinages those of Mexico and of British India, which are both very important, are not included.

Dr. Soetbeer's statement leaves off at this point.—Mr. Prinsep informs me that the coinage in India for the years 1850-51 to 1884-85, inclusive, was 2,319,908,560 rupees. The rupee contains 165 grains of pure silver and 15 grains of alloy; total 180 grains. Reducing the weight of the coinage of rupees to kilos., this shows a weight of 25,120,499 kilos. of pure silver for the coinage of India during the period in question.

Mr. H. H. Gibbs has been so good as to obtain information for me, from Mr. John T. Denniston, Secretary of the Mexican Railways, respecting the mintage in Mexico, which is stated to be at an average rate of 18,249,000 dollars yearly, containing 16,442,349 ozs. of pure silver and 1,806,651 alloy. On this basis the mintage of pure silver in Mexico for the 34 years covered by the above statement will have been 15,845,802 kilos.

Adding these figures together the following results are shown:—

	Kilos. pure Silver.
Coinage of pure silver, according to Dr. Soetbeer	40,000,000
Do. do. India	25,000,000
Do. do. Mexico	15,800,000
	80,800,000
The estimated production in the same period (1851-84)	54,400,000
	-26,400,000

If these statements can be accepted as generally correct, the following points appear:—

1. That the coinages of both the precious metals have during the last 34 years largely exceeded, in the case of gold by nearly one third, in the case of silver by close to half, the estimated production.
2. That while this is the case, and the demand for silver for coinage purposes has, in proportion to the production, been larger than that for gold, the value of silver has dropped relatively to gold about 25 per cent.

Further, that with respect to the precious metals, the ordinary considerations as to supply and demand are largely influenced, if not superseded, by mint regulations respecting their employment as standards of value.

As the production and coinage of silver during the last 15 years are matters of particular interest at the present time I have prepared two further statements.

The first of these shows the gross production and coinage for the periods 1871 to 1875, 1876 to 1880, and 1881 to 1884. From these it will be seen that when the coinages in India and Mexico are added to those coinages which are included in Dr. Soetbeer's tables the weight of pure silver coined is largely in excess of the production down to the year 1880. In the period from 1881 to 1884, however, the gross production is 10 per cent. larger than the coinage.

But in considering this matter the net production, that is to say, the production after allowance has been made for the quantity employed in the arts and manufactures, ought to be taken into account rather than the gross production. I have therefore employed the figures as to the consumption of silver given by Dr. Soetbeer in Table 6, and the production as given in this table and Table 5, and according to these the amount of the net production of silver has, throughout the period from 1871 to 1884, been considerably below the amount required for coinage.

It may be observed, with respect to these figures, that the estimates made by Mr. H. Burchard, late Director of the United States Mint, as to the consumption of silver, were larger in amount than those which Dr. Soetbeer has employed. I have, however, adhered to Dr. Soetbeer's statement throughout, that the entire estimate may, as far as possible, be on one basis.

It appears, therefore, from this that coinage demand alone is not sufficient to maintain the price of silver, which has greatly declined, while silver has been thus largely employed, and, so far as any estimate can be formed, largely employed in excess of the production.

I am fully aware that no statement of the production and employment of the precious metals can be depended on as being strictly accurate, and I should desire that these statements should be regarded as being estimates only. Considering, however, that the period over which these estimates extend is so recent, I think they may be taken to show that, within the dates over which they extend, the demand for the use of the precious metals for coinage purposes has been distinctly in excess of the net supply.

PRODUCTION AND COINAGE OF PURE SILVER, 1871-1884. (Derived from Statements in Tables 5 and 7, with the addition of the Coinages in India and Mexico.)

	Production according to Dr. Soetbeer.	Coinage according to Dr. Soetbeer.	Coinage in India.	Coinage in Mexico.	Total Coinage of Pure Silver.	Per-centage of Production to Coinage, + or -
	1	2	3	4	5	6
	Kilos.	Kilos.	Kilos.	Kilos.	Kilos.	Per cent.
1871-75	9,847,000	7,600,000	1,672,500	2,571,300	11,843,800	- 17
1876-80	12,251,000	9,500,000	4,768,300	2,759,800	17,028,100	- 28
1881-84	11,117,000	5,200,000	2,184,700	2,762,700	10,147,400	+ 10

PRODUCTION AND COINAGE OF PURE SILVER, 1871-1884. Deducting from the Production the amount stated by Dr. Soetbeer as employed in Arts and Manufactures. Derived from Statements in Tables 5, 6, and 7, with the addition of the Coinages in India and Mexico, which are included in the Column 4, Total Coinage of Pure Silver.

	Production of Pure Silver.	Consumption in Arts and Manufactures.	Net Production of Pure Silver.	Total Coinage of Pure Silver.	Per-centage of Net Production to Coinage, + or -
	1	2	3	4	5
	Kilos.	Kilos.	Kilos.	Kilos.	Per cent.
1871-80	22,345,000	4,500,000	17,845,000	28,871,900	- 36
1881-84	11,117,000	2,600,000	8,517,000	10,147,400	- 19

In examining these figures the difficulty of ascertaining the amount of the re-coinages of the precious metals must be borne in mind. These, if accurate records could be obtained of them, would probably explain the statement that the coinages have exceeded so largely the net production. Although exact figures on this point are not

forthcoming, the information supplied by Mr. Fremantle as to the large proportion of the re-mintages of worn English coins in England, and of the amounts of coins brought to the mints and assay offices of the United States, enables us to form some idea of the extent to which old materials are continually re-employed for coinage purposes.

CONSUMPTION OF THE PRECIOUS METALS IN THE ARTS AND MANUFACTURES.

The consumption of the precious metals in the arts and manufactures is doubtless large. The following statement shows Dr. Soetbeer's estimate of this:—

TABLE 8.

The TOTAL CONSUMPTION of the PRECIOUS METALS for the Arts and Manufactures in civilized Countries may be roughly estimated as follows, on an average during the last four years (1881-84).

Countries.	Gold.			Silver.		
	Gross Consumption.	Deduction for old Materials.	Net Consumption.	Gross Consumption.	Deduction for old Materials.	Net Consumption.
	Kilogrammes.	Per cent.	Kilogrammes.	Kilogrammes.	Per cent.	Kilogrammes.
United States of America	21,700	10	19,500	125,000	15	115,000
Great Britain	20,000	15	17,000	90,000	20	72,000
France	21,000	20	16,800	100,000	25	75,000
Germany	15,000	20	12,000	110,000	25	82,000
Switzerland	15,000	30	10,500	32,000	25	24,000
Holland and Belgium	3,200	20	2,900	30,000	20	24,000
Austro-Hungary	2,800	15	2,400	40,000	20	32,000
Italy	6,000	25	4,500	25,000	25	19,000
Russia	3,000	20	2,400	40,000	20	32,000
Other Civilised Countries	2,300	—	2,000	50,000	20	40,000
Totals	110,000	—	90,000	652,000	—	515,000

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It is not an easy matter to arrive at any very definite statement on this point; Dr. Soetbeer's estimate may be of service as a guide to the probable consumption, which is certainly large.

Mr. Fremantle, the Deputy Master of the Royal Mint, has been so good as to make inquiries respecting the consumption of the precious metals for industrial purposes in this country. He corresponded for this purpose with Mr. Walter S. Prideaux, the clerk of the Goldsmiths' Company, and with Professor Leone Levi, who had endeavoured to make an estimate of the quantities used. Professor Levi replied that he had never been able to satisfy himself as to the quantity of the precious metals used in manufactures, though he had seen estimates of the same. Mr. Prideaux answered that he doubted very much whether it would be possible to obtain any trustworthy statistics with reference to the amount of the precious metals used in art or other manufactures, as in the information to be obtained from the Assay Office would go but a very small way, because to take gold first—

For all practical purposes, watch cases and wedding rings are the only articles subject to compulsory hall-marking. It is true that many things are brought voluntarily to be marked, but a great many, especially articles of jewellery, never come at all. Again, there is, of course, a considerable second-hand trade in many things, even in wedding rings; a good deal of gold is also constantly being melted and worked up again, and a further unknown amount is used by golders and others for such like purposes. There are something like 10,000 or 12,000 persons who take out plate licenses every year, and who work up more or less of the precious metals. Then, as to silver:—A great many articles here also are exempted from compulsory marking, but the greatest difficulty to be met with would be the practical impossibility of getting a trustworthy account of the silver that is used for electro-plating purposes.

Influx of bullion due to favourable rate of Exchange.

The following remarks on the influence on prices which the flow of bullion into a country exerts, point out that such an influx, when due to a favourable rate of exchange, produces a very different effect from what such a flow induces, when due to a rapidly increasing supply of bullion arising from fresh discoveries.

"Some have an idea that, in every case of an influx of bullion, a similar effect should be experienced locally that is produced generally by an increase of metals from the mines. The difference is very essential.

"In the case of an ordinary influx of gold into this country, caused by a favourable state of the exchanges, the general quantity of gold is not changed, nor its relation in value to other commodities; a new distribution of it is all that takes place. To those who received larger quantities of metal from South America in exchange for the commodities which they have shipped to that country, and in consequence of the increased productiveness of the mines, the additional quantity was, in the first place so much increased profit, which not only enabled them to expend more money privately, but which also formed a powerful inducement to increase their purchases of goods and shipments to South America. Such additional demand, for shipment to that country of woollens and cottons from England, of wine and silks from France, of flour and domestics from America, and the increased demand for materials of consumption, and for securities for investment by those who made the additional profits at first, would soon increase prices generally, in proportion to the new supplies of the metals.

"But in the case of an influx of bullion, owing to a favourable exchange, the case is widely different. The very fact that merchants have recourse to bullion to bring home their capital from those countries where it is not produced, is usually an evidence that other commodities cannot be imported but at a loss. In consequence of the lessened imports the exchanges turn in our favour, and at length bullion is resorted to as the least advantageous medium of transferring capital from one place to another. But this neither infers a power for an increased private expenditure nor an inducement for a repetition of purchases for shipment; and hence we find that in practice neither circulation nor prices increase under such circumstances, but that both diminish."

Capital, Currency, and Banking, p. 86-87, by James Wilson.

Relative Value of Gold to Silver for the years 1701 to 1884.

The proportional value of gold to silver is likewise a subject for consideration. It will be observed that this continued with but little variation on average for the periods of ten years and five years, from 1791 to 1875, given in Table 9, but that it has fluctuated greatly since the latter of these dates. It is obvious that the action of the French

Government, of the "Latin Union," while it continued operative, and of the United States previous to 1862, had a great influence in preserving a nearly uniform relation, on an average, between gold and silver.

There were occasional demands for either metal during this period which disturbed their relations temporarily, but the general tendency was towards the preservation of the 15½ to 1 ratio.

TABLE 9.

AVERAGE RELATION OF SILVER TO GOLD for the following periods, 1701-1884.

Years.	Kilogrammes of Silver for 1 Kilogramme of Gold.	Corresponding Price for Silver in London, Pence per ounce.
1701-10	15.27	61½
1711-20	15.15	62½
1721-30	15.09	62½
1731-40	15.07	62½
1741-50	14.93	63½
1751-60	14.56	64½
1761-70	14.81	63½
1771-80	14.64	64½
1781-90	14.76	63½
1791-1800	15.42	61½
1801-10	15.61	60½
1811-20	15.51	60½
1821-30	15.80	59½
1831-40	15.67	60½
1841-50	15.82	59½
1851-55	15.41	61½
1856-60	15.30	61½
1861-65	15.40	61½
1866-70	15.55	60½
1871-75	15.97	59½
1876-80	17.61	52½
1881-84	18.45	51½

V.

COMPARISON OF ALTERATIONS OF PRICES IN ENGLAND, FRANCE, THE UNITED STATES, GERMANY, AND INDIA, WITH REMARKS ON THE EXCHANGE, AND OTHER MATTERS CONNECTED WITH THE STANDARD OF VALUE.

Alterations in price connect themselves with this portion of the inquiry, in so far as they may result from changes in the purchasing power of the circulating medium. The statement outlined above shows that while the use of gold as standard of value has increased, the production has decreased, and that simultaneously silver has been to a great extent demonetized in many important countries. The inquiry here subdivides into three principal heads.

Has there been an alteration in the price of commodities?

Has such an alteration taken place equally in countries with a gold and with a silver standard?

Has there been any marked alteration, either in prices or in the movement of commodities as influenced by prices, since the suspension of the Latin Union?

Methods of Investigation employed.

One method of investigation employed by English economists in order to form a correct idea of the change of prices in one period as compared with another is to take the prices of certain selected commodities in a given year, or average of a series of years, and employing this amount as a basis line to represent it by the figure 100 or some other large figure, and, by noting the increase or decrease in price in each subsequent year in proportion to this, to ascertain whether there has been an alteration in price. By combining the alterations of price among all the articles the total of the variations becomes known. The number thus derived is termed an "index number." A table arranged on this principle has been kept up for about 40 years in the commercial history which forms a part of the supplement to the "Economist" newspaper. It was constructed originally by the late Mr. Newmarch. Twenty-two articles are included in this "index number." The following remarks, which accompany the statement in the "Economist," explain the method employed: The "total index number," which is the total of all the percentage columns, "does not of course present a full and accurate representation of the variations of prices, inasmuch as it cannot allow for the relative importance of the different articles. Wheat, for example, reckons for no more in the 'total index number' than indigo, and during the

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"years of the high prices of cotton and cotton fabrics the total index number is in a measure unduly raised by this special cause. Still, the total index number, read with the needful qualifications, may afford important inferences."

Prices in England.

The following is the "total index number" of the "Economist" from 1845-50 to 1886. It shows a distinct drop in prices of recent years, after a great rise some 25 years since.

"Total INDEX No." of "Economist" for years 1845-50 to 1884; with column added showing the proportion of each year to 1845-50 on the basis of 100.

1845-50	-	-	2200	=	100
1851, 1 January	-	-	2293	=	104
1853, 1 July	-	-	2451	=	111
1857, "	-	-	2996	=	136
1858, 1 January	-	-	2612	=	118
1859, "	-	-	2543	=	115
1860, "	-	-	2692	=	122
1861, "	-	-	2727	=	123
1862, "	-	-	2878	=	130
1863, "	-	-	3492	=	158
1864, "	-	-	3787	=	172
1865, "	-	-	3575	=	162
1866, "	-	-	3564	=	161
1867, "	-	-	3024	=	137
1868, "	-	-	2682	=	122
1869, "	-	-	2666	=	121
1870, "	-	-	2689	=	122
1871, "	-	-	2590	=	118
1872, "	-	-	2835	=	129
1873, "	-	-	2947	=	134
1874, "	-	-	2891	=	131
1875, "	-	-	2778	=	126
1876, "	-	-	2711	=	123
1877, "	-	-	2723	=	124
1878, "	-	-	2529	=	115
1879, "	-	-	2202	=	100
1880, "	-	-	2538	=	115
1881, "	-	-	2376	=	108
1882, "	-	-	2435	=	111
1883, "	-	-	2342	=	107
" 1 July	-	-	2220	=	100
1884, 1 January	-	-	2221	=	100
" 1 July	-	-	2170	=	98
1885, 1 January	-	-	2098	=	95
" 1 July	-	-	2048	=	93
1886, 1 January	-	-	2023	=	92

Mr. Giffen has employed a different method of investigation in his valuable reports to the Secretary of the Board of Trade "on some recent changes in the amount of the foreign trade of the United Kingdom, and the prices of exports and imports." In this method the "relative importance of each article, or of the groups which certain articles are selected to represent," is included as a factor. This method, in this case applied to the declared quantities and values of the exports and imports of the country, should approximate very closely to the facts.

Mr. Giffen has adopted, as explained in the report, an initial index No. of 65.8 for the exports, and of 81.16 for the imports. Under these heads there appear the following observations in his report of 1885.

Board of Trade Reports.

EXPORTS.

INCREASE or decrease of index No. of 65.8 in the under-mentioned years:—

1840	-	-	+13.34	1859	-	-	+0.40
1841	-	-	+10.95	1865	-	-	+23.46
1845	-	-	+6.05	1868	-	-	+11.42
1848	-	-	-2.43	1873	-	-	+19.93
1849	-	-	-5.29	1875	-	-	+8.67
1852	-	-	-6.47	1876	-	-	+2.25
1853	-	-	-1.14	1877	-	-	-0.40
1854	-	-	-0.95	1879	-	-	-6.10
1855	-	-	-2.75	1881	-	-	-6.26
1857	-	-	+0.77	1883	-	-	-5.95

IMPORTS.

INCREASE or decrease of the index No. of 81.16 in the under-mentioned years:—

1854	-	-	-0.80	1876	-	-	-3.61
1855	-	-	+3.51	1877	-	-	-1.48
1857	-	-	+7.08	1878	-	-	-7.04
1859	-	-	-1.39	1879	-	-	-10.30
1865	-	-	+13.59	1880	-	-	-6.39
1868	-	-	+5.73	1881	-	-	-6.99
1873	-	-	+4.43	1883	-	-	-9.43
1875	-	-	+0.25				

o 22035.

Mr. Giffen has carried his investigations as far back as 1840 for the exports, and to 1854 for the imports.

Arranging the figures so as to form continuous index numbers, and adding columns showing the proportions on the basis of 100 as the starting point, the following results are shown.

INDEX NUMBER based on prices of EXPORTS.

Taking 1840 as the base line to 1883.

1840	-	-	-	79.14	=	100
1841	-	-	-	76.75	=	97
1845	-	-	-	71.85	=	91
1848	-	-	-	63.37	=	80
1849	-	-	-	60.51	=	76
1852	-	-	-	59.33	=	75
1853	-	-	-	64.66	=	82
1854	-	-	-	64.85	=	82
1855	-	-	-	63.05	=	80
1857	-	-	-	66.57	=	84
1859	-	-	-	66.20	=	83
1865	-	-	-	89.26	=	112
1868	-	-	-	77.22	=	97
1873	-	-	-	85.73	=	108
1875	-	-	-	74.47	=	94
1876	-	-	-	68.05	=	86
1877	-	-	-	65.40	=	82
1879	-	-	-	59.70	=	75
1881	-	-	-	59.54	=	75
1883	-	-	-	59.85	=	76

The imports only go back as far as 1854. Taking both imports and exports from that date, and employing 1854 as the base line, the following is the result:—

INDEX NUMBER based on prices of EXPORTS.

Taking 1854 as the base line to 1883.

1854	-	-	-	64.85	=	100
1855	-	-	-	63.05	=	97
1857	-	-	-	66.57	=	103
1859	-	-	-	66.20	=	102
1865	-	-	-	89.26	=	137
1868	-	-	-	77.22	=	119
1873	-	-	-	85.73	=	132
1875	-	-	-	74.47	=	114
1876	-	-	-	68.05	=	105
1877	-	-	-	65.40	=	101
1879	-	-	-	59.70	=	92
1881	-	-	-	59.54	=	92
1883	-	-	-	59.85	=	92

INDEX NUMBER based on prices of IMPORTS.

Taking 1854 as the base line to 1883.

1854	-	-	-	80.36	=	100
1855	-	-	-	84.67	=	105
1857	-	-	-	88.24	=	110
1859	-	-	-	79.77	=	99
1865	-	-	-	94.75	=	118
1868	-	-	-	86.89	=	108
1873	-	-	-	85.59	=	107
1875	-	-	-	81.41	=	101
1876	-	-	-	77.55	=	96
1877	-	-	-	79.68	=	99
1878	-	-	-	74.12	=	92
1879	-	-	-	70.86	=	88
1880	-	-	-	74.77	=	93
1881	-	-	-	74.17	=	92
1883	-	-	-	71.73	=	89

As the prices of commodities in the Indian table referred to only go back as far as 1865, and the years 1865-9 are taken as the base line for the index No. shown in them, I have re-arranged the "Economist" Index Number on the same basis, and I have also prepared another Index Number extending over the same period in which allowance is made for the "relative importance" of each of the articles selected which are the same as those taken in the "Economist." By making these fresh computations I hope to diminish the chance of error in the calculations, all of which show that there has been a considerable diminution in prices.

The "ECONOMIST" INDEX NUMBER when re-arranged with the years 1865-69 as the basis, shows the following results, with column showing the proportion of each year

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APPENDIX B. to 1865-69 on the basis of 100. 1865-69 to 1886. [Details in Table 26.]

Five years, 1865-69	-	-	2,200 = 100
1870	-	-	1,995 91
1871	-	-	1,981 90
1872	-	-	2,132 97
1873	-	-	2,237 102
1874	-	-	2,207 100
1875	-	-	2,098 95
1876	-	-	2,044 93
1877	-	-	2,064 94
1878	-	-	1,910 87
1879	-	-	1,676 76
1880	-	-	1,918 87
1881	-	-	1,782 81
1882	-	-	1,830 83
1883	-	-	1,755 79
1884	-	-	1,660 75
1885	-	-	1,562 70
1886	-	-	1,509 69

It will be observed on examining these tables that prices during the last five years have fallen more in proportion to the years 1865-69 than they have in proportion to the years 1845-50. But the years 1865-69 were a period of great inflation of price, and though the fall since has been very heavy, it cannot be argued from this alone that the drop in recent years is owing to the demonetization of silver and to no other cause, as other circumstances such as economy in manufacture, in means of transit, and the opening out fresh fields of production have doubtless contributed.

INDEX NUMBER based on relative importance of Principal Industries in England. 1865-69 to 1886. [Details in Table 27.]

1865	-	-	2,366 = 108
1866	-	-	2,434 111
1867	-	-	2,179 99
1868	-	-	2,058 93
1869	-	-	1,963 89

Average - 2,200 100

1870	-	-	1,975 = 90
1871	-	-	2,046 93
1872	-	-	2,197 100
1873	-	-	2,298 104
1874	-	-	2,378 108
1875	-	-	2,125 97
1876	-	-	2,186 99
1877	-	-	2,205 100
1878	-	-	2,081 95
1879	-	-	1,806 82
1880	-	-	1,967 89
1881	-	-	2,054 93
1882	-	-	1,908 87
1883	-	-	1,924 88
1884	-	-	1,750 80
1885	-	-	1,669 76

The general agreement of these two index numbers, based on different methods of compensation, confirms the correctness of the statement that prices have greatly diminished in recent years.

It may be observed in passing that these two index numbers for England, the two for France, the index number based on the price of wheat in England and France, and the corresponding statements for India, are all drawn up for the same dates, the period 1865-1869 being taken as the basis throughout. This has been done in order to facilitate the comparison of prices in England, France, and India. The investigation would have been carried back to an earlier date had the materials for this, so far as all the three countries are concerned, been readily available to me.

While dealing with this subject a reference to the returns of the Clearing House in London will show conclusively the effect of lower prices on the turnover of money in business during recent years. The returns of the London Clearing House bear, I may observe in passing, a nearly constant relation to the values of the total exports and imports of the United Kingdom, and hence may be regarded as indicating approximately the value of the business of the country as indicated by price.

The returns of the London Clearing House for the years 1881-85 have been as follows. The column of proportional figures is added to show the alterations in the amounts dealt with.

Clearing House Returns, London.

1881	-	-	6,357,000,000 = 100
1882	-	-	6,221,000,000 98
1883	-	-	5,929,000,000 93
1884	-	-	5,798,000,000 91
1885	-	-	5,511,000,000 86

It is instructive to compare this with the prices of the commodities from which the Index Number of the "Economist" is formed, which I have therefore re-arranged for the purpose. These prices show the following results:—

INDEX NUMBER of the "ECONOMIST" from January 1881 to January 1886. Proportional figures.

January 1881	-	-	100
1882	-	-	101
1883	-	-	96
1884	-	-	94
1885	-	-	86
1886	-	-	82

The values quoted for the January in each year have been taken as the basis for this calculation.

On comparing the prices of 44 important commodities, which have been tabulated for the purpose of forming this Index Number, as quoted in January 1886, with the prices of January 1881, there is only a rise in the case of six articles and a fall in the case of 38 among them.

The six articles and the rise in their prices are as follows:—

	Rum, Jamaica, per gallon.	Potatoes, Good English, per ton.	Flax, St. Petersburg, per ton.	Hemp, St. Petersburg, per ton.	Ashes, Canadian Pearl, per cwt.	Tin, English Bars, per ton.
1881. Jan.	d. 31	s. 85	£ s. 20 0	£ s. 23 15	s. 36	£ 94
1886. Jan.	33	90	20 10	28 5	41	97

The increase in none of these instances is large, and it is unimportant when compared with the reduction in the prices of the remainder.

The close correspondence between the drop in prices and in the amounts recorded of the transactions at the London Clearing House shows the connexion between prices and business done. A diminution generally corresponding to this is shown in the total transactions of the Bank of France for the same period. Hence it appears that business in France has undergone fluctuations closely corresponding to those which have taken place in England.

Transactions of the Bank of France.

1881	-	-	575,558,000 = 100
1882	-	-	594,719,000 103
1883	-	-	560,247,000 97
1884	-	-	543,641,000 94
1885	-	-	492,983,000 85

[The franc converted as 25=1l. in this statement.]

Prices in United States.

A similar drop in prices to that which has occurred in England, France, and Germany is shown to have taken place in the United States. Mr. Burchard, Director of the United States Mint, in his report on the production of the precious metals in the United States, dated 28th February 1885, gives a statement of the average and comparative prices of the principal domestic commodities exported from the United States from declared values at time of export. This table includes more than 80 articles. The per-centage of price of 1884 to price of 1870 is stated to be 72.9. Should this be considered as a comparison with a period of inflation, it may be mentioned that the per-centage of price of 1884 to price of 1883 on the same articles is 94.4. This appears to indicate a somewhat similar course of fluctuation in price as compared with this country. It has not been in my power to make any further investigation into the course of prices in America.

Prices in Germany.

The fluctuations of price in Germany also show a decline in recent years, though not exactly following the same course as in England, France, and the United States. The following table, derived from the work of Dr. A. Seetbeer, previously mentioned, indicates this.

TABLE 10.—SUMMARY of alteration of level of prices of commodities in Germany divided according to the groups mentioned, 1851-84.

[The articles selected were 100, dealt with in business at Hamburg, of which the prices were recorded by the "Handelsstatistischen Bureau" in Hamburg, and 14 articles, British exports, taken as the official declared values in England.]

Groups of Commodities.	Per centage statement of comparative prices.					
	1847 to 1850.	1851 to 1860.	1861 to 1870.	1871 to 1875.	1876 to 1880.	1881 to 1884.
I. Agricultural products, 20 articles -	100.00	126.93	128.75	142.69	135.49	131.04
II. Animal products, meat, fish, &c., 22 articles.	100.00	123.44	133.11	154.57	146.76	152.99
III. Products of southern countries, olive oil, plums, currants, wine, &c., 7 articles.	100.00	121.85	117.72	131.50	138.91	137.08
IV. Colonial products, coffee, tea, tobacco, &c. (cotton not included), 19 articles.	100.00	115.76	118.49	130.72	126.38	120.79
V. Mineral products, coal, iron, lead, copper, salt, &c., 14 articles.	100.00	110.285	99.60	116.90	94.35	83.38
VI. Textile materials and goods, raw cotton, wool, flax, silk, rugs, &c., 7 articles.	100.00	105.54	130.48	117.17	102.33	96.84
VII. Sundries, gums, india-rubber, gutta-percha, potash, soda, &c., 11 articles.	100.00	107.65	125.06	114.98	96.79	93.41
VIII. British exports, cotton yarn, cotton manufactures, woollen yarn, worsted, cloths, &c., 14 articles.	100.00	100.43	129.04	126.44	111.70	103.19
Total, 114 articles -	11,400.00	13,179.62	14,068.69	15,150.41	13,977.71	13,618.55
Per-centage proportion -	100.00	115.61	123.41	132.90	122.61	119.49

It should be remembered in comparing these fluctuations in prices with those previously mentioned that the statement is drawn up for periods of several years. When grouped together thus the exact fluctuation is not shown as distinctly as when the years are shown separately. The investigation into the fluctuations of prices in Germany should be shown for each year under consideration. It will be observed that the prices in all the countries examined into during the period under consideration have dropped. A coincidence like this appears to point to a common cause—the appreciation of the standard of value.

Prices in India.

The variations of price in India are shown by the valuable tables of Indian statistics prepared by Mr. Prinsep, to which an explanatory note by Mr. W. G. Pedder is appended. These statements are appended to this memorandum. They describe the points of interest indicated in the tables so thoroughly that further comments on these are scarcely needed.

The statement of prices in India shows a greater reduction in price of articles consumed in India than of those exported from that country. It should be observed, however, that the examination into prices extends only over a short period, and that the greater or less productiveness of harvests must greatly influence the prices of the articles. The existence or the absence of facilities of communication must also have considerable influence on prices.

Of recent years the means of communication have been greatly improved in India. It will be observed that, during the latest years over which the prices recorded extend, there is a tendency to equalisation in the various markets. The fact that of the three divisions into which the statement is separated—1. Produce consumed in India; 2. Produce partly consumed in India and partly exported; and 3. Produce chiefly exported—it is under the first head that prices have principally fallen should be noted. It appears from 4, the total index number, that prices generally reckoned in silver have fallen, though not in the same degree as prices reckoned in gold during the same period. This point should be thoroughly investigated.

The price of silver, reckoned in gold, in London has dropped more than the prices of commodities in India have fallen. This shows that the alteration is rather in the price of silver than of commodities. The table which follows makes this point clear.

TABLE 11.

INDEX NUMBERS showing FLUCTUATIONS of PRICES in INDIA of certain selected Produce, 1864-69 to 1884.

Date.	Produce consumed in India. 3 food grains, Jowar, Bajra, and Ragi. Index number comprising price of these. (Col. 10 of Statement D.)	Produce partly consumed in India and partly imported. Rice, common Wheat. Index Number comprising price of these. (Col. 15 of Statement D.)	Produce of India chiefly exported. Cotton, raw, Castor Oil, Linseed, Jute, raw, Hides. Index number comprising prices of these. (Col. 26 of Statement D.)	Index Number comprising Total of these three Index Numbers. N.B.—Produce measured in Silver.	Index Number. Rate of Exchange on London. (Col. 2 of Statement D.)
	2.	2.	3.	4.	5.
Average of 5 years, 1864-69	100	100	100	100	100
1870	84	92	108	97	96
1871	63	71	107	87	99
1872	70	74	109	90	98
1873	70	84	110	92	96
1874	71	99	110	96	95
1875	68	81	95	84	93
1876	83	85	100	92	88
1877	153	94	109	119	89
1878	142	128	116	126	85
1879	109	119	119	116	86
1880	78	96	115	100	86
1881	63	79	105	88	85
1882	67	78	94	83	84
1883	66	87	107	90	84
1884	72	93	105	92	83

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Coinage of Silver in India, 1870-71 to 1884-85.

The following statement, based on the statement giving the coinage of rupees in India for the years 1870-71 to 1884-85, giving the value, as calculated on the price of silver in London, as compared with the nominal value of the rupee, shows that though this difference is very large, and yearly increasing, it scarcely appears to have augmented, on an average, the coinage of silver in India, while the imports of gold have yearly augmented

greatly. It would appear from this that the greatly reduced price of silver in London but slightly stimulated the exports of silver to India during the period in question.

It is mentioned, however, in Sir Auckland Colvin's Financial Statement for 1886-87, that the imports of gold into India have recently diminished, and those of silver increased. The figures are: net imports, gold, 1885-86 (10 months), Rs. 2,26,74,490; net imports, silver, 1885-86 (10 months), Rs. 9,37,78,117.

TABLE 12.

NET IMPORTS and COINAGE of SILVER in INDIA, 1870-71 to 1884-85, their par value and value at average price of SILVER in LONDON.

Year.	Net Imports of Silver.	Price of Silver in London.	Total Coinage of Silver.	Real Value (in £) of Coinage at average Price of Silver in London, par being reckoned at 63d. being the Equivalent of the Rupee at 2s.	Difference between Value at real Price of Silver and par value 10 Rupees=1l.	Net Imports of Gold.
1.	(E.—Col. 2.)	(E.—Col. 3.)	(E.—Col. 4.)	5.	6.	(E.—Col. 7.)
1870-71	£ 941,937	Pence. 60'502	£ 1,744,039	£ 1,677,000	£ 67,000	£ 2,282,121
1871-72	6,532,375	60'625	1,709,304	1,645,000	64,000	3,565,344
1872-73	715,144	60'000	4,008,534	3,815,000	193,000	2,543,362
1873-74	2,495,824	58'812	2,400,039	2,240,000	160,000	1,382,637
1874-75	4,642,203	58'562	4,941,023	4,594,000	347,000	1,873,535
1875-76	1,555,355	54'812	2,582,641	2,247,000	235,000	1,545,131
1876-77	7,198,872	54'500	6,292,856	5,445,000	848,000	207,349
1877-78	14,676,334	54'500	16,269,809	14,700,000	1,570,000	468,129
1878-79	3,970,094	51'750	7,278,351	5,975,000	1,303,000	896,173
1879-80	7,869,743	51'625	10,341,900	8,474,000	1,868,000	1,750,504
1880-81	3,892,574	52'062	4,410,660	3,644,000	766,000	3,655,199
1881-82	5,379,050	51'125	2,924,948	2,373,000	552,000	4,843,984
1882-83	7,480,227	51'250	7,338,730	5,960,000	1,370,000	4,930,871
1883-84	6,406,154	50'467	4,142,004	3,317,000	825,000	5,462,505
1884-85	7,245,631	49'937	6,026,411	4,775,000	1,251,000	4,671,936
			82,411,249	70,890,000	11,519,000	

£1=10 Rupees in this Table, except in col. 5, which is £ sterling.

The reduction in the price of Silver and the Revenue of the Government of India.

It has been stated that the reduction in the price of silver has been a material assistance to the Government of India by enabling it to raise a larger revenue with more facility. It is advisable, therefore, to show the separate items. The revenues of the Government of India for the years 1835-36 to 1884-85 are given in Statement G. at the end of this memorandum.—The details in Table 13 are derived from the Statement of the Moral and Material

Progress of India, 1882-83, to which reference is made in the note by Mr. W. G. Pedder. This statement compares the revenues received in 1872-73 with those in 1882-83, and shows that the principal increase is under the head of Productive Public Works. The effect of the drop in exchange has doubtless assisted in the development of the traffic on the railways which are included in this head, but it scarcely appears to have produced any effect on the three principal items, land, opium, and salt, speaking generally, in the period under notice.

TABLE 13.—GOVERNMENT OF INDIA.—GROSS REVENUE and EXPENDITURE in 1872-73 and in 1882-83.

REVENUE.			EXPENDITURE.		
	1872-73.	1882-83.		1872-73.	1882-83.
PRINCIPAL HEADS OF REVENUE:					
Land	£ 21,375,076	£ 21,876,047	Interest	£ 5,564,444	£ 4,468,132
Opium	8,684,691	9,499,594	Direct demands on the Revenue	7,262,784	8,476,968
Salt	6,167,032	6,177,781	Post Office, Telegraph, and Mint	1,339,077	1,908,569
Stamps	2,610,025	3,379,681	Civil Departments (Salaries, &c.)	9,615,545	10,947,971
Excise	2,324,915	3,609,561	Miscellaneous Civil Charges	3,441,771	3,890,407
Provincial Rates	1,893,398	2,683,015	Famine Relief and Insurance	—	1,500,000
Customs	2,657,878	1,296,119	Productive Public Works (Revenue Account)	5,458,111	11,741,747
Assessed Taxes	601,473	517,811	Public Works not classed as Productive	5,176,015	7,165,747
Forests	588,002	938,228	Army Services	15,503,612	17,440,250
Registration	177,961	285,829	Exchange on transactions with London	691,287	3,081,433
Tributes	741,465	689,945	Provincial Adjustments (Net)	—487,861	—1,202,626
Total	47,821,916	50,953,611			
Post Office, Telegraph, and Mint	884,650	1,703,994			
Receipts by Civil Departments	1,240,808	1,437,246			
Miscellaneous	1,557,655	1,378,515			
Productive Public Works	3,228,718	12,224,100			
Public Works not classed as Productive	665,622	830,582			
Military Receipts	906,810	1,592,183			
Total	56,806,179	70,125,231	Total	54,540,507	69,418,598

From Statement of Moral and Material Progress of India, 1882-83, p. 87.

Table 14, derived from the same source, shows that the net revenue under the head of Productive Public Works was 482,353l., out of a gross receipt of 12,224,100l.

These works have been of great assistance to the development of the progress of India, but the net addition to the revenue thence arising is not large.

Sir Auckland Colvin's Financial Statement for 1886-87, shows to what a serious extent the profit, which might otherwise have been realised, is turned into a loss through the recent reductions in the exchange.

APPENDIX B.

TABLE 14.—GOVERNMENT OF INDIA.—DETAILS of PRODUCTIVE PUBLIC WORKS (Revenue Account), 1882-83.

RECEIPTS.		EXPENDITURE (Revenue Account).	
	£		£
State Railways (Gross Earnings)	2,646,327	Working Expenses:	
East Indian Railway (Gross Earnings)	4,601,288	State Railways	1,534,176
Guaranteed Railways (Net Traffic Receipts)	3,582,046	East Indian Railway	2,069,398
		Irrigation and Navigation	502,011
Total	10,829,661		4,105,585
Irrigation and Navigation (including Land Revenue due to Irrigation)	1,394,439	Surplus Profits, Land, &c.:	
		Guaranteed Railways	558,772
		Interest, &c.:	
		State Railways	1,226,702
		East Indian Railway (Interest)	486,663
		Guaranteed Railways (Annuity)	1,216,735
		Irrigation and Navigation	3,317,872
		Madras Harbour	809,091
			20,327
		Total	7,077,390
		Net Receipts	11,741,747
Total	12,224,100		482,353

From Statement of Moral and Material Progress of India, 1882-83, p. 96.

Bills drawn by Government of India on that country.

Table 15 shows the amounts of the bills drawn by the Government of India from 1872-73 to 1882-83. These

bills include the payment for interest on the greater part of the Productive Public Works previously mentioned. The Table shows the difference due to the drop in the rate of exchange. Table 16 shows the manner in which the payments for the year 1882-83 were adjusted.

TABLE 15.—GOVERNMENT OF INDIA.—RESULTS of SECRETARY of STATE'S BILLS in 1872-73, and in each of the Ten Years 1873-74 to 1882-83.

	Amount of Secretary of State's Bills drawn.	Amount received in respect of Bills drawn.	Average Rate obtained per Rupee.	Difference as compared with Rate of 2s. per Rupee.	Net Disbursements in England.
	Rupees.	£	s. d.	£	£
1872-73	14,70,25,000	13,939,095	1 10'754	763,405	14,164,782
1873-74	14,26,57,000	13,285,678	1 10'351	980,022	14,288,942
1874-75	11,74,37,000	10,841,615	1 10'156	902,085	15,044,921
1875-76	13,75,00,000	12,389,613	1 9'625	1,360,387	15,468,133
1876-77	14,85,75,122	12,695,799	1 8'508	2,161,713	16,617,899
1877-78	11,69,85,000	10,134,455	1 8'791	1,564,045	16,110,906
1878-79	16,91,23,612	13,948,565	1 7'794	2,963,796	15,793,297
1879-80	18,35,00,000	15,261,810	1 7'961	3,088,190	15,880,431
1880-81	18,32,77,000	15,239,677	1 7'956	3,088,023	16,646,226
1881-82	22,21,09,350	18,412,429	1 7'895	3,798,506	16,570,796
1882-83	17,35,79,593	14,119,128	1 7'522	3,238,831	15,637,956

From Statement of Moral and Material Progress of India, 1882-83, p. 95.

TABLE 16.—GOVERNMENT OF INDIA.—STATEMENT of RECEIPTS and DISBURSEMENTS in ENGLAND, 1882-83.

RECEIPTS.		DISBURSEMENTS.	
	£		£
Revenue Receipts	831,990	Expenditure chargeable against Revenue	14,131,966
Permanent Debt Incurred (Net)	473,548	Net Expenditure chargeable against Revenue	13,299,976
Sum remitted from India on account of the Commission for the Reduction of Debt	1,001,393	Capital Expenditure on Productive Public Works	2,613,029
Capital of Guaranteed and Subsidized Railway Companies (Net)	1,687,695	Remittances (Net)	1,059,016
Deposits and Advances (Net)	499,222	Increase of Balance	808,965
	3,661,858		
Amount realised by the sale of the Secretary of State's Bills	14,119,128		
Total	17,780,986	Total	17,780,986

From Statement of Moral and Material Progress of India, 1882-83, p. 93.

The fluctuations in the Exchange and the Exports and Imports into and from India.

The recent drop in the rate of exchange with India has been accompanied by a large increase in the exports from that country, and also by a large increase in the imports from England. We will take wheat and cotton goods as illustrative of the movements among imports and exports generally. Table 17 shows the movements in exchange, and the effect in the case of wheat within the limits of the several prices assumed. Column 1 shows a price in India; column 2 the rate of exchange; column 3 the price at which the wheat, at the price in column 1, can, at the rate of exchange given in column 2, be shipped; column 4 contains the shipping and other charges; column 5 the price at which the wheat could, under such circumstances, be sold in England. By examining this Table it appears that, speaking generally, every fluctuation of one penny in the rate of exchange is equivalent to an alteration of 1s. 5d. in the selling price of, say, the quarter of wheat (the exact weight of the quantity referred to being 492 lbs.) in England. As the exchange drops the wheat can be sold cheaper.

Table 22 shows the exports of wheat from India for the years 1873-74 to 1882-83. It will be observed that the quantities have largely increased.

TABLE 17.—WHEAT EXPORTED from India to England
Table of cost per 492 lbs. to sell in England at various rates of Exchange.

1. Price of Wheat in India, per 492 lbs., f.o.b.	2. Exchange.	3. F.O.B. Prices.	4. Shipping and other Charges.	5. Price of Wheat in England per 492 lbs.
r. s. d.	s. d.	s. d.	s. d.	s. d.
15 13 1	1 6	23 9	6 3	30 0
	$\frac{1}{2}$	24 1	$\frac{1}{2}$	30 4 $\frac{1}{2}$
	$\frac{1}{4}$	24 5	$\frac{1}{4}$	30 8 $\frac{1}{2}$
	$\frac{1}{8}$	24 9	$\frac{1}{8}$	31 0 $\frac{1}{2}$
	1 7	25 1	6 4	31 5
	$\frac{1}{2}$	25 4 $\frac{1}{2}$	$\frac{1}{2}$	31 9
	$\frac{1}{4}$	25 8 $\frac{1}{2}$	$\frac{1}{4}$	32 1 $\frac{1}{2}$
	$\frac{1}{8}$	26 0 $\frac{1}{2}$	$\frac{1}{8}$	32 5 $\frac{1}{2}$
	1 8	26 4 $\frac{1}{2}$	6 5	32 9 $\frac{1}{2}$
	$\frac{1}{2}$	26 8 $\frac{1}{2}$	$\frac{1}{2}$	33 1 $\frac{1}{2}$
	$\frac{1}{4}$	27 0 $\frac{1}{2}$	$\frac{1}{4}$	33 6
	$\frac{1}{8}$	27 4 $\frac{1}{2}$	$\frac{1}{8}$	33 10 $\frac{1}{2}$
	1 9	27 8 $\frac{1}{2}$	6 6	34 2 $\frac{1}{2}$
	$\frac{1}{2}$	28 0 $\frac{1}{2}$	$\frac{1}{2}$	34 6 $\frac{1}{2}$
	$\frac{1}{4}$	28 4 $\frac{1}{2}$	$\frac{1}{4}$	34 11
	$\frac{1}{8}$	28 8 $\frac{1}{2}$	$\frac{1}{8}$	35 3 $\frac{1}{2}$
	1 10	29 0 $\frac{1}{2}$	6 7	35 7 $\frac{1}{2}$

Memorandum.

The "Shipping and other Charges" vary about 4d. per quarter between the exchange of 1s. 6d. and 1s. 10d. This is caused by—

Commission	-	1 per cent.
Brokerage	-	$\frac{1}{2}$ „ „
Discount	-	2 $\frac{1}{2}$ „ „
Insurance	-	1 „ „

5 per cent.

being calculated on the varying price in England.

The next statement, marked Table 18, shows the converse effect on the price of grey shirtings exported from England to India. As the exchange drops the goods must be sold dearer in India to bring the same money home.

TABLE 18.

GREY SHIRTINGS EXPORTED from ENGLAND to INDIA.
TABLE of Cost per Piece to sell in India at various Rates of Exchange.

Price of 8 $\frac{1}{2}$ lbs. Grey Shirting per Piece in Manchester.	Packing, Ship- ping (including Freight), and Selling Ex- penses.	Total Cost.	Exchange.	Cost to Sell in India.
s. d.	d.	s. d.	s. d.	Rs. 4
6	7 $\frac{1}{2}$ per piece.	6 7 $\frac{1}{2}$	1 6	6 $\frac{1}{2}$
"	"	"	1 6 $\frac{1}{2}$	4 5 $\frac{1}{2}$
"	"	"	1 6 $\frac{1}{4}$	4 4 $\frac{1}{2}$
"	"	"	1 6 $\frac{1}{8}$	4 3 $\frac{1}{2}$
"	"	"	1 7	4 3
"	"	"	1 7 $\frac{1}{2}$	4 2
"	"	"	1 7 $\frac{1}{4}$	4 1 $\frac{1}{2}$
"	"	"	1 7 $\frac{1}{8}$	4 0 $\frac{1}{2}$
"	"	"	1 8	3 15 $\frac{1}{2}$
"	"	"	1 8 $\frac{1}{2}$	3 14 $\frac{1}{2}$
"	"	"	1 8 $\frac{1}{4}$	3 14
"	"	"	1 9	3 12 $\frac{1}{2}$
"	"	"	1 9 $\frac{1}{2}$	3 11 $\frac{1}{2}$
"	"	"	1 9 $\frac{1}{4}$	3 11 $\frac{1}{4}$
"	"	"	1 9 $\frac{1}{8}$	3 10 $\frac{1}{2}$
"	"	"	1 10	3 9 $\frac{1}{2}$

Manchester, 24th March 1886, from
GEORGE LORD.

To make the above statement entirely clear Table 19 is annexed, giving the same results as in the preceding Table, but starting with the initial price of grey shirtings in India, calculated in rupees instead of in sterling. Mr. George Lord, of Manchester, has been so good as to supply me with these two statements.

TABLE 19.

GREY SHIRTINGS EXPORTED from ENGLAND to INDIA.
TABLE of Sterling Equivalents of Rupee Sales in India
(less all Charges) at various Rates of Exchange.

Price of 8 $\frac{1}{2}$ lbs. Grey Shirting in India.	Exchange.	Sterling Equivalent.	Packing, Ship- ping (including Freight), and Selling Ex- penses.	Net Sterling Value.
Rs. 4	s. d.	s. d.	d.	s. d.
6 $\frac{1}{2}$	1 6	6 7 $\frac{1}{2}$	7 $\frac{1}{2}$	6 0 per piece.
"	1 6 $\frac{1}{2}$	6 8 $\frac{1}{2}$	"	6 1 $\frac{1}{2}$ "
"	1 6 $\frac{1}{4}$	6 10	"	6 2 $\frac{1}{2}$ "
"	1 6 $\frac{1}{8}$	6 11	"	6 3 $\frac{1}{2}$ "
"	1 7	7 0	"	6 4 $\frac{1}{2}$ "
"	1 7 $\frac{1}{2}$	7 1	"	6 5 $\frac{1}{2}$ "
"	1 7 $\frac{1}{4}$	7 2 $\frac{1}{2}$	"	6 6 $\frac{1}{2}$ "
"	1 7 $\frac{1}{8}$	7 3 $\frac{1}{2}$	"	6 7 $\frac{1}{2}$ "
"	1 8	7 4 $\frac{1}{2}$	"	6 9 "
"	1 8 $\frac{1}{2}$	7 5 $\frac{1}{2}$	"	6 10 "
"	1 8 $\frac{1}{4}$	7 6 $\frac{1}{2}$	"	6 11 "
"	1 9	7 7 $\frac{1}{2}$	"	7 0 $\frac{1}{2}$ "
"	1 9 $\frac{1}{2}$	7 8 $\frac{1}{2}$	"	7 1 $\frac{1}{2}$ "
"	1 9 $\frac{1}{4}$	7 10	"	7 2 $\frac{1}{2}$ "
"	1 9 $\frac{1}{8}$	7 11	"	7 3 $\frac{1}{2}$ "
"	1 10	8 0 $\frac{1}{2}$	"	7 4 $\frac{1}{2}$ "
"	1 10	8 1 $\frac{1}{2}$	"	7 5 $\frac{1}{2}$ "

Manchester, 24th March 1886, from
GEORGE LORD.

But it would be erroneous to assume that the exporter of wheat from India to England necessarily gains the whole of the difference between the prices shown in Table 17, any more than it would follow that the exporter of cotton goods from England to India necessarily loses the

difference between the prices shown in Table 18 and Table 19.

The immediate effect of a drop in the exchange enables the importer of wheat into England to "lay down rupees" more cheaply in India, because the amount in sterling paid in England produces a larger number of rupees in India. The operation is sufficiently indicated in the following memorandum:—

MEMORANDUM showing Cost of Transmission of 100l. worth of Bar Silver to Bombay.

	£	s.	d.
Cost of silver	100	0	0
Freight, $\frac{1}{2}$ per cent.	-	-	-
Brokerage, $\frac{1}{4}$ th per cent.	-	0	14 6
Packing, &c. 2s. per cent.	-	-	-
	£100	14	6
Interest at 3 per cent. per annum from date of payment in London to minting in Bombay, 39 days. (No interest incurred in Bombay)	0	6	6
	£101	1	0

s. d.	Rs.
At ex. 1 6 per rupee	= 1,347. 5.4
" 1 6 $\frac{1}{2}$ "	= 1,328. 14.0
" 1 6 $\frac{1}{4}$ "	= 1,310. 14.8
" 1 6 $\frac{1}{8}$ "	= 1,293. 7.0
" 1 7 "	= 1,276. 6.9
" 1 7 $\frac{1}{2}$ "	= 1,259. 13.6
" 1 7 $\frac{1}{4}$ "	= 1,243. 11.1
" 1 7 $\frac{1}{8}$ "	= 1,227. 15.2
" 1 8 "	= 1,212. 9.7
" 1 8 $\frac{1}{2}$ "	= 1,197. 10.1
" 1 8 $\frac{1}{4}$ "	= 1,183. 0.5
" 1 8 $\frac{1}{8}$ "	= 1,168. 12.4
" 1 9 "	= 1,154. 13.9
" 1 9 $\frac{1}{2}$ "	= 1,141. 4.4
" 1 9 $\frac{1}{4}$ "	= 1,128. 0.0
" 1 9 $\frac{1}{8}$ "	= 1,115. 0.7
" 1 10 "	= 1,102. 5.10

If any advance be obtained in Bombay and the Bank rate there be 5 per cent. the cost would be increased by 2 per cent. for 39 days.

The drop in exchange, no doubt, gives for the time a stimulus to exports. But at this point competition steps in. The enhanced demand for wheat in India is followed by the natural result of such competition, and no doubt in its degree the converse of this, other things being assumed to be equal, would take place with respect to exports from England to India. It was stated by a practical authority in the spring of this year: "There is no margin whatever, over and above a very small commission, between the cost of wheat in India and the price at which it can be sold at the same time in the European markets . . . on the basis of the present rate of exchange, viz., 1s. 6d., we see that even with good crops in India, when the prices of wheat here range from 30s. to 33s. for the best Indian wheat, the exports decrease. If the rate of exchange were to decline below 1s. 6d. the exports would most likely, if the crops in India were good, increase in proportion to the decline in the exchange, provided the rates of freight and the prices of wheat in England remained unaltered."

It would appear that the alteration in the price of wheat in India may be stated, when considering the operation of export to England, in the following manner, taking the average of the five years 1865-69, and of the five years 1880-84, as the basis. The silver price of wheat in India, represented by the figure 100 at the earlier date, becomes 83.32, or, say, in round figures about 84 (col. 19 of Statement B. in tables referring to India) at the later date. Then there is a drop of about 15 per cent. in Indian exchange during the same time (col. 2 of the same statement), so that, to resume, the wheat which would be represented by the figure 100 at the commencement of the period becomes, say, 84, at the later date; from this a deduction of 15 per cent., to correspond with the drop in exchange, must be made, say, 12.6 per cent., thus increasing the drop to, say, 71, equivalent to a drop of above 29 per cent. in the gold price finally realised by the exporter of wheat from India to England in 1880-84, as contrasted with 1865-69. The drop in the gold price of wheat in England, measured in the same manner during the same period, is about 20 per cent. (see col. showing the movement of the price of wheat in England in Table 26). And the margin between the two dates referred to, indicated by a drop of 29 per cent. in the gold price finally obtained by

the Indian exporter of wheat to England, and by the drop of 20 per cent. in the gold price of wheat in England, may, when taken in conjunction, be assumed as leaving a difference of about 9 per cent., within which the import of Indian wheat into England has remained practicable with a profit in 1880-84 as compared with 1865-69.

It has been suggested to me by Mr. Hendriks that the drop of 29 per cent. above referred to may be more clearly illustrated by the following examples:—

Taking the average prices of the markets of Cawnpore, Agra, Fyzabad, Amritsur, Mooltan, and Jubbulpore, it will be found that 1,558 seers of wheat sold for 100 rupees in 1865-69. The same weight of wheat sold in the same markets at an average price of, say, 84 rupees in 1880-84, this being a close enough approximation in round figures to the per-centage of fall of price 84.34 on the average of 15 years, 1865-84, as given at foot of column 19 of Statement B. But, comparing 1865-69 with 1880-84, the fall in exchange with England was so great, say, 15 per cent., that whilst the 100 rupees realised by 1,558 seers of wheat in 1865-69 at the then average rate of 1s. 11.310d. produced in England 9l. 14s. 3d., the 84 rupees realised by the same weight of wheat in 1880-84 produced in remittance to England, at the then average rate of exchange of 1s. 7.644d., only 6l. 17s. 6d., the difference of 2l. 16s. 9d. between the two results indicates a drop of 29 per cent. in the space of time under review.

If this calculation be tested by the result of a converse operation, namely, the export of cotton goods from England to India during the period 1870 to 1885 (the only statement of price conveniently to hand), the following result appears. Stating the price in 1870 at 100, cotton goods, as shown in Table 20, fell to 68 in 1885, being a difference of 32 per cent. Adding to this difference the alteration in the silver exchange during the same time of 14 per cent., being, say, 9.50 on the price of 68, a total difference of, say, 42 per cent. is shown in the gold price finally realised by the exporter of cotton goods from England to India.

The drop in the price of the raw material, in Manchester, between 1870 and 1886, the nearest dates with which I can compare it, appears by the following statement to have been 50 per cent., and of grey shirting, in Manchester, 38 per cent. The average drop to the manufacturer may then be taken intermediately between 50 and 38. If half way it

would be $\frac{38+50}{2}=44$, which drop, contrasted with the

drop before mentioned of 42 per cent. in the gold return for cotton goods exported to India, may be assumed as leaving a margin of about 2 per cent., within which the export of cotton goods from England to India has remained practicable with a profit.

In considering this question the effect of improvements in methods of production in economy of means of transit must not be overlooked. It is claimed that these have enabled the producer in England to work with equal advantage at the present time as previously. These points, however important they may be both to exporters and importers, and however largely they may have assisted in the increase in the movements of commodities both to and from India, are beyond the effect of exchange operations.

	Middling Orleans Cotton, per lb.	40 Mule Twist, per lb.	Grey Shirting, 8 $\frac{1}{2}$ lbs. in Man- chester, per Piece.
1870	10 $\frac{1}{2}$ = 100	15 = 100	s. d. 10 6 = 100
1886	5 $\frac{1}{2}$ = 50	8 $\frac{1}{2}$ = 55	6 6 = 62

TABLE 20.—PRICES OF COTTON GOODS EXPORTED, 1870-85.

Total Exports of Cotton Manufactures, excluding Lace, Hosiery, Thread, &c., 1870-85.

This Table calculated for Price per 1,000 Yards.

	Price per 1,000 Yards.	1870.
1870	£ s. d.	= 100
1871	16 6	96
1872	15 14	102
1873	16 14	100
1874	16 6	94
1875	15 2	93
1876	13 14	84
1877	13 14	84
1878	13 6	82
1879	12 12	77
1880	12 16	79
1881	12 8	76
1882	12 16	79
1883	12 5	76
1884	11 14	72
1885	11 1	68

Total Exports of Cotton, Yarn, and Twist, 1870-85.

This Table calculated for Price per 1,000 lbs.

	Price per 1,000 lbs.	1870.
1870 - - - -	£ s. 78 17	= 100
1871 - - - -	77 19	99
1872 - - - -	78 16	100
1873 - - - -	73 16	94
1874 - - - -	65 19	84
1875 - - - -	61 6	78
1876 - - - -	54 18	70
1877 - - - -	53 10	68
1878 - - - -	51 16	66
1879 - - - -	51 6	65
1880 - - - -	55 2	70
1881 - - - -	51 14	66
1882 - - - -	54 2	69
1883 - - - -	51 2	65
1884 - - - -	51 0	65
1885 - - - -	48 6	61

(Based on quantities and prices given in Table A of Mr. Lord's evidence on Wednesday, 17th February 1886. Second Report of the Royal Commission on Depression of Trade and Industry: Appendix, Part I., p. 372.)

It would be very desirable for the Commission to inquire closely into the effect of the drop in exchange both on the prices of exports from India to this country and of imports into India from this country. So far as this investigation extends it appears to show that when prices have settled in proportion to the rate of exchange, the rate itself has but little effect, comparatively, on exports or imports; but that during the period of transition an influence is exerted, on both exports from and imports into India, facilitating the one and hindering the other. Some permanent difference, however, is apparently shown by the preceding statement, which does not seem to be equally balanced on both sides.

To revert to the changes in prices:—

CHANGES IN PRICES.—IMPORTS into ENGLAND from INDIA.

- Drop in India of gold price of wheat realised by export of wheat from India to England, say - - - - 29 per cent.
- Drop in gold price of wheat in England, say - - - - 20 „
- Difference - - - - 9 „

CHANGES IN PRICES.—EXPORTS from ENGLAND into INDIA.

- Drop in gold price of cotton goods realised by export from England to India (assuming fluctuation in price of goods exported, as stated in England, to equal fluctuation in price in India), say - - - - 42 per cent.
- Drop in gold price of average cotton goods (assuming the difference to lie midway between the price of the raw material and the manufactured article), say - - - - 44 „
- Difference - - - - 2 „

This statement is necessarily so rough that it must be understood as merely an indication of one of the methods of computation, by means of which the effect of the fluctuation in the exchange on trade may be estimated, and not in any way as the expression of a final conclusion as to the relative proportions in which the exports of wheat from India and the exports of cotton goods from England have been comparatively handicapped by the drop in exchange during the 20 years, 1865-84. So far as it permits any opinion to be formed it is in the direction that the exporter from India has possessed the benefit of rather a larger margin for profit than the exporter from England. The expression employed here, the exporter, must be understood as a general term, including all classes engaged in the operation on either side. It does not appear that the Indian wheat grower, however, has obtained higher prices for his produce, by reason of the increased export of wheat which has followed the fall in exchange. The price of wheat shown in Statement B., columns 18 and 19, has fallen on the whole during the period under consideration.

Mr. Hendriks, the Actuary of the Universal Life Assurance Company, to whom this statement of the effect of the alterations in exchange on trade with India has been submitted, allows me to say that he concurs with the method employed.

In the opinion of some persons, however, the price of wheat in India, though quoted in rupees, is really influenced to such an extent by the gold price obtainable in London that it must be held to represent the gold price as much as if it were actually quoted in gold. In this case the drop in the price of wheat in India would be taken to be 16 per cent. against a drop of 20 per cent. in England.

The following statement, supplied by Mr. Lord, compares the prices of grey shirtings obtained in Bombay with the rate of exchange for the years 1865-69 to 1885. I have added proportional columns taking the years 1865-69 as the basis. Considering the price at that period as equal to 100, grey shirtings have dropped to 57 at the later period, while the rate of exchange has dropped to 78. The table when arranged in this manner becomes, in a rough way, an "Index Number" for imports into India, as the article grey shirtings may be looked on as a typical import, and the price can be compared with the rate of exchange. The price of cotton meanwhile, as shown by the column which gives the fluctuations in it in Table 26, has dropped from 100 to 38.

PRICES of grey shirtings in Bombay (39 inches, 8 lbs.), and the rate of exchange for the years 1865-69 and 1870-1885; the average prices in Bombay, and the average rates of exchange for 1865-69, being taken as the basis.

Year.	Price in Bombay.	Rate of Exchange.
1865-69 - - -	Rs. 7 15	=100
1870 - - - -	6 0	76
1871 - - - -	5 12	73
1872 - - - -	5 11	72
1873 - - - -	5 12	73
1874 - - - -	5 12	73
1875 - - - -	5 12	73
1876 - - - -	5 9	70
1877 - - - -	5 6	68
1878 - - - -	5 4	66
1879 - - - -	4 15	62
1880 - - - -	5 3½	66
1881 - - - -	5 1½	64
1882 - - - -	5 1	64
1883 - - - -	4 12	60
1884 - - - -	4 12	60
1885 - - - -	4 8	57

In further explanation of this subject, Mr. A. F. Wallace has supplied me with the following statements which show the prices of white jacconets and grey shirtings in Bombay and Manchester in recent years. The different articles are given as representative of different classes of goods exported.

It will be observed from these statements that while the prices of white jacconets has dropped nearly uniformly about 31 per cent. both in Bombay and Manchester, grey shirtings have dropped about 27 per cent. in price in Bombay, while the price in Manchester has dropped about 20 per cent.

While these statements show the difficulty of showing the exact effect of the drop in exchange on individual articles of export, they show also how great the drop of the prices of the articles exported has been.

White jacconets (36 to 36½ inches by 20 yards).

Average price.

1st August to 31st July.	Price in Bombay.	Manchester Cost Price.
1875-76 - - -	Rs. 3 10 0	s. d. 5 3½
1876-77 - - -	3 7 9	4 7½
1877-78 - - -	3 5 9	4 6½
1878-79 - - -	3 4 3	4 4½
1879-80 - - -	3 3 6	4 4½
1880-81 - - -	3 2 9	4 ½
1881-82 - - -	3 1 0	4 2½
1882-83 - - -	2 12 6	3 9½
1883-84 - - -	2 9 0	3 8½
1884-85 - - -	2 7 3	3 6½
Present time - - -	2 8 0	3 7½

Per-centage of fall from 1875-76 to present time, 16th April 1886, in both about 31 per cent.

GREY SHIRTINGS (39 inches by 37½ yards, 8½ lbs.).

	Bombay Sales.	Manchester Cost Price.
For the year 1877	Average price Rs. 4 10 0	s. d. 6 6
" 1878	" " 4 5 0	6 3½
" 1879	" " 4 4 6	6 1
" 1880	" " 4 3 6	6 5½
" 1881	" " 4 1 0	6 1
" 1882	" " 3 15 0	6 1½
" 1883	" " 3 7 6	5 3
" 1884	" " 3 5 6	5 2
" 1885	" " 3 5 6	5 2

Per-centage of fall from 1877 to 1885, about 27 per cent. in rupee price; about 20 per cent. in Manchester price. (Mr. A. F. Wallace.)

We must also bear in mind, when considering the rate of exchange, that special causes may raise it or depress it below the natural point for a time, especially when as at the present time the rate is not strongly supported on any side.

The following statement explains the cause of the especially low rate of Indian exchange in May 1886.

"The Manchester exporters have contracted to deliver goods 'forward' to Calcutta to be repaid in sterling or in goods.

"The consignee at Calcutta, therefore, has to purchase sterling bills. These cost more rupees the lower the rupee goes. The consignees fearing a further fall in the exchange compete for bills; this competition drives the exchange lower still, and the Indian banks decline to sell sterling, except at still lower rates, because just now, owing to deficiency of exports from India, they have not adequate 'cover'—'cover' meaning bills drawn on London by exporters from India."

This statement puts before us in a very few words the manner in which competition may tend to drive exchange lower, to the disadvantage of the exporter of goods from this country.

TABLE 21.—AVERAGE EXCHANGE VALUE of the RUPEE for 21 Years, from 1865 to 1885.

	s.	d.
1865 - - - -	1	11·876
1866 - - - -	1	11·835
1867 - - - -	1	11·064
1868 - - - -	1	11·190

	s.	d.
1869 - - - -	1	11·197
1870 - - - -	1	11·267
1871 - - - -	1	10·495
1872 - - - -	1	11·126
1873 - - - -	1	10·754
1874 - - - -	1	10·351
1875 - - - -	1	10·156
1876 - - - -	1	9·625
1877 - - - -	1	8·508
1878 - - - -	1	8·791
1879 - - - -	1	7·794
1880 - - - -	1	7·961
1881 - - - -	1	7·956
1882 - - - -	1	7·895
1883 - - - -	1	7·525
1884 - - - -	1	7·536
1885 - - - -	1	6·716

TABLE 22.—EXPORTS of WHEAT from INDIA, 1873-74 to 1882-83.

	Quantity.	Value.
	Cwts.	£
1873-74 - - -	1,755,954	827,606
1874-75 - - -	1,073,655	491,451
1875-76 - - -	2,510,768	906,331
1876-77 - - -	5,586,604	1,957,640
1877-78 - - -	6,373,168	2,873,765
1878-79 - - -	1,056,720	520,138
1879-80 - - -	2,201,515	1,124,267
1880-81 - - -	7,444,375	3,277,942
1881-82 - - -	19,901,005	8,869,562
1882-83 - - -	14,193,763	6,088,814

From Statement of Moral and Material Progress of India, 1882-83, p. 236.

Economy in the cost of transit has, doubtless, greatly assisted the increase in these exports.

It must be remembered that the development of railways in India has greatly improved the means of moving grain within that country since 1873, and has opened up districts from which wheat could not be carried previously to advantage. Freight to Europe have also been lowered in cost to a large extent. The export duty on wheat was abolished in 1872.

Remarks of Indian Government, expressed in 1877, on fall in value of Rupee.

The Government of India expressed the following opinion in a resolution dated Financial Department, Calcutta, 9th February 1877:—

"That although it is most desirable in the interests of trade that the standard of value in India should be the same as the standard of value in the chief countries with which India interchanges commodities, yet trade will not be permanently injured by a fall in the value of the rupee measured in gold, provided only that a fresh stable equilibrium of the precious metals be attained."

In this resolution it will be observed the effect of the fall in exchange on the trade of India itself only is considered, and a fresh stable equilibrium of the precious metals is contemplated. This has not occurred since, and the detriment to the finances of the Indian Government through the loss on exchange on remittances is well known.

Prices in France.

The proximity of France to this country and the close connexion in a business way and otherwise, renders a comparison of the prices in the two particularly important for the purposes of this inquiry. I have received considerable and most valuable assistance in investigating this part of the subject from M. Leon Say and from M. De Foville of the Cabinet du Ministre in the Ministère des Finances, who have been so good as to supply me with the materials from which I have constructed an index number for France (Table 28) arranged on the same principle, and as far as possible including the same articles as the "index number" of the "Economist." I have also constructed another table (Table 29) drawn up as far as possible on a corresponding basis to that founded on the relative importance of the principal industries in England. As an exactly similar basis was not available, I have based this table on the quantities and values of the same 22 articles (as far as possible) shown by the "Commission Permanente des Valeurs de Douane" during the period in question. As in the case of the corresponding table referring to prices in

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APPENDIX B. England, the information derived from an examination of this table coincides very closely with that supplied by the other index number for France, which is arranged on the principle of proportionate per-centages, and thus supports very strongly the indication of a diminution of prices as there shown. A statement (Table 30) showing the price of wheat in England and France for the years 1771 to 1883 is also added. In examining this table the influence of taxation in both countries must be borne in mind. After eliminating these disturbing causes, and the effect of suspension of specie payments in both countries, it appears that the price of wheat has undergone fluctuations in both countries which correspond so far as to afford the belief that the course of prices has been generally much the same in both.

I subjoin an index number based on the prices of wheat in England and France. For facility of reference this index number is drawn up in two forms, from 1846-50 to 1885, and from 1865-69 to 1885. The statement as to the Customs charges in England and France contained in the notes to Table 30 should be read in connexion with this.

INDEX NUMBER based on prices of English wheat and French wheat, 1846-50 to 1885. [Details in Table 30.]

Year.	ENGLAND. Official average per Quarter.	Per cent. of each Year to the five Years 1846-50.	FRANCE. Equivalent of English price per Imperial Quarter.	Per cent. of each Year to the five Years 1846-50.
1846	£ s. d. 2 14 8	105	£ s. d. 2 15 9	121
1847	3 9 9	135	3 7 4	146
1848	2 10 6	97	1 18 7	84
1849	2 4 3	85	1 15 7	77
1850	2 0 3	78	1 13 2	72
Five years' average	2 11 10	100	2 6 1	100
1851	1 18 6	74	1 14 8	75
1852	2 0 9	79	2 1 4	90
1853	2 18 3	103	2 13 0	117
1854	3 12 5	140	3 6 7	144
1855	3 14 9	144	3 8 0	148
1856	3 9 2	134	3 11 4	135
1857	2 16 4	109	2 16 8	123
1858	2 4 2	85	1 18 4	83
1859	2 3 9	85	1 18 4	83
1860	2 13 3	103	2 7 2	102
1861	2 15 4	107	2 17 1	124
1862	2 15 5	107	2 14 1	117
1863	2 4 9	86	2 6 2	100
1864	2 0 2	78	2 1 0	89
1865	2 1 10	81	1 18 2	83
1866	2 9 11	96	2 5 8	99
1867	3 4 5	124	3 0 11	132
1868	3 3 9	123	3 2 0	135
1869	2 8 2	93	2 7 3	103
1870	2 6 11	91	—	—
1871	2 16 8	109	2 19 7	129
1872	2 17 0	110	2 13 10	117
1873	2 18 8	113	3 8 10	149
1874	2 15 9	108	3 7 8	147
1875	2 5 1	87	2 4 11	98
1876	2 6 2	89	2 7 10	104
1877	2 16 9	110	2 14 6	118
1878	2 6 5	90	2 13 4	116
1879	2 3 10	85	2 11 3	111
1880	2 4 4	86	2 13 2	116
1881	2 5 4	88	2 11 10	113
1882	5 1	87	2 9 2	107
1883	2 1 7	80	2 4 10	97
1884	1 15 8	69	—	—
1885	1 12 10	63	—	—

INDEX NUMBER based on prices of English wheat and French wheat, 1865-69 to 1885. [Details in Table 30.]

Year.	Official average per Quarter.	Per cent. of each Year to the five Years 1865-69.	Equivalent of English price per Imperial Quarter.	Per cent. of each Year to the five Years 1865-69.
1865	£ s. d. 2 1 10	78	£ s. d. 1 18 2	75
1866	2 9 11	93	2 5 8	90
1867	3 4 5	120	3 0 11	120
1868	3 3 9	119	3 2 0	122
1869	2 8 2	90	2 7 3	93
	2 13 7	100	2 10 10	100
1870	2 6 11	88	—	—
1871	2 16 8	106	2 19 7	117
1872	2 17 0	107	2 13 10	106
1873	2 18 8	109	3 8 10	135
1874	2 15 9	105	3 7 8	123
1875	2 5 1	84	2 4 11	88
1876	2 6 2	86	2 7 10	94
1877	2 16 9	106	2 14 6	107
1878	2 6 5	87	2 13 4	105
1879	2 3 10	82	2 11 3	101
1880	2 4 4	83	2 13 2	106
1881	2 5 4	85	2 11 10	102
1882	2 5 1	84	2 9 2	97
1883	2 1 7	78	2 4 10	88
1884	1 15 8	66	—	—
1885	1 12 0	61	—	—

INDEX NUMBER, FRANCE, showing fluctuations in Prices of 22 Commodities, selected as being as nearly corresponding as possible to those in the "Economist" Index Number showing the Proportion of each Year to 1865-69 on the basis of 100. 1865-69 to 1884. [Details in Table 28.]

Five years, 1865-69	—	2,200 = 100
1870	—	2,137 97
1871	—	2,283 104
1872	—	2,434 111
1873	—	2,423 110
1874	—	2,223 101
1875	—	2,243 102
1876	—	2,196 100
1877	—	2,241 102
1878	—	1,950 89
1879	—	1,898 86
1880	—	1,941 88
1881	—	1,880 85
1882	—	1,845 84
1883	—	1,807 82
1884	—	1,649 76

INDEX NUMBER, FRANCE, based on relative importance of Industries as shown by quantities imported and exported, 1865-69 to 1886. [Details in Table 29.]

PRICES calculated with reference to relative Industries.

Year.	French "Index Number."
1865	2,331 = 106
1866	2,380 108
1867	2,144 97
1868	2,110 96
1869	2,045 93
Average	100
1870	2,000 = 91
1871	2,250 102
1872	2,310 105
1873	2,300 105
1874	2,125 97
1875	2,085 95
1876	2,090 95
1877	2,107 96
1878	2,010 91
1879	1,915 87
1880	1,937 88
1881	1,900 86
1882	1,855 84
1883	1,756 80

It also appears probable from these statements that the purchasing power of the standard of value in either country has not differed greatly from the other, though one country has had a single and the other a double standard. Among other points which the Commission might investigate, it appears desirable to inquire into these: the course of prices in both countries; the influence of a single or a double standard on business and on general transactions; the purchasing power of a single and a double standard of value; and whether the difference between the standards in this respect has produced any effect on the course of the exchanges. These points might all be advantageously inquired into. So far as my calculations extend, they appear to show that the purchasing power of the circulating medium in both countries has been nearly equal.

General remarks on fluctuations in prices.

In considering the subject of fluctuations in prices in different countries the following remarks of Ricardo may well be borne in mind as they explain that the prices of similar articles cannot under these circumstances be expected to correspond exactly in different countries. Thus he explains that "the prices of home commodities, and those of great bulk, though of comparatively small value, are, independently of other causes, higher in those countries where manufactures flourish. Of two countries having precisely the same population, and the same quantity of land of equal fertility in cultivation, with the same knowledge too of agriculture, the prices of raw produce will be highest in that where the greater skill and the better machinery is used in the manufacture of exportable commodities. . . . the value of money is never the same in any two countries, depending as it does on relative taxation, on manufacturing skill, on the advantages of climate, on natural productions, and many other causes."—Ricardo, p. 81, edition, 1852.

After allowing the full influence due to the considerations mentioned by Ricardo, it appears from the estimates made in the preceding statements referring to England, France, Germany, and the United States that the general movement in the course of prices in all these countries has been towards a lower level during the periods respectively examined into. A movement so general would appear to point to one cause, and the appreciation of the standard of value presents a solution of the question. But in considering this the great alterations recently made in methods of production of commodities, and in economy of transit must also be borne in mind. While we should undoubtedly be wrong in referring the whole or possibly even the major part of the movement downwards, or depression in price, to a movement upwards of the purchasing power of the standard of value, some considerable weight must be allowed to it.

The indebtedness of one Country to another, and the Rate of Exchange.

The amount necessarily remitted yearly from India may be believed to influence the rate of exchange unfavourably to India. To elucidate this point I requested Mr. P. Selby, of the Bank of Australasia, to draw me up a

statement of the rates of exchange between Australia and England for the last 16 years. The indebtedness of the Australian group of colonies to this country may well be compared with the indebtedness of India. The following table will show that the rate of exchange between Australia and England is in favour of this country, and that the fluctuations in it are mainly dependent on the seasons.

It has to be borne in mind that the 1st of June is the depth of winter in Australia, while the 1st of December represents the harvest season, when wool and all other exports to this country are being pressed forward.

The following are the standards for the gold points of the Australian Exchange:—

£	Australia.
101 - - -	10 per mille for England.
100 - - -	Par.
99½ - - -	15 per mille against England.

TABLE 23.—BANK'S SELLING RATE on LONDON in MELBOURNE 1870 to 1885, at 60 days' sight.

Year.	1st June.	1st December.
1870	100½	101
1871	100½	100
1872	100½	100½
1873	100½	100½
1874	100½	100½
1875	100½	100½
1876	100½	100½
1877	101½	100½
1878	100½	100½
1879	100½	100½
1880	100½	100½
1881	100½	100½
1882	100½	100½
1883	100½	100½
1884	100½	100½
1885	100½	100½

The payments on account of interest from India and Australia to England.

The following statements are drawn up with a view to compare the relative indebtedness of India and Australia, and the payments on account of interest from both these countries to England.

The payments on account of interest on amount of the indebtedness of Australia to this country have greatly increased, both in amount and in proportion to the exports to this country, within the last 15 years, but the rate of exchange which is shown above in Table 23 does not appear to have become more unfavourable to Australia on that account.

The tables marked 24 and 25 must be regarded only as giving approximate estimates, the difficulty of drawing up any detailed statement appearing absolutely insurmountable.

TABLE 24.
MONETARY BALANCE against INDIA.

Year.	(1.) Excess of Merchandise, Exports.	(2.) Less Treasure, Imports.	(3.) Balance.	(4.) Of which paid by India Council Drafts.	(5.) Exports of India.	Proportions.	
						Column 3 to Column 5.	Column 4 to Column 5.
	£	£	£	£	£	Per cent.	Per cent.
1870-1	20,863,000	3,224,000	17,639,000	8,444,000	55,332,000	31'8	15'2
1871-2	31,094,000	10,097,000	20,997,000	10,310,000	63,186,000	33'3	16'3
1872-3	23,376,000	3,258,000	20,118,000	13,939,000	55,250,000	36'4	25'2
1873-4	21,160,000	3,879,000	17,281,000	13,286,000	54,996,000	31'4	24'1
1874-5	20,137,000	6,516,000	13,621,000	10,842,000	56,359,000	23'2	19'2
1875-6	19,204,000	3,100,000	16,104,000	12,589,000	58,091,000	27'7	21'3
1876-7	23,573,000	7,400,000	16,167,000	12,696,000	61,014,000	26'4	20'8
1877-8	23,758,000	15,144,000	8,614,000	10,134,000	65,222,000	28'5	15'7
1878-9	23,167,000	3,074,000	20,093,000	13,949,000	60,937,000	32'9	22'8
1879-80	26,046,000	9,621,000	16,425,000	15,262,000	67,212,000	24'4	22'7
1880-1	21,464,000	7,548,000	13,916,000	15,240,000	74,581,000	18'6	20'4
1881-2	32,855,000	10,223,000	22,632,000	18,413,000	81,969,000	27'6	22'4
1882-3	31,389,000	12,411,000	18,978,000	15,121,000	83,485,000	22'7	18'1
1883-4	22,897,000	11,869,000	11,028,000	17,600,000	88,178,000	12'5	19'9
1884-5	27,552,000	11,918,000	15,634,000	13,759,000	83,255,000	18'7	16'5
			259,247,000	201,383,000	1,009,065,000	25'7	20'0

APPENDIX B.

It will be seen that column 3 is 57,864,000*l.* in excess of column 4. But, in reality, even this 259,247,000*l.* is considerably short of what India would have had to pay for all practical purposes to Great Britain had she not increased her indebtedness. On the 15 years that increase has been—

Government debt	-	60,708,000
Guaranteed companies	-	20,575,000
Other enterprise	-	(?)
		<u>81,283,000=5,419,000<i>l.</i> per annum.</u>

Adding this 81,283,000*l.* to the above 259,247,000*l.*, we have a total of 340,530,000*l.* representing the gross balance against India on the 15 years, equal to 22,702,000*l.* per annum, and equivalent to 33·7 per cent. of the exports. Of this sum, an average 13,425,000*l.* has been paid in Council bills, 5,419,000*l.* in increased indebtedness, and 3,858,000*l.* per annum has been remitted in excess, and represents the additional profits on trade and interest on capital.

The entire 22,702,000*l.* per annum may be said to cover the interest, salaries, and part trading profits payable by India on average during these 15 years, these figures being apart from the earnings on the carrying trade. It has been calculated that the interest on investments alone represents between 12,000,000*l.* and 13,000,000*l.* annually.

TABLE 25.

MONETARY BALANCE AGAINST AUSTRALASIA.

Year.	(1) Gross Imports (including Gold).	(2) Gross Exports (including Gold).	(3) Excess of Imports.	(4) Excess of Exports.	(5) Estimated Borrowings.	(6) Interest Payments to United Kingdom.
	£	£	£	£	£	£
1870	28,880,000	28,421,000	459,000	—	40,000,000 = 8,000,000 per annum	(3—4 deducted from 5) 35,000,000 = 7,000,000 per annum
1871	30,075,400	34,581,000	—	4,506,000		
1872	33,432,000	34,561,000	—	1,129,000		
1873	41,447,000	39,130,000	2,317,000	—		
1874	44,352,000	39,157,000	5,195,000	—		
1875	47,273,000	44,407,000	2,866,000	—	60,000,000 = 12,000,000 per annum	41,000,000 = 8,000,000 per annum
1876	45,505,000	43,094,000	2,411,000	—		
1877	48,308,000	45,085,000	3,223,000	—		
1878	50,546,000	44,197,000	6,349,000	—		
1879	47,379,000	41,230,000	6,149,000	—		
1880	45,061,000	48,866,000	—	3,805,000	80,000,000 = 16,000,000 per annum	52,000,000 = 11,000,000 per annum
1881	52,709,000	48,369,000	4,340,000	—		
1882	63,844,000	50,633,000	13,211,000	—		
1883	61,570,000	55,719,000	5,851,000	—		
1884	64,001,000	54,573,000	9,428,000	—		
Total	704,382,000	652,023,000	52,359,000	—	180,000,000	128,000,000
Average	—	—	= 3,500,000 per annum.	—	= 12,000,000 per annum	= 8,500,000 per annum

Column 6 approximately represents the interest payments to this country. In addition, there is the large sum annually spent by Australians when in England. Upon the average exports of 43,500,000*l.* per annum the excess to cover payments here indicated is on average about 20 per cent. In reality the proportion is larger, but it is more than outweighed by further borrowing. The present indebtedness of Australia to the mother country, including merchants' capital embarked in those colonies, has been roughly estimated at about 300,000,000*l.* The interest on this must fully amount to 40 per cent. on the average exports at the present time.

The Standard of Value and the Rate of Interest.

It is sometimes argued that the purchasing power of the Standard of Value has an influence on the rate of interest charged, and that it cannot be appreciated in this country because of the low rate of interest now (March 1886, 2 per cent.) charged at the Bank of England. A little consideration will show that this argument cannot be well founded. The rate of interest is the price of money for a given time reckoned in that money itself; hence it bears no necessary relation either to the quantity or the value of the money in circulation.

These, however, influence prices largely, and thus indirectly, though powerfully, the rate of interest.

It may also be observed in connexion with this portion of the subject, that the influence of the quantity of money on prices is very different when, as in civilized countries at the present time, credit and the various forms of "book transfer" utilized by the system of banking in existence in those countries, come into play as means of purchase and exchange than in countries which possess only a metallic circulation. The countries in which the credit system is most completely developed appear to be the most readily influenced.

A comparison between the fluctuations of prices since the recent discoveries of gold in Australia and California and those after the great discoveries of the precious metals which commenced in South America in the year 1492 will assist in forming some idea of the influence which these modes of utilizing credit exercise on the purchasing power of the metallic basis of the standard of value.

It is sometimes argued that the comparative fixity of the rate of interest in France compared with the numerous alterations in England may proceed from the bi-metallic system existing in France.

"It is thought that this is the case because bi-metallism favours the introduction of the precious metals, and causes the coinages to be larger when a considerable period of years is taken into consideration; and that the rate of interest is not lowered on account of the quantity of capital collectively, but only on account of the quantity of capital disposable.

"Now among disposable capital there is nothing more readily disposable than capital in the form of money, which is in the hands of importers of ingots, after they have caused their ingots to be transformed into money."

As this opinion is held by high authorities, it will be interesting to examine the number of changes in the rate of interest, and the number of days at the various rates charged at the three great banks of Europe—the Bank of England, the Bank of France, and the Bank of Germany.

The date when the Bank Act of 1844 came into operation is taken as the initial date in Tables 31, 32, and 33, which show that while the number of changes in the rate in England has been far larger than in either France or Germany, the number of changes in France, which is bi-metallic, has been rather fewer than in Germany, which was mono-metallic on silver till 1871, and became afterwards mono-metallic on gold completely in 1873. A summary table, marked Table 34, compares the number of each days at each rate at the three banks during the same period.

APPENDIX B.

The rate charged in Germany, however, has been higher than either in England or in France, but though the rate in England was lower than in France from 1844 to 1875, it has been lower in France than in England on the quinquennial averages for the last 10 years, while for this period France has since the suspension of the Latin Union been practically mono-metallic on gold. A table, marked Table 35, showing the rates of interest at the Banks of England, France, and Germany for this period is added. It does not appear as a matter of observation that the fact of the Standard of Value being mono-metallic or bi-metallic has a very distinct effect on either the number of variations in the rate of interest or on the rate charged. Other causes, into which there is no need to enter here, appear to regulate these points.

Banking Laws in other Countries.

In connexion with this portion of the subject, should the Commission desire to inquire into the subject of banking laws, those under which the Imperial Bank of Germany (German Bank Act of 1875), the National Banks of the United States of America, and the Enskilda Banks of Sweden (Private Joint Stock Banks) are administered deserve attention.

RATES OF EXCHANGE between ENGLAND and FRANCE.

The rates of exchange between England and France, as exemplifying the course of such operations between a country with a mono-metallic and one with a bi-metallic standard, form a subject for consideration in connexion with this inquiry.

A table of the rate of exchange between England and France for two dates in each year, the earliest quoted in the January and July of each year from 1844 to 1885, marked Table 36, is appended to the end of the memorandum.

This shows that the rate of exchange is, generally speaking, influenced mainly by the ease or stringency of the money market, indicated by the bank rate in London and Paris, which is likewise given, and not by the price of silver; the bank rate, both in London and Paris, and the price of silver in London, are quoted for facility of reference.

International Exchanges.

The exchange is ascertained by estimating the value of the currency of one country in the currency of another.

The variations of the exchange with foreign countries can never, for any length of time, exceed the expense of transmitting and insuring the precious metals from one country to another.

In comparing the expense of transmitting the precious metals from one country to another, the price of bullion in the country to which it is transmitted, and the loss of coining the bullion into money, must also be included.

"Whichever metal is the standard measure of value, it will also regulate the par of exchange with foreign countries, because it will be in that metal, or in paper currency representing that metal, that bills will be paid." Ricardo's Works, p. 317, ed. 1852.

In an exchange between a mono-metallic country and a bi-metallic country, the exchange tends to rest on the currency which is the measure of value common to both.

There can be no fixed par of exchange between a country which has a standard of gold and a country which has a standard of silver; the exchanges will be subject to all the variations which may take place in the relative value of gold and silver.

In applying these considerations to the exchange between England and India, the fact has to be confronted that the ratio at which silver exchanges for gold in the open market is very different now, as shown by Table 37, which gives the course of the prices of silver relatively to gold in India from 1872 to 1884, from that which prevailed when France became definitely bi-metallic in 1803. At that time the ordinary ratio appears to have been about 15½ to 1. Recently the ratio in India, which is practically identical with that in this country, has been about 19 to 1.

And if any alteration in the standard of value in India, in the direction of the concurrent use of both the precious metals were proposed, the first questions would be—What ratio should be fixed between silver and gold?

What effect would such an alteration have on all contracts for payments both past and present?

What effect would such an alteration have on the exchange with other silver-using countries?

How far such an alteration would influence the trade between England and India, and between India and the British Colonies?

Could it be undertaken by India alone, or would it require the concurrence of other countries?

How far has the ratio between gold and silver been the result of the ordinary causes which influence prices generally in the open market, and how far has it been the result of legislative action?

Considering the remarks made by Chambers of Commerce, manufacturers, merchants, and others on the influence of the fall of the silver exchanges on British trade an inquiry into the subjects generally indicated above appears desirable.

SUMMARY OF PRINCIPAL POINTS INCLUDED IN THIS MEMORANDUM, WITH REFERENCE TO ENGLAND, FRANCE, AND INDIA, AND THE PURCHASING POWER OF THE STANDARD OF VALUE.

England established a free mint for gold and silver in 1666, with a silver standard and fixed mint ratios for gold and silver coins, and sundry royal proclamations and tariffs respecting the silver value of gold coins, but with no strict provisions for the acceptance of gold coins as unlimited legal tender till 1717, when a double standard was introduced; the circulating medium became gradually gold through influx from other countries, gold being overvalued slightly in England. The proportions were fixed by proclamation based on Sir Isaac Newton's report of 1717, which, though it lowered the rate at which the gold coin circulated, still left it slightly overvalued, and, by fixing the rate at which the gold coin was to be current, established a double standard, based on gold and silver. Some restrictions were afterwards placed on the use of silver, and the bi-metallic arrangement was discontinued in 1799, suspension of specie payments having taken place in 1797. The gold standard was established in 1816.

France was bi-metallic in 1785. This arrangement was definitely fixed in 1803. So far as the information at my disposal allows an opinion to be formed, the purchasing power of the circulating medium has apparently been equal, or nearly equal, in both countries, after allowing for the influence of taxation, &c., and the fluctuations in the purchasing power have certainly corresponded closely; the recent drop in prices in France corresponding to a great extent with that in England. The circulating medium in France has gradually included a much larger proportion of gold than was the case 40 years ago, but during the whole time from 1844 to 1885, there has apparently never been any difficulty arising out of the difference in the standard of value, in making a good rate of exchange between the two countries. One country has apparently not possessed any important advantage over the other in the rate of exchange, notwithstanding the difference in the basis of the standard of value between them.

India has a silver standard; gold, though coined at the mints, is practically unknown in circulation and is not legal tender. Prices reckoned in silver do not appear to have fallen as much as prices reckoned in gold have done.

The rate of exchange between England and India has, as is well known, dropped very greatly within the last 10 years. There is a considerable influx of gold into India; this has recently increased, as shown by statement F., the importation of silver having fallen off, as shown by statement E. The imports of gold are increasing in the form of bars, of the weight of 10 oz., the fineness, 997·4 milliemes, marked on them, guaranteed by the Bank through which they pass. These bars form thus an approach to a coinage.

With regard to the question as to the effect which the indebtedness of one country to another has on the rate of exchange, the conditions of indebtedness between the Australian group of colonies and this country, may be fairly compared in many respects with the indebtedness of India relatively to the general totals of trade.

Purchasing Power of Standard of Value.

It also appears from the facts shown in this memorandum that when the present prices of the principal commodities produced, dealt with, and manufactured in this country are compared with the prices obtained for articles of the same description 20 years since there is, almost without exception, a great reduction in them.

This fall in prices has taken place not only in agricultural produce, but in minerals, in manufactured goods, in articles of luxury like silk, as well as in such articles as tea and tobacco. So few are the exceptions that the fall may fairly be described as being general.

A similar fall, closely corresponding in extent, would also appear to have taken place in the neighbouring country of France during the same period.

No doubt a great part of this reduction can be accounted for by improved methods of manufacture, greater facilities for transit, and the opening up of new fields of production; but after allowance is made for the influence which

APPENDIX B.

all such causes may have exerted this hardly appears alone sufficient to account for so general a reduction in price, especially considering that the reduction has extended not only to England and France, but to other European countries as well, and in a degree to the United States of America. Meanwhile, in India, prices of commodities of native growth have remained but little altered during the same time, having only fallen in a slight degree.

This reduction in prices, it may be observed, exists not only in comparison with the prices obtained 20 years since, but with those of 40 years since, and again of six years since.

Comparisons of prices in different periods are of service in an inquiry like the present, as by employing this method the influence of inflation which exists in times of speculation can be eliminated from the statements, and with whichever period the comparison is made the result is found to be the same, or nearly the same.

Though improvements in production, manufactures, and means of transit may account for a great part of the change in prices these improvements alone do not appear sufficient to account for so general an alteration.

The movement in prices which has been summarised above has been accompanied by a great alteration in the market price of silver, when that price is reckoned in gold, while, as already stated, the relative price of silver to commodities has remained without much alteration in India.

An enhancement of the purchasing power of the standard of value would be shown by a general fall in prices, and might account for the reduction in price beyond that arising from improvements in the production and supply of commodities.

It appears that while the production of gold has become less, the production of silver has become greater during the last 20 or 25 years.

Meanwhile the employment of gold as the standard of value has greatly increased in various countries of Europe and in the United States of America.

The greater employment of gold in this manner, coupled with the diminished supply, would go a long way to account for that part of the reduction in prices which would otherwise appear to be unexplained. And while it is scarcely possible to state the exact proportion of the reduction in prices which is due to this it may fairly be regarded as one of the influential causes.

It also deserves notice that while there has been a considerable reduction in the price of silver as expressed in gold, the employment of silver for coinage purposes appears to exceed the net production. This is likewise the case with gold.

The close connexion between the values of the precious metals and the laws regulating the standards of value in the different countries of the world becomes obvious when it is shown, as has been done in this memorandum, that the prices of both gold and silver have varied so greatly, but in opposite directions, while the employment of both appears to have been in excess of the net production.

I trust that this memorandum, roughly and hastily drawn up, imperfect as it necessarily must be, may be of service in placing the leading facts impartially and without bias before the Commission, and as stating some of the heads into which this inquiry should be directed.

(Signed) R. H. INGLIS PALGRAVE.

List of some of the principal works referred to in preparing this memorandum:—

Report from the Select Committee on Depreciation of Silver.

Ordered, by the House of Commons, to be printed, 5th July 1876.

EAST INDIA SILVER.

Copy of extracts of papers received from the Government of India and from Her Majesty's representatives and consuls in foreign countries, having reference to the silver question (in continuation of paper laid before the Select Committee on the Depreciation of Silver).

India Office,
22nd March 1877.

Ordered, by the House of Commons, to be printed, 22nd March 1877.

Reports of Deputy Master of Mint, 1884-1885.

Hansard's Parliamentary Debates, &c., &c.

History of Prices, 1792-1856, Tooke and Newmarch.

Publication on International Monetary Conference, held in compliance with the invitation extended to certain Governments of Europe by the Government of the United States, in pursuance of the second section of the Act of Congress of February 28, 1878, in Paris in August 1878, under the auspices of the Ministry of Foreign Affairs in the Republic of France, with Proceedings and Exhibits, followed by the Report of the American Commission and Appendix containing Correspondence submitted to the Department of State by Mr. Fenton, and Historical Material for the study of Monetary Policy, contributed by Mr. Horton, being Senate Executive Document, No. 58, 45th Congress, Third session. Washington Government Printing Office, 1879.

Annual Finance Reports of the Secretary of the United States Treasury.

Annales Du Commerce Extérieur, France.
Situation Économique et Commerciale de la France.

Faits Commerciaux. Commission Permanente De
Valeurs de Douane.

Bulletin de Statistique et Legislation Comparée, &c., &c.

Materialien zur Erläuterung und Beurtheilung der wirtschaftlichen Edelmetallverhältnisse und der Währungsfrage
Gesammelt von Ad. Soetbeer.

TABLE 26.—ENGLAND. Showing the MOVEMENT per cent. in the WHOLESALE PRICES of twenty-two PRINCIPAL COMMODITIES—the AVERAGE PRICES of the Five Years 1865-69, inclusive, being taken as the DATUM LINE or par from 1865-69 to 1886.

(The commodities are the same as those selected for the annual Commercial History in the "Economist" Newspaper—the Datum line being altered.)

Dates.	Coffee.	Sugar.	Tea.	Tobacco.	Wheat.	Butchers' Meat.	Cotton.	Silk, Raw.	Flax and Hemp.	Sheep's Wool.	Indigo.	Oils.	Timber.	Tallow.	Leather.	Copper.	Iron.	Lead.	Tim.	Cotton Wool.	Cotton Yarn.	Cotton Cloth.	TOTAL INDEX NUMBER.	Per Cent.	Remarks.
January 1, 1865	107	95	95	146	73	104	150	90	106	122	98	96	102	90	99	100	100	106	102	165	146	140	2,434	} American Civil war. Finance Companies' mania. After the panic. Stagnation.	
" 1866	118	104	125	100	89	107	153	113	110	108	90	104	97	108	99	120	110	107	105	122	133	124	2,449		
" 1867	98	95	95	90	114	100	83	104	92	108	103	103	100	102	96	97	97	100	86	87	97	99	2,156		
" 1868	93	104	92	90	128	92	41	90	96	86	108	102	99	94	103	95	95	96	97	64	53	64	1,982		
" 1869	84	102	93	74	96	97	63	103	96	76	101	95	102	106	103	88	92	95	110	62	68	73	1,979		
AVERAGE, 5 YEARS	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	2,200	=100	DATUM LINE (22 COMMODITIES).
January 1, 1870	89	120	90	75	80	102	71	98	91	72	107	94	104	101	97	82	97	95	120	65	70	75	1,905	91	Recovering.
" 1871	82	120	88	70	100	111	48	103	91	66	97	106	121	98	97	80	96	90	139	48	64	66	1,981	90	Franco-German war.
" 1872	96	120	88	85	104	112	57	95	90	100	112	91	122	107	101	102	109	95	154	54	68	70	2,132	97	Year of greatest trade; England's exports, 314,588,834.
" 1873	114	106	88	88	104	120	54	95	93	118	119	88	134	94	110	104	155	108	148	57	70	70	2,237	102	Stock Exchange inflation. Coal 24 per ton. Foreign Loans mania.
" 1874	154	96	96	82	116	122	49	84	83	103	87	81	132	90	112	103	183	122	124	48	63	65	2,207	100	Germany coming gold. Largely extended silver production.
" 1875	116	96	88	113	80	114	45	65	74	109	115	82	139	104	116	104	152	120	103	43	55	65	2,110	96	FALL IN PRICES 4 PER CENT.
" 1876	121	93	88	113	84	127	43	49	82	100	92	86	135	115	112	99	137	115	86	43	55	62	2,068	95	Panics in Austria and America.
" 1877	117	115	103	95	97	115	38	106	77	106	121	84	135	98	110	92	114	110	83	37	48	63	2,044	93	Collapse in Foreign Stocks. Collie failures.
" 1878	121	86	98	85	98	112	38	81	72	91	119	81	139	86	114	80	100	95	74	37	47	56	2,064	94	Panic in Silver.
" 1879	94	80	98	70	75	106	30	64	62	80	116	77	121	80	111	71	85	73	67	32	40	45	1,910	87	Russo-Turkish war.
" 1880	100	100	125	81	88	99	45	76	61	88	145	78	110	98	110	80	101	98	94	39	49	53	1,676	76	Failure of City of Glasgow Bank, great depression.
" 1881	80	86	88	72	82	122	43	73	55	90	139	70	111	86	110	74	87	76	95	38	49	56	1,958	89	FALL IN PRICES 11 PER CENT.
" 1882	66	96	79	100	84	104	41	78	48	81	138	69	116	99	106	85	95	77	117	37	49	55	1,938	87	American "boom," after resumption.
" 1883	54	86	67	108	77	121	36	71	53	80	134	74	113	107	106	79	86	72	99	36	45	51	1,918	81	Yastly increased production of commodities.
" 1884	70	77	81	90	73	103	37	66	59	73	107	81	105	109	106	70	76	61	90	33	44	49	1,782	83	French financial mania.
" 1885	62	63	69	103	60	102	38	53	61	69	111	69	107	84	110	59	82	57	78	34	45	46	1,755	79	French crisis of 1882. Prices falling in America.
" 1886	57	72	81	97	57	90	32	55	59	67	108	64	97	67	108	49	76	63	63	30	39	43	1,680	75	Depression in Canada and Cape. General over-production.
" 1886	57	72	81	97	57	90	32	55	59	67	108	64	97	67	108	49	76	63	63	30	39	43	1,789	81	FALL IN PRICES 19 PER CENT.
" 1886	57	72	81	97	57	90	32	55	59	67	108	64	97	67	108	49	76	63	63	30	39	43	1,552	70	Panic in America. Stocks of commodities excessive.
" 1886	57	72	81	97	57	90	32	55	59	67	108	64	97	67	108	49	76	63	63	30	39	43	1,509	69	Diminished production. FALL IN PRICES 31 PER CENT.

344 THIRD REPORT OF THE ROYAL COMMISSION ON DEPRESSION OF TRADE AND INDUSTRY:

TABLE 27.—ENGLAND.

SHOWING the MOVEMENT per cent. in the wholesale prices of 22 principal commodities, the average price of the five years 1865-69 inclusive, being taken as the datum line or par from 1865-69 to 1886, based on relative importance of Principal Industries.

RELATIVE IMPORTANCE OF PRINCIPAL INDUSTRIES in 1865.

Description of 22 Articles.	Quantities.			Values.					Index Number.	
	Imports.	Re-exports deducted.	Home Production.	Imports.	Re-exports deducted.	Net Imports.	Home Production.	Total for Home Trade.	Relative Importance.	Comparative with 1865-9.
Cotton, raw - cwt.	8,700,000	2,700,000	Nil.	£ 68,000,000	£ 19,000,000	£ 47,000,000	£ Nil.	£ 47,000,000	428	640
Silk - - - lbs.	See note.	Nil.	Nil.	11,100,000	4,800,000	6,300,000	Nil.	6,300,000	57	50
Flax and hemp cwt.	See note.	1,100,000 flax.	7,100,000	400,000	6,700,000	3,200,000	9,900,000	9,900,000	90	95
Wool - - - lbs.	230,000,000	82,000,000	150,000,000	15,300,000	5,900,000	9,400,000	9,000,000	18,400,000	168	200
Meat - - -	See note.	9,300,000	—	9,300,000	—	9,300,000	35,000,000	44,300,000	405	420
Iron - - - tons	—	—	4,800,000 pig.	—	—	—	12,000,000	12,000,000	109	116
Copper - - -	See note.	9,300	11,900	4,600,000	900,000	3,700,000	1,100,000	4,800,000	44	44
Lead - - -	35,000	—	67,000	700,000	—	700,000	1,400,000	2,100,000	19	19
Tin - - - cwt.	114,000	40,000	200,000	500,000	200,000	300,000	1,000,000	1,300,000	12	12
Timber - - - loads	3,900,000	—	—	12,800,000	—	12,800,000	5,000,000	17,800,000	160	163
Tallow - - - cwt.	1,400,000	—	—	3,100,000	—	3,100,000	2,000,000	5,100,000	47	42
Leather and hides -	See note.	—	—	3,400,000	800,000	2,600,000	3,000,000	5,600,000	51	50
Indigo - - - cwt.	67,000	67,000	Nil.	2,000,000	2,000,000	—	Nil.	200,000	2	2
Oils - - -	See note.	—	—	6,400,000	900,000	5,500,000	(?)	5,500,000	50	4
Coffee - - - cwt.	124,000	90,000	Nil.	4,600,000	3,200,000	1,400,000	Nil.	1,400,000	13	14
Sugar - - -	11,800,000	600,000	Nil.	11,700,000	700,000	11,000,000	Nil.	11,000,000	100	95
Tea - - - lbs.	121,000,000	33,000,000	Nil.	10,000,000	2,700,000	7,300,000	Nil.	7,300,000	68	62
Tobacco - - -	68,700,000	16,600,000	Nil.	3,300,000	700,000	2,600,000	Nil.	2,600,000	24	35
Wheat and flour cwt.	24,900,000	—	55,000,000	12,500,000	—	12,500,000	20,500,000	33,000,000	355	259
								241,000,000	2,200	2,366

NOTE.—The quantities are entered in these tables only where they serve as an additional justification of the recorded values, upon which alone the "relative importance" is based. *Silk*.—The quantities imported are omitted, as it is impossible to express the raw, thrown, knubs, and waste silk together. *Flax and hemp*.—In this instance two somewhat similar raw materials are classed together, but, as a whole, hemp is a much cheaper article than flax, and it would be misleading to combine the quantities in the way the values are combined. *Meat*.—Values in this case include living animals for food, and all descriptions of dead meat. To express these in weight is well nigh impossible. At 6d. per lb. the above 9,300,000 lbs. would represent 372,000,000 lbs. of various meat-foods imported in 1865; but this is obviously too uncertain a method to be entered in justification of the values given. *Copper*.—The imports consist of ore, regulus, and copper, and no attempt is here made to bring them to a common denominator, except in the values, as recorded in the Trade and Navigation Returns. *Leather and hides*.—Here we have the raw material, and also after it has passed through the first stage of manufacture, the values only can therefore be added together. *Oils*.—The value imported only is given, the entry including the entire range of oils imported, but not oil-seeds, for the reason elsewhere explained. Thus the home production of oil is omitted.

RELATIVE IMPORTANCE OF PRINCIPAL INDUSTRIES in 1866.

Description of 22 Articles.	Quantities.			Values.					Index Number.	
	Imports.	Re-exports deducted.	Home Production.	Imports.	Re-exports deducted.	Net Imports.	Home Production.	Total for Home Trade.	Relative Importance.	Comparative with 1865-9.
Cotton, raw - cwt.	12,300,000	3,500,000	Nil.	£ 77,500,000	£ 19,200,000	£ 58,300,000	£ Nil.	£ 58,300,000	490	700
Silk - - - lbs.	See note to 1865.	Nil.	Nil.	7,800,000	2,800,000	5,000,000	Nil.	5,000,000	43	48
Flax and hemp cwt.	See note to 1865.	1,100,000 flax.	6,200,000	300,000	5,900,000	3,300,000	9,200,000	9,200,000	78	85
Wool - - - lbs.	260,000,000	67,000,000	150,000,000	17,900,000	5,000,000	12,900,000	9,300,000	22,200,000	190	200
Meat - - -	See note to 1865.	8,600,000	—	8,600,000	—	8,600,000	35,000,000	43,600,000	376	400
Iron - - - tons	—	—	4,500,000 pig.	—	—	—	11,300,000	11,300,000	101	110
Copper - - -	See note.	14,100	11,200	4,100,000	1,100,000	3,000,000	1,000,000	4,000,000	34	40
Lead - - -	37,000	—	67,400	700,000	—	700,000	1,400,000	2,100,000	18	19
Tin - - - cwt.	110,000	22,000	200,000	450,000	100,000	350,000	900,000	1,250,000	11	12
Timber - - - loads	3,700,000	—	—	11,700,000	—	11,700,000	5,000,000	16,700,000	140	130
Tallow - - - cwt.	1,300,000	—	—	3,000,000	—	3,000,000	2,000,000	5,000,000	43	45
Leather and hides -	See note to 1865.	—	—	3,700,000	700,000	3,000,000	3,000,000	6,000,000	51	50
Indigo - - - cwt.	74,000	56,000	Nil.	2,200,000	1,650,000	550,000	Nil.	500,000	4	4
Oils - - -	See note to 1865.	—	—	6,500,000	900,000	5,600,000	(?)	5,600,000	48	50
Coffee - - - cwt.	114,000	85,000	Nil.	4,100,000	3,100,000	1,000,000	Nil.	1,000,000	9	11
Sugar - - -	11,900,000	400,000	Nil.	11,200,000	400,000	10,800,000	Nil.	10,800,000	92	95
Tea - - - lbs.	140,000,000	30,000,000	Nil.	11,200,000	2,400,000	8,800,000	Nil.	8,800,000	75	90
Tobacco - - -	57,500,000	18,800,000	Nil.	2,600,000	800,000	1,800,000	Nil.	1,800,000	15	15
Wheat and flour cwt.	28,100,000	—	53,000,000	16,800,000	—	16,800,000	28,000,000	44,800,000	382	340
								257,850,000	2,200	2,434

TABLE 27.—continued.—ENGLAND.

RELATIVE IMPORTANCE OF PRINCIPAL INDUSTRIES in 1867.

Description of 22 Articles.	Quantities.			Values.					Index Number.	
	Imports.	Re-exports deducted.	Home Production.	Imports.	Re-exports deducted.	Net Imports.	Home Production.	Total for Home Trade.	Relative Importance.	Comparative with 1865-9.
Cotton, raw - cwt.	11,300,000	3,100,000	Nil.	£ 52,000,000	£ 12,400,000	£ 39,600,000	£ Nil.	£ 39,600,000	343	319
Silk - - - lbs.	See note to 1865.	Nil.	Nil.	8,400,000	2,500,000	5,900,000	Nil.	5,900,000	51	53
Flax and hemp cwt.	See note to 1865.	1,050,000 flax.	5,800,000	200,000	5,600,000	3,000,000	8,600,000	8,600,000	74	68
Wool - - - lbs.	251,000,000	91,000,000	152,000,000	16,400,000	6,400,000	10,000,000	9,000,000	19,000,000	165	175
Meat - - -	See note to 1865.	6,500,000	—	6,500,000	—	6,500,000	37,000,000	43,500,000	376	376
Iron - - - tons	—	—	4,760,000 pig.	—	—	—	11,900,000	11,900,000	103	100
Copper - - -	See note.	14,200	10,200	4,000,000	1,100,000	2,900,000	800,000	3,700,000	32	31
Lead - - -	45,000	—	68,000	850,000	—	850,000	1,300,000	2,150,000	19	19
Tin - - - cwt.	109,000	26,000	174,000	500,000	100,000	400,000	800,000	1,200,000	10	9
Timber - - - loads	3,500,000	—	—	10,000,000	—	10,000,000	5,000,000	15,000,000	130	130
Tallow - - - cwt.	1,100,000	—	—	2,400,000	—	2,400,000	2,000,000	4,400,000	38	39
Leather and hides -	See note to 1865.	—	—	3,500,000	900,000	2,600,000	3,000,000	5,600,000	49	47
Indigo - - - cwt.	72,000	63,000	Nil.	2,400,000	2,100,000	300,000	Nil.	300,000	3	3
Oils - - -	See note to 1865.	—	—	6,200,000	1,000,000	5,200,000	(?)	5,200,000	45	46
Coffee - - - cwt.	124,000	88,000	Nil.	4,400,000	3,000,000	1,400,000	Nil.	1,400,000	12	12
Sugar - - -	11,700,000	200,000	Nil.	11,500,000	300,000	11,200,000	Nil.	11,200,000	100	95
Tea - - - lbs.	128,000,000	31,000,000	Nil.	10,100,000	2,500,000	7,600,000	Nil.	7,600,000	66	63
Tobacco - - -	61,400,000	17,200,000	Nil.	2,400,000	700,000	1,700,000	Nil.	1,700,000	15	14
Wheat and flour cwt.	38,200,000	250,000	50,000,000	23,500,000	200,000	23,300,000	37,500,000	60,800,000	569	630
								254,050,000	2,200	2,179

RELATIVE IMPORTANCE OF PRINCIPAL INDUSTRIES in 1868.

Description of 22 Articles.	Quantities.			Values.					Index Number.	
	Imports.	Re-exports deducted.	Home Production.	Imports.	Re-exports deducted.	Net Imports.	Home Production.	Total for Home Trade.	Relative Importance.	Comparative with 1865-9.
Cotton, raw - cwt.	11,900,000	2,900,000	Nil.	£ 55,200,000	£ 11,900,000	£ 43,300,000	£ Nil.	£ 43,300,000	359	150
Silk - - - lbs.	See note to 1865.	Nil.	Nil.	10,100,000	3,800,000	6,300,000	Nil.	6,300,000	52	47
Flax and hemp cwt.	See note to 1865.	900,000 flax.	7,200,000	300,000	6,900,000	2,600,000	9,500,000	9,500,000	79	77
Wool - - - lbs.	270,000,000	105,000,000	160,000,000	15,300,000	6,400,000	8,900,000	9,100,000	18,000,000	150	129
Meat - - -	See note to 1865.	5,500,000	—	5,500,000	—	5,500,000	37,000,000	42,500,000	352	320
Iron - - - tons	—	—	5,000,000 pig.	—	—	—	12,400,000	12,400,000	103	98
Copper - - -	See note.	20,900	9,800	4,600,000	1,500,000	3,100,000	800,000	3,900,000	32	30
Lead - - -	50,000	—	71,000	900,000	—	900,000	1,400,000	2,300,000	19	18
Tin - - - cwt.	112,000	22,000	186,000	550,000	100,000	450,000	900,000	1,350,000	11	11
Timber - - - loads	3,800,000	—	—	11,100,000	—	11,000,000	5,000,000	16,000,000	133	130
Tallow - - - cwt.	1,250,000	—	—	3,000,000	—	3,000,000	2,000,000	5,000,000	42	39
Leather and hides -	See note to 1865.	—	—	4,000,000	700,000	3,300,000	3,000,000	6,300,000	52	54
Indigo - - - cwt.	76,000	61,000	Nil.	2,850,000	2,300,000	550,000	Nil.	550,000	5	5
Oils - - -	See note to 1865.	—	—	6,800,000	1,100,000	5,700,000	(?)	5,700,000	47	48
Coffee - - - cwt.	151,000	117,000	Nil.	4,900,000	3,700,000	1,200,000	Nil.	1,200,000	10	9
Sugar - - -	13,400,000	300,000	Nil.	13,500,000	400,000	13,100,000	Nil.	13,100,000	112	116
Tea - - - lbs.	155,000,000	35,000,000	Nil.	12,400,000	2,800,000	9,600,000	Nil.	9,600,000	80	75
Tobacco - - -	50,700,000	16,900,000	Nil.	2,300,000	700,000	1,600,000	Nil.	1,600,000	13	12
Wheat and flour cwt.	35,700,000	300,000	57,000,000	24,900,000	200,000	24,700,000	41,500,000	66,200,000	549	690
								265,200,000	2,200	2,058

RELATIVE IMPORTANCE OF PRINCIPAL INDUSTRIES in 1869.

Description of 22 Articles.	Quantities.			Values.					Index Number.	
	Imports.	Re-exports deducted.	Home Production.	Imports.	Re-exports deducted.	Net Imports.	Home Production.	Total for Home Trade.	Relative Importance.	Comparative with 1865-9.
Cotton, raw - cwt.	10,900,000	2,400,000	Nil.	£ 56,800,000	£ 11,500,000	£ 45,300,000	£ Nil.	£ 45,300,000	389	245
Silk - - - lbs.	See note to 1865.	Nil.	Nil.	7,900,000	3,700,000	4,200,000	Nil.	4,200,000	36	37

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TABLE 27.—continued.—ENGLAND.

RELATIVE IMPORTANCE OF PRINCIPAL INDUSTRIES in 1870.

Description of 22 Articles.	Quantities.			Values.					Index Number.	
	Imports.	Re-exports deducted.	Home Production.	Imports.	Re-exports deducted.	Net Imports.	Home Production.	Total for Home Trade.	Relative Importance.	Comparative with 1865-9.
Cotton, raw - cwts.	12,000,000	2,100,000	Nil.	£ 53,500,000	£ 8,100,000	£ 45,400,000	Nil.	£ 45,400,000	381	271
Silk - - - lbs.	—	—	Nil.	£ 9,300,000	£ 3,500,000	£ 5,800,000	Nil.	£ 5,800,000	49	48
Flax and hemp cwts.	—	—	850,000 flax.	£ 8,000,000	£ 300,000	£ 7,700,000	£ 2,100,000	£ 9,800,000	82	75
Wool - - - lbs.	298,000,000	92,500,000	150,000,000	£ 16,200,000	£ 5,300,000	£ 10,700,000	£ 8,800,000	£ 19,500,000	164	118
Meat - - - "	—	—	—	£ 7,500,000	£ 100,000	£ 7,400,000	£ 38,000,000	£ 45,400,000	382	380
Iron - - - tons.	200,000 ore.	—	6,000,000 pig.	£ 300,000	—	£ 300,000	£ 14,900,000	£ 15,200,000	128	124
Copper - - - "	—	14,500	7,200	£ 4,000,000	£ 1,000,000	£ 3,000,000	£ 550,000	£ 3,550,000	30	25
Lead - - - "	50,000	—	73,000	£ 1,050,000	—	£ 1,050,000	£ 1,450,000	£ 2,500,000	21	20
Tin - - - cwts.	95,000	22,000	204,000	£ 600,000	£ 100,000	£ 500,000	£ 1,300,000	£ 1,800,000	15	18
Timber - - loads.	4,400,000	—	—	£ 12,800,000	—	£ 12,800,000	£ 5,000,000	£ 17,800,000	150	156
Tallow - - cwts.	1,500,000	50,000	—	£ 3,300,000	£ 100,000	£ 3,200,000	£ 2,000,000	£ 5,200,000	44	44
Leather and hides -	—	—	—	£ 5,100,000	£ 1,600,000	£ 3,500,000	£ 3,000,000	£ 6,500,000	55	53
Indigo - - cwts.	70,000	46,000	Nil.	£ 2,700,000	£ 1,600,000	£ 1,100,000	Nil.	£ 1,100,000	9	10
Oils - - - "	—	—	—	£ 5,500,000	£ 1,000,000	£ 4,500,000	(?)	£ 4,500,000	38	36
Coffee - - cwts.	1,600,000	1,300,000	Nil.	£ 5,000,000	£ 4,000,000	£ 1,000,000	Nil.	£ 1,000,000	8	7
Sugar - - - "	15,300,000	400,000	Nil.	£ 17,500,000	£ 500,000	£ 17,000,000	Nil.	£ 17,000,000	113	172
Tea - - - lbs.	141,000,000	30,000,000	Nil.	£ 10,100,000	£ 2,200,000	£ 7,900,000	Nil.	£ 7,900,000	66	60
Tobacco - - "	48,800,000	12,000,000	Nil.	£ 2,200,000	£ 500,000	£ 1,700,000	Nil.	£ 2,000,000	17	13
Wheat and flour cwts.	35,700,000	1,500,000	60,000,000	£ 19,650,000	£ 850,000	£ 18,800,000	£ 31,000,000	£ 49,800,000	418	335
								£ 261,750,000	2,200	1,975

RELATIVE IMPORTANCE OF PRINCIPAL INDUSTRIES in 1871.

Description of 22 Articles.	Quantities.			Values.					Index Number.	
	Imports.	Re-exports deducted.	Home Production.	Imports.	Re-exports deducted.	Net Imports.	Home Production.	Total for Home Trade.	Relative Importance.	Comparative with 1865-9.
Cotton, raw - cwts.	15,900,000	3,200,000	Nil.	£ 55,900,000	£ 11,900,000	£ 44,000,000	Nil.	£ 44,000,000	350	172
Silk - - - lbs.	—	—	Nil.	£ 9,800,000	£ 4,000,000	£ 5,800,000	Nil.	£ 5,800,000	46	47
Flax and hemp cwts.	—	—	700,000 flax.	£ 8,100,000	£ 400,000	£ 7,700,000	£ 1,700,000	£ 9,400,000	75	69
Wool - - - lbs.	371,000,000	135,000,000	140,000,000	£ 18,400,000	£ 7,600,000	£ 10,800,000	£ 38,000,000	£ 47,800,000	380	420
Meat - - - "	—	—	—	£ 10,150,000	£ 350,000	£ 9,800,000	£ 16,700,000	£ 17,100,000	136	131
Iron - - - tons.	325,000 ore.	—	6,600,000 pig.	£ 400,000	—	£ 400,000	£ 16,700,000	£ 17,100,000	136	131
Copper - - - "	—	17,300	6,300	£ 4,000,000	£ 1,200,000	£ 2,800,000	£ 500,000	£ 3,300,000	26	21
Lead - - - "	65,000	—	69,000	£ 1,400,000	—	£ 1,400,000	£ 1,250,000	£ 2,650,000	21	19
Tin - - - cwts.	172,000	41,000	218,000	£ 1,100,000	£ 300,000	£ 800,000	£ 1,500,000	£ 2,300,000	18	25
Timber - - loads.	4,600,000	—	—	£ 11,800,000	—	£ 11,800,000	£ 5,000,000	£ 16,800,000	133	161
Tallow - - cwts.	1,500,000	130,000	—	£ 3,100,000	£ 250,000	£ 2,850,000	£ 2,000,000	£ 4,850,000	39	38
Leather and hides -	—	—	—	£ 5,600,000	£ 1,600,000	£ 4,000,000	£ 3,000,000	£ 7,000,000	56	54
Indigo - - cwts.	100,000	82,000	Nil.	£ 3,000,000	£ 2,500,000	£ 500,000	Nil.	£ 500,000	4	4
Oils - - - "	—	—	—	£ 6,500,000	£ 1,500,000	£ 5,000,000	(?)	£ 5,000,000	40	42
Coffee - - cwts.	1,700,000	1,500,000	Nil.	£ 5,400,000	£ 4,600,000	£ 800,000	Nil.	£ 800,000	6	5
Sugar - - - "	14,400,000	400,000	Nil.	£ 18,500,000	£ 500,000	£ 18,000,000	Nil.	£ 18,000,000	143	172
Tea - - - lbs.	170,000,000	42,000,000	Nil.	£ 11,600,000	£ 3,100,000	£ 8,500,000	Nil.	£ 8,500,000	68	60
Tobacco - - "	76,000,000	16,100,000	Nil.	£ 3,300,000	£ 800,000	£ 2,500,000	Nil.	£ 2,300,000	18	13
Wheat and flour cwts.	43,400,000	1,000,000	54,000,000	£ 27,800,000	£ 700,000	£ 27,100,000	£ 35,500,000	£ 62,600,000	496	496
								£ 277,000,000	2,200	2,016

RELATIVE IMPORTANCE OF PRINCIPAL INDUSTRIES in 1872.

Description of 22 Articles.	Quantities.			Values.					Index Number.	
	Imports.	Re-exports deducted.	Home Production.	Imports.	Re-exports deducted.	Net Imports.	Home Production.	Total for Home Trade.	Relative Importance.	Comparative with 1865-9.
Cotton, raw - cwts.	12,600,000	2,400,000	Nil.	£ 53,400,000	£ 8,800,000	£ 44,600,000	Nil.	£ 44,600,000	336	192
Silk - - - lbs.	—	—	Nil.	£ 8,500,000	£ 4,000,000	£ 4,500,000	Nil.	£ 4,500,000	34	32
Flax and hemp cwts.	—	—	550,000 flax.	£ 7,200,000	£ 500,000	£ 6,700,000	£ 1,500,000	£ 8,200,000	62	56
Wool - - - lbs.	364,000,000	137,000,000	145,500,000	£ 10,000,000	£ 9,200,000	£ 800,000	£ 17,800,000	£ 17,800,000	134	134
Meat - - - "	—	—	—	£ 10,500,000	£ 1,000,000	£ 9,500,000	£ 39,000,000	£ 48,500,000	366	410
Iron - - - tons.	800,000 ore.	—	6,750,000 pig.	£ 1,000,000	—	£ 1,000,000	£ 18,500,000	£ 19,500,000	147	160
Copper - - - "	—	12,400	5,700	£ 6,400,000	£ 1,200,000	£ 5,200,000	£ 600,000	£ 5,800,000	44	45
Lead - - - "	70,000	—	69,000	£ 1,500,000	—	£ 1,500,000	£ 1,200,000	£ 2,700,000	21	20
Tin - - - cwts.	167,000	49,000	191,000	£ 1,150,000	£ 350,000	£ 800,000	£ 1,500,000	£ 2,300,000	17	26
Timber - - loads.	4,900,000	—	—	£ 13,400,000	—	£ 13,400,000	£ 5,000,000	£ 18,400,000	138	170
Tallow - - cwts.	1,300,000	115,000	—	£ 8,850,000	£ 250,000	£ 8,600,000	£ 2,000,000	£ 10,600,000	35	37
Leather and hides -	—	—	—	£ 7,400,000	£ 2,300,000	£ 5,100,000	£ 3,000,000	£ 8,100,000	61	62
Indigo - - cwts.	87,000	62,000	Nil.	£ 2,500,000	£ 1,700,000	£ 800,000	Nil.	£ 800,000	6	7
Oils - - - "	—	—	—	£ 6,400,000	£ 1,500,000	£ 4,900,000	(?)	£ 4,900,000	37	34
Coffee - - cwts.	1,500,000	1,400,000	Nil.	£ 5,300,000	£ 4,600,000	£ 700,000	Nil.	£ 700,000	7	7
Sugar - - - "	16,200,000	300,000	Nil.	£ 21,500,000	£ 400,000	£ 21,100,000	Nil.	£ 21,100,000	159	191
Tea - - - lbs.	185,000,000	39,000,000	Nil.	£ 12,900,000	£ 3,300,000	£ 9,600,000	Nil.	£ 9,600,000	73	61
Tobacco - - "	49,200,000	17,500,000	Nil.	£ 2,700,000	£ 800,000	£ 1,900,000	Nil.	£ 2,100,000	16	14
Wheat and flour cwts.	46,500,000	200,000	55,500,000	£ 30,200,000	£ 100,000	£ 30,100,000	£ 37,000,000	£ 67,100,000	506	526
								£ 201,500,000	2,200	2,197

TABLE 27.—continued.—ENGLAND.
RELATIVE IMPORTANCE OF PRINCIPAL INDUSTRIES in 1873.

Description of 22 Articles.	Quantities.			Values.					Index Number.	
	Imports.	Re-exports deducted.	Home Production.	Imports.	Re-exports deducted.	Net Imports.	Home Production.	Total for Home Trade.	Relative Importance.	Comparative with 1865-9.
Cotton, raw - cwts.	13,600,000	2,000,000	Nil.	£ 54,700,000	£ 6,500,000	£ 48,200,000	Nil.	£ 48,200,000	346	187
Silk - - - lbs.	—	—	Nil.	£ 7,400,000	£ 3,700,000	£ 3,700,000	Nil.	£ 3,700,000	27	26
Flax and hemp cwts.	—	—	580,000 flax.	£ 7,700,000	£ 350,000	£ 7,350,000	£ 1,500,000	£ 8,850,000	64	60
Wool - - - lbs.	360,000,000	123,000,000	153,000,000	£ 20,000,000	£ 8,800,000	£ 11,200,000	£ 9,000,000	£ 20,200,000	145	171
Meat - - - "	—	—	—	£ 13,500,000	£ 1,000,000	£ 12,000,000	£ 39,000,000	£ 51,500,000	370	444
Iron - - - tons.	987,000 ore.	—	6,570,000 pig.	£ 1,300,000	—	£ 1,300,000	£ 18,100,000	£ 19,400,000	139	139
Copper - - - "	—	20,400	5,200	£ 5,100,000	£ 1,800,000	£ 3,300,000	£ 500,000	£ 3,800,000	27	27
Lead - - - "	63,000	—	54,000	£ 1,500,000	—	£ 1,500,000	£ 1,300,000	£ 2,800,000	20	20
Tin - - - cwts.	156,000	29,000	200,000	£ 1,050,000	£ 200,000	£ 850,000	£ 1,300,000	£ 2,150,000	15	15
Timber - - loads.	5,400,000	—	—	£ 18,100,000	—	£ 18,100,000	£ 5,000,000	£ 23,100,000	166	166
Tallow - - cwts.	1,500,000	41,000	—	£ 3,150,000	£ 100,000	£ 3,050,000	£ 2,000,000	£ 5,050,000	36	36
Leather and hides -	—	—	—	£ 7,600,000	£ 2,100,000	£ 5,500,000	£ 3,000,000	£ 8,500,000	61	61
Indigo - - cwts.	17,000	67,000	—	£ 2,600,000	£ 1,800,000	£ 800,000	Nil.	£ 800,000	6	6
Oils - - - "	—	—	—	£ 6,600,000	£ 1,400,000	£ 5,200,000	(?)	£ 5,200,000	37	37
Coffee - - cwts.	1,600,000	1,400,000	Nil.	£ 7,200,000	£ 5,800,000	£ 1,400,000	Nil.	£ 1,400,000	10	10
Sugar - - - "	17,000,000	300,000	Nil.	£ 21,100,000	£ 200,000	£ 20,900,000	Nil.	£ 20,900,000	149	149
Tea - - - lbs.	161,000,000	34,000,000	Nil.	£ 11,400,000	£ 2,600,000	£ 8,800,000	Nil.	£ 8,800,000	63	63
Tobacco - - "	85,200,000	17,700,000	Nil.	£ 3,900,000	£ 700,000	£ 3,200,000	Nil.	£ 3,000,000	22	22
Wheat and flour cwts.	50,100,000	1,100,000	53,000,000	£ 34,400,000	£ 700,000	£ 33,700,000	£ 35,500,000	£ 69,200,000	497	497
								£ 306,450,000	2,200	2,268

RELATIVE IMPORTANCE OF PRINCIPAL INDUSTRIES in 1874.

	Quantities.			Values.					Index Number.	
	Imports.	Re-exports deducted.	Home Production.	Imports.	Re-exports deducted.	Net Imports.	Home Production.	Total for Home Trade.	Relative Importance.	Comparative with 1865-9.
Cotton, raw - cwts.	14,000,000	2,300,000	Nil.	£ 50,700,000	£ 6,800,000	£ 43,900,000	Nil.	43,900,000	324	130
Silk - - - lbs.	—	—	Nil.	5,600,000	3,000,000	2,600,000	Nil.	2,600,000	19	16
Flax and hemp - cwts.	—	—	470,000 flax.	7,800,000	350,000	7,450,000	1,200,000	8,450,000	64	60
Wool - - - lbs.	395,000,000	144,000,000	155,500,000	21,700,000	10,200,000	11,500,000	9,300,000	20,800,000	153	161
Meat - - -	—	—	—	13,700,000	700,000	13,000,000	40,000,000	53,000,000	591	477
Iron- - - tons.	750,000 ore.	—	6,000,000 pig.	1,000,000	—	1,000,000	16,500,000	17,500,000	129	236
Copper - - - „	—	24,000	4,500	5,000,000	2,000,000	3,000,000	450,000	3,450,000	26	27
Lead - - - „	62,000	—	50,000	1,100,000	—	1,100,000	1,300,000	2,700,000	20	24
Tin - - - cwts.	184,000	48,000	500,000	900,000	200,000	700,000	1,100,000	1,800,000	13	16
Timber - - - loads.	6,400,000	—	—	21,600,000	—	21,600,000	5,000,000	26,600,000	192	253
Tallow - - - cwts.	1,220,000	79,000	—	2,300,000	150,000	2,150,000	2,000,000	4,150,000	31	28
Leather and hides -	—	—	—	7,700,000	2,100,000	5,600,000	3,000,000	8,600,000	63	71
Indigo - - - cwts.	86,000	62,000	Nil.	2,200,000	1,600,000	600,000	Nil.	600,000	5	4
Oils - - - „	—	—	—	5,800,000	1,200,000	4,600,000	(?)	4,600,000	34	19
Coffee - - - cwts.	1,400,000	1,100,000	Nil.	7,100,000	5,300,000	1,800,000	Nil.	1,600,000	12	18
Sugar - - - „	17,200,000	600,000	Nil.	20,100,000	700,000	19,400,000	Nil.	19,400,000	143	137
Tea - - - lbs.	103,000,000	31,000,000	Nil.	11,500,000	2,600,000	8,900,000	Nil.	8,900,000	66	63
Tobacco - - - „	80,800,000	19,200,000	Nil.	4,600,000	800,000	3,800,000	Nil.	3,000,000	22	18
Wheat and flour - cwts.	48,800,000	800,000	57,000,000	31,500,000	600,000	31,900,000	35,600,000	66,500,000	483	572
							298,150,000	2,200		2,378

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APPENDIX B.

TABLE 27.—continued.—ENGLAND.
RELATIVE IMPORTANCE OF PRINCIPAL INDUSTRIES in 1876.

Description of 22 Articles.	Quantities.			Values.					Index Number.	
	Imports.	Re-exports deducted.	Home Production.	Imports.	Re-exports deducted.	Net Imports.	Home Production.	Total for Home Trade.	Relative Importance.	Comparative with 1865-9.
Cotton, raw - cwts.	13,300,000	1,800,000	Nil.	£ 40,200,000	£ 4,500,000	£ 35,700,000	Nil.	£ 35,700,000	284	122
Silk - - - lbs.	—	—	Nil.	£ 6,300,000	£ 2,900,000	£ 3,400,400	Nil.	£ 3,400,000	27	13
Flax and hemp cwts.	—	—	520,000 flax.	£ 5,500,000	£ 300,000	£ 5,200,000	£ 1,650,000	£ 6,850,000	54	44
Wool - - - lbs.	448,000,000	173,000,000	146,000,000	£ 24,300,000	£ 11,300,000	£ 13,000,000	£ 8,000,000	£ 21,000,000	167	167
Meat - - - "	—	—	—	£ 18,600,000	£ 1,000,000	£ 17,600,000	£ 40,000,000	£ 17,600,000	458	582
Iron - - - tons	672,000 ore.	—	6,550,000 pig.	£ 800,000	—	£ 800,000	£ 16,100,000	£ 16,900,000	134	184
Copper - - - "	—	17,300	4,700	£ 5,300,000	£ 1,400,000	£ 3,900,000	£ 400,000	£ 4,300,000	34	34
Lead - - - "	81,000	—	50,000	£ 1,750,000	—	£ 1,750,000	£ 1,300,000	£ 2,050,000	16	18
Tin - - - cwts.	305,000	103,000	170,000	£ 1,150,000	£ 400,000	£ 750,000	£ 700,000	£ 1,450,000	12	10
Timber - - loads	6,400,000	—	—	£ 18,700,000	—	£ 18,700,000	£ 5,000,000 say.	£ 23,700,000	188	254
Tallow - - cwts.	1,300,000	71,000	—	£ 2,900,000	£ 150,000	£ 2,750,000	£ 2,000,000	£ 4,750,000	38	44
Leather and hides -	—	—	—	£ 7,300,000	£ 1,000,000	£ 6,300,000	£ 3,000,000	£ 8,400,000	67	75
Indigo - - cwts.	89,000	57,000	Nil.	£ 2,100,000	£ 1,500,000	£ 600,000	Nil.	£ 600,000	5	5
Oils - - - "	—	—	—	£ 6,300,000	£ 1,200,000	£ 5,100,000	(?)	£ 5,100,000	40	34
Coffee - - cwts.	1,400,000	1,200,000	Nil.	£ 6,400,000	£ 5,800,000	£ 600,000	Nil.	£ 1,000,000	8	10
Sugar - - - "	19,300,000	1,000,000	Nil.	£ 20,700,000	£ 1,000,000	£ 19,600,000	Nil.	£ 19,600,000	156	148
Tea - - - lbs.	186,000,000	29,000,000	Nil.	£ 12,700,000	£ 2,300,000	£ 10,400,000	Nil.	£ 10,400,000	83	73
Tobacco - - "	80,600,000	13,500,000	Nil.	£ 4,000,000	£ 600,000	£ 3,400,000	Nil.	£ 3,400,000	27	31
Wheat and flour cwts.	80,400,000	800,000	44,000,000	£ 28,000,000	£ 400,000	£ 27,600,000	£ 23,000,000	£ 50,600,000	402	338
								£ 276,800,000	2,200	2,186

RELATIVE IMPORTANCE OF PRINCIPAL INDUSTRIES in 1877.

Description of 22 Articles.	Quantities.			Values.					Index Number.	
	Imports.	Re-exports deducted.	Home Production.	Imports.	Re-exports deducted.	Net Imports.	Home Production.	Total for Home Trade.	Relative Importance.	Comparative with 1865-9.
Cotton, raw - cwts.	12,100,000	1,500,000	Nil.	£ 35,400,000	£ 4,000,000	£ 31,400,000	Nil.	£ 31,400,000	228	87
Silk - - - lbs.	—	—	Nil.	£ 4,900,000	£ 1,500,000	£ 3,400,000	Nil.	£ 3,400,000	25	26
Flax and hemp cwts.	—	—	520,000 flax.	£ 7,200,000	£ 300,000	£ 6,900,000	£ 1,300,000	£ 8,200,000	59	45
Wool - - - lbs.	477,000,000	187,500,000	143,500,000	£ 25,300,000	£ 11,800,000	£ 13,500,000	£ 7,900,000	£ 21,400,000	155	164
Meat - - - "	—	—	—	£ 16,900,000	£ 1,000,000	£ 15,900,000	£ 40,000,000	£ 55,900,000	405	466
Iron - - - tons	1,140,000 ore.	—	6,600,000 pig.	£ 1,250,000	—	£ 1,250,000	£ 16,200,000	£ 17,450,000	126	144
Copper - - - "	—	14,200	4,500	£ 5,500,000	£ 1,000,000	£ 4,500,000	£ 300,000	£ 4,800,000	35	32
Lead - - - "	95,000	—	61,000	£ 2,000,000	—	£ 2,000,000	£ 1,250,000	£ 3,250,000	24	26
Tin - - - cwts.	275,000	78,000	190,000	£ 1,000,000	£ 300,000	£ 700,000	£ 700,000	£ 1,400,000	10	8
Timber - - loads	6,800,000	—	—	£ 19,800,000	—	£ 19,800,000	£ 5,000,000 say.	£ 24,800,000	180	243
Tallow - - cwts.	1,200,000	100,000	—	£ 2,600,000	£ 200,000	£ 2,400,000	£ 2,000,000	£ 4,400,000	32	31
Leather and hides -	—	—	—	£ 7,500,000	£ 2,200,000	£ 5,300,000	£ 3,000,000	£ 8,300,000	60	66
Indigo - - cwts.	60,000	46,000	Nil.	£ 1,600,000	£ 1,200,000	£ 400,000	Nil.	£ 400,000	3	4
Oils - - - "	—	—	—	£ 8,800,000	£ 1,500,000	£ 7,300,000	(?)	£ 7,300,000	53	45
Coffee - - cwts.	1,600,000	1,100,000	Nil.	£ 7,700,000	£ 5,300,000	£ 2,400,000	Nil.	£ 1,800,000	13	15
Sugar - - - "	20,400,000	700,000	Nil.	£ 27,300,000	£ 900,000	£ 26,400,000	Nil.	£ 26,400,000	191	216
Tea - - - lbs.	188,000,000	36,000,000	Nil.	£ 12,500,000	£ 2,400,000	£ 10,100,000	Nil.	£ 10,100,000	73	75
Tobacco - - "	78,100,000	13,800,000	Nil.	£ 3,500,000	£ 600,000	£ 2,900,000	Nil.	£ 2,900,000	21	20
Wheat and flour cwt.	62,600,000	950,000	46,500,000	£ 40,700,000	£ 600,000	£ 40,100,000	£ 30,000,000	£ 70,000,000	507	492
								£ 303,600,000	2,200	2,205

RELATIVE IMPORTANCE OF PRINCIPAL INDUSTRIES in 1878.

Description of 22 Articles.	Quantities.			Values.					Index Number.	
	Imports.	Re-exports deducted.	Home Production.	Imports.	Re-exports deducted.	Net Imports.	Home Production.	Total for Home Trade.	Relative Importance.	Comparative with 1865-9.
Cotton, raw - cwts.	12,000,000	1,300,000	Nil.	£ 33,500,000	£ 3,400,000	£ 30,100,000	Nil.	£ 30,100,000	248	94
Silk - - - lbs.	—	—	Nil.	£ 4,100,000	£ 1,500,000	£ 2,600,000	Nil.	£ 2,600,000	21	17
Flax and hemp cwts.	—	—	500,000 flax.	£ 5,100,000	£ 300,000	£ 4,800,000	£ 1,200,000	£ 6,000,000	52	37
Wool - - - lbs.	464,000,000	190,000,000	146,700,000	£ 23,900,000	£ 12,200,000	£ 11,700,000	£ 7,800,000	£ 19,500,000	161	147
Meat - - - "	—	—	—	£ 20,100,000	£ 800,000	£ 19,300,000	£ 40,000,000	£ 59,300,000	489	548
Iron - - - tons	1,170,000 ore.	—	6,400,000 pig.	£ 1,200,000	—	£ 1,200,000	£ 16,100,000	£ 17,300,000	142	142
Copper - - - "	—	12,700	4,000	£ 4,750,000	£ 850,000	£ 3,900,000	£ 300,000	£ 4,200,000	35	28
Lead - - - "	100,000	—	58,000	£ 1,800,000	—	£ 1,800,000	£ 1,000,000	£ 2,800,000	23	22
Tin - - - cwts.	333,000	132,000	202,000	£ 1,000,000	£ 400,000	£ 600,000	£ 700,000	£ 1,300,000	11	8
Timber - - loads	5,400,000	—	—	£ 13,000,000	—	£ 13,000,000	£ 5,000,000 say.	£ 18,000,000	148	206
Tallow - - cwts.	900,000	72,000	—	£ 1,800,000	£ 100,000	£ 1,700,000	£ 2,000,000	£ 3,700,000	30	26
Leather and hides -	—	—	—	£ 7,300,000	£ 2,400,000	£ 4,900,000	£ 3,000,000	£ 7,900,000	65	74
Indigo - - cwts.	65,000	50,000	Nil.	£ 1,600,000	£ 1,200,000	£ 400,000	Nil.	£ 400,000	3	4
Oils - - - "	—	—	—	£ 6,000,000	£ 700,000	£ 5,300,000	(?)	£ 5,300,000	44	36
Coffee - - cwts.	1,300,000	1,000,000	Nil.	£ 6,000,000	£ 4,700,000	£ 1,300,000	Nil.	£ 1,300,000	13	16
Sugar - - - "	18,800,000	400,000	Nil.	£ 21,000,000	£ 500,000	£ 20,500,000	Nil.	£ 20,500,000	160	145
Tea - - - lbs.	205,000,000	40,000,000	Nil.	£ 13,000,000	£ 2,600,000	£ 10,400,000	Nil.	£ 10,400,000	86	84
Tobacco - - "	93,000,000	15,500,000	Nil.	£ 3,700,000	£ 600,000	£ 3,100,000	Nil.	£ 3,100,000	26	22
Wheat and flour cwts.	57,700,000	900,000	50,000,000	£ 32,200,000	£ 500,000	£ 31,700,000	£ 21,000,000	£ 52,700,000	434	425
								£ 207,000,000	2,200	2,081

TABLE 27.—continued.—ENGLAND.
RELATIVE IMPORTANCE OF PRINCIPAL INDUSTRIES in 1879.

APPENDIX B

Description of 22 Articles.	Quantities.			Values.					Index Number.	
	Imports.	Re-exports deducted.	Home Production.	Imports.	Re-exports deducted.	Net Imports.	Home Production.	Total for Home Trade.	Relative Importance.	Comparative with 1865-9.
Cotton, raw - cwts.	13,100,000	1,700,000	Nil.	£ 36,200,000	£ 4,300,000	£ 31,900,000	Nil.	£ 31,900,000	262	79
Silk - - - lbs.	—	—	550,000 flax.	£ 4,000,000	£ 1,100,000	£ 2,900,000	Nil.	£ 2,900,000	24	15
Flax and hemp cwts.	—	—	550,000 flax.	£ 5,300,000	£ 300,000	£ 5,000,000	£ 1,250,000	£ 6,250,000	51	32
Wool - - - lbs.	484,000,000	242,000,000	145,500,000	£ 24,200,000	£ 14,100,000	£ 10,100,000	£ 7,300,000	£ 17,400,000	143	114
Meat - - - "	—	—	—	£ 21,000,000	£ 600,000	£ 20,400,000	£ 40,000,000	£ 60,400,000	495	520
Iron - - - tons	1,080,000 ore.	—	6,000,000 pig.	£ 1,100,000	—	£ 1,100,000	£ 15,000,000	£ 16,100,000	132	112
Copper - - - "	—	17,800	3,500	£ 5,300,000	£ 1,100,000	£ 4,200,000	£ 200,000	£ 4,400,000	36	29
Lead - - - "	102,000	—	52,000	£ 1,500,000	—	£ 1,500,000	£ 800,000	£ 2,300,000	19	14
Tin - - - cwts.	335,000	180,000	190,000	£ 1,150,000	£ 650,000	£ 500,000	£ 700,000	£ 1,200,000	10	7
Timber - - loads	4,700,000	—	—	£ 11,000,000	—	£ 11,000,000	£ 5,000,000 say.	£ 16,000,000	131	150
Tallow - - cwts.	1,200,000	190,000	—	£ 2,100,000	£ 300,000	£ 1,800,000	£ 2,600,000	£ 3,800,000	31	25
Leather and hides -	—	—	—	£ 6,400,000	£ 2,700,000	£ 3,700,000	£ 3,000,000	£ 6,700,000	55	61
Indigo - - cwts.	80,000	50,000	Nil.	£ 1,900,000	£ 1,300,000	£ 600,000	Nil.	£ 600,000	5	6
Oils - - - "	—	—	—	£ 5,700,000	£ 1,000,000	£ 4,700,000	(?)	£ 4,700,000	39	30
Coffee - - cwts.	1,600,000	1,300,000	Nil.	£ 7,100,000	£ 5,800,000	£ 1,300,000	Nil.	£ 1,400,000	12	11
Sugar - - - "	21,500,000	600,000	Nil.	£ 22,300,000	£ 600,000	£ 21,700,000	Nil.	£ 21,700,000	178	142
Tea - - - lbs.	184,000,000	37,000,000	Nil.	£ 11,300,000	£ 2,300,000	£ 9,000,000	Nil.	£ 9,000,000	74	73
Tobacco - - "	42,400,000	9,800,000	Nil.	£ 2,000,000	£ 400,000	£ 1,600,000	Nil.	£ 1,600,000	13	9
Wheat and flour cwts.	70,300,000	600,000	39,500,000	£ 40,000,000	£ 300,000	£ 39,700,000	£ 20,000,000	£ 59,700,000	490	368
								£ 208,050,000	2,200	1,806

RELATIVE IMPORTANCE OF PRINCIPAL INDUSTRIES in 1880.

				£	£	£	£	£		
Cotton, raw - cwts.	14,500,000	2,000,000	Nil.	42,800,000	5,500,000	37,300,000	Nil.	37,300,000	276	124
Silk - - - lbs.	—	—	Nil.	4,100,000	750,000	3,350,000	Nil.	3,350,000	25	19
Flax and hemp - cwts.	—	—	650,000 flax.	6,000,000	500,000	5,500,000	1,400,000	6,900,000	51	31
Wool - - - lbs.	545,000,000	237,000,000	136,000,000	27,200,000	14,300,000	12,900,000	6,900,000	19,800,000	147	129
Meat - - - "	—	—	—	26,000,000	800,000	25,200,000	40,000,000	65,200,000	483	478
Iron - - - tons	2,600,000 ore.	—	7,750,000 pig.	2,800,000	—	2,800,000	19,400,000	22,200,000	165	167
Copper - - - "	—	14,500	3,700	5,200,000	1,000,000	4,200,000	250,000	4,450,000	33	26
Lead - - - "	95,000	—	57,000	1,600,000	—	1,600,000	1,000,000	2,600,000	19	19
Tin - - - cwts.	400,000	175,000	178,000	1,750,000	800,000	950,000	800,000	1,750,000	13	12
Timber - - - loads	6,000,000	—	—	16,400,000	—	16,400,000	say. 5,000,000	21,400,000	158	174
Tallow - - - cwts.	1,300,000	220,000	—	2,300,000	400,000	1,900,000	say. 2,000,000	3,900,000	29	28
Leather and hides -	—	—	—	8,400,000	2,800,000	5,600,000	3,000,000	8,600,000	64	70
Indigo - - - cwts.	58,000	48,000	Nil.	1,700,000	1,300,000	400,000	Nil.	400,000	3	4
Oils - - - "	—	—	—	5,700,000	1,100,100	4,600,000	(?)	4,600,000	34	27
Coffee - - - cwts.	1,500,000	1,100,000	Nil.	6,900,000	5,300,000	1,600,000	Nil.	1,500,000	11	11
Sugar - - - "	20,200,000	500,000	Nil.	23,000,000	600,000	22,400,000	Nil.	22,400,000	166	166
Tea - - - lbs.	207,000,000	45,000,000	Nil.	11,600,000	2,800,000	8,800,000	Nil.	8,800,000	65	81
Tobacco - - - "	63,100,000	9,100,000	Nil.	2,900,000	400,000	2,500,000	Nil.	2,500,000	19	15
Wheat and flour cwts.	65,800,000	1,100,000	41,000,000	39,300,000	600,000	38,700,000	20,500,000	59,200,000	439	386
								296,850,000	2,200	1,967

APPENDIX B.

TABLE 27.—continued.—ENGLAND.
RELATIVE IMPORTANCE OF PRINCIPAL INDUSTRIES in 1882.

Description of 22 Articles.	Quantities.			Values.					Index Number.	
	Imports.	Re-exports deducted.	Home Production.	Imports.	Re-exports deducted.	Net Imports.	Home Production.	Total for Home Trade.	Relative Importance.	Comparative with 1865-9.
Cotton, raw - cwt.	15,900,000	2,400,000	Nil.	£ 46,700,000	£ 6,300,000	£ 40,400,000	Nil.	£ 40,400,000	287	118
Silk - - - lbs.	—	—	Nil.	£ 3,700,000	£ 700,000	£ 3,000,000	Nil.	£ 3,000,000	21	16
Flax and hemp cwt.	—	—	480,000 flax.	£ 5,800,000	£ 430,000	£ 5,400,000	£ 1,000,000	£ 6,500,000	46	27
Wool - - - lbs.	564,000,000	264,000,000	123,000,000	£ 25,800,000	£ 15,200,000	£ 10,600,000	£ 6,200,000	£ 16,800,000	120	96
Meat - - - "	—	—	—	£ 23,000,000	£ 430,000	£ 22,600,000	£ 40,000,000	£ 62,600,000	445	402
Iron - - - tons	3,300,000 ore.	—	8,600,000 pig.	£ 3,100,000	—	£ 3,100,000	£ 24,000,000	£ 27,100,000	193	183
Copper - - - "	—	12,800	3,460	£ 5,500,000	£ 900,000	£ 4,600,000	£ 250,000	£ 4,850,000	33	28
Lead - - - "	88,000	—	50,000	£ 1,300,000	—	£ 1,300,000	£ 700,000	£ 2,000,000	14	11
Tin - - - cwt.	488,000	247,000	183,000	£ 2,500,000	£ 1,300,000	£ 1,200,000	£ 1,000,000	£ 2,200,000	16	19
Timber - - - loads	6,300,000	—	—	£ 16,800,000	—	£ 16,800,000	£ 5,000,000 saw.	£ 21,800,000	155	180
Tallow - - - cwt.	1,100,000	200,000	—	£ 2,250,000	£ 450,000	£ 1,800,000	£ 2,000,000	£ 3,800,000	27	27
Leather and hides -	—	—	—	£ 9,000,000	£ 2,600,000	£ 6,400,000	£ 3,000,000	£ 9,400,000	67	71
Indigo - - - cwt.	95,000	67,000	Nil.	£ 2,600,000	£ 1,800,000	£ 800,000	Nil.	£ 800,000	6	8
Oils - - - "	—	—	—	£ 5,800,000	£ 1,100,000	£ 4,700,000	(?)	£ 4,700,000	33	23
Coffee - - - cwt.	1,400,000	1,000,000	Nil.	£ 5,200,000	£ 4,000,000	£ 1,200,000	Nil.	£ 1,200,000	9	5
Sugar - - - "	22,800,000	500,000	Nil.	£ 25,000,000	£ 500,000	£ 24,500,000	Nil.	£ 24,500,000	174	167
Tea - - - lbs.	211,000,000	34,000,000	Nil.	£ 11,000,000	£ 2,400,000	£ 8,600,000	Nil.	£ 8,600,000	61	48
Tobacco - - - "	41,100,000	9,200,000	Nil.	£ 2,550,000	£ 450,000	£ 2,100,000	Nil.	£ 2,100,000	15	15
Wheat and flour cwt.	79,300,000	1,300,000	44,000,000	£ 44,900,000	£ 700,100	£ 44,200,000	£ 23,000,000	£ 67,200,000	478	404
								£ 309,350,000	2,200	1,908

RELATIVE IMPORTANCE OF PRINCIPAL INDUSTRIES in 1883.

Cotton, raw - cwt.	15,500,000	2,200,000	Nil.	£ 45,000,000	£ 5,300,000	£ 39,700,000	Nil.	£ 39,700,000	288	130
Silk - - - lbs.	—	—	Nil.	£ 3,800,000	£ 300,000	£ 3,500,000	Nil.	£ 3,500,000	25	18
Flax and hemp cwt.	—	—	400,000 flax.	£ 5,400,000	£ 600,000	£ 4,800,000	£ 1,000,000	£ 5,800,000	42	22
Wool - - - lbs.	567,000,000	277,000,000	127,000,000	£ 25,700,000	£ 15,900,000	£ 9,800,000	£ 6,300,000	£ 16,100,000	117	94
Meat - - - "	—	—	—	£ 27,600,000	£ 500,000	£ 26,500,000	£ 40,000,000	£ 66,500,000	482	583
Iron - - - tons	3,200,000 ore.	—	8,530,000 pig.	£ 2,750,000	—	£ 2,750,000	£ 22,150,000	£ 24,900,000	180	155
Copper - - - "	—	11,200	2,600	£ 5,500,000	£ 800,000	£ 4,700,000	£ 200,000	£ 4,900,000	35	28
Lead - - - "	102,000	—	43,000	£ 1,300,000	—	£ 1,300,000	£ 600,000	£ 1,900,000	14	10
Tin - - - cwt.	521,000	283,000	186,000	£ 2,100,000	£ 1,300,000	£ 1,100,000	£ 900,000	£ 2,000,000	15	15
Timber - - - loads	6,400,000	—	—	£ 16,650,000	—	£ 16,650,000	£ 5,000,000	£ 21,650,000	156	178
Tallow - - - cwt.	1,000,000	210,000	—	£ 2,100,000	£ 500,000	£ 1,600,000	£ 2,000,000	£ 3,600,000	26	28
Leather and hides -	—	—	—	£ 9,300,000	£ 2,900,000	£ 6,400,000	£ 3,000,000	£ 9,400,000	68	72
Indigo - - - cwt.	100,000	68,000	Nil.	£ 2,500,000	£ 1,700,000	£ 800,000	Nil.	£ 800,000	6	8
Oils - - - "	—	—	—	£ 6,000,000	£ 1,200,000	£ 4,800,000	(?)	£ 4,800,000	32	24
Coffee - - - cwt.	1,400,000	1,000,000	Nil.	£ 4,900,000	£ 3,100,000	£ 1,800,000	Nil.	£ 1,800,000	10	5
Sugar - - - "	24,000,000	900,000	Nil.	£ 25,100,000	£ 800,000	£ 24,300,000	Nil.	£ 24,300,000	176	151
Tea - - - lbs.	222,000,000	43,000,000	Nil.	£ 11,500,000	£ 2,100,000	£ 9,400,000	Nil.	£ 9,400,000	66	44
Tobacco - - - "	59,600,000	10,200,000	Nil.	£ 2,850,000	£ 450,000	£ 2,400,000	Nil.	£ 2,400,000	18	19
Wheat and flour cwt.	80,300,000	700,000	38,000,000	£ 43,800,000	£ 400,000	£ 43,400,000	£ 18,900,000	£ 61,400,000	444	312
								£ 308,850,000	2,200	1,924

RELATIVE IMPORTANCE OF PRINCIPAL INDUSTRIES in 1884.

Cotton, raw - cwt.	15,600,000	2,250,000	Nil.	£ 44,100,000	£ 5,300,000	£ 38,800,000	Nil.	£ 38,800,000	308	115
Silk - - - lbs.	—	—	Nil.	£ 4,500,000	£ 350,000	£ 4,150,000	Nil.	£ 4,150,000	33	22
Flax and hemp cwt.	—	—	400,000 flax.	£ 5,100,000	£ 500,000	£ 4,600,000	£ 1,000,000	£ 5,600,000	44	28
Wool - - - lbs.	588,000,000	277,000,000	132,000,000	£ 26,800,000	£ 15,400,000	£ 11,400,000	£ 6,000,000	£ 17,400,000	138	101
Meat - - - "	—	—	—	£ 25,500,000	£ 500,000	£ 25,000,000	£ 40,000,000	£ 65,000,000	515	530
Iron - - - tons	2,700,000 ore.	—	7,812,000 pig.	£ 3,300,000	£ 1,300,000	£ 2,000,000	£ 19,000,000	£ 21,000,000	167	126
Copper - - - "	—	10,750	3,350	£ 6,400,000	£ 700,000	£ 5,700,000	£ 200,000	£ 5,900,000	47	34
Lead - - - "	102,000	11,000	40,000	£ 1,200,000	£ 400,000	£ 800,000	£ 500,000	£ 1,300,000	10	6
Tin - - - cwt.	521,000	291,000	192,000	£ 2,200,000	£ 1,200,000	£ 1,000,000	£ 800,000	£ 1,800,000	14	13
Timber - - - loads	6,100,000	—	—	£ 14,500,000	£ 100,000	£ 14,400,000	£ 5,000,000	£ 19,400,000	154	161
Tallow - - - cwt.	1,100,000	200,000	—	£ 2,100,000	£ 400,000	£ 1,700,000	£ 2,000,000	£ 3,700,000	29	31
Leather and hides -	—	—	—	£ 9,300,000	£ 2,750,000	£ 6,550,000	£ 3,000,000	£ 9,550,000	76	79
Indigo - - - cwt.	104,000	71,000	Nil.	£ 2,500,000	£ 1,700,000	£ 800,000	Nil.	£ 800,000	6	6
Oils - - - "	—	—	—	£ 6,500,000	£ 1,100,000	£ 5,400,000	(?)	£ 5,400,000	43	35
Coffee - - - cwt.	1,138,000	974,000	Nil.	£ 3,800,000	£ 3,200,000	£ 600,000	Nil.	£ 600,000	5	3
Sugar - - - "	24,300,000	890,000	Nil.	£ 20,000,000	£ 600,000	£ 19,400,000	Nil.	£ 19,400,000	154	118
Tea - - - lbs.	214,000,000	45,500,000	Nil.	£ 10,900,000	£ 2,400,000	£ 8,500,000	Nil.	£ 8,500,000	65	53
Tobacco - - - "	56,700,000	8,700,000	Nil.	£ 2,800,000	£ 400,000	£ 2,400,000	Nil.	£ 2,400,000	19	17
Wheat and flour cwt.	62,400,000	1,300,000	40,000,000	£ 30,000,000	£ 500,000	£ 29,500,000	£ 17,500,000	£ 47,000,000	373	272
								£ 277,400,000	2,200	1,750

TABLE 27.—continued.—ENGLAND.
RELATIVE IMPORTANCE OF PRINCIPAL INDUSTRIES in 1885.

Description of 2 Articles.	Quantities.			Values.					Index Number.	
	Imports.	Re-exports deducted.	Home Production.	Imports.	Re-exports deducted.	Net Imports.	Home Production.	Total for Home Trade.	Relative Importance.	Comparative with 1865-9.
Cotton, raw - cwt.	12,400,000	1,800,000	Nil.	£ 36,000,000	£ 4,400,000	£ 31,600,000	£ Nil.	£ 31,600,000	263	101
Silk - - - lbs.	—	—	Nil.	£ 1,700,000	£ 300,000	£ 1,400,000	Nil.	£ 1,400,000	12	6
Flax and hemp cwt.	—	—	450,000 flax.	£ 5,100,000	£ 700,000	£ 4,700,000	£ 1,200,000	£ 5,900,000	49	30
Wool - - - lbs.	570,000,000	270,000,000	135,000,000	£ 25,100,000	£ 14,900,000	£ 11,100,000	£ 6,000,000	£ 17,100,000	142	99
Meat - - - "	—	—	—	£ 24,000,000	£ 1,600,000	£ 23,000,000	£ 40,000,000	£ 63,000,000	524	535
Iron - - - tons	2,800,000 ore.	Nil.	7,100,000 pig.	£ 2,000,000	Nil.	£ 2,000,000	£ 16,000,000	£ 18,000,000	150	123
Copper - - - "	—	—	—	£ 4,800,000	£ 300,000	£ 4,500,000	£ 180,000	£ 4,680,000	39	23
Lead - - - tons	108,000	8,000	40,000	£ 1,200,000	£ 100,000	£ 1,100,000	£ 450,000	£ 1,550,000	13	7
Tin - - - cwt.	510,000	210,000	190,000	£ 2,200,000	£ 1,150,000	£ 1,050,000	£ 750,000	£ 1,800,000	15	12
Timber - - - loads	6,200,000	23,000	—	£ 14,750,000	£ 100,000	£ 14,650,000	£ 5,000,000	£ 19,650,000	164	176
Tallow - - - cwt.	1,000,000	160,000	—	£ 1,580,000	£ 240,000	£ 1,340,000	£ 2,000,000	£ 3,340,000	28	24
Leather and hides -	—	—	—	£ 9,600,000	£ 3,000,000	£ 6,600,000	£ 3,000,000	£ 9,600,000	80	88
Indigo - - - cwt.	95,000	71,000	Nil.	£ 2,100,000	£ 1,590,000	£ 600,000	Nil.	£ 600,000	5	6
Oils - - - "	—	—	—	£ 6,800,000	£ 900,000	£ 5,900,000	(?)	£ 5,900,000	49	34
Coffee - - - cwt.	1,035,000	735,000	Nil.	£ 3,310,000	£ 2,380,000	£ 930,000	Nil.	£ 930,000	8	5
Sugar - - - "	25,100,000	700,000	Nil.	£ 18,450,000	£ 530,000	£ 17,920,000	Nil.	£ 17,920,000	149	79
Tea - - - lbs.	212,000,000	42,000,000	Nil.	£ 10,700,000	£ 2,200,000	£ 8,500,000	Nil.	£ 8,500,000	71	49
Tobacco - - - "	83,000,000	8,100,000	Nil.	£ 3,900,000	£ 400,000	£ 3,500,000	Nil.	£ 3,500,000	29	30
Wheat and flour cwt.	82,000,000	1,000,000	40,000,000	£ 34,700,000	£ 350,000	£ 34,350,000	£ 15,000,000	£ 49,350,000	410	242
								£ 264,320,000	2,500	1,669

SUMMARY OF TABLE 27.

TABLE showing Price calculated on Value of each Year, with reference to relative importance of principal Industries in England.

1865	-	-	-	2,366	=	100
1866	-	-	-	2,434	=	111
1867	-	-	-	2,179	=	99
1868	-	-	-	2,058	=	89
1869	-	-	-	1,963	=	84

Average - - - 100

1870	-	-	-	1,975	=	90
1871	-	-	-	2,046	=	93
1872	-	-	-	2,197	=	100
1873	-	-	-	2,298	=	104
1874	-	-	-	2,378	=	106
1875	-	-	-	2,125	=	97

352 THIRD REPORT OF THE ROYAL COMMISSION ON DEPRESSION OF TRADE AND INDUSTRY:

APPENDIX B

"But a greater difficulty arose at once in dealing with the manufacturing industries of this country, deriving much, or all, of their raw materials from abroad, and at the same time exporting the bulk of the manufactured goods. Instance the cotton trade. Its importance to this country is to be measured by the gross market value of the manufactures produced; less the price which was paid by the manufacturers to America, India, and other countries for the raw material. Where such raw material is produced at home it should evidently be included in the value of such home industry. The cotton trade is one of those in which by far the larger proportion of the goods manufactured is exported. It was calculated some years back that about seven eighths of the cotton goods manufactured in Lancashire were exported; India, in fact, being a larger consumer of such goods than the United Kingdom. Now, the value of the cotton manufactures exported in 1885 was 55,100,000*l.*, and of yarns 11,900,000*l.*, or together 67,000,000*l.*, and adding (say) 10,000,000*l.* as the home consumption there is obtained a total of 77,000,000*l.* On the other side we have to deduct the imports, 36,000,000*l.* less the re-export 4,400,000*l.*, or a net 31,600,000*l.*, leaving a balance of about 45,000,000*l.* as indicating the 'relative importance' of the cotton trade in this country. If this calculation were sufficiently reliable, the 'relative importance' of the cotton trade would be less than that of wheat, but 75 times as great as indigo. Upon placing these figures before you there arose the question whether indigo itself was not a component part of this 45,000,000*l.*, as well as coal and machinery, and so on, and if these figures could be adopted in the instance of cotton, whether in dealing with

different industries you would not be giving the values of the same articles in various disguises many times over. It was in fact clear that this 45,000,000*l.* represented a great deal more than the wages of operatives, interest and profit on capital, &c. In the other industries, the questions of this nature arising were endless, for it is certain that a very large proportion of the value of our iron and steel products (perhaps nearly one half) can be ultimately and rightly traced and assigned to the coal trade. I consider, therefore, that you were right in rejecting a form of calculation, based upon estimates, many of them of an unreliable character, and therefore open to endless question.

"The foregoing tables of 'relative importance of principal industries' are, therefore, confined for the most part to figures for which there is sufficient warranty. Cotton is placed at 31,600,000*l.*, representing the total value of the net import. Silk the same, flax and hemp and wool the same, as far as the net import is concerned, while the home production of flax and wool has, in the absence of sufficiently continuous statistics, been taken at 4 cwt. of flax per acre and 4½ lbs. of wool per sheep over the entire period. The next item on the list is meat, and in this instance the home production greatly exceeds the import. What is the value of that home production?

"In 1885 there were in the United Kingdom 10,800,000 cattle, 39,000,000 sheep, and probably 4,000,000 pigs; and the 'average life' of the cows has been taken at nearly six years, that of the bulls and oxen at three years, that of the sheep (including breeding ewes) at three years, and that of the pigs at two years each. In this way we arrive at the following estimate:—

	Numbers.	Annual Death-rate.	Slaughtered for Meat (allowing 15 to 20 per cent. loss).	Average Price per head in 1885.*	
				£ s. d.	£
Cattle -	{ 6,000,000 cows, at 6 years } { 4,000,000 oxen, at 3 " }	2,400,000	1,900,000	12 0 0	23,000,000
Sheep -	30,000,000, at 3 years	10,000,000	8,000,000	1 15 0	14,000,000
Pigs -	4,000,000, at 2 "	2,000,000	1,700,000	2 0 0	3,400,000
					40,400,000

* These average prices include calves, lambs, and small porkers slaughtered, but exclude the value of hides and skins, wool, tallow, bones, &c. sold for other purposes than meat.

"In other quarters the home meat yield has been estimated at a higher figure; but making the deductions here referred to, and having regard to the fact that in these tables the value has only been carried to the 'raw materials' stage, or to the first stage of manufacture, a round figure of 40,000,000*l.* appears relatively sufficient.

"When back in 1881-82 the numbers of cattle, sheep, and pigs were smaller than now, prices were higher, and thus a round value of 40,000,000*l.* has been entered as the home production in each year since the rise which occurred in 1871-72. In iron, copper, lead, and tin, the values imported, the re-exports, and the 'home production' and 'value at the place of production' are recorded officially and are alone entered here. Therefore, in the case of iron the value is not taken beyond that of pig metal, and is probably too low. It is obvious, however, that the sum entered as the value of the home production of pig iron includes that of the coal—say, 24 tons of coal to the ton of pig iron—consumed in its manufacture; and if the 'relative importance' of iron is less than it should be, because there is no firm ground upon which to raise it, there is hardly such a striking difference as might be supposed, unless indeed we were to attempt to follow the metal into the steamship, the locomotive, and so forth, when we may suppose it attains its full retail value. In timber and tallow the entries under home production are hard to justify. Apart from the timber scattered all over the country, the United Kingdom possesses some millions of acres given up to woods and plantations. To have omitted the home production of timber altogether would have been to place this important item very much too low.

As it is, the same rough estimate runs throughout the entire series of years. The same may be said as regards tallow, and it was a question whether the entry of 2,000,000*l.* to cover the production of town tallow should not have been omitted altogether. But the articles home timber and town tallow were looked upon as too important to be omitted altogether. Finally, as regards leather and hides, the home production from the cattle, sheep, &c. slaughtered here must in the raw state be well up to the 3,000,000*l.* entered in these tables, the hides alone, be it remembered, being worth not far short of 1*l.* a piece. Under the head of oils, the total imports alone are given. The home production of linseed and other oils is valuable, but the prices in the 'Economist' do not cover them at all, and for this reason they have been omitted.

"I have, therefore, by your direction, described the method adopted in the preparation of these tables, especially pointing out those entries where estimates were alone available, and where error was not improbable. As it is, the first of the two columns placed under the head of 'index number' may be taken as affording for each year fair approximations of the relative importance of these principal industries of the United Kingdom, that relative importance, it being observed, varying from year to year, as all industries must vary. Contrasting these tables with Table 26, compiled from the Annual Commercial History in the 'Economist,' we find—and we will take wheat in 1885 as our example—that the 'relative importance' is 410, while in the 'Economist,' where each article is given an equal importance, the drop in price is shown to be 41 per cent., or in other words, that the depression in

price has sent the index number down to 59.* Therefore the relative importance of the fall in wheat since 1865-69 is shown to be 59 by 410, or 241·90, and is entered at 242. So that in the final column under the 'index number,' where a comparison of the relative importance for the year is made with the average of 1865-69, we have 242 entered side by side with 410, the difference (168) being equal to a fall of 41 per cent. on 410. Contrasted with the old form of index number, we find that in 1885 meat has assigned to it a five-fold importance and wheat four-fold, while coffee is reduced to one twelfth and indigo to one twentieth of its former dimensions. Admitting, for the sake of argument, that it is impossible to make such statistics an absolutely perfect indication of relative magnitude, they still bear evidence of being very far nearer reality than the old form of 'index number,' and it will be seen that in this way they largely afford a justification of the old form. The average fall in prices is thus indicated to be nearly, but not quite, so pronounced as in the 'Economist.' "

*The "Economist" index number for January 1885 gives 60, not 53, but as the average price of wheat for the year was below the January price, 59 has been taken as a more correct measure for a calculation extending over the entire year.

INDEX NUMBERS, TABLE 26 AND TABLE 27.

APPENDIX B.

	Table 26.		Table 27.	
	Assigning to each Commodity an equal importance.		Assigning to each Commodity a relative importance.	
		%		%
1865 -	2,434	= 111	2,366	= 107
1866 -	2,449	= 111	2,434	= 111
1867 -	2,156	= 98	2,179	= 99
1868 -	1,982	= 90	2,058	= 94
1869 -	1,979	= 90	1,963	= 89
	2,200	= 100	2,200	= 100
1870 -	1,995	= 91	1,975	= 90
1871 -	1,981	= 90	2,046	= 93
1872 -	2,132	= 97	2,197	= 100
1873 -	2,237	= 102	2,298	= 104
1874 -	2,207	= 100	2,378	= 108
1875 -	2,098	= 95	2,125	= 97
1876 -	2,044	= 93	2,186	= 99
1877 -	2,064	= 94	2,205	= 100
1878 -	1,910	= 87	2,081	= 95
1879 -	1,676	= 76	1,806	= 82
1880 -	1,918	= 87	1,967	= 89
1881 -	1,782	= 81	2,054	= 93
1882 -	1,830	= 83	1,908	= 87
1883 -	1,755	= 80	1,924	= 88
1884 -	1,660	= 75	1,750	= 80
1885 -	1,550	= 70	1,669	= 76

TABLE 23.—FRANCE.
SHOWING movement PER CENT. in the WHOLESALE PRICES of 22 ARTICLES, IMPORTS and EXPORTS, FRANCE, as given by the "COMMISSION PERMANENTE DES VALEURS DE DOUANE," the average Prices of the Five Years, 1865-69 inclusive, being taken as the Datum line or Par from 1865-69 to 1884.

1. Coffee (Import).			2. Sugar (Import).			3. Wheat (Export).			4. Beef (Import).			5. Butter (Import).			6. Rice (Import).		
Year.	Per cent. of each year to average of 5 years, 1865-69.	Per cent. of each year to average of 5 years, 1865-69.	Year.	Per cent. of each year to average of 5 years, 1865-69.	Per cent. of each year to average of 5 years, 1865-69.	Year.	Per cent. of each year to average of 5 years, 1865-69.	Per cent. of each year to average of 5 years, 1865-69.	Year.	Per cent. of each year to average of 5 years, 1865-69.	Per cent. of each year to average of 5 years, 1865-69.	Year.	Per cent. of each year to average of 5 years, 1865-69.	Per cent. of each year to average of 5 years, 1865-69.	Year.	Per cent. of each year to average of 5 years, 1865-69.	Per cent. of each year to average of 5 years, 1865-69.
1865	1.35	1.35	1865	0.50	0.50	1865	22.50	22.50	1865	82	82	1865	3.30	3.30	1865	0.38	0.38
1866	1.35	1.35	1866	0.40	0.40	1866	23.80	23.80	1866	93	93	1866	3.30	3.30	1866	0.42	0.42
1867	1.35	1.35	1867	0.47	0.47	1867	33	33	1867	126	126	1867	2.90	2.90	1867	0.44	0.44
1868	1.45	1.45	1868	0.60	0.60	1868	30	30	1868	109	109	1868	3.15	3.15	1868	0.33	0.33
1869	1.45	1.45	1869	0.64	0.64	1869	23	23	1869	90	90	1869	3.40	3.40	1869	0.38	0.38
Average of 5 years, 1865-69.	1.64	1.64	Average of 5 years, 1865-69.	0.54	0.54	Average of 5 years, 1865-69.	27.66	27.66	Average of 5 years, 1865-69.	100	100	Average of 5 years, 1865-69.	3.15	3.15	Average of 5 years, 1865-69.	0.39	0.39
1870	1.50	1.50	1870	0.62	0.62	1870	25.10	25.10	1870	91	91	1870	3.50	3.50	1870	0.35	0.35
1871	1.60	1.60	1871	0.72	0.72	1871	35	35	1871	127	127	1871	3.20	3.20	1871	0.45	0.45
1872	1.88	1.88	1872	0.65	0.65	1872	32.50	32.50	1872	118	118	1872	3.50	3.50	1872	0.35	0.35
1873	2.22	2.22	1873	0.50	0.50	1873	33.50	33.50	1873	121	121	1873	3.25	3.25	1873	0.28	0.28
1874	2.28	2.28	1874	0.57	0.57	1874	30	30	1874	109	109	1874	3.40	3.40	1874	0.28	0.28
Average of 5 years, 1870-74.	1.80	1.80	Average of 5 years, 1870-74.	0.63	0.63	Average of 5 years, 1870-74.	31.22	31.22	Average of 5 years, 1870-74.	113	113	Average of 5 years, 1870-74.	3.23	3.23	Average of 5 years, 1870-74.	0.34	0.34
1875	2.19	2.19	1875	0.53	0.53	1875	26	26	1875	94	94	1875	3.15	3.15	1875	0.30	0.30
1876	2.02	2.02	1876	0.50	0.50	1876	27	27	1876	98	98	1876	3.20	3.20	1876	0.35	0.35
1877	2.07	2.07	1877	0.67	0.67	1877	31	31	1877	112	112	1877	3.05	3.05	1877	0.32	0.32
1878	1.87	1.87	1878	0.56	0.56	1878	29	29	1878	103	103	1878	2.95	2.95	1878	0.32	0.32
1879	1.78	1.78	1879	0.55	0.55	1879	30	30	1879	109	109	1879	2.95	2.95	1879	0.33	0.33
Average of 5 years, 1875-79.	1.99	1.99	Average of 5 years, 1875-79.	0.58	0.58	Average of 5 years, 1875-79.	28.20	28.20	Average of 5 years, 1875-79.	103	103	Average of 5 years, 1875-79.	3.06	3.06	Average of 5 years, 1875-79.	0.34	0.34
1880	1.60	1.60	1880	0.61	0.61	1880	30	30	1880	109	109	1880	2.80	2.80	1880	0.20	0.20
1881	1.51	1.51	1881	0.56	0.56	1881	29.50	29.50	1881	107	107	1881	2.80	2.80	1881	0.27	0.27
1882	1.34	1.34	1882	0.56	0.56	1882	28.75	28.75	1882	104	104	1882	2.75	2.75	1882	0.25	0.25
1883	1.30	1.30	1883	0.45	0.45	1883	21.92	21.92	1883	90	90	1883	2.75	2.75	1883	0.25	0.25
1884	1.22	1.22	1884	0.31	0.31	1884	22.44	22.44	1884	81	81	1884	2.65	2.65	1884	0.25	0.25
Average of 5 years, 1880-84.	1.43	1.43	Average of 5 years, 1880-84.	0.50	0.50	Average of 5 years, 1880-84.	27.12	27.12	Average of 5 years, 1880-84.	98	98	Average of 5 years, 1880-84.	2.73	2.73	Average of 5 years, 1880-84.	0.26	0.26

TABLE 28.—continued.—FRANCE.
Prices of 22 Articles, Imports and Exports, France, as given by the "Commission Permanente des Valeurs de Douane"—continued.

7. Tobacco (Import).			8. Oil Seed, Cotza (Import).			9. Olive Oil (Import).			10. Tallow (Import).			11. Silk, Raw (Import).			12. Silk, Plain, Stuff (Export).		
Year.	Per cent. of each year to average of 5 years, 1865-69.	Per cent. of each year to average of 5 years, 1865-69.	Year.	Per cent. of each year to average of 5 years, 1865-69.	Per cent. of each year to average of 5 years, 1865-69.	Year.	Per cent. of each year to average of 5 years, 1865-69.	Per cent. of each year to average of 5 years, 1865-69.	Year.	Per cent. of each year to average of 5 years, 1865-69.	Per cent. of each year to average of 5 years, 1865-69.	Year.	Per cent. of each year to average of 5 years, 1865-69.	Per cent. of each year to average of 5 years, 1865-69.	Year.	Per cent. of each year to average of 5 years, 1865-69.	Per cent. of each year to average of 5 years, 1865-69.
1865	1.35	1.35	1865	0.48	0.48	1865	1.15	1.15	1865	1.15	1.15	1865	6.9	6.9	1865	138	138
1866	1.35	1.35	1866	0.42	0.42	1866	1.25	1.25	1866	1.05	1.05	1866	6.70	6.70	1866	137	137
1867	1.25	1.25	1867	0.40	0.40	1867	1.34	1.34	1867	1.12	1.12	1867	6.75	6.75	1867	140	140
1868	1.25	1.25	1868	0.36	0.36	1868	1.25	1.25	1868	1.05	1.05	1868	7.1	7.1	1868	138	138
1869	1.25	1.25	1869	0.40	0.40	1869	1.10	1.10	1869	1.02	1.02	1869	6.8	6.8	1869	133	133
Average of 5 years, 1865-69.	1.29	1.29	Average of 5 years, 1865-69.	0.41	0.41	Average of 5 years, 1865-69.	1.22	1.22	Average of 5 years, 1865-69.	1.08	1.08	Average of 5 years, 1865-69.	6.805	6.805	Average of 5 years, 1865-69.	137.20	137.20
1870	1.25	1.25	1870	0.41	0.41	1870	1.25	1.25	1870	1.40	1.40	1870	6.2	6.2	1870	126	126
1871	1.25	1.25	1871	0.41	0.41	1871	1.30	1.30	1871	1.30	1.30	1871	7.0	7.0	1871	130	130
1872	1.50	1.50	1872	0.42	0.42	1872	1.30	1.30	1872	1.20	1.20	1872	7.0	7.0	1872	134	134
1873	1.32	1.32	1873	0.37	0.37	1873	1.30	1.30	1873	1.10	1.10	1873	5.8	5.8	1873	128	128
1874	1.15	1.15	1874	0.35	0.35	1874	0.95	0.95	1874	1.10	1.10	1874	4.7	4.7	1874	114	114
Average of 5 years, 1870-74.	1.33	1.33	Average of 5 years, 1870-74.	0.38	0.38	Average of 5 years, 1870-74.	1.30	1.30	Average of 5 years, 1870-74.	1.22	1.22	Average of 5 years, 1870-74.	6.1	6.1	Average of 5 years, 1870-74.	126	126
1875	1.35	1.35	1875	0.35	0.35	1875	1.45	1.45	1875	1.11	1.11	1875	4.50	4.50	1875	106	106
1876	1.20	1.20	1876	0.36	0.36	1876	1.35	1.35	1876	1.20	1.20	1876	5.50	5.50	1876	105	105
1877	1.20	1.20	1877	0.40	0.40	1877	1.75	1.75	1877	1.20	1.20	1877	5.3	5.3	1877	97	97
1878	1.00	1.00	1878	0.35	0.35	1878	1.40	1.40	1878	1.1	1.1	1878	4.6	4.6	1878	85	85
1879	1.00	1.00	1879	0.32	0.32	1879	1.25	1.25	1879	0.85	0.85	1879	4.5	4.5	1879	82	82
Average of 5 years, 1875-79.	1.15	1.15	Average of 5 years, 1875-79.	0.38	0.38	Average of 5 years, 1875-79.	1.44	1.44	Average of 5 years, 1875-79.	1.07	1.07	Average of 5 years, 1875-79.	5.0	5.0	Average of 5 years, 1875-79.	94	94
1880	1.00	1.00	1880	0.32	0.32	1880	1.25	1.25	1880	0.90	0.90	1880	4.3	4.3	1880	83	83
1881	1.00	1.00	1881	0.34	0.34	1881	1.25	1.25	1881	1.10	1.10	1881	4.6	4.6	1881	87	87
1882	1.00	1.00	1882	0.35	0.35	1882	1.10	1.10	1882	1.15	1.15	1882	4.1	4.1	1882	85	85
1883	1.20	1.20	1883	0.33	0.33	1883	1.23	1.23	1883	1.37	1.37	1883	4.1	4.1	1883	86	86
1884	1.25	1.25	1884	0.32	0.32	1884	1.36	1.36	1884	0.95	0.95	1884	3.8	3.8	1884	79	79
Average of 5 years, 1880-84.	1.09	1.09	Average of 5 years, 1880-84.	0.33	0.33	Average of 5 years, 1880-84.	1.24	1.24	Average of 5 years, 1880-84.	1.00	1.00	Average of 5 years, 1880-84.	4.2	4.2	Average of 5 years, 1880-84.	84	84

TABLE 28—continued.—FRANCE.
Prices of 22 Articles, Imports and Exports, France, as given by the "Commission Permanente des Valeurs de Douane"—continued.

13. Gloves (Export).			14. Cotton, Raw (Import).			15. Wool, Raw (Import).			16. Woollens (Export).			17. Hides (Import).			18. Coal (Import).		
Year.	Gloves, Kilogr.	Per cent. of each year to average of 5 years, 1865-9.	Year.	Cotton, Raw, Kilogr. (Import).	Per cent. of each year to average of 5 years, 1865-9.	Year.	Wool, Raw, Kilogr. (Import).	Per cent. of each year to average of 5 years, 1865-9.	Year.	Woollens, French Merinos (Export).	Per cent. of each year to average of 5 years, 1865-9.	Year.	Hides, Kilogr. (Import).	Per cent. of each year to average of 5 years, 1865-9.	Year.	Coal, quinn. (Im-port).	Per cent. of each year to average of 5 years, 1865-9.
1865	fr. c. 110	69	1865	fr. c. 3.66	122	1865	fr. c. 3.25	130	1865	fr. c. 18	94	1865	fr. c. 1.42	100	1865	fr. c. 1.78	99
1866	175	110	1866	3.55	118	1866	2.85	112	1866	24	124	1866	1.45	103	1866	1.93	106
1867	180	112	1867	2.60	88	1867	2.40	96	1867	20.50	106	1867	1.40	99	1867	1.99	110
1868	108	103	1868	2.37	79	1868	2.15	86	1868	17	88	1868	1.48	104	1868	1.78	99
1869	170	106	1869	2.80	93	1869	1.90	76	1869	17	88	1869	1.34	94	1869	1.54	86
Average of 5 years, 1865-9.	100.00	100	Average of 5 years, 1865-9.	3.	100	Average of 5 years, 1865-9.	2.51	100	Average of 5 years, 1865-9.	19.30	100	Average of 5 years, 1865-9.	1.42	100	Average of 5 years, 1865-9.	1.80	100
1870	170	106	1870	2.34	78	1870	2.15	86	1870	17.60	91	1870	1.34	94	1870	1.73	96
1871	175	109	1871	2.10	70	1871	2.80	112	1871	18.40	95	1871	1.30	106	1871	1.79	99
1872	175	109	1872	2.50	83	1872	3.	120	1872	21.50	111	1872	1.90	134	1872	2.	111
1873	175	109	1873	2.13	71	1873	2.70	108	1873	19.75	102	1873	1.80	127	1873	3.08	171
1874	175	109	1874	1.79	66	1874	2.65	106	1874	18.15	94	1874	1.90	134	1874	2.50	139
Average of 5 years, 1870-4.	174	108	Average of 5 years, 1870-4.	2.17	72	Average of 5 years, 1870-4.	2.66	106	Average of 5 years, 1870-4.	19.08	99	Average of 5 years, 1870-4.	1.69	119	Average of 5 years, 1870-4.	2.22	133
1875	175	109	1875	1.63	54	1875	2.65	102	1875	17.30	90	1875	2.10	148	1875	2.30	128
1876	100	100	1876	1.45	48	1876	2.25	90	1876	16.60	85	1876	1.90	134	1876	2.14	119
1877	152	95	1877	1.46	48	1877	2.35	94	1877	15.70	81	1877	1.80	127	1877	2.09	116
1878	152	95	1878	1.44	47	1878	2.92	93	1878	14.70	76	1878	1.65	116	1878	1.82	101
1879	152	95	1879	1.53	51	1879	2.15	85	1879	14.10	73	1879	1.80	127	1879	1.70	94
Average of 5 years, 1875-9.	183	99	Average of 5 years, 1875-9.	1.50	50	Average of 5 years, 1875-9.	2.33	93	Average of 5 years, 1875-9.	15.68	81	Average of 5 years, 1875-9.	1.85	130	Average of 5 years, 1875-9.	2.01	112
1880	152	95	1880	1.64	55	1880	2.45	98	1880	15.30	79	1880	1.80	127	1880	1.79	99
1881	152	95	1881	1.50	50	1881	2.20	88	1881	13.65	71	1881	1.70	120	1881	1.82	101
1882	149	93	1882	1.50	50	1882	2.15	86	1882	14.05	73	1882	1.60	113	1882	1.83	102
1883	140	93	1883	1.42	47	1883	2.10	84	1883	13.65	71	1883	1.70	120	1883	1.50	83
1884	153	93	1884	1.39	46	1884	2.	80	1884	12.55	65	1884	1.65	116	1884	1.50	83
Average of 5 years, 1880-4.	150	94	Average of 5 years, 1880-4.	1.40	50	Average of 5 years, 1880-4.	2.18	87	Average of 5 years, 1880-4.	13.84	72	Average of 5 years, 1880-4.	1.69	119	Average of 5 years, 1880-4.	1.69	94

BLE 28—continued.—FRANCE.
Prices of 22 Articles, Imports and Exports, France, as given by the "Commission Permanente des Valeurs de Douane"—continued.

19. Iron Ore (Import).			20. Copper Ore (Import).			21. Lead Ore (Import).			22. Zinc (Import).			Total per-centages of the 22 Articles named for each Year.		
Year.	Iron Ore, Kilogr.	Per cent. of each year to average of 5 years, 1865-9.	Year.	Copper Ore, Kilogr. (Import).	Per cent. of each year to average of 5 years, 1865-9.	Year.	Lead Ore, Kilogr. (Import).	Per cent. of each year to average of 5 years, 1865-9.	Year.	Zinc, Kilogr. (Import).	Per cent. of each year to average of 5 years, 1865-9.	Total per-centages of the 22 Articles named for each Year.	Per cent. of each year to average of 5 years, 1865-9.	Per cent. of each year to average of 5 years, 1865-9.
1865	fr. c. 0.020	100	1865	fr. c. 1	102	1865	fr. c. 0.45	141	1865	fr. c. 0.53	100	1865	2,267	103
1866	0.020	100	1866	1	102	1866	0.40	125	1866	0.60	114	1866	2,314	105
1867	0.020	100	1867	1	102	1867	0.25	78	1867	0.52	99	1867	2,207	100
1868	0.020	100	1868	0.95	97	1868	0.25	78	1868	0.50	95	1868	2,126	97
1869	0.020	100	1869	0.95	97	1869	0.25	78	1869	0.48	92	1869	2,087	95
Average of 5 years, 1865-9.	0.020	100	Average of 5 years, 1865-9.	0.98	100	Average of 5 years, 1865-9.	0.32	100	Average of 5 years, 1865-9.	0.53	100	Average of 5 years, 1865-9.	2,200	100
1870	0.020	100	1870	0.95	97	1870	0.25	78	1870	0.48	90	1870	2,137	97
1871	0.020	100	1871	0.97	99	1871	0.25	78	1871	0.45	85	1871	2,283	104
1872	0.020	100	1872	1.50	153	1872	0.28	87	1872	0.58	110	1872	2,454	111
1873	0.025	125	1873	1.35	136	1873	0.30	94	1873	0.65	124	1873	2,423	110
1874	0.023	115	1874	1.25	128	1874	0.28	87	1874	0.60	113	1874	2,223	101
Average of 5 years, 1870-4.	0.022	108	Average of 5 years, 1870-4.	1.20	123	Average of 5 years, 1870-4.	0.27	85	Average of 5 years, 1870-4.	0.55	105	Average of 5 years, 1870-4.	2,299	105
1875	0.022	110	1875	1.30	133	1875	0.20	91	1875	0.62	117	1875	2,243	102
1876	0.020	100	1876	1.20	122	1876	0.28	87	1876	0.57	108	1876	2,106	100
1877	0.020	100	1877	1.05	107	1877	0.26	80	1877	0.53	100	1877	2,211	102
1878	0.017	85	1878	0.90	92	1878	0.20	62	1878	0.43	80	1878	1,950	89
1879	0.018	90	1879	0.85	87	1879	0.18	56	1879	0.40	76	1879	1,898	86
Average of 5 years, 1875-9.	0.019	97	Average of 5 years, 1875-9.	1.06	108	Average of 5 years, 1875-9.	0.24	75	Average of 5 years, 1875-9.	0.51	96	Average of 5 years, 1875-9.	2,104	96
1880	0.020	100	1880	0.90	92	1880	0.19	59	1880	0.44	83	1880	1,941	88
1881	0.019	95	1881	0.80	82	1881	0.17	53	1881	0.38	72	1881	1,880	85
1882	0.018	90	1882	0.85	87	1882	0.16	50	1882	0.30	74	1882	1,845	84
1883	0.016	80	1883	0.80	82	1883	0.14	44	1883	0.35	66	1883	1,807	82
1884	0.016	80	1884	0.68	70	1884	0.12	37	1884	0.33	61	1884	1,679	76
Average of 5 years, 1880-4.	0.018	89	Average of 5 years, 1880-4.	0.81	83	Average of 5 years, 1880-4.	0.16	49	Average of 5 years, 1880-4.	0.38	71	Average of 5 years, 1880-4.	1,830	83

TABLE 29.—FRANCE.

TABLE showing the movement PER CENT. in the WHOLESALE PRICES of 22 PRINCIPAL COMMODITIES, the AVERAGE PRICES of the Five Years, 1865-69 inclusive, being taken as the Datum line or Par based on the RELATIVE IMPORTANCE of PRINCIPAL INDUSTRIES in FRANCE as shown by quantities imported, as given by the "COMMISSION PERMANENTE DES VALEURS DE DOUANE," from 1865-69 to 1883.

Description of 22 Articles.	1865.		1866.		1867.		1868.		1869.		Average, 5 Years.		1870.	
	Value.	Index Number. Relative Importance.	Value.	Index Number. Relative Importance.	Value.	Index Number. Relative Importance.	Value.	Index Number. Relative Importance.	Value.	Index Number. Relative Importance.	Value.	Index Number.	Value.	Index Number. Relative Importance.
<i>Imports.</i>														
Coffee	Francs. 85,500,000	77	82	74	Francs. 71,600,000	60	57	51	Francs. 73,700,000	61	54	64	Francs. 73,700,000	56
Sugar	112,100,000	102	95	73	87,500,000	74	64	97	137,500,000	114	126	81	137,500,000	132
Wheat (cereals)	18,400,000	17	14	39	318,900,000	267	292	280	56,300,000	47	42	131	251,000,000	191
Cattle and sheep	78,000,000	71	63	67	123,700,000	104	102	125	115,100,000	120	133	68	73,000,000	60
Butter	7,300,000	7	7	8	10,700,000	9	8	7	12,100,000	10	11	8	10,000,000	8
Rice	8,700,000	8	8	9	13,100,000	11	13	13	14,800,000	12	12	11	18,000,000	15
Tobacco	13,700,000	18	19	19	17,600,000	14	14	15	18,000,000	15	15	16	13,000,000	11
Oil seed	60,300,000	55	64	32	45,300,000	38	37	39	66,400,000	53	53	45	80,000,000	67
Olive oil	39,800,000	28	29	23	26,100,000	22	24	14	32,200,000	27	24	22	19,000,000	16
Tallow	5,700,000	5	5	4	4,500,000	4	4	4	4,300,000	4	4	4	4,700,000	4
Silk (raw)	355,200,000	321	327	255	344,700,000	289	293	326	411,800,000	341	331	310	370,900,000	297
Cotton (raw)	295,700,000	270	273	358	237,000,000	200	204	214	331,200,000	274	203	262	240,000,000	202
Wool (raw)	293,210,000	214	148	227	232,700,000	187	209	192	206,300,000	171	181	183	180,000,000	153
Hides	99,560,000	90	110	125	137,500,000	115	101	87	129,800,000	108	100	101	97,000,000	81
Coal	117,800,000	103	134	139	146,500,000	123	118	80	119,100,000	99	75	111	108,000,000	90
Iron and steel	3,000,000	3	3	5	4,900,000	4	4	6	7,400,000	6	5	5	20,000,000	17
Copper	40,000,000	37	37	42	40,700,000	34	34	32	31,300,000	28	28	34	35,000,000	29
Lead	16,900,000	15	15	15	17,600,000	15	16	12	18,800,000	16	14	14	17,000,000	14
Zinc	17,500,000	16	16	17	20,300,000	17	17	15	19,200,000	17	17	16	14,000,000	12
<i>Exports.</i>														
Silk stuffs	425,500,000	387	339	480	423,000,000	335	277	276	447,400,000	371	281	372	520,000,000	459
Woolens	302,800,000	273	273	286	296,800,000	198	196	165	268,300,000	222	200	224	250,000,000	188
Gloves	87,500,000	80	82	83	71,500,000	60	60	41	99,300,000	82	78	68	80,000,000	67
	2,431,340,000	2,200	2,331	2,580	2,623,400,000	2,200	2,114	2,110	2,653,100,000	2,200	2,045	2,200	2,651,300,000	2,050

TABLE 29.—continued.—FRANCE.

Table showing Relative Importance of Principal Industries in France as shown by quantities imported as given by the "Commission Permanente des Valeurs de Douane"—continued.

Description of 22 Articles.	1871.		1872.		1873.		1874.		1875.		1876.		1877.	
	Value.	Index Number. Relative Importance.	Value.	Index Number. Relative Importance.	Value.	Index Number. Relative Importance.	Value.	Index Number. Relative Importance.	Value.	Index Number. Relative Importance.	Value.	Index Number. Relative Importance.	Value.	Index Number. Relative Importance.
<i>Imports.</i>														
Coffee	Francs. 61,700,000	47	46	28	Francs. 95,500,000	70	95	89	Francs. 105,100,000	79	106	95	Francs. 89,000,000	100
Sugar	115,900,000	84	112	100	110,500,000	78	85	72	100,600,000	83	81	78	122,300,000	122
Wheat (cereals)	450,000,000	330	410	130	230,200,000	163	197	294	138,600,000	105	99	158	207,000,000	106
Cattle and sheep	172,000,000	124	145	153	154,300,000	109	125	81	111,600,000	84	86	119	178,700,000	143
Butter	9,400,000	6	7	9	12,000,000	9	9	8	11,900,000	9	9	9	13,300,000	11
Rice	18,700,000	13	15	5	17,200,000	12	9	21	16,300,000	12	9	13	17,100,000	14
Tobacco	21,800,000	16	16	26	26,800,000	19	22	40	21,100,000	16	17	23	29,500,000	24
Oil seed	70,900,000	58	58	49	83,000,000	59	53	40	90,500,000	68	60	56	99,200,000	80
Olive oil	36,700,000	26	32	26	24,200,000	21	22	20	30,200,000	27	32	24	45,700,000	37
Tallow	55,100,000	42	50	53	46,300,000	33	34	29	22,800,000	17	18	33	52,000,000	42
Silk (raw)	418,500,000	391	310	325	322,000,000	219	212	102	330,100,000	250	163	366	226,200,000	182
Cotton (raw)	218,500,000	157	140	188	185,700,000	131	122	145	221,300,000	107	129	124	195,700,000	137
Wool (raw)	289,600,000	208	227	204	325,000,000	239	231	247	325,500,000	247	269	107	315,500,000	233
Hides	93,000,000	68	48	112	101,000,000	115	82	81	208,300,000	154	83	120	152,000,000	122
Coal	109,000,000	72	81	133	148,000,000	171	185	140	183,200,000	138	141	111	159,500,000	128
Iron and steel	6,000,000	5	5	10	12,400,000	9	9	10	14,000,000	11	10	9	13,200,000	11
Copper	25,500,000	1	19	34	44,100,000	31	39	47	34,100,000	26	38	30	40,400,000	32
Lead	15,100,000	11	11	16	18,800,000	14	24	22	21,800,000	17	22	17	24,400,000	19
Zinc	9,800,000	7	7	10	18,000,000	13	16	13	16,400,000	12	13	12	13,800,000	11
<i>Exports.</i>														
Silk stuffs	483,100,000	347	271	284	478,000,000	338	318	294	326,300,000	285	259	210	259,200,000	208
Woolens	268,000,000	133	164	237	325,400,000	250	285	271	346,300,000	262	307	242	325,100,000	261
Gloves	91,000,000	68	67	119	135,900,000	95	106	109	173,200,000	131	134	112	131,300,000	122
	3,653,100,000	2,250	2,250	2,310	3,112,100,000	2,200	2,300	2,125	2,970,000,000	2,200	2,085	2,200	2,740,100,000	2,107

TABLE 29.—continued.—FRANCE.

Description of 23 Articles.	1878.			1879.			1880.			1881.			1882.			1883.			1884.		
	Value.	Index Number.		Value.	Index Number.		Value.	Index Number.		Value.	Index Number.		Value.	Index Number.		Value.	Index Number.		Value.	Index Number.	
		Relative Importance.	Comparative with 1865-9.		Relative Importance.	Comparative with 1865-9.		Relative Importance.	Comparative with 1865-9.		Relative Importance.	Comparative with 1865-9.		Relative Importance.	Comparative with 1865-9.		Relative Importance.	Comparative with 1865-9.		Relative Importance.	Comparative with 1865-9.
<i>Imports.</i>																					
Coffee	Franks. 101,200,000	70	80	Franks. 101,100,000	65	72	Franks. 97,600,000	60	63	Franks. 97,700,000	65	60	Franks. 85,500,000	57	47	Franks. 94,900,000	62	53	Franks. 94,900,000		
Sugar	-	63	66	85,200,000	55	56	131,200,000	82	93	138,100,000	88	91	138,100,000	93	95	96,100,000	63	52	96,100,000		
Wheat (cereals)	-	385	397	857,400,000	555	605	768,500,000	488	532	619,600,000	346	370	502,400,000	336	346	375,000,000	246	221	375,000,000		
Cattle and sheep	-	164	179	166,000,000	127	136	177,800,000	110	110	144,300,000	96	94	178,400,000	120	122	186,800,000	123	127	186,800,000		
Butter	-	9		16,900,000	11	10	19,000,000	12	11	19,700,000	13	12	17,000,000	11	10	17,700,000	12	10	17,700,000		
Rice	-	11	9	21,900,000	14	12	21,300,000	14	10	23,300,000	15	11	33,400,000	23	15	40,300,000	26	17	40,300,000		
Tobacco	-	15	15	28,000,000	19	15	24,300,000	16	12	29,200,000	19	17	27,400,000	18	16	35,300,000	23	21	35,300,000		
Oil seed	-	72	61	93,100,000	60	47	114,500,000	71	55	123,500,000	82	69	99,400,000	67	56	113,100,000	74	64	113,100,000		
Olive oil	-	17	19	42,000,000	17	28	20,800,000	13	13	34,100,000	23	23	22,700,000	15	14	40,800,000	27	27	40,800,000		
Tallow	-	50	46	60,100,000	39	31	55,000,000	34	28	52,600,000	35	36	33,000,000	23	24	51,300,000	34	40	51,300,000		
Silk (raw)	-	220	150	316,400,000	205	135	392,500,000	198	125	391,100,000	260	175	318,500,000	213	140	306,200,000	201	121	306,200,000		
Cotton (raw)	-	135	84	204,400,000	182	79	215,400,000	133	81	225,400,000	150	75	211,800,000	142	70	205,100,000	135	64	205,100,000		
Wool (raw)	-	230	219	288,700,000	187	178	370,200,000	230	219	304,300,000	203	130	303,100,000	203	175	330,100,000	216	181	330,100,000		
Hides	-	104	49	175,300,000	113	53	170,000,000	105	58	162,000,000	108	130	171,000,000	114	126	192,100,000	126	151	192,100,000		
Coal	-	98	91	145,500,000	94	80	170,100,000	105	103	170,700,000	114	115	189,100,000	127	130	167,400,000	110	91	167,400,000		
Iron and steel	-	10	8	14,200,000	9	7	15,700,000	10	8	21,900,000	16	15	27,100,000	18	16	19,400,000	13	12	19,400,000		
Copper	-	26	30	88,000,000	23	29	37,900,000	23	29	44,200,000	29	27	43,100,000	29	25	49,200,000	32	26	49,200,000		
Lead	-	13	13	19,900,000	12	11	19,500,000	12	12	20,300,000	13	7	21,200,000	14	7	20,000,000	13	6	20,000,000		
Zinc	-	9	8	15,600,000	10	9	13,400,000	9	9	13,600,000	10	7	13,700,000	9	7	13,800,000	9	6	13,800,000		
<i>Exports</i>																					
Silk stuffs	-	174	108	226,700,000	147	82	234,300,000	144	85	245,100,000	163	110	289,700,000	194	125	410,300,000	289	170	410,300,000		
Woolens	-	215	192	300,300,000	200	162	370,200,000	230	191	369,700,000	240	170	401,900,000	269	193	437,000,000	287	204	437,000,000		
Gloves	-	110	98	143,300,000	96	83	163,600,000	102	90	169,000,000	112	106	156,500,000	105	96	151,800,000	98	92	151,800,000		
	-	2,200	2,010	3,401,300,000	2,200	1,915	3,532,500,000	2,200	1,937	3,906,900,000	2,200	1,900	3,294,000,000	2,200	1,855	3,353,700,000	2,200	1,766	3,353,700,000		

The prices of the articles included in the formation of these index numbers are derived from those given in the publications of the "Commission des Valeurs de Douane." Both M. Leon Say and M. de Foville referred to the prices recorded by this Commission as the authoritative official statement which would give the most dependable information on the subject. M. Say describes to me the duties of the Commission and the method followed by it in ascertaining prices as follows:—

"The duty assigned to the Commission was that of reducing the weights or the quantities of the goods included on the registers of the customs to values, and this is still its duty. This is now more important even than it ever has been since the system of specific duties has become more generally applied. But the articles specified on the registers of the customs are sub-divided into different qualities, and each quality has a value proper to it.

"There are, for example, woven goods which are lumped together under the same heading, and the values of which, reckoned by the kilogramme, vary sometimes from unity up to five times as much.

"There are a great many other commodities in the same position. What, for instance, is the value of tea? This is to be had at all prices.

"As late as 1846 the unities or kilogrammes were re-

As late as 1846 the unities or kilogrammes were reduced into values by giving almost always the average price, no reference being made to the quantities. If woven goods at 2 francs the kilogramme were included in the same lot with woven goods at 4 francs the kilogramme, they were registered as forming an average price of woven goods at the figure of 3 francs $= \frac{2+4}{2}$.

But, after 1846, at the recommendation of M. Legoutet, President of the Chamber of Paris, and of M. Natales Rondot, the true averages have been calculated by taking account of the quantities.

An import, I will suppose, for example, having taken place of 1,000 kilogrammes of woven goods, it has been endeavoured to ascertain how much of this was at 2 francs, how much at 3 francs, how much at 5 francs, &c.

Supposing 500 kilogrammes at 2 francs

300	3	3
200	5	5

an average was struck at 2.90 francs the kilogramme of goods.

You see that the average values vary accordingly, as the import consisted of this or of that article.

The following year there might be a rise, I will suppose of 10 per cent. on each description,—

There being 800 kilogrammes at 2·20 francs

100	"	"	3.30	,
100	"	"	5.50	,

and the average price would come out lower at 2.64 francs a drop of 10 per cent. on the average price, corresponding to a rise of 10 per cent. on the real price (the division of the quantities being made approximately according to the opinion of the Commissioners)."

M. Say replied as follows to an inquiry of mine as to whether wine of the common class was an article which might be employed in the construction of an "Index Number" for French productions. His answer shows the enormous alterations which may be produced in prices through changes in the mode of transport. This is the more deserving attention as the same causes have, doubtless, greatly affected the prices of other descriptions of bulky produce.

"Wine is not in France an article the oscillations in the price of which can give an idea of the purchasing power of money. The value of wines depends on the crop. In former years we have had years in which the wine growers did not know what to do with their wine. There was so much that it was not worth while to buy casks to store it in. I have seen in the South of France, in Provence, drinking shops in which the consumers drank at the rate of so much an hour. For 10 sous you might drink during an hour as much as you liked, or as much as you could.

"The railways have allowed these wines to be sent to the north, this has made the fortune of the south.

"After this the phyloxera came and the price of wine went up greatly.

"For 20 years the fluctuations upwards and downward in the price of wines have been influenced solely by the quantity of the crop and the facility of transport.

"The difference which the alteration in the purchasing power of money has been able to produce can be but insignificant in comparison with the enormous difference produced by other causes."

Q 22035.

FRANCE.--Prices calculated with reference to relative importance of Industries.

Year.	French.	"Index Number."
1865	2,331	=106
1866	2,380	108
1867	2,144	97
1868	2,110	96
1869	2,045	93
	2,200	100
1870	2,000	91
1871	2,250	102
1872	2,310	105
1873	2,300	105
1874	2,125	97
1875	2,085	95
1876	2,090	95
1877	2,107	96
1878	2,010	91
1879	1,915	87
1880	1,937	88
1881	1,900	86
1882	1,855	84
1883	1,750	80

TABLE 30.—Showing the PRICES of WHEAT in England and France from 1771 to 1883.

In preparing this table I have availed myself of one given in Tooke and Newmarch's *History of Prices*, Vol. VI., p. 437, which includes the prices for the years 1771-1855; these I have continued to 1883.

The following is the heading to the table:

"Prices of Wheat in England and France, 1771-1855, according to the official returns of the average annual price of wheat in England and Wales, first collected under the Act of 1770; and as regards France, according to official statements (commencing in the year 1756) of the annual average price for the whole of France; the quotations being reduced throughout into sterling as for the imperial quarter: and the periods embraced being calendar years."

(“The French prices (column 4) are in present French money (francs and cents), and the equivalent is given (column 3) in sterling at 25 francs per £.”)

The following note is at the close of the table to the date of 1855 :

I now conclude this somewhat formidable array of figures. I am led to believe, however, that they present a mass of evidence of the most important and interesting character, at least in a form more convenient than can be found elsewhere).—(*Note appended to the close of the table in Tooke and Newmarch's History of Prices, Vol. VI., p. 439.*)

(Column 5 has been added to show the difference in price in the two countries more distinctly.—R. H. INGLIS PALGRAVE.)

1.	2.	3.	5.	
ENGLAND. Official Statement. Annual Average per Imperial Quarter.	Year.	WHOLE OF FRANCE. Official Statement.	Price in France, more + or less - than in England.	
		Equivalent English Price per Imperial Quarter.	Price per Hectolitre.	
£ s. d. 2 8 7	1771	£ s. d. 2 2 4	f. c. 18.19	£ s. d. - 0 6 3
2 12 3	1772	1 18 9	16.68	- 0 13 6
2 12 7	1773	1 18 3	16.48	- 0 14 4
2 14 3	1774	1 13 10	14.60	- 1 0 5
2 9 10	1775	1 16 11	15.93	- 0 12 11
2 11 6 {	Average of 5 years, 1771-5.	} 1 18 0	16.37	- 0 13 6
1 19 4	1776	1 10 0	12.94	- 0 9 4
2 6 11	1777	1 11 0	13.38	- 0 15 11
2 3 3	1778	1 14 1	14.70	- 0 9 2
1 14 8	1779	1 11 7	13.61	- 0 3 1
1 16 9	1780	1 9 3	12.62	- 0 7 6
2 0 2 {	Average of 5 years, 1776-80.	} 1 11 2	13.45	- 0 9 0
2 5 10 {	Average of 10 years, 1771-80.	} 1 14 7	14.91	- 0 11 3

APPENDIX B. TABLE 30 cont.—PRICES OF WHEAT, ENGLAND AND FRANCE, 1771-1883.

1.	2.	3.	4.	5.
ENGLAND. Official Statement. Annual Average per Imperial Quarter.	Year.	WHOLE OF FRANCE. Official Statement. Equivalent English Price per Imperial Quarter.	Price per Hectolitre.	Price in France, more + or less — than in England.
£ s. d. 2 6 9	1781	£ s. d. 1 11 3	f. c. 13.47	£ s. d. — 0 15 6
2 9 3	1782	1 15 6	15.29	— 0 13 9
2 14 3	1783	1 14 11	15.07	— 0 19 4
2 10 4	1784	1 15 7	15.35	— 0 14 9
2 3 1	1785	1 14 6	14.89	— 0 8 7
2 8 9 {	Average of 5 years, 1781-5.	1 14 4	14.81	— 0 14 5
2 0 0	1786	1 12 9	14.12	— 0 7 3
2 2 5	1787	1 12 11	14.18	— 0 9 6
2 6 4	1788	1 17 4	16.12	— 0 9 0
2 12 9	1789	2 10 10	21.90	— 0 1 11
2 14 9	1790	2 5 2	19.48	+ 0 10 5
2 7 3 {	Average of 5 years, 1786-90.	1 19 10	17.16	— 0 7 5
2 8 0 {	Average of 10 years, 1781-90.	1 17 1	15.99	— 0 10 11
2 8 7	1791	—	—	—
2 3 0	1792	—	—	—
2 9 3	1793	—	—	—
2 12 3	1794	—	—	—
2 15 2	1795	—	—	—
2 13 8 {	Average of 5 years, 1791-5.	—	—	—
3 18 7	1796	—	—	—
2 13 9	1797	2 5 2	19.48	— 0 8 7
2 11 10	1798	1 19 7	17.07	— 0 12 3
3 9 0	1799	1 17 7	16.20	— 1 11 5
5 13 10	1800	2 7 2	20.34	— 3 6 8
3 13 5 {	Average of 5 years, 1796-1800.	2 2 4	18.27	— 1 11 1
3 3 6 {	Average of 10 years, 1791-1800.	2 2 4	18.27	— 1 1 2
5 19 6	1801	2 15 2	22.40	— 3 4 4
3 9 10	1802	2 16 5	24.32	— 0 13 5
2 18 10	1803	2 16 11	24.55	— 0 1 11
3 2 3	1804	2 4 6	19.19	— 0 17 9
4 9 9	1805	2 4 2	19.94	— 2 5 7
4 0 0 {	Average of 5 years, 1801-5.	2 11 5	22.08	— 1 8 7
3 19 1	1806	2 4 10	19.33	— 1 14 3
3 15 4	1807	2 3 10	18.88	— 1 11 6
4 1 4	1808	1 18 4	16.54	— 2 3 0
4 17 4	1809	1 14 6	14.86	— 3 2 10
5 6 5	1810	2 5 6	19.01	— 3 0 11
4 7 11 {	Average of 5 years, 1806-10.	2 1 5	17.72	— 2 6 6
4 3 11 {	Average of 10 years, 1801-10.	2 6 3	19.87	— 1 17 8

TABLE 30 cont.—PRICES OF WHEAT, ENGLAND AND FRANCE, 1871-1883.

1.	2.	3.	4.	5.
ENGLAND. Official Statement. Annual Average per Imperial Quarter.	Year.	WHOLE OF FRANCE. Official Statement. Equivalent English Price per Imperial Quarter.	Price per Hectolitre.	Price in France, more + or less — than in England.
£ s. d. 4 15 3	1811	£ s. d. 3 0 7	f. c. 26.13	£ s. d. — 1 14 8
6 6 6	1812	3 19 8	34.34	— 2 6 10
5 9 9	1813	2 12 3	22.51	— 2 17 6
3 14 4	1814	2 1 1	17.73	— 1 13 3
3 5 7	1815	2 5 4	19.53	— 1 0 3
4 14 3 {	Average of 5 years, 1811-5.	2 15 9	24.05	— 1 18 6
3 18 6	1816	3 5 8	28.31	— 0 12 10
4 16 11	1817	4 3 11	36.16	— 0 3 0
4 6 3	1818	2 17 2	24.65	— 1 9 1
3 14 6	1819	2 2 9	18.42	— 1 11 9
3 7 10	1820	2 4 4	19.13	— 1 3 6
4 0 9 {	Average of 5 years, 1816-20.	2 18 9	25.33	— 1 2 0
4 7 6 {	Average of 10 years, 1811-20.	2 17 4	24.69	— 1 10 2
2 16 1	1821	2 1 3	17.29	— 0 14 10
2 4 7	1822	1 15 11	15.49	— 0 8 8
2 13 4	1823	2 0 8	17.52	— 0 12 8
3 3 11	1824	1 17 7	16.22	— 1 6 4
3 8 6	1825	1 16 6	15.74	— 1 12 0
2 17 3 {	Average of 5 years, 1821-5.	1 18 5	16.45	— 0 18 10
2 18 8	1826	1 16 9	15.85	— 1 1 11
2 18 6	1827	2 2 3	18.21	— 0 16 3
3 0 5	1828	2 11 1	22.03	— 0 9 4
3 6 3	1829	2 12 6	22.59	— 0 13 9
3 4 3	1830	2 11 11	22.59	— 0 12 4
3 1 7 {	Average of 5 years, 1826-30.	2 6 11	20.25	— 0 14 8
2 19 5 {	Average of 10 years, 1821-30.	2 2 7	18.38	— 0 16 10
3 6 4	1831	2 11 3	22.10	— 0 15 1
2 18 8	1832	2 10 8	21.85	— 0 8 0
2 12 11	1833	1 18 6	16.62	— 0 14 5
2 6 2	1834	1 15 4	15.25	— 0 10 10
1 19 4	1835	1 15 4	15.25	— 0 4 0
2 12 8 {	Average of 5 years, 1831-5.	2 2 2	18.21	— 0 10 6
2 8 6	1836	2 0 2	17.32	— 0 8 4
2 15 10	1837	2 3 0	18.53	— 0 12 10
3 4 7	1838	2 5 3	19.51	— 0 19 4
3 10 8	1839	2 11 4	22.14	— 0 19 4
3 6 4	1840	2 10 8	21.84	— 0 15 8
3 1 2 {	Average of 5 years, 1836-40.	2 6 1	19.86	— 0 14 1
2 16 10 {	Average of 10 years, 1831-40.	2 4 2	19.0	— 0 12 8

TABLE 30 cont.—PRICES OF WHEAT, ENGLAND AND FRANCE, 1771-1883.

1.	2.	3.	4.	5.
ENGLAND. Official Statement. Annual Average per Imperial Quarter.	Year.	WHOLE OF FRANCE. Official Statement. Equivalent English Price per Imperial Quarter.	Price per Hectolitre.	Price in France, more + or less — than in England.
£ s. d. 3 4 4	1841	£ s. d. 2 3 0	f. c. 18.54	£ s. d. — 1 1 4
2 17 3	1842	2 5 4	19.55	— 0 11 11
2 10 1	1843	2 7 5	20.46	— 0 2 8
2 11 3	1844	2 5 10	19.75	— 0 5 5
2 10 10	1845	2 5 10	19.75	— 0 5 0
2 14 9 {	Average of 5 years, 1841-5.	2 5 6	19.61	— 0 9 3
2 14 8	1846	2 15 9	24.05	+ 0 1 1
3 9 9	1847	3 7 4	29.01	— 0 2 5
2 10 6	1848	1 18 7	16.65	— 0 11 11
2 4 3	1849	1 15 7	15.35	— 0 8 8
2 0 3	1850	1 13 2	14.39	— 0 7 1
2 11 10 {	Average of 5 years, 1846-50.	2 6 1	19.87	— 0 5 9
2 13 4 {	Average of 10 years, 1841-50.	2 5 9	19.74	— 0 7 7
1 18 6	1851	1 14 8	14.95	— 0 3 10
2 0 9	1852	2 1 4	17.83	+ 0 0 7
2 13 3	1853	2 13 9	23.16	+ 0 0 6
3 12 5	1854	3 6 7	29.11	— 0 5 10
3 14 9	1855	3 8 0	29.54	— 0 6 9
2 16 0 {	Average of 5 years, 1851-55.	2 12 10	22.92	— 0 3 2
3 9 2	1856	3 11 4	30.75	+ 0 2 2
2 16 4	1857	2 16 8	24.34	+ 0 0 4
2 4 2	1858	1 18 4	16.75	— 0 5 10
2 3 9	1859	1 18 4	16.74	— 0 5 5
2 13 3	1860	2 7 2	20.24	— 0 6 1
2 13 4 {	Average of 5 years, 1856-60.	2 10 4	21.76	— 0 3 0
2 15 4	1861	2 17 1	24.55	+ 0 1 9
2 15 5	1862	2 14 1	23.24	— 0 1 4
2 4 9	1863	2 6 2	19.78	+ 0 1 5
2 0 2	1864	2 1 0	17.58	+ 0 0 10
2 1 10	1865	1 18 2	16.41	— 0 3 8
2 7 6 {	Average of 5 years, 1861-5.	2 7 3	20.31	— 0 0 3
2 9 11	1866	2 5 8	19.61	— 0 4 3
3 4 5	1867	3 0 11	26.19	— 0 3 6
3 3 9	1868	3 2 0	26.64	— 0 1 9
2 8 2	1869	2 7 3	20.33	— 0 0 11
2 6 11	1870	—	—	—
2 14 7 {	Average of 5 years, 1866-70, for England, and of 4 years, 1866-69, for France.	2 13 11	23.19	— 0 0 8

TABLE 30 cont.—PRICES OF WHEAT, ENGLAND AND FRANCE, 1771-1883.

1.	2.	3.	4.	5.
ENGLAND. Official Statement. Annual Average per Imperial Quarter.	Year.	WHOLE OF FRANCE. Official Statement. Equivalent English Price per Imperial Quarter.	Price per Hectolitre.	Price in France, more + or less — than in England.
£ s. d. 2 16 8	1871	£ s. d. 2 19 7	f. c. 25.05	£ s. d. + 0 2 11
2 17 0	1872	2 13 10	23.15	— 0 3 2
2 18 8	1873	3 8 10	29.62	+ 0 10 2
2 15 9	1874	3 7 8	29.11	+ 0 11 11
2 5 1	1875	2 4 11	19.82	— 0 0 2
2 14 7 {	Average of 5 years, 1871-5.	2 18 11	25.37	+ 0 4 4
2 6 2	1876	2 7 10	20.55	+ 0 1 8
2 16 9	1877	2 14 6	23.44	— 0 2 3
2 6 5	1878	2 13 4	23.	+ 0 6 11
2 3 10	1879	2 11 3	21.92	+ 0 7 5
2 4 1	1880	2 13 2	22.90	+ 0 8 10
2 7 6 {	Average of 5 years, 1876-80.	2 12 0	22.36	+ 0 4 6
2 5 4	1881	2 11 10	22.28	+ 0 6 6
2 5 1	1882	2 9 2	21.50	+ 0 4 1
2 1 7	1883	2 4 10	19.21	+ 0 3 3
1 15 8	1884	—	—	—
2 4 0 {	Average of 3 years, 1881-3.	2 8 7	20.99	+ 0 4 7

NOTE 1 TO TABLE 30.

Customs Duties on Wheat in England.

The price of wheat in two countries so near to each other as England and France may be considered as probably providing a better basis for the formation of an index number than the price of any other article taken separately, provided the effect of taxation can be eliminated. The following two notes give the history of the customs duties in recent years in both countries. It would appear that the year 1845 is the earliest in date from which a comparison can safely be made. It is true that the restrictive duties in England did not absolutely cease for some years later, but it will be observed that the year 1846 is the first in which the price of wheat has been recorded as being dearer in France than in England; and that, speaking generally, prices approached more nearly in the two countries about that date.

As the price of wheat has been greatly influenced in England and to a certain extent in France by fiscal regulations, a reference to the duties which have been levied on imported wheat during the period over which this table extends will be needed to enable the information which it may supply to be studied with advantage.

I shall commence this with a quotation from Mr. Stephen Dowell's recent work on the "History of Taxation and Taxes in England."

Mr. Dowell, after describing the export of corn from this country in the first half of the eighteenth century, continues, "The importation of corn was hindered by severe restrictions. These were, however, relaxed on special occasions, when in consequence of bad harvests the price of wheat was seriously increased, as happened in 1756 and 1767, when we permitted the introduction, for a limited time, of a foreign supply on easier terms,* and at last, in 1773, the home market was opened to foreign supplies at prices considerably lower than before.† From this date England became gradually a larger consumer of grain from foreign countries, and the balance of our

* See Cabinet Memorandum, Nov. 29, 1845; Sir R. Peel's Memoirs, 11. 189.
† 13 Geo. III. c. 43.

APPENDIX B.

"imports of grain, taken upon a number of years, began to exceed the balance of our exports.*

"In 1791 the corn law was changed by Pitt. When the price of wheat stood at 54s. the quarter, or above that price, wheat might be imported at a duty of 6d.; when it ranged from 54s. to 50s., the duty was 2s. 6d.; and when it fell below 50s. the duty was raised to a figure practically prohibitory.† In 1793, two years after the passing of the new Corn Law, the average price of wheat per imperial quarter for the year was 49s. 3d., and consequently foreign wheat was excluded from England. But in this year power was given to the king on occasion to prohibit the exportation of corn, meal, and flour, and to permit the importation of a supply from abroad at the low duties.‡ This power it was unnecessary to exercise in 1795 and 1796, when the price of wheat ran far beyond the statutory 54s., viz., to 75s. the quarter. At such a price the 6d. duty appeared to be excessive, and accordingly, in the first of these years, power had been given to the king to permit the importation of corn and of other articles of provisions for a limited time without payment of any duty, and in 1796 this power was renewed by an Act passed at the commencement of the session. Finally, in 1799, when the average price of wheat was 69s. the legislature sanctioned the importation of corn and other articles of provision without payment of duty until six weeks after the commencement of the next session of Parliament. Such was the difference between the law and the practice as regards the exclusion of corn from England during the eighteenth century.

"In 1804, the 'second low duty,' as it was termed, the 6d. duty, was brought into operation, when the price was at or above 66s.; the 'first low duty,' the 2s. 6d. duty, when the price was from 66s. to 63s.; and the 'high duty' of 24s. 3d., when the price was under 63s. the quarter.§

"When Napoleon's anti-commercial system collapsed after the campaign in Russia, a considerable quantity of wheat, banked up in reserve on the continent, was poured at once into the British market, and caused a considerable fall in the price of grain and in the hope of preventing great fluctuations in the price of corn, which were regarded as necessarily the result of any system that permitted the importation of foreign corn" (as well as for other reasons), "the new Corn Law of 1815 was passed."—History of Taxation and Taxes in England, by Stephen Dowell; Vol. IV., pp. 10–12.

NOTES EXPLANATORY TO QUOTATION.

"The importation of corn was hindered by severe restrictions."

Under the "Act for the Improvement of Tillage" of 1670, 22 Car. II. c. 13., which imposed a prohibitory duty of 16s. the quarter on the importation of wheat until the price rose to 53s. 4d. the quarter and a duty of 8s. the quarter, between that price and four pounds the quarter.

"The home market was opened to foreign supplies at prices considerably lower than before."

Whenever the price of British wheat was at or above 48s. the quarter, foreign wheat was allowed to be imported at a duty of 6d. the quarter. This provision came into force from January 1, 1774.

STEPHEN DOWELL.

February 13, 1886.

Mr. Dowell has kindly favoured me with the following additional statement as to the details of the duty after the year 1815. This is the earliest date to which a strict comparison of prices between England and France can be advantageously carried from a statistical point of view. The legislation in the earlier period was frequently suspended, and prices during the war between the two countries were so greatly influenced by the difficulties of communication, and the suspension of specie payments in England, the issues of assignats in France, and other disturbing causes, that an exact comparison between the level of prices is scarcely possible. It is, however, advisable to show the prices in the earlier period as well as the later, as it is only by carrying on such investigations over a long series of years that they can be serviceable for any statistical inquiry.

Mr. Dowell's statement is as follows:—

"Under the Corn Law of 1815 no duty was imposed upon foreign wheat when imported. The plan of the Act was to prohibit the importation of the article for home consumption until the average price of British wheat, published in accordance with the requirements of the law,

should be at or above 80s. the quarter, when the importation was allowed duty free.*

In 1822 an Act was passed which provided a sliding scale of three duties, a high duty, a first low duty, and a second low duty for foreign wheat when allowed to be imported, but this Act is practically of no importance as the price of wheat did not reach between 1822 and 1823 the high amount at which, as regards wheat, the Act came into operation.†

In 1828 a new Act, founded upon resolutions brought forward by Mr. Charles Grant, afterwards Lord Glenelg, was passed. In lieu of the prohibition of the importation, foreign wheat was allowed to be imported, subject to duties on a sliding scale regulated according to the average price of British wheat made up and published under the Act as follows for every quarter.

Wheat:—				
Whenever such price shall be—		£	s.	d.
62s. and under 63s. the quarter		-	1	4 8
63s. " 64s. "		-	1	3 8
64s. " 65s. "		-	1	2 8
65s. " 66s. "		-	1	1 8
66s. " 67s. "		-	1	0 8
67s. " 68s. "		-	0	18 8
68s. " 69s. "		-	0	16 8
69s. " 70s. "		-	0	13 8
70s. " 71s. "		-	0	10 8
71s. " 72s. "		-	0	6 8
72s. " 73s. "		-	0	2 8
73s. or above	-	-	0	1 6

Whenever such price shall be under—					
62s. and not under 61s.	-	-	1	5	8

And in respect of each integral 1s. or any part of each integral 1s. by which such price shall be under 61s., such duty shall be increased 1s.‡

This scale was in force from July 1828 until 1842, when Sir Robert Peel introduced a measure which passed into law on April 29th. The import duties on foreign wheat were now imposed as follows:—

Whenever the average price of wheat made up and published in the manner required by law shall be for every quarter under—

51s., the duty shall be for every quarter	1	0	0
51s. and under 52s. the quarter	-	0	19 0
52s. " 55s. "	-	0	18 0
55s. " 56s. "	-	0	17 0
56s. " 57s. "	-	0	16 0
57s. " 58s. "	-	0	15 0
58s. " 59s. "	-	0	14 0
59s. " 60s. "	-	0	13 0
60s. " 61s. "	-	0	12 0
61s. " 62s. "	-	0	11 0
62s. " 63s. "	-	0	10 0
63s. " 64s. "	-	0	9 0
64s. " 65s. "	-	0	8 0
65s. " 66s. "	-	0	7 0
66s. " 69s. "	-	0	6 0
69s. " 70s. "	-	0	5 0
70s. " 71s. "	-	0	4 0
71s. " 72s. "	-	0	3 0
72s. " 73s. "	-	0	2 0
73s. and upwards	-	0	1 0½

These duties continued in force until the passing of the Act of 1846 on June 26th in that year, which imposed in lieu of them the following duties:—

Wheat :—			
Whenever the average price of wheat made up and published in the manner required by law shall be for every quarter under—			
48s.,	the duty shall be for every quarter	-	s. d. 10 0
48s. and under 49s.	the quarter	-	9 0
49s.	„ 50s.	„ -	8 0
50s.	„ 51s.	„ -	7 0
51s.	„ 52s.	„ -	6 0
52s.	„ 53s.	„ -	5 0
53s. and upwards	-	-	4 0

These duties were to be in force until February 1, 1849, and thenceforth the duty was to be—

For every quarter -	-	-	1s.
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This duty continued in force from February 1, 1849, until repealed from June 1, 1869, by the Act of the 32 & 33 Vict. c. 14. s. 4.

February 15, 1886.

S. D.

NOTE 2 TO TABLE 30.

Customs Duties on Wheat in France.

The customs duties on wheat in France must also be considered before any comparison of the prices in both countries can be made. I have therefore drawn up a statement of these duties based on one contained in the "Dictionnaire de l'Administration Française," by M. Block. M. de Foville has been so good as to examine this for me, to add further details, and to supply the particulars of the recent alterations of the duty in France.

The statement is as follows:—

Before 1789 the importation of wheat was permitted into France on low rates of duty, which were generally suspended in times of scarcity. There were many tolls imposed by very different authorities on goods circulating by land or water. Wheat did not escape the action of this general law. The influence of this on prices can, however, hardly be estimated.

The National Assembly maintained the interdiction on the export of wheat, which Necker had established in 1772; but it authorised, as Turgot had done, the free circulation of wheat from one province to another. The Convention in 1793 punished the export of grain with death. The Empire also forbade it, with some occasional exceptions. Under the Empire imported wheat paid 50 cents. the 100 kilos.

In 1816 the system of a sliding scale was established applying to the exportation. This was completed by the laws of 16th July 1819, 4th July 1821, and 15th April 1832. It applies to the importation from the year 1819 to the year 1861.

This system may be briefly described thus:—The frontier Departments were divided into four classes, subdivided into eight sections, in each of which the importation and exportation was subjected to a series of changes which varied with the rise and fall of the price of wheat; rising for importation as the price of wheat dropped, and for exportation in proportion as it rose.

The price of wheat was ascertained, at the end of each month, by ministerial decree, published in the *Bulletin des Lois*, for the eight sections separately, and according to the averages taken at a certain number of markets regarded as standards, appointed for each of them, amounting to 25 in all. Each section had thus its own regulating price, and the action of the sliding scale operated in each one of the sections according to the variations which occurred in its own regulating price, independently of the movements which took place in the other sections.

A registration duty (*droit de balance*) of 25 cents. for the hectolitre of wheat, of 50 cents. for the metric quintal of flour was charged on the import in every section, when in that section the price exceeded 26 francs for the 1st class, 24 francs for the 2nd, 22 francs for the 3rd, 20 francs for the 4th.

The duty increased by 1 franc on the hectolitre of wheat in proportion to each franc of drop in the standard price (*prix régulateur*) till this price dropped to 23 francs in the 1st class, 21 francs in the 2nd, 19 francs in the 3rd, 17 francs in the 4th.

Below these prices every drop of 1 franc in the standard price occasioned an increase of 1 franc 50 cents. per hectolitre of wheat.

The import duties on the quintal of wheaten flour above the registration duty were three times those established on the hectolitre of wheat. A surtax of 1 franc 25 cents. on each hectolitre of wheat and 1 franc 66 cents. on each

metric quintal of flour was charged, besides the registration duty, and the other duties fixed by the action of the sliding scale on imports made in foreign vessels, so long as the standard price did not exceed 28 francs in the 1st class, 26 francs in the 2nd, 24 francs in the 3rd, and 22 francs in the 4th.

The application of this sliding scale was suspended in 1847 and in 1853; it was put into force in May 1859, and suspended again 22 August 1860. The law of 15 June 1861 made a complete change in the legislation with respect to wheat. The system of a sliding scale which was, perhaps, very ingenious, but was very ineffective, and certainly very complicated, was given up. The law of 15 June 1861 fixed the duty on wheat per 100 kilos. at 50 cents. on imports by land or in French vessels, at 1 franc on imports by foreign vessels; and the corresponding duty on flour at 1 franc on imports by land or in French vessels; 1 franc 50 cents. on imports by foreign vessels.

The system established in 1861 remained almost unaltered down to 1885. The duty of 50 cents. per metric quintal was, however, after the war raised first to 60 cents. then through the operation of the proportional surtax to 62 cents. The general tariff of 1881 (Law of 7 May 1881) re-established the round figure of 60 cents.

But the agriculturists demanded the raising of this duty, which opposed only a very slight hindrance to the imports from America and other countries, and the needs of the budget assisting, a law was voted (Law of 28 March 1885) which raised the duty on imported wheat from 60 cents. to 3 francs, and the duty on flour from 1 franc 20 cents. to 6 francs. This is shown by the following table:—

	Unités.	Ancien Tarif Général.	Tarif du 7 Mai 1881.	Tarif du 28 Mars 1885.
		fr. c.	fr. c.	fr. c.
Froment en grains -	Les 100 kil.	0 62	0 60	3 00
" en farine -	Idem.	1 25	1 20	6 00

The metric quintal is 100 kilograms. The hectolitre of wheat weighs, according to the season, from 73 to 79 kilogrammes. In calculations the hectolitre is often taken as equaling $\frac{3}{4}$ of the quintal. Wheat is not charged with an "octroi" duty in France. On considering these statements as to the duties on the import of wheat into England and France, it may be said generally that from 1849 onwards in England, and between 1861 and 1885 in France, the price was but little affected in either country by the operation of the law.

It will be observed on examining the table of the prices of wheat in England and France that after the year 1850 the prices in both countries approximated more closely than they had previously done, and the difference between them may, it would appear, be considered as arising from natural causes, such as the difference of the yield of the harvests in either country.

M. de Foville has likewise been so good as to forward me the following statements as to the regulations respecting the import of wheat into France from 1791 to 1885; and also as to the quantities imported and the duty charged on them. The duty must be taken into account when comparing the price of wheat in England and in France.

APPENDIX B.

* Huskisson, Speech on Parnell's Resolutions on the state of the Corn Laws, May 5, 1814. Life, I. 292.

† 24s. 3d., 31 Geo. III. c. 30., Table D.

‡ 33 Geo. III. c. 65. s. 6.

§ 44 Geo. III. c. 109.

* 55 Geo. III. c. 26.

† 3 Geo. IV. c. 60.

§ 5 & 6 Vict. c. 14.

‡ 9 Geo. IV. c. 60.

|| 9 & 10 Vict. c. 22.

LE RÉGIME DES BLÉS A L'IMPORTATION.

Les deux tableaux qui suivent seront utilement consultés par tous ceux qu'intéresse la question des importations de blés étrangers.

Le premier fait connaître, depuis 1791, toutes les variations successives du tarif douanier, relativement aux blés étrangers.

Le second indique annuellement, depuis 1815, l'importance des quantités importées et le montant des droits perçus sous les divers régimes.

I.—Tarif chronologique.

Loi du 15 Mars 1791 -	Exempt.
Loi du 28 Avril 1816 -	50 centimes par 100 kil.
Ordonnance royale du 7 Août 1816.	Exempt.
Décision ministérielle du 17 Juin 1818.	50 centimes par 100 kil.
Décision ministérielle du 8 Septembre 1818.	Exempt. (Remboursement des droits perçus en vertu de la décision précédente.)
Ordonnance royale du 4 Mars 1819.	50 centimes par 100 kil.
Loi du 26 Avril 1833 -	Prorogation des droits d'entrée établis par la loi du 15 Avril 1832.
Loi du 28 Janvier 1847.	Suspension de l'échelle mobile. Minimum des droits déterminés par la loi du 15 Avril 1832, sans distinction de mode de transport.
Loi du 22 Juillet 1847.	Prorogation jusqu'au 31 Janvier 1848 des dispositions de la loi du 28 Janvier 1847.
1er Février 1848	Rétablissement de l'échelle mobile.

Tarif chronologique.

Décret du 18 Août 1853. Nouvelle suspension de l'échelle mobile. Minimum des droits déterminés par la loi du 15 Avril 1832, sans distinction de mode de transport.

Décret du 1er Octobre 1853. du 24 Juin 1854. du 7 Octobre 1854. du 2 Juin 1855. du 2 Septembre 1855. du 8 Septembre 1856. du 22 Septembre 1857. du 30 Septembre 1858. Prorogations successives des dispositions du décret du 18 Août 1853.

Décret du 7 Mai 1859 Remise en vigueur de l'échelle mobile.

Décret du 22 Août 1860. Suspension de l'échelle mobile. Minimum des droits sans distinction de mode de transport.

Loi du 15 Juin 1861 - Suppression du système de l'échelle mobile. Droit de 60 centimes par 100 kilogrammes à l'importation par navires français et par terre.

Décret du 13 Novembre 1867. Suppression de la surtaxe de 60 centimes pour les importations par navires étrangers.

Loi du 11 Juillet 1868. Droit de 3 francs par 100 kilogrammes.

Loi du 28 Mars 1885 -

Tarif chronologique.

	Le Prix de L'Hectolitre Étant dans les Départements de la				Droits par Hectolitre Importé	
	1 ^{re} Classe.	2 ^e Classe.	3 ^e Classe.	4 ^e Classe.	Par Navires français.	Par Navires étrangers et par Terre.
Loi du 16 Juillet 1819	Au-dessus de - 23	f. 21	f. 19	f. —	f. c. 0 25	f. c. 1 25
	à - - - 23	21	19	—	1 25	2 25
	à - - - 22	20	18	—	2 25	3 25
	à - - - 21	19	17	—	3 25	4 25
	à - - - 20	18	16	—	4 25	5 25
Loi du 7 Juin 1820	au-dessous de - 20	18	16	—	prohibé.	prohibé.
					Venant des pays de production.	Venant d'ailleurs.
	Au-dessus de - 23	21	19	—	f. c. 0 25	f. c. 1 25
	à - - - 23	21	19	—	1 25	2 25
	à - - - 22	20	18	—	2 25	3 25
Ordonnance Royale du 23 Octobre	à - - - 21	19	17	—	3 25	4 25
	à - - - 20	18	16	—	4 25	5 25
	au-dessous de - 20	18	16	—	prohibé.	prohibé.
					Sont considérés comme pays de production, les ports de la Mer Noire, de l'Égypte, de la mer Baltique, de la mer Blanche et des États-Unis de l'Amérique.	
	Au-dessus de - 26	f. 24	f. 22	f. 20	f. c. 0 25	f. c. 1 25
Loi du 4 Juillet 1821	à - - - 26	24	22	20	1 25	2 25
	à - - - 25	23	21	19	2 25	3 25
	à - - - 24	22	20	18	3 25	4 25
	au-dessous de - 24	22	20	18	prohibé.	prohibé.
					Suspension de l'échelle mobile. — Minimum des droits établis par la loi du 4 Juillet 1821, sans distinction de pavillons ni de provenances.	
Loi du 20 Octobre 1830.	Au-dessus de - 26	f. 24	f. 22	f. 20	f. c. 0 25	f. c. 1 25
	à - - - 26	24	22	20	1 25	2 00
	à - - - 25	23	21	19	2 00	3 00
	à - - - 24	22	20	18	3 00	4 00
	au-dessous de - 24	22	20	18	prohibé.	prohibé.
Ordonnance du 2 Juin 1831.					Par navires français.	Par navires étrangers et par terre.
	Au-dessus de - 26	24	22	20	f. c. 0 25	f. c. 1 25
	à - - - 26	24	22	20	1 25	3 50
	à - - - 25	23	21	19	2 25	4 50
	à - - - 24	22	20	18	3 25	5 50
Loi du 15 Avril 1832	au-dessous de - 24	22	20	18	prohibé.	prohibé.
					Par navires français et par terre.	Par navires étrangers.
	Au-dessus de - 28	26	24	22	f. c. 0 25	f. c. 0 25
	à - - - 26	24	22	20	0 25	1 50
	à - - - 25	23	21	19	1 25	2 50
	à - - - 24	22	20	18	2 25	3 50
	au-dessous de - 24	22	20	18	3 25	4 50
					1 f. 50 c. de hausse pour chaque franc de baisse sur les prix ci-contre.	

APPENDIX B.

II.—QUANTITÉS IMPORTÉES ET DROITS PERÇUS.

Années.	Quantités importées en France.	Imperial Quarters.	Droits perçus.	Duty Paid.	Régime applicable.
1815	Quint. métr. 5,637	2,586	—	—	Franchise en exécution de la loi du 15 Mars 1791.
1816	372,765	170,851	96,438	3,857	Du 28 Avril au 7 Août 1816, droit de balance de 50 centimes par 100 kilog. Franchise.
1817	1,461,895	670,035	—	—	
1818	1,292,569	592,427	51,851	2,074	Du 17 Juin au 8 Septembre 1818, droit de balance de 50 centimes par 100 kilog.
1819	957,622	438,909	838,872	33,555	
1820	495,467	227,089	2,476,119	99,045	
1821	520,974	238,779	1,597,768	63,910	
1822	713	327	2,496	100	
1823	—	—	—	—	Régime de l'échelle mobile, droits variant suivant les cours du blé sur les marchés de l'intérieur.
1824	532	243	4,289	191	
1825	—	—	—	—	
1826	1	—	6	—	
1827	45,402	20,809	101,887	4,075	
1828	861,817	394,999	3,238,990	129,560	
1829	1,223,334	560,694	1,313,791	52,558	Suspension de l'échelle mobile du 23 Juin 1829 au 20 Octobre 1830.
1830	1,472,071	674,699	1,776,831	71,073	
1831	798,163	365,824	2,001,123	80,045	
1832	3,200,583	1,466,934	4,253,615	170,145	
1833	4,030	1,847	19,046	762	
1834	336	154	6,470	259	
1835	332	147	6,202	248	
1836	167,543	76,765	971,689	38,867	
1837	216,597	99,273	1,913,797	76,552	
1838	75,466	34,588	204,158	8,166	
1839	876,503	401,730	2,984,964	119,398	Rétablissement de l'échelle mobile.
1840	1,604,935	735,595	3,623,446	144,938	
1841	118,397	54,327	1,050,250	42,010	
1842	422,551	193,669	2,432,548	97,302	
1843	1,533,875	703,026	8,772,258	350,890	
1844	1,872,613	858,181	9,499,068	379,962	
1845	578,110	264,966	4,331,558	173,262	
1846	3,654,858	1,675,143	8,939,742	357,590	
1847	6,717,149	3,078,693	2,436,465	97,458	Suspension de l'échelle mobile du 28 Janvier 1847 au 31 Janvier 1848.
1848	938,198	430,007	383,045	15,322	
1849	3,072	1,408	32,264	1,290	
1850	445	204	7,292	292	Rétablissement de l'échelle mobile du 1er Février 1848 au 18 Août 1853.
1851	*1,193	547	2,428	97	
1852	8,566	3,926	36,432	1,457	

* A partir de 1851, on a déduit de l'importation totales les blés d'Algérie que la loi du 11 Janvier 1851 affranchit de tous droits à leur importation dans la métropole.

II.—QUANTITÉS IMPORTÉES ET DROITS PERÇUS—(suite).

APPENDIX B.

Années.	Quantités importées en France.	Imperial Quarters.	Droits perçus.	Duty Paid.	Régime applicable.
1853	Quint. métr. 2,831,405	1,297,727	Francs. 1,397,448	£ 55,898	
1854	2,625,468	1,203,339	940,705	37,628	
1855	1,556,019	713,175	586,313	23,453	Suspension de l'échelle mobile à partir du 18 Août 1853. Minimum des droits déterminés par la loi du 15 Avril 1832.
1856	5,045,496	2,312,519	1,985,909	79,436	
1857	2,588,080	1,186,203	1,020,899	40,836	
1858	1,164,089	533,540	492,296	19,692	
1859	929,019	425,800	370,268	14,810	Remise en vigueur de l'échelle mobile du 7 Mai 1859 au 22 Août 1860.
1860	349,024	159,969	1,027,171	41,087	
1861	8,969,380	4,110,966	3,986,546	159,462	
1862	4,072,824	1,866,711	3,462,086	138,583	
1863	1,450,812	664,955	965,080	38,603	
1864	187,208	85,803	123,260	4,930	
1865	34,985	16,034	24,185	967	
1866	541,307	248,099	329,782	13,191	
1867	5,070,861	2,323,915	3,136,195	125,448	
1868	7,844,257	3,595,259	4,705,856	188,234	
1869	1,280,078	586,702	767,252	30,690	
1870	3,735,114	1,711,925	2,241,061	89,642	
1871	9,186,768	4,210,602	5,479,285	219,171	Suppression à partir du 15 Juin 1861 du système de l'échelle mobile. Droit de 60 centimes par 100 kilog. avec application jusqu'au 13 Novembre 1867 d'une surtaxe de 60 centimes sur les importations par pavillons étrangers.
1872	3,395,687	1,556,356	2,058,237	82,329	
1873	4,016,842	1,841,052	2,427,088	97,081	
1874	7,119,644	3,263,169	4,432,830	177,313	
1875	2,996,799	1,373,533	1,870,089	74,803	
1876	4,418,583	2,025,184	2,760,901	111,436	
1877	2,789,931	1,278,718	1,742,473	69,699	
1878	13,698,167	6,278,326	8,562,784	342,511	
1879	21,753,091	9,970,166	13,582,033	543,281	
1880	19,070,209	8,740,512	11,907,283	467,291	
1881	12,393,428	5,680,321	7,559,598	302,384	
1882	12,558,061	5,755,777	7,536,159	301,446	
1883	9,834,590	4,507,520	5,911,510	236,460	
1884	10,134,618	4,645,033	6,082,515	243,301	
1885	5,519,418	2,529,733	8,519,546	340,782	Droit de 3 francs par 100 kilog. à partir du 28 Mars 1885.

[Note.—I have added to Table II. the columns stating the quantities in imperial quarters, and the amounts of duty paid in £ sterling. The metric quintal converted as = to 1.33 hectolitres, and the hectolitre as = 2.75 bushels. The imperial quarter = 8 bushels. Francs converted as 25 = £1.

R. H. INGLIS PALGRAVE.]

TABLE 31.—BANK OF ENGLAND MINIMUM RATE OF DISCOUNT, 1844-85.

TABLE of the CHANGES in the RATE of DISCOUNT charged by the BANK OF ENGLAND, and the Number of Days at each Rate in each Year since 1st September 1844 (when the Bank Act came into operation) to 31st December 1885.

each Rate in each Year since 1844																							
Years.	Number of Changes.			2 %	2½ %	3 %	3½ %	4 %	4½ %	5 %	5½ %	6 %	6½ %	7 %	8 %	9 %	10 %	Total.	Years.				
	Rise.	Fall.	Total.	Days.	Days.	Days.	Days.	Days.	Days.	Days.	Days.	Days.	Days.	Days.	Days.	Days.	Days.	Days.					
1844	---	1	1	---	---	117	---	---	---	---	---	---	---	---	---	---	---	117	1844				
1845	2	---	2	---	---	289	21	55	---	---	---	---	---	---	---	---	---	365	1845				
1846	---	1	1	---	---	126	239	---	---	---	---	---	---	---	---	---	---	365	1846				
1847	0	3	9	---	---	14	7	177	---	127	56	46	---	10	28	---	---	365	1847				
1848	---	3	3	---	---	59	140	40	---	27	---	---	---	---	---	---	---	366	1848				
1849	---	1	1	---	---	39	326	---	---	---	---	---	---	---	---	---	---	365	1849				
1850	1	---	1	---	---	360	5	---	---	---	---	---	---	---	---	---	---	365	1850				
1851	---	---	---	---	---	365	---	---	---	---	---	---	---	---	---	---	---	365	1851				
1852	---	2	2	253	---	113	---	---	---	---	---	---	---	---	---	---	---	366	1852				
1853	6	---	6	6	---	14	133	91	14	14	93	---	---	---	---	---	---	365	1853				
1854	1	1	2	---	---	---	---	---	---	281	84	---	---	---	---	---	---	365	1854				
1855	4	4	8	---	---	---	---	84	7	84	102	14	---	74	---	---	---	365	1855				
1856	2	5	7	---	---	---	---	---	98	35	---	20	14	199	---	---	---	366	1856				
1857	6	3	9	---	---	---	---	---	---	---	84	127	77	4	24	4	43	365	1857				
1858	---	6	6	---	---	22	301	7	7	---	14	---	7	---	7	---	---	365	1858				
1859	2	3	5	---	---	288	35	14	---	28	---	---	---	---	---	---	---	365	1859				
1860	8	3	11	---	---	19	12	---	226	33	63	---	13	---	---	---	---	366	1860				
1861	3	8	11	---	---	---	54	49	21	14	49	---	91	---	52	35	---	365	1861				
1862	2	3	5	98	---	147	120	---	---	---	---	---	---	---	---	---	---	365	1862				
1863	8	4	12	---	---	---	31	12	241	---	25	---	27	---	8	21	---	365	1863				
1864	7	8	15	---	---	---	---	---	---	---	---	106	---	102	81	77	---	366	1864				
1865	8	8	16	---	---	---	42	21	98	52	39	14	40	---	50	---	---	365	1865				
1866	5	9	14	---	---	---	---	11	42	42	21	---	56	---	37	59	1	96	365	1866			
1867	---	3	3	150	---	56	112	38	---	---	---	---	---	---	---	---	---	365	1867				
1868	2	---	2	324	---	14	28	---	---	---	---	---	---	---	---	---	---	366	1868				
1869	3	4	7	---	---	77	183	21	49	35	---	---	---	---	---	---	---	365	1869				
1870	4	6	10	---	---	93	223	9	12	7	7	7	7	---	---	---	---	365	1870				
1871	4	6	10	70	28	124	66	14	23	---	40	---	---	---	---	---	---	365	1871				
1872	9	5	14	---	---	---	123	76	50	7	47	---	44	---	19	---	---	366	1872				
1873	11	13	24	---	---	---	35	76	61	43	45	---	57	---	22	13	13	365	1873				
1874	6	7	13	---	---	42	70	119	81	8	14	---	31	---	---	---	---	365	1874				
1875	5	7	12	56	---	21	84	147	43	---	7	---	7	---	---	---	---	365	1875				
1876	1	4	5	255	---	---	14	14	62	---	21	---	---	---	---	---	---	366	1876				
1877	4	3	7	170	---	7	100	---	39	---	49	---	---	---	---	---	---	365	1877				
1878	6	4	10	56	---	28	91	28	21	---	104	---	37	---	---	---	---	365	1878				
1879	---	5	5	210	---	23	97	---	14	---	16	---	---	---	---	---	---	365	1879				
1880	1	1	2	---	---	175	191	---	---	---	---	---	---	---	---	---	---	366	1880				
1881	4	2	6	---	---	112	90	35	42	---	86	---	---	---	---	---	---	365	1881				
1882	3	3	6	---	---	---	147	---	42	---	155	---	21	---	---	---	---	365	1882				
1883	1	5	6	---	---	---	165	28	147	---	25	---	---	---	---	---	---	365	1883				
1884	4	3	7	112	---	77	80	35	7	---	55	---	---	---	---	---	---	366	1884				
1885	2	5	7	175	---	14	42	40	57	---	28	---	---	---	---	---	---	365	1885				
				141	162	303	1,944	28	2,276	3,585	1,419	1,623	465	1,575	259	746	91	577	268	95	141	15,092	

TABLE 32.—BANK OF FRANCE RATE OF DISCOUNT, 1844-85.

TABLE of the CHANGES in the RATE of DISCOUNT charged by the BANK of FRANCE, and the Number of Days at each Rate in each Year, since the 1st September 1844 (the Year the Bank Act came into operation in England) to 31st December, 1885.

England to 31st December, 1885.																						
Years.	Number of Changes.			2 %.	2½ %.	3 %.	3½ %.	4 %.	4½ %.	5 %.	5½ %.	6 %.	6½ %.	7 %.	7½ %.	8 %.	9 %.	Total.	Years.			
	Rise.	Fall.	Total.	Days.	Days.	Days.	Days.	Days.	Days.	Days.	Days.	Days.	Days.	Days.	Days.	Days.	Days.	Days.				
1844	—	—	—	—	—	—	—	117	—	—	—	—	—	—	—	—	—	117	1844			
1845	—	—	—	—	—	—	—	365	—	—	—	—	—	—	—	—	—	365	1845			
1846	—	—	—	—	—	—	—	365	—	—	—	—	—	—	—	—	—	365	1846			
1847	1	1	2	—	—	—	—	18	—	347	—	—	—	—	—	—	—	365	1847			
1848	—	—	—	—	—	—	—	366	—	—	—	—	—	—	—	—	—	366	1848			
1849	—	—	—	—	—	—	—	365	—	—	—	—	—	—	—	—	—	365	1849			
1850	—	—	—	—	—	—	—	365	—	—	—	—	—	—	—	—	—	365	1850			
1851	—	—	—	—	—	—	—	365	—	—	—	—	—	—	—	—	—	365	1851			
1852	—	1	1	—	—	303	—	63	—	—	—	—	—	—	—	—	—	366	1852			
1853	1	—	1	—	—	279	—	86	—	—	—	—	—	—	—	—	—	365	1853			
1854	1	1	2	—	—	—	—	253	—	112	—	—	—	—	—	—	—	365	1854			
1855	2	—	2	—	—	—	—	277	—	14	—	74	—	—	—	—	—	365	1855			
1856	1	1	2	—	—	—	—	—	—	178	—	188	—	—	—	—	—	366	1856			
1857	4	4	8	—	—	—	—	—	—	2	109	188	8	12	21	9	16	365	1857			
1858	—	4	4	—	—	99	105	112	12	37	—	—	—	—	—	—	—	365	1858			
1859	1	1	2	—	—	123	149	93	—	—	—	—	—	—	—	—	—	365	1859			
1860	1	—	1	—	—	—	—	317	—	49	—	—	—	—	—	—	—	366	1860			
1861	4	3	7	—	—	—	—	—	2	229	11	58	—	65	—	—	—	365	1861			
1862	1	3	4	—	—	—	224	104	16	21	—	—	—	—	—	—	—	365	1862			
1863	5	3	8	—	—	—	35	176	14	85	—	6	—	49	—	—	—	363	1863			
1864	4	7	11	—	—	—	—	—	9	14	—	163	—	148	—	32	—	366	1864			
1865	2	4	6	—	—	126	84	70	40	45	—	—	—	—	—	—	—	365	1865			
1866	2	5	7	—	—	123	85	108	7	42	—	—	—	—	—	—	—	365	1866			
1867	—	2	2	—	214	151	—	—	—	—	—	—	—	—	—	—	—	365	1867			
1868	—	—	—	—	366	—	—	—	—	—	—	—	—	—	—	—	—	366	1868			
1869	—	—	—	—	365	—	—	—	—	—	—	—	—	—	—	—	—	365	1869			
1870	4	—	4	—	199	—	3	9	—	10	—	144	—	—	—	—	—	365	1870			
1871	1	1	2	—	—	—	—	—	—	106	—	259	—	—	—	—	—	365	1871			
1872	—	1	1	—	—	—	—	—	—	308	—	58	—	—	—	—	—	366	1872			
1873	2	2	4	—	—	—	—	—	—	321	—	32	—	12	—	—	—	365	1873			
1874	—	2	2	—	—	—	—	210	91	64	—	—	—	—	—	—	—	365	1874			
1875	—	—	—	—	—	—	—	365	—	—	—	—	—	—	—	—	—	365	1875			
1876	—	1	1	—	—	219	—	147	—	—	—	—	—	—	—	—	—	366	1876			
1877	—	1	1	270	—	95	—	—	—	—	—	—	—	—	—	—	—	365	1877			
1878	1	—	1	289	—	76	—	—	—	—	—	—	—	—	—	—	—	365	1878			
1879	1	1	2	153	—	212	—	—	—	—	—	—	—	—	—	—	—	365	1879			
1880	1	1	2	—	196	92	78	—	—	—	—	—	—	—	—	—	—	366	1880			
1881	2	—	2	—	—	—	237	56	—	72	—	—	—	—	—	—	—	365	1881			
1882	—	3	3	—	—	—	283	20	8	54	—	—	—	—	—	—	—	365	1882			
1883	—	1	1	—	—	311	54	—	—	—	—	—	—	—	—	—	—	366	1883			
1884	—	—	—	—	—	366	—	—	—	—	—	—	—	—	—	—	—	366	1884			
1885	—	—	—	—	—	365	—	—	—	—	—	—	—	—	—	—	—	365	1885			
				42	54	96	712	1,340	2,940	1,654	4,475	243	2,061	120	1,170	8	286	21	41	16	15,092	

APPENDIX B.

TABLE 33.—BANK OF GERMANY RATE OF DISCOUNT, 1844-85.

TABLE of the CHANGES in the RATE of DISCOUNT charged by the BANK of GERMANY, and the Number of Days at each Rate in each Year, since the 1st September 1844 (the year the Bank Act came into operation in England) to December 31st, 1885.

Years.	Number of Changes.			Rate of Discount												Total.	Years.
	Rise.	Fall.	Total.	3 %.	3½ %.	4 %.	4½ %.	5 %.	5½ %.	6 %.	6½ %.	7 %.	7½ %.	8 %.	9 %.		
1844	1	—	1	—	—	41	76	—	—	—	—	—	—	—	—	117	1844
1845	1	1	2	—	—	204	78	83	—	—	—	—	—	—	—	365	1845
1846	1	1	2	—	—	121	—	244	—	—	—	—	—	—	—	365	1846
1847	—	1	1	—	—	—	122	243	—	—	—	—	—	—	—	365	1847
1848	1	1	2	—	—	—	256	110	—	—	—	—	—	—	—	366	1848
1849	—	1	1	—	—	314	51	—	—	—	—	—	—	—	—	365	1849
1850	—	—	—	—	—	365	—	—	—	—	—	—	—	—	—	365	1850
1851	—	—	—	—	—	365	—	—	—	—	—	—	—	—	—	365	1851
1852	—	—	—	—	—	366	—	—	—	—	—	—	—	—	—	366	1852
1853	1	—	1	—	—	273	—	92	—	—	—	—	—	—	—	365	1853
1854	—	1	1	—	—	234	—	131	—	—	—	—	—	—	—	365	1854
1855	1	—	1	—	—	310	55	—	—	—	—	—	—	—	—	365	1855
1856	3	1	4	—	—	121	7	138	—	100	—	—	—	—	—	366	1856
1857	4	2	6	—	—	—	—	162	32	82	45	—	44	—	—	365	1857
1858	1	4	5	—	—	330	—	10	11	—	5	—	—	—	—	365	1858
1859	1	1	2	—	—	293	—	72	—	—	—	—	—	—	—	365	1859
1860	—	—	—	—	—	366	—	—	—	—	—	—	—	—	—	366	1860
1861	—	—	—	—	—	365	—	—	—	—	—	—	—	—	—	365	1861
1862	—	—	—	—	—	365	—	—	—	—	—	—	—	—	—	365	1862
1863	1	—	1	—	—	307	53	—	—	—	—	—	—	—	—	365	1863
1864	3	1	4	—	—	—	124	128	—	54	—	60	—	—	—	366	1864
1865	3	2	5	—	—	198	—	64	—	21	—	82	—	—	—	365	1865
1866	1	7	8	—	—	18	45	87	—	79	—	63	—	5	63	365	1866
1867	—	—	—	—	—	365	—	—	—	—	—	—	—	—	—	365	1867
1868	—	—	—	—	—	365	—	—	—	—	—	—	—	—	—	366	1868
1869	1	—	1	—	—	277	—	88	—	—	—	—	—	—	—	365	1869
1870	2	3	5	—	—	150	—	163	—	20	—	—	—	32	—	365	1870
1871	—	2	2	—	—	300	14	51	—	—	—	—	—	—	—	365	1871
1872	1	—	1	—	—	260	—	106	—	—	—	—	—	—	—	366	1872
1873	3	4	7	—	—	53	98	128	—	86	—	—	—	—	—	365	1873
1874	2	2	4	—	—	257	14	56	—	38	—	—	—	—	—	365	1874
1875	2	3	5	—	—	168	—	131	—	66	—	—	—	—	—	365	1875
1876*	3	3	6	—	54	210	67	19	—	16	—	—	—	—	—	366	1876
1877	3	4	7	—	—	214	33	78	40	—	—	—	—	—	—	365	1877
1878	1	2	3	—	—	220	41	104	—	—	—	—	—	—	—	365	1878
1879	2	3	5	146	—	149	71	—	—	—	—	—	—	—	—	365	1879
1880	2	3	5	—	—	283	22	29	32	—	—	—	—	—	—	366	1880
1881	2	1	3	—	—	238	—	75	52	—	—	—	—	—	—	365	1881
1882	2	2	4	—	—	193	—	155	—	17	—	—	—	—	—	365	1882
1883	—	1	1	—	—	347	—	18	—	—	—	—	—	—	—	365	1883
1884	—	—	—	—	—	366	—	—	—	—	—	—	—	—	—	366	1884
1885	1	2	3	—	—	304	33	28	—	—	—	—	—	—	—	365	1885
	50	59	109	145	54	9,078	1,205	2,302	167	579	50	210	44	37	63	15,092	

* Bank of Prussia became the Imperial Bank of Germany in 1876.

TABLE 34.

BANKS OF ENGLAND, FRANCE, and GERMANY.—Number of days at each Rate of Discount since 1st September 1844 (when the Bank Act came into operation) to 31st December 1885, and proportion of each to period.

Rate per cent.	Bank of England.		Bank of France.		Bank of Germany.	
	Number of days at each Rate.	Proportion of Period.	Number of days at each Rate.	Proportion of Period.	Number of days at each Rate.	Proportion of Period.
2	Days. 1,944	= 1,000.	Days. 712	= 1,000	Days. —	= 1,000
2½	28	129	—	47	—	—
3	2,276	151	1,340	89	—	—
3½	3,585	238	2,940	195	145	10
4	1,419	94	1,654	110	54	4
4½	1,623	108	4,475	297	9,676	641
5	465	31	248	16	1,265	84
5½	1,575	105	2,061	137	2,802	186
6	259	17	120	8	167	11
6½	746	49	1,170	78	579	38
7	91	6	8	—	50	3
7½	577	38	286	19	210	14
8	—	—	21	1	44	3
8½	268	18	41	2	37	2
9	—	—	—	—	—	—
9½	95	6	16	1	63	4
10	141	9	—	—	—	—
1	15,092	1,000	15,092	1,000	15,092	1,000

TABLE 35.—ANNUAL AVERAGE MINIMUM RATE of DISCOUNT charged by the Banks of England, France, and Germany for the Years 1844-85.

Year.	Bank of England.	Bank of France.	Bank of Prussia.
	Per cent.	Per cent.	Per cent.
1844	£ s. d. 2 10 0	£ s. d. 4 0 0	£ s. d. 4 6 0
1845	2 13 8	4 0 0	4 7 0
Average, 1844-45	2 11 10	4 0 0	4 6 6
1846	3 6 6	4 0 0	4 14 0
1847	5 3 6	4 19 0	4 17 0
1848	3 14 5	4 0 0	4 13 0
1849	2 18 7	4 0 0	4 1 0
1850	2 10 1	4 0 0	4 0 0
Average, 1846-50	3 10 8	4 3 10	4 9 0
1851	3 0 0	4 0 0	4 0 0
1852	3 3 0	3 3 0	4 0 0
1853	3 13 10	3 5 0	4 5 0
1854	5 2 3	4 6 0	4 7 0
1855	4 17 10	4 9 0	4 2 0
Average, 1851-55	3 15 4	3 16 7	4 2 10
1856	6 1 2	5 10 0	4 19 0
1857	6 13 3	6 3 0	5 15 0
1858	3 4 7	3 14 0	4 10 0
1859	2 14 7	3 9 0	4 4 0
1860	4 3 7	3 13 0	4 0 0
Average, 1856-60	4 11 5	4 9 10	4 13 7
1861	5 5 4	5 10 0	4 0 0
1862	2 10 7	3 16 0	4 0 0
1863	4 8 2	4 13 0	4 2 0
1864	7 8 0	6 10 0	5 6 0
1865	4 15 4	3 14 4	4 19 0
Average, 1861-65	4 17 6	4 16 8	4 9 5

TABLE 35 cont.—AVERAGE MINIMUM RATE of DISCOUNT, Banks of England, France, and Germany, 1844-85.

Year.	Bank of England.	Bank of France.	Bank of Prussia.
	Per cent.	Per cent.	Per cent.
1866	£ s. d. 6 19 0	£ s. d. 3 14 0	£ s. d. 6 4 0
1867	2 10 9	2 14 0	4 0 0
1868	2 1 11	2 10 0	4 0 0
1869	3 4 2	2 10 0	4 2 0
1870	3 2 0	4 0 0	4 17 0
Average, 1866-70	3 11 7	3 1 7	4 12 7
1871	2 17 8	5 14 0	4 3 0
1872	4 2 0	5 3 0	4 6 0
1873	4 15 10	5 3 0	5 1 0
1874	3 13 10	4 6 0	4 7 0
1875	3 4 8	4 0 0	4 14 0
Average, 1871-75	3 14 10	4 17 2	4 10 2
1876	2 12 1	3 8 0	4 3 0*
1877	2 18 0	2 5 3	4 8 0
1878	3 15 8	2 4 2	4 6 9
1879	2 10 4	2 11 10	3 14 3
1880	2 15 4	2 16 10	4 4 10
Average, 1876-80	2 18 3	2 13 3	4 3 4
1881	3 10 0	3 17 6	4 8 6
1882	4 2 8	3 15 4	4 10 3
1883	3 11 4	3 1 5	4 1 0
1884	2 19 1	3 0 0	4 0 0
1885	2 17 7	3 0 0	4 2 5
Average, 1881-85	3 8 2	3 6 10	4 4 5
Average, 1844-85	3 14 9	3 18 4	4 8 1

* The Bank of Prussia became the Imperial Bank of Germany January 1, 1876.

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APPENDIX B.

Average from 1844-62. 1863-85.

	£ s. d.	£ s. d.
Bank of England	3 16 2	3 13 8
Bank of France	4 4 1	3 13 6
Bank of Germany	4 7 4	4 8 8

It appears hence that the English money market has, on the average of 42 years, been cheaper than either the markets of Paris or Berlin. During the last 23 years, however, the value of money in this country as shown by the Bank rates which are stated here has been more on a level with the value in France, and for the last 10 years has been above it. The market rate, it has to be remembered, is considerably below the Bank rate. This applies generally to all three countries, though not so much to France and Germany as to England.

TABLE 36.

PARIS SHORT RATE OF EXCHANGE IN LONDON at the first dates quoted in January and July for the years 1844-1885, with the Bank of England minimum rate of discount and the Bank of France rate of discount at those dates, and the price of Silver per ounce in London.

The following is the standard for the gold points of the French Exchange:—

Frs.
25.32½—4 p. mille for us.
25.22½—Par.
25.12½—4 p. mille against us.

1.	2.	3.	4.	5.
Date.	Paris short Rate of Exchange in London.	Bank of England Rate of Discount.	Bank of France Rate of Discount.	Price of Silver per Ounce in London.
1844. Jan. 2 -	25'75	4	4	4 11½
July 2 -	25'60	4	4	4 11½
1845. Jan. 3 -	25'70	2½	4	4 11½
July 1 -	25'90	3	4	4 11
1846. Jan. 2 -	25'75	3½	4	4 11½
July 3 -	25'75	3½	4	4 11
1847. Jan. 1 -	25'55	3	4	5 0½
July 2 -	25'65	5	5	4 11½
1848. Jan. 4 -	25'85	5	4	4 11½
July 4 -	25'60	3½	4	4 11½
1849. Jan. 2 -	25'55	3	4	4 11½
July 3 -	25'70	3	4	4 11½
1850. Jan. 1 -	25'50	2½	4	4 11½
July 2 -	25'45	2½	4	4 11½
1851. Jan. 3 -	24'95	3	4	5 1½
July 1 -	24'97½	3	4	5 0½
1852. Jan. 2 -	25'20	2½	4	5 0½
July 2 -	25'25	2	3	5 0½
1853. Jan. 1 -	25'	2	3	5 1½
July 1 -	25'	3½	3	5 1½
1854. Jan. 3 -	25'	5	4	5 1½
July 4 -	24'97½	5½	4	5 1½
1855. Jan. 2 -	25'	5	4	5 1½
July 3 -	25'5	3½	4	5 1½
1856. Jan. 1 -	25'20	7	6	5 1½
July 1 -	25'27½	4½	5	5 1½
1857. Jan. 2 -	25'20	6	6	5 2
July 3 -	25'22½	6	5½	5 1½
1858. Jan. 1 -	25'20	8	5	5 1½
July 2 -	25'2½	3	3½	5 1½
1859. Jan. 4 -	25'10	2½	3	5 1½
July 1 -	25'7½	3	4	5 2
1860. Jan. 3 -	25'7½	2½	3½	5 2
July 3 -	25'10	4	3½	5 1½

TABLE 36 cont.—PARIS SHORT RATE OF EXCHANGE, 1844-85.

1.	2.	3.	4.	5.
Date.	Paris short Rate of Exchange in London.	Bank of England Rate of Discount.	Bank of France Rate of Discount.	Price of Silver per Ounce in London.
1861. Jan. 1 -	25'15	6	4½	5 1½
July 5 -	25'32½	6	5	5 0½
1862. Jan. 3 -	25'20	3	5	5 1
July 1 -	25'25	3	3½	5 1
1863. Jan. 2 -	25'15	3	4	5 1½
July 3 -	25'20	4	4	5 1
1864. Jan. 1 -	25'27½	7	7	5 1½
July 1 -	25'15	6	6	5 1½
1865. Jan. 3 -	25'15	6	4½	5 1½
July 4 -	25'15	3	3	5 0½
1866. Jan. 2 -	25'12½	7	4	5 1½
July 3 -	25'12	10	4	5 1½
1867. Jan. 1 -	25'15	3½	3	5 4½
July 2 -	25'17½	2½	2½	5 0½
1868. Jan. 3 -	25'12½	2	2½	5 0½
July 3 -	25'17½	2	2½	5 0½
1869. Jan. 1 -	25'17½	3	2½	5 0½
July 2 -	25'17½	3½	2½	5 0½
1870. Jan. 4 -	25'15	3	2½	5 0½
July 1 -	25'17½	3	2½	5 0½
1871. Jan. 3 -	25'17½	2½	6	5 0½
July 4 -	25'25	2½	6	5 0½
1872. Jan. 2 -	25'65	3	6	5 0½
July 2 -	25'35	3	5	5 0½
1873. Jan. 3 -	25'47½	5	5	4 11½
July 1 -	25'47½	6	4½	4 11½
1874. Jan. 2 -	25'27½	4½	5	4 10
July 3 -	25'15	2½	4	4 10½
1875. Jan. 1 -	25'15	6	4	4 9½
July 2 -	25'27½	3½	4	4 7½
1876. Jan. 4 -	25'10	4	4	4 7½
July 4 -	25'25	2	3	4 8½
1877. Jan. 2 -	25'12½	2	3	4 9
July 3 -	25'17½	3	2	4 5½
1878. Jan. 3 -	25'15	4	2	4 6½
July 1 -	25'10	3	2	4 4½
1879. Jan. 3 -	25'27½	5	3	4 1½
July 1 -	25'25	2	3	4 3½
1880. Jan. 2 -	25'22½	3	3	4 4½
July 2 -	25'28½	2½	2½	4 4½
1881. Jan. 4 -	25'27½	3	3½	4 3½
July 1 -	25'26½	2½	3½	4 3½
1882. Jan. 3 -	25'21½	5	5	4 3½
July 4 -	25'15	3	3½	4 3½
1883. Jan. 2 -	25'20	5	3½	4 2½
July 3 -	25'27½	4	3	4 2½
1884. Jan. 1 -	25'17½	3	3	4 3
July 1 -	25'16½	2	3	4 2½
1885. Jan. 2 -	25'30	5	3	4 1½
July 3 -	25'18½	2	3	4 1½

TABLE 37.—PRICE of SILVER in LONDON and its relative Value to Gold, also price of English Gold (in Bars) in India and its relative Value to Silver, from 1872 to 1884.

		In London.		In India.	
		Price of Silver per Standard Ounce.	Relative Value of Fine Silver to Gold (1 oz. of Gold = 37.188.74.).	Price per Tola of English Gold (in Bars) of 99½ touch (one Tola of Gold containing 179.1 grains pure).	Relative Value of Fine Silver to Gold (the Rupee or Tola containing 165 grains pure).
1872.					
January	1st fortnight	5 0½	15'58	17 0	15'66
	2nd "	5 1	15'45	17 0	15'66
February	1st "	5 1½	15'42	17 0	15'66
	2nd "	5 0½	15'47	17 0	15'66
March	1st "	5 0½	15'55	17 0	15'66
	2nd "	5 0½	15'52	17 0	15'66
April	1st "	5 0½	15'52	17 0	15'66
	2nd "	5 0½	15'65	17 0	15'66
May	1st "	5 0½	15'66	17 0	15'66
	2nd "	5 0½	15'68	16 12	15'43
June	1st "	5 0½	15'68	16 12	15'43
	2nd "	5 0½	15'70	16 13	15'48
July	1st "	5 0½	15'68	16 12	15'43
	2nd "	5 0½	15'66	16 12	15'43
August	1st "	5 0½	15'68	16 12	15'43
	2nd "	5 0½	15'68	16 13	15'48
September	1st "	5 0½	15'63	16 13½	15'51
	2nd "	5 0½	15'6	16 13½	15'51
October	1st "	5 0½	15'68	16 13	15'48
	2nd "	5 0	15'71	16 12	15'43
November	1st "	4 11½	15'78	16 13	15'48
	2nd "	4 11½	15'91	16 13	15'48
December	1st "	4 11½	15'81	16 12½	15'46
	2nd "	5 0½	15'32	16 12½	15'46
1873.					
January	1st fortnight	4 11½	15'78	16 12½	15'46
	2nd "	4 11½	15'75	16 12	15'43
February	1st "	4 11½	15'75	16 12	15'43
	2nd "	4 11½	15'78	16 12	15'43
March	1st "	4 11½	15'76	16 13	15'48
	2nd "	4 11½	15'80	16 13	15'48
April	1st "	4 11½	15'78	16 13	15'48
	2nd "	4 11½	15'78	16 14	15'54
May	1st "	4 11½	15'78	16 14	15'54
	2nd "	4 11½	15'88	16 15	15'6
June	1st "	4 11½	15'85	17 0	15'66
	2nd "	4 11½	15'90	17 0	15'66
July	1st "	4 11½	15'90	17 0	15'66
	2nd "	4 11½	15'90	17 0	15'66
August	1st "	4 11½	15'91	17 0	15'66
	2nd "	4 11	15'98	16 15	15'6
September	1st "	4 10½	16'03	16 15	15'6
	2nd "	4 11½	15'95	16 15	15'6
October	1st "	4 11½	15'95	17 2	15'77
	2nd "	4 10½	16'03	17 2	15'77
November	1st "	4 10½	16'19	16 14½	15'57
	2nd "	4 9½	16'29	17 4	15'89
December	1st "	4 10	16'26	*17 4	15'89
	2nd "	4 10½	16'22	17 4	15'89

* Nominal.

TABLE 37 cont.—PRICE of SILVER in LONDON and its relative Value to Gold, also price of English Gold (in Bars) in India and its relative Value to Silver, from 1872 to 1884.

			In London.		In India.	
			Price of Silver per Standard Ounce.	Relative Value of Fine Silver to Gold (1 oz. of Gold = 37.188.74.).	Price per Tola of English Gold (in Bars) of 999 touch (one Tola of Gold containing 179.1 grains pure).	Relative Value of Fine Silver to Gold (the Rupee or Tola containing 165 grains pure).
1874.			s. d.		Rs. a.	
January	1st fortnight	-	4 11	15'98	17 4	15'89
	2nd "	-	4 11½	15'91	17 2	15'77
February	1st "	-	4 10½	16'12	*16 14	15'54
	2nd "	-	4 10½	16'12	16 14	15'54
March	1st "	-	4 10½	16'01	16 14	15'54
	2nd "	-	4 10½	16'01	16 14	15'54
April	1st "	-	4 10½	16'12	*17 0	15'66
	2nd "	-	4 11	15'98	17 0	15'66
May	1st "	-	4 10½	16'05	17 0	15'66
	2nd "	-	4 10½	16'08	17 0	15'66
June	1st "	-	4 10½	16'08	17 1	15'71
	2nd "	-	4 11	15'98	17 0	15'66
July	1st "	-	4 10½	16'05	17 3	15'83
	2nd "	-	4 10½	16'18	17 4	15'89
August	1st "	-	4 10½	16'22	17 4	15'89
	2nd "	-	4 10	16'25	17 4	15'89
September	1st "	-	4 10	16'25	17 4	15'89
	2nd "	-	4 9½	16'32	17 4	15'89
October	1st "	-	4 9½	16'34	17 4	15'89
	2nd "	-	4 9½	16'32	17 4	15'89
November	1st "	-	4 9½	16'32	17 5	15'94
	2nd "	-	4 10½	16'22	17 6	16*
December	1st "	-	4 9½	16'32	17 6	16*
	2nd "	-	4 9½	16'4	17 6	16*
1875.						
January	1st fortnight	-	4 9½	16'36	17 6	16*
	2nd "	-	4 9½	16'4	17 5	15'94
February	1st "	-	4 9½	16'4	17 6	16*
	2nd "	-	4 9½	16'43	17 6	16*
March	1st "	-	4 9½	16'52	17 6	16*
	2nd "	-	4 9½	16'5	17 13	16'4
April	1st "	-	4 9½	16'43	17 8	16'12
	2nd "	-	4 9½	16'5	17 10	16'23
May	1st "	-	4 9	16'53	17 10	16'23
	2nd "	-	4 8½	16'69	17 12	16'35
June	1st "	-	4 7½	16'95	17 13	16'4
	2nd "	-	4 7½	16'91	17 13	16'4
July	1st "	-	4 7½	16'93	17 11	16'29
	2nd "	-	4 8	16'83	17 10	16'23
August	1st "	-	4 8½	16'76	17 10	16'23
	2nd "	-	4 8½	16'65	17 10	16'23
September	1st "	-	4 8½	16'61	17 9	16'17
	2nd "	-	4 8½	16'63	17 9	16'17
October	1st "	-	4 9	16'53	17 8	16'12
	2nd "	-	4 9	16'53	17 8	16'12
November	1st "	-	4 8½	16'5	17 10	16'23
	2nd "	-	4 8½	16'61	17 10	16'23
December	1st "	-	4 8½	16'65	17 12	16'35
	2nd "	-	—	—	—	—

* Nominal.
† The figures from this month are compiled from the "Economist."

APPENDIX B.

APPENDIX B

TABLE 37 cont.—PRICE OF SILVER in LONDON and its relative Value to Gold; also price of English Gold (in Bars) in India and its relative Value to Silver, from 1872 to 1884.

		In London.		In India.	
		Price of Silver per Standard Ounce.	Relative Value of Fine Silver to Gold (1 oz. of Gold = 32.18s. 7d.).	Price per Tola of English Gold (in Bars) of 99½ touch (one Tola of Gold containing 179.1 grains pure).	Relative Value of Fine Silver to Gold (the Rupee or Tola containing 165 grains pure).
1876.					
January	1st fortnight	4 7½	16'90	—	—
	2nd "	4 7	17'15	—	—
February	1st "	4 6½	17'27	—	—
	2nd "	4 6½	17'63	—	—
March	1st "	4 5½	17'75	—	—
	2nd "	4 4½	17'96	—	—
April	1st "	4 6	17'46	—	—
	2nd "	4 5½	17'63	—	—
May	1st "	4 6½	17'71	—	—
	2nd "	4 4	18'13	—	—
June	1st "	4 3½	18'18	18 12	*17'27
	2nd "	4 3½	18'20	19 11	*18'14
July	1st "	3 11½	19'85	20 6	*18'77
	2nd "	4 3	18'49	18 12	*17'27
August	1st "	4 3½	18'22	18 9	*17'10
	2nd "	4 4	18'13	19 0	*17'50
September	1st "	4 3½	18'40	19 0	*17'50
	2nd "	4 4½	17'94	18 14½	*17'42
October	1st "	4 4½	18'09	18 12	*17'27
	2nd "	4 5½	17'63	18 12	*17'27
November	1st "	4 6	17'46	18 8	*17'04
	2nd "	4 6½	17'30	18 1	*16'64
December	1st "	4 10½	16'19	17 8	*16'12
	2nd "	4 8½	16'73	17 8	*16'12
1877.					
January	1st fortnight	4 9½	16'47	17	*16'17
	2nd "	4 10	16'26	17 12	*16'35
February	1st "	4 9	16'54	18 1½	*16'67
	2nd "	4 8	16'84	17 14	*16'46
March	1st "	4 8½	16'80	17 13	*16'40
	2nd "	4 5½	17'63	18 5	*16'87
April	1st "	4 6½	17'38	18 2	*16'70
	2nd "	4 6½	17'43	18 3	*16'76
May	1st "	4 6½	17'26	18 4½	*16'83
	2nd "	4 6	17'46	18 6	*16'93
June	1st "	4 5½	17'54	18 7	*16'98
	2nd "	4 6	17'46	18 7	*16'98
July	1st "	4 6½	17'30	18 8	*17'04
	2nd "	4 6½	17'38	18 7½	*17'01
August	1st "	4 6½	17'38	18 7	*16'98
	2nd "	4 6½	17'42	18 7	*16'98
September	1st "	4 6½	17'38	18 7	*16'98
	2nd "	4 6½	17'22	18 7	*16'98
October	1st "	4 6½	17'22	18 0	*16'58
	2nd "	4 7½	17'03	18 4	*16'81
November	1st "	4 6½	17'18	18 4	*16'81
	2nd "	4 6½	17'38	18 4	*16'81
December	1st "	4 5½	17'54	18 4	*16'81
	2nd "	4 6	17'46	18 11	*17'22

* Nominal.

TABLE 37 cont.—PRICE OF SILVER in LONDON and its relative Value to Gold; also price of English Gold (in Bars) in India and its relative Value to Silver, from 1872 to 1884.

		In London.		In India.	
		Price of Silver per Standard Ounce.	Relative Value of Fine Silver to Gold (1 oz. of Gold = 32.18s. 7d.).	Price per Tola of English Gold (in Bars) of 99½ touch (one Tola of Gold containing 179.1 grains pure).	Relative Value of Fine Silver to Gold (the Rupee or Tola containing 165 grains pure).
1878.					
January	1st fortnight	4 5½	17'50	18 6	16'93
	2nd "	4 5½	17'58	18 6	16'93
February	1st "	4 5½	17'50	18 12	17'27
	2nd "	4 6½	17'18	18 12	17'27
March	1st "	4 6½	17'38	18 12	17'27
	2nd "	4 6½	17'26	18 12½	17'30
April	1st "	4 6	17'46	18 11½	17'24
	2nd "	4 6	17'46	18 12½	17'30
May	1st "	4 5½	17'63	18 12½	17'31
	2nd "	4 5½	17'71	18 11½	17'25
June	1st "	4 5½	17'64	18 11½	17'25
	2nd "	4 4½	17'88	18 12	17'27
July	1st "	4 4½	17'92	18 12½	17'30
	2nd "	4 4½	17'90	18 11	17'22
August	1st "	4 4½	17'92	18 15	17'45
	2nd "	4 4½	18'09	18 14½	17'42
September	1st "	4 4	18'13	19 0	17'50
	2nd "	4 3½	18'31	18 14½	17'39
October	1st "	4 3½	18'40	19 3	17'68
	2nd "	4 1½	19'03	19 10	18'08
November	1st "	4 2½	18'70	19 6½	17'88
	2nd "	4 2½	18'63	19 5	17'79
December	1st "	4 2½	18'81	19 9	18'02
	2nd "	4 1½	19'05	19 14	18'31
1879.					
January	1st fortnight	4 1½	19'00	*19 14½	18'34
	2nd "	4 2½	18'63	19 1½	17'59
February	1st "	4 1½	19'00	19 9	18'02
	2nd "	4 1½	19'00	19 6	17'85
March	1st "	4 1½	19'00	19 12½	18'24
	2nd "	4 2½	18'81	19 12½	18'24
April	1st "	4 1½	19'05	19 9½	18'05
	2nd "	4 2½	18'81	19 10	18'08
May	1st "	4 2½	18'84	19 11	18'14
	2nd "	4 3½	18'40	19 5	17'79
June	1st "	4 4½	18'05	19 0	17'50
	2nd "	4 3½	18'27	19 2	17'62
July	1st "	4 3½	18'22	19 3	17'68
	2nd "	4 3½	18'36	19 4	17'73
August	1st "	4 3½	18'18	19 6	17'85
	2nd "	4 3½	18'31	19 6	17'85
September	1st "	4 3½	18'27	19 6	17'85
	2nd "	4 3½	18'27	19 6	17'85
October	1st "	4 3½	18'29	19 6	17'85
	2nd "	4 4½	17'96	19 6	17'85
November	1st "	4 5½	17'63	19 6	17'85
	2nd "	*4 5	17'80	19 6	17'85
December	1st "	4 4½	17'88	19 6	17'85
	2nd "	4 4½	18'00	19 6	17'85

* Nominal.

APPENDIX B.

TABLE 37 cont.—PRICE OF SILVER in LONDON and its relative Value to Gold; also price of English Gold (in Bars) in India and its relative Value to Silver, from 1872 to 1884.

		In London.		In India.	
		Price of Silver per Standard Ounce.	Relative Value of Fine Silver to Gold (1 oz. of Gold = 32.18s. 7d.).	Price per Tola of English Gold (in Bars) of 99½ touch (one Tola of Gold containing 179.1 grains pure).	Relative Value of Fine Silver to Gold (the Rupee or Tola containing 165 grains pure).
1880.					
January	1st fortnight	4 4½	18'02	—	—
	2nd "	4 4½	17'94	—	—
February	1st "	4 4½	18'00	—	—
	2nd "	4 4	18'13	—	—
March	1st "	4 3½	18'17	—	—
	2nd "	4 4½	18'11	—	—
April	1st "	4 4½	18'09	—	—
	2nd "	4 4½	18'09	—	—
May	1st "	4 3½	18'06	—	—
	2nd "	4 4½	18'11	—	—
June	1st "	4 4½	18'02	—	—
	2nd "	4 4½	17'83	—	—
July	1st "	4 4½	17'94	—	—
	2nd "	4 4½	17'85	—	—
August	1st "	4 4½	17'91	—	—
	2nd "	4 4½	17'96	—	—
September	1st "	4 4½	17'96	—	—
	2nd "	4 4½	18'09	—	—
October	1st "	4 4½	17'98	—	—
	2nd "	4 3½	18'17	—	—
November	1st "	4 3½	18'20	—	—
	2nd "	4 3½	18'24	—	—
December	1st "	4 3½	18'17	—	—
	2nd "	4 3½	18'22	—	—
1881.					
January	1st fortnight	4 3	18'49	—	—
	2nd "	4 3½	18'40	—	—
February	1st "	4 3½	18'31	—	—
	2nd "	4 4½	17'96	—	—
March	1st "	4 4½	18'00	—	—
	2nd "	4 4	18'13	—	—
April	1st "	4 4	18'13	—	—
	2nd "	4 4	18'13	—	—
May	1st "	4 3½	18'22	—	—
	2nd "	4 3½	18'26	—	—
June	1st "	4 3½	18'31	—	—
	2nd "	4 3½	18'40	—	—
July	1st "	4 3	18'49	—	—
	2nd "	4 3½	18'35	—	—
August	1st "	4 3½	18'31	—	—
	2nd "	4 3½	18'22	—	—
September	1st "	4 3½	18'26	—	—
	2nd "	4 3½	18'24	—	—
October	1st "	4 3½	18'47	—	—
	2nd "	4 3½	18'18	—	—
November	1st "	4 3½	18'16	—	—
	2nd "	4 3½	18'18	—	—
December	1st "	4 4	18'13	—	—
	2nd "	4 3½	18'18	—	—

From the 2nd fortnight of August 1881 to April 1882 the quotation was Rs. 19—8 Nominal.

The relative Value of Fine Silver to Gold during that Period was 17'96.

The Quotation of English Gold Bars from January to December 1880 was Rs. 19—6.

The relative Value of Fine Silver to Gold during that Period was 17'85.

TABLE 37 cont.—PRICE OF SILVER in LONDON and its relative Value to Gold; also price of English Gold (in Bars) in India and its relative Value to Silver, from 1872 to 1884.

		In London.		In India.	
		Price of Silver per Standard Ounce.	Relative Value of Fine Silver to Gold (1 oz. of Gold = 32.18s. 7d.).	Price per Tola of English Gold (in Bars) of 99½ touch (one Tola of Gold containing 179.1 grains pure).	Relative Value of Fine Silver to Gold (the Rupee or Tola containing 165 grains pure).
1882.					
January	1st fortnight	s. d.	18'13	Rs. a.	
	2nd "	4 4	18'13		
February	1st "	4 4½	18'11		
	2nd "	4 4	18'13		
March	1st "	4 3½	18'16		
	2nd "	4 4	18'13		
April	1st "	4 4½	18'09		
	2nd "	4 4½	18'09		
May	1st "	4 4½	18'05	*19 5½	17'83
	2nd "	4 4½	18'09	*19 8	17'96
June	1st "	4 4½	18'05	*19 4½	17'76
	2nd "	4 4	18'13	*19 4½	17'76
July	1st "	4 3½	18'26	From July 1882 to January 1883 the Quotation was Rs. 19—5 Nomincl.	The relative Value of Fine Silver to Gold during that Period was 17'70.
	2nd "	4 4	18'13		
August	1st "	4 3½	18'18		
	2nd "	4 4½	18'11		
September	1st "	4 4½	18'11		
	2nd "	4 3½	18'20		
October	1st "	4 3½	18'24		
	2nd "	4 2½	18'63		
November	1st "	4 3½	18'22		
	2nd "	4 3½	18'40		
December	1st "	4 2½	18'58		
	2nd "	4 2½	18'72		
1883.					
January	1st fortnight	4 2½	18'76		
	2nd "	4 2½	18'75		
February	1st "	4 2½	18'49	19 15	18'36
	2nd "	4 2½	18'56	19 15	18'36
March	1st "	4 2½	18'58		
	2nd "	4 2½	18'53		
April	1st "	4 2½	18'65		
	2nd "	4 2½	18'49		
May	1st "	4 2½	18'83		
	2nd "	4 2½	18'82		
June	1st "	4 2½	18'82		
	2nd "	4 2½	18'69		
July	1st "	4 2½	18'69		
	2nd "	4 2½	18'69		
August	1st "	4 2½	18'69		
	2nd "	4 2½	18'63		
September	1st "	4 2½	18'63		
	2nd "	4 2½	18'59		
October	1st "	4 2½	18'59		
	2nd "	4 2½	18'53		
November	1st "	4 2½	18'56		
	2nd "	4 2½	18'65		
December	1st "	4 2½	18'59		
	2nd "	4 2½	18'59		
				From March to December 1883 the quotation was Rs. 20—2.	The relative Value of Fine Silver to Gold during that Period was 18'54.

APPENDIX B. TABLE 37 *cont.*—PRICE of SILVER in LONDON and its relative Value to Gold, also price of English Gold (in Bars) in India and its relative Value to Silver, from 1872 to 1884.

		In London.		In India.	
		Price of Silver per Standard Ounce.	Relative Value of Fine Silver to Gold (1 oz. of Gold = 36. 18s. 7d.).	Price per Tola of Fine Silver (in Rupees) of 994 touch. The value of Gold containing 179.1 grains pure).	Relative Value of Fine Silver to Gold (the Rupee or Tola containing 165 grains pure).
	1884.	s.	d.	Rs.	a.
January	1st fortnight	4	22	18	58
	2nd	4	22	18	53
February	1st	4	3	18	49
	2nd	4	3	18	38
March	1st	4	3	18	53
	2nd	4	3	18	53
April	1st	4	3	18	65
	2nd	4	3	18	49
May	1st	4	25	18	56
	2nd	4	25	18	56
June	1st	4	25	18	53
	2nd	4	22	18	63
July	1st	4	22	18	58
	2nd	4	22	18	58
August	1st	4	22	18	58
	2nd	4	22	18	58
September	1st	4	19	18	6
	2nd	4	19	18	56
October	1st	4	19	18	56
	2nd	4	19	18	63
November	1st	4	11	18	88
	2nd	4	1	18	9
December	1st	4	1	19	05
	2nd	4	1	19	05

From March 1883 to December 1884 the quotation was Rs. 20 25.

The relative Value of Fine Silver to Gold during that period was 18'54.

Note.—This statement of the price of silver in London and its relative value to gold has not been carried back to an earlier date than 1872, because the fluctuations previously recorded were generally slight. These fluctuations commenced to be important in 1873.

The remaining tables containing information referring to India have been kindly supplied by the India Office.

R. H. INGLIS PALGRAVE.

EXPLANATORY NOTE.

Tables referring to India.

The produce with the prices of which these tables deal is divided under three heads:—

I. Food grains almost solely consumed in India.

II. Food grains largely exported from, as well as consumed in India.

(In 1883-84, 27 million cwt. rice and 21 million cwt. wheat were exported by sea from India, and only 1½ million cwt. other grains.)

III. Certain articles which form some of the most important exports, exclusive of grain, from India.

The latter articles are not included in the fortnightly returns, published by Government, of the prices current in the more important markets of the interior of India, which relate to articles of food only. Their prices have, therefore,

relative to articles of food only. Their prices have, therefore, been ascertained from the mercantile prices current at the chief ports,—for cotton, Bombay, from which port cotton is most largely sent; for the other articles, Calcutta,—and have been struck as averages of two annual periods, December the commencement, and June the end of the shipping season.

The prices of the food grains, which are those most largely produced and in most extensive use as food in India, are the averages of the fortnightly prices given by the Government Returns at the most considerable markets (enumerated in Tables A. and B.) of the localities which most largely produce the particular grain.

The statements include the last 20 years, divided into quinquennial periods, and, as the occurrence of bad seasons and scarcity in India materially affects the prices, especially of food grains, of the years in which these calamities happen, it is to be observed that during the first quinquennial period, 1865-69, there was in 1866 famine in the north of Madras and in the north and south of Bengal, with scarcity in the adjoining parts of these Provinces. This dearth specially affected Bellary and, in a lesser degree, the other Madras markets and the Bengal markets. Again, in 1869 there was famine in Rajputana and in the western districts of the North-West Provinces, with scarcity in the adjacent parts of the North-West Provinces, in the north of Bombay, and in part of the Central Provinces, affecting particularly the markets of the North-West Provinces, that of Jubbulpur in the Central Provinces, and those of Ahmedabad, Surat, and Khandesh in Bombay. During the second period there was in 1874 famine or scarcity in the north of

Bengal and in Oudh and the south of the North-West Provinces, affecting especially the markets of Bengal, the North-West Provinces, and Oudh. During the third period there was in 1877-79 either intense famine or severe scarcity throughout almost the whole of the Madras and Bombay Presidencies and great part of the North-West Provinces and the Punjab, as well as in the Native States of Central and Southern India. This dearth was so severe and so wide-spread that it affected almost equally all the markets in India. The last quinquennial period has happily been free from any extensive scarcity, and has been one of general abundance.

Statement E. gives the imports and price of silver, and the coinage, since 1835, the year in which the existing Government coinage was made legally general throughout India. Column 2 shows the gross, and column 4 the net imports of silver; column 6 the old coins recoined which had ceased to be current; and column 7 the total coinage. This, it will be observed, exceeds the net imports for the 50 years by nearly 35½ million pounds. The reason of this excess is, apparently, first, that much silver already in the country in 1835 has since been coined or recoined; second, that much of the export of silver (51 million pounds since 1845) is in the shape of coined rupees; third, that the total coinage appears to include a proportion, though, it is believed, a small one, of worn or defaced current rupees recoined, which, of course, is no addition to the currency. It must also be noticed that a large amount of copper coinage, probably about 3 per cent. of the total value of the currency, has been added to it.

It is a difficult problem why, in face of a continuous fall in the price of silver as measured in gold, there has been during the last 15 years a steady fall in the prices of all, or almost all, kinds of produce in India, measured in silver. The following observations may possibly help to elucidate the problem.

Reference to the diagram and note at pp. 200 *et seq.* of the Moral and Material Progress Report for 1882-83* will show that for the first half of the present century prices in India steadily fell, and that this was probably due to the circulating medium becoming more and more inadequate to the duty it had to perform. After 1850, however, the increased demand for Indian produce in Europe and the construction of railways caused an immense influx of bullion, over 100 million pounds in the 10 years 1855-64, against less than 14 million pounds in the preceding decade, which passed into the currency, and was at least one of the principal factors in the enormous rise of prices which took place about that period. But since that time, though the coinage has been greatly added to, it has not been enlarged nearly as fast as in 1855-64 (it was 93 million pounds in that decade, and only 11½ million pounds in the subsequent 20 years), and it has been particularly short in the last 5 years, during which the fall of prices has been most marked, under 5 million pounds annually for that period, against over 7½ million pounds on the average of the preceding 25 years. At the same time, the duty thrown on the circulation has been increased by the increase of mercantile transactions, *i.e.*, of sales of produce, and by their daily growing extension to remote parts of the country under the influence of improved means of communication, while the practice of hoarding, which it is notorious is universal in India during prosperous seasons as a provision, in the shape of ornaments or of concealed money, against future times of scarcity, must have operated to withdraw from circulation a large proportion of the coinage. And concurrently with this, recent years of plenty have largely increased the quantity of goods and produce, home or imported, available for sale. So that, in short, there has been during the last few years a larger quantity of goods to exchange for a diminished, or at least relatively diminished, quantity of coin. And this has counteracted the effect in raising prices which a decrease in the value of silver, measured in gold, might be expected to have.

It will be observed that the articles in the accompanying Table D, chiefly for export have risen in price, and that the food grains largely exported have fallen less than those consumed in the country. The reason of this is evidently that the prices of exported articles are more affected by the fall in the value of silver. Cotton is an exception, but the price of cotton in India is determined almost entirely by its price in the Liverpool market, and the price of Indian cotton there has fallen greatly from a cause quite independent of the value of silver, the competition of abundant and superior American cotton.

Should bad seasons unfortunately supervene upon the present abundance, prices in India will again rise greatly, not merely because there will be less produce to sell, but because the hidden silver of the people will be sent to the mints and restored to the currency, and the circulating medium will thus be expanded.

W. G. PEDDER.

* Parliamentary Blue Book, Part I., Sess. 1885.

THIRD REPORT OF THE RENDIX.

STATEMENT A.—TABLE showing the FLUCTUATION in PRICES for CONSUMPTION.

STATEMENT A.—TABLE SHOWING THE RESPECTIVE																	
Average Rate of Exchange.	Percentage of rise and fall of Rates of Exchange based on an Index No. of 100. N.B.—Silver measured in Gold.	Years.	Jowar (Sorghum Vulgare). Seers per Rupee.						Average of Mark Markets. Columns 4 to 2 to 17.	Percentage of rise and fall of prices based on an Index No. of 100.	Ragi (Panicum Miliaceum). Seers per Rupee.			Average of Markets. Columns 20 to 22.	Percentage of rise and fall of prices based on an Index No. of 100.	Total Index No. Columns 11, 19, 24. N.B.—Produce measured in Silver.	
			Provinces and Markets.								Southern India.						
			N.W. Provinces.	Punjab.	Berar.	Madras.	Bombay.										
			Allahabad.	Delhi.	Akola.	Bellary.	Ahmed-nagar.	Surat.			Mysore.	Salem.	Tanjore.				
1	2	3	4	5	6	7	8	9	10	18	19	20	21	22	23	24	25
s. d.		{ Mean of 5 years 1865-69. }															
1 11·310	100		19·95	22·31	20·64	16·08	22·00	12·27	18·15·63	100		21·21	18·26	20·98	20·14	100	300
1 10·495	96·50	1870	20·00	14·11	27·90	27·50	20·25	9·67	19·19·00	82·26	36·50	25·20	20·00	27·23	73·96	251·04	
11·126	99·21	1871	22·57	31·13	—	34·70	22·22	11·61	24·21·50	72·69	55·60	52·67	44·58	50·95	39·52	189·41	
1 10·754	97·61	1872	19·29	23·34	21·21	32·27	19·85	14·16	21·20·13	77·64	46·12	52·33	40·32	46·26	43·53	208·20	
1 10·351	95·88	1873	19·12	26·34	26·65	24·31	30·86	17·22	24·22·68	68·91	37·13	30·28	30·56	32·65	61·71	208·97	
1 10 156	95·05	1874	20·21	24·94	32·77	29·32	41·24	17·30	27·22·47	69·56	30·00	26·54	25·26	27·27	73·85	211·66	
1 10·576	96·85	{ Average of 5 years 1870-74. }	20·24	23·97	27·13	29·62	26·88	13·99	23·21·15	74·25	41·07	37·40	32·14	36·87	58·51	213·89	
1 9·625	92·77	1875	29·34	26·00	42·79	23·13	35·98	17·39	29·23·56	66·34	26·45	27·43	30·20	28·02	71·87	203·05	
1 8·508	87·97	1876	23·77	32·08	35·00	17·40	23·96	14·74	24·22·77	68·63	14·70	19·28	23·96	19·31	104·29	249·97	
1 8·791	89·19	1877	23·63	26·27	15·75	7·99	10·24	10·60	15·13·81	113·17	7·54	8·31	10·84	8·90	226·29	459·34	
1 7·794	84·91	1878	14·18	15·73	15·00	11·46	10·46	9·83	12·13·37	116·90	11·00	12·08	14·20	12·43	162·02	426·56	
1 7·961	85·63	1879	20·83	19·58	12·87	16·49	10·60	9·64	15·15·43	101·29	24·78	17·45	17·75	19·99	100·75	327·84	
1 8·536	88·09	{ Average of 5 years 1875-79. }	22·35	23·93	24·28	15·29	18·25	12·44	19·17·79	93·26	16·89	16·91	19·39	17·73	183·04	333·34	
1 7·956	85·61	1880	30·73	25·12	18·89	28·27	16·61	18·83	23·21·04	74·28	29·67	21·51	25·53	25·57	78·76	234·83	
1 7·895	85·35	1881	27·93	23·30	39·29	38·50	35·20	19·58	30·25·76	60·67	25·14	29·89	33·53	29·52	67·88	190·13	
1 7·525	83·76	1882	31·91	25·70	30·12	35·40	29·17	15·74	28·23·27	67·16	21·31	30·90	39·00	30·40	66·25	200·80	
1 7·536	83·80	1883	31·59	26·35	27·18	41·40	24·65	19·10	28·22·35	69·93	28·07	32·30	39·30	33·22	60·62	197·04	
1 7·308	82·83	1884	28·14	23·85	25·41	31·10	18·04	16·13	23·22·40	69·77	27·46	30·70	33·00	30·38	66·29	215·41	
1 7·644	84·27	{ Average of 5 years 1880-84. }	30·06	24·86	28·18	34·93	24·73	17·87	26·22·96	68·36	26·33	29·06	34·07	29·82	67·96	207·64	
1 8·919	89·74	{ Average of 15 years. }	—	—	—	—	—	—	23·20·63	78·62	—	—	—	28·14	86·50	251·62	

India Office,
8 December 1885.

CHAS. C. PRINSEP,
Statistical Reporter.

STATEMENT B.—TABLE showing the FLUCTUATIONS in PRICES of FOOD GRAINS produced in INDIA partly for EXPORT and partly for CONSUMPTION.

STATEMENT D.—TABLE SHOWING THE PRICES OF RICE AND WHEAT.																			
Average Rate of Exchange.	Percentage of rise and fall of Rates of Exchange based on an Index No. of 100. N.B.—Silver measured in Gold.	Years.	Rice (common). Seers per Rupee.						Average of Markets. Columns 4 to 9.	Percentage of rise and fall of prices based on an Index No. of 100.	Wheat. Seers per Rupee.						Average of Markets. Columns 12 to 17.	Percentage of rise and fall of prices based on an Index No. of 100.	Total Index Number. Columns 11 & 19. N.B.—Produce measured in Silver.
			Provinces and Markets.								North-West Provinces.		Oudh.	Punjab.		Central Provinces.			
			Bengal.		Assam.	Central Provinces.	British Burma.	Madras.			Cawnpore.	Agra.		Fyzabad.	Amritsar.				
			Dacca.	Patna.									Sylhet.			Nagpore.			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
s. d.																			
1 11·310	100	{ Mean of 5 years 1865-69. }	19·59	23·74	19·73	11·00	14·00	11·74	16·63	100	15·80	15·70	17·00	16·02	12·99	16·00	15·58	100	200
1 10·495	96·50	1870	22·96	26·42	26·12	17·00	11·07	14·10	19·61	84·80	15·50	16·00	19·00	16·38	12·30	15·00	15·70	99·23	184·08
1 11·126	99·21	1871	23·08	22·89	24·28	14·77	—	19·92	20·99	72·22	24·11	22·56	24·56	—	16·49	22·87	22·12	70·43	142·65
1 10·754	97·61	1872	32·34	22·11	37·94	15·60	17·10	17·50	23·76	69·99	19·29	20·37	16·39	22·36	19·74	21·65	19·97	78·01	148·00
1 10·351	95·88	1873	26·37	17·55	30·46	16·46	13·53	20·75	20·85	79·76	16·58	16·12	15·25	25·65	20·51	19·75	18·98	82·08	161·84
1 10·156	95·05	1874	14·04	15·86	17·05	16·54	10·59	13·10	14·53	114·45	17·35	16·42	16·13	24·63	17·62	20·59	18·79	82·96	197·41
1 10·576	96·85	{ Average of 5 years 1870-74. }	23·75	20·96	27·17	16·07	13·06	17·07	19·94	84·24	18·56	18·29	18·26	22·26	17·33	19·97	19·10	82·54	166·78
1 9·625	92·77	1875	20·00	23·86	17·73	14·50	15·80	13·63	17·59	94·54	23·28	20·55	24·43	24·39	19·31	26·83	23·13	67·35	161·89
1 8·508	87·97	1876	19·44	17·57	15·87	12·86	16·61	11·27	15·60	106·60	25·10	24·95	25·95	24·24	19·76	26·53	24·42	63·80	170·40
1 8·791	89·19	1877	18·62	18·06	20·95	13·00	14·22	8·96	15·63	106·39	16·08	17·61	16·57	24·10	18·76	20·38	18·91	82·39	188·78
1 7·794	84·91	1878	12·24	14·57	12·92	10·47	11·05	10·30	11·92	139·51	13·80	13·58	12·74	16·82	12·05	11·54	13·42	116·09	255·60
1 7·961	85·63	1879	12·71	14·97	12·48	10·72	10·66	13·60	12·52	132·82	14·17	13·70	14·16	13·46	11·22	21·33	14·67	106·20	239·02
1 8·536	88·09	{ Average of 5 years 1875-79. }	16·60	17·80	15·99	12·31	13·66	11·55	14·65	115·97	18·48	18·07	18·77	20·60	16·22	21·32	18·91	87·16	203·13
1 7·956	85·61	1880	23·95	18·96	18·32	12·49	12·40	16·58	17·12	97·13	18·34	16·56	18·08	15·72	12·85	16·80	16·39	95·05	192·18
1 7·895	85·35	1881	31·89	23·64	30·77	15·39	13·88	18·10	22·28	74·64	20·47	17·73	18·90	19·75	13·59	21·00	18·57	83·89	158·53
1 7·525	83·76	1882	29·18	22·02	33·25	16·66	14·44	20·50	22·67	73·35	18·68	17·27	17·18	24·60	17·00	18·52	18·87	82·56	155·91
1 7·536	83·80	1883	20·06	17·65	21·16	16·44	13·00	20·00	18·05	92·13	18·73	16·99	17·71	23·98	16·37	19·99	18·96	82·17	174·30
1 7·308	82·83	1884	14·73	14·09	15·65	14·81	12·82	16·10	14·70	113·12	22·02	18·64	19·76	26·14	18·02	23·59	21·36	72·93	186·05
1 7·644	84·27	{ Average of 5 years 1880-84. }	23·96	19·27	23·83	15·15	13·31	18·25	18·96	90·07	19·65	17·44	18·33	22·04	15·57	19·98	18·83	63·32	173·39
1 8·919	89·74	{ Average of 15 years. }	—	—	—	—	—	—	17·85	96·76	—	—	—	—	—	—	18·94	84·34	181·10

India Office,
8 December 1885.

CHAS. C. PRINSEP,
Statistical Reporter.

STATEMENT C.—TABLE showing the FLUCTUATIONS in PRICES of PRODUCTS EXPORTED from INDIA.

Average Annual Rate of Exchange.	Percentage of rise and fall of Rates of Exchange based on an Index No. of 100. N.B.—Silver measured in Gold.	Years.	Cotton, Raw, Bombay fair Dhollera, per Candy.		Castor Oil, per Bazar Maund.		Linseed, per Bazar Maund.		Jute, Raw, per Bale.		Hides, slaughtered, per corgie.		Total Index Numbers. Column 5, 7, 9, 11, 13. N.B.—Produce measured in Silver.
			Average Annual Price.	Percentage of rise and fall of prices based on an Index No. of 100.	Average Annual Price.	Percentage of rise and fall of prices based on an Index No. of 100.	Average Annual Price.	Percentage of rise and fall of prices based on an Index No. of 100.	Average Annual Price.	Percentage of rise and fall of prices based on an Index No. of 100.	Average Annual Price.	Percentage of rise and fall of prices based on an Index No. of 100.	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
s. d. 1 11·310	100	{ Mean of 5 years 1865-69. }	Rs. 263	100	Rs. 11·61	100	Rs. 4·63	100	Rs. 19·26	100	Rs. 49·25	100	500
1 10·495	96·50	1870	244	92·77	11·87	102·23	4·30	92·87	26·25	136·25	56·50	114·72	538·84
1 11·126	99·24	1871	209	79·46	11·56	99·56	4·40	95·03	24·87	129·12	64·00	129·94	533·11
1 10·754	97·64	1872	245	93·15	13·00	111·97	4·76	102·78	21·32	110·69	61·75	125·38	543·97
1 10·351	95·88	1873	203	77·18	12·40	106·80	4·94	106·69	19·87	103·16	77·25	156·83	550·65
1 10·156	95·05	1874	159	60·45	11·81	101·72	4·75	102·59	22·87	118·74	81·75	165·98	549·48
1 10·576	96·85	{ Average of 5 years 1870-74. }	212	80·60	12·12	104·39	4·63	100·00	23·03	119·57	68·25	138·57	543·13
1 9·625	92·77	1875	167	63·50	9·26	79·75	4·04	87·25	19·50	101·24	71·25	144·67	476·41
1 8·508	87·97	1876	178	67·68	9·81	84·49	4·16	89·84	22·25	115·52	70·50	143·14	500·67
1 8·791	89·19	1877	192	73·00	13·56	116·79	4·60	99·35	26·12	135·61	60·00	121·82	546·57
1 7·794	84·91	1878	195	74·14	14·93	128·59	4·92	106·26	27·25	141·53	64·00	129·94	580·46
1 7·961	85·63	1879	224	85·17	12·87	110·85	5·09	110·41	27·50*	142·78	71·00	144·16	593·37
1 8·536	88·09	{ Average of 5 years 1875-79. }	191	72·62	12·09	104·13	4·56	98·48	24·52	127·31	67·35	136·75	539·29
1 7·956	85·61	1880	203	77·18	10·75	92·59	4·59	99·13	28·25	146·67	78·00	158·37	573·94
1 7·895	85·35	1881	188	71·48	10·18	87·68	4·23	91·36	26·00	135·00	69·50	141·11	526·63
1 7·525	83·76	1882	181	68·82	10·01	86·21	3·76	81·20	19·03	98·80	66·00	134·01	469·04
1 7·536	83·80	1883	174	66·16	10·78	92·85	4·08	88·12	23·75	123·31	80·00	162·43	532·87
1 7·308	82·83	1884	195	74·14	10·50	90·43	4·20	90·71	20·50	106·43	79·50	161·42	523·13
1 7·644	84·27	{ Average of 5 years 1880-84. }	158	71·45	10·44	89·92	4·17	90·06	23·51	122·06	74·60	151·45	524·97
1 8·919	89·74	{ Average of 15 years. }	—	74·90	—	99·48	—	96·18	—	122·98	—	142·26	535·8

India Office,
8 December 1885.

CHAS. C. PRINSEP,
Statistical Reporter.

THIRD REPORT OF THE ROYAL COMMISSION ON DEPRESSION OF TRADE AND INDUSTRY:—APPENDIX.
STATEMENT D.—ABSTRACT TABLE showing FLUCTUATIONS in PRICES in INDIA of certain SELECTED PRODUCE.

32

Average Annual Rate of Exchange.	Per-centage of rise and fall of Rates of Exchange based on an Index No. of 1000. N.B.—Silver measured in Gold.	Years.	Produce consumed in India.						Total Index Number. Columns 5, 7, 9.	Produce partly consumed in India and partly exported.				Total Index Number. Columns 12, 14.	Produce of India chiefly exported.										Total Index Number. Columns 17, 19, 21, 23, 25.	Grand Total of all Index Numbers. Columns 10, 15, 26. N.B.—Produce measured in Silver.
			Jowar (Sorghum Vulgare).		Bajra (Pennisetum Typhoideum).		Ragi (Panicum Miliaceum).			Rice (common).		Wheat.			Cotton, Raw (Bombay fair Dhollera).		Castor Oil.		Linseed.		Jute, Raw.		Hides (slaughtered.)			
			Average Seers per Rupee at six Markets.	Per-centage of rise and fall in price based on an Index No. of 100.	Average Seers per Rupee at six Markets.	Per-centage of rise and fall in price based on an Index No. of 100.	Average Seers per Rupee at three Markets.	Per-centage of rise and fall in price based on an Index No. of 100.		Average Seers per Rupee at six Markets.	Per-centage of rise and fall in price based on an Index No. of 100.	Average Seers per Rupee at six Markets.	Per-centage of rise and fall in price based on an Index No. of 100.		Average Rupees per Candy.	Per-centage of rise and fall in price based on an Index No. of 100.	Average Rupees per Bazar Maund.	Per-centage of rise and fall in price based on an Index No. of 100.	Average Rupees per Bazar Maund.	Per-centage of rise and fall in price based on an Index No. of 100.	Average Rupees per Bale.	Per-centage of rise and fall in price based on an Index No. of 100.	Average Rupees per Corge.	Per-centage of rise and fall in price based on an Index No. of 100.		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27
<i>s. d.</i> 1 11·310	1000	{ Mean of 5 years 1865-69. }	18·87	100	15·63	100	20·14	100	300	16·63	100	15·58	100	200	263	100	11·61	100	4·63	100	19·26	100	49·25	100	500	1000
1 10·495	963·03	1870	19·90	94·52	19·00	82·26	27·23	73·96	251·04	19·61	84·80	15·70	99·23	184·03	244	92·77	11·87	102·23	4·30	92·87	26·25	136·25	56·50	114·72	538·84	973·91
1 11·126	992·10	1871	24·44	77·20	21·50	72·69	50·95	39·52	189·41	20·99	72·22	22·12	70·43	142·65	209	79·46	11·56	99·56	4·40	95·03	24·87	129·12	64·00	129·94	533·11	865·17
1 10·751	976·14	1872	21·68	87·03	20·13	77·64	46·26	43·53	208·20	23·76	69·99	19·97	78·01	145·00	245	93·15	13·00	111·97	4·76	102·78	21·32	110·69	61·75	125·38	543·97	899·58
1 10·351	958·85	1873	24·08	78·35	22·68	68·91	32·65	61·71	208·97	20·85	79·76	18·98	82·08	161·84	203	77·18	12·40	106·80	4·94	106·69	19·87	103·16	77·25	156·65	550·68	921·49
1 10·156	950·49	1874	27·63	68·25	22·47	69·56	27·27	73·85	211·66	14·53	114·45	18·79	82·96	197·41	159	60·45	11·81	101·72	4·75	102·59	22·87	118·74	81·75	165·98	549·48	958·55
1 10·576	968·51	{ Average of 5 years 1870-74. }	23·64	81·13	21·15	74·25	36·87	58·51	213·89	19·94	84·24	19·10	82·54	166·78	212	80·60	12·12	104·39	4·63	100·00	23·03	119·57	68·25	138·57	543·13	923·80
1 9·625	927·71	1875	29·10	64·84	23·56	66·34	28·02	71·87	203·05	17·59	94·54	23·13	67·35	161·89	167	63·50	9·26	79·75	4·04	87·25	19·50	101·24	71·25	144·67	476·41	841·35
1 8·508	879·79	1876	24·49	77·05	22·77	68·63	19·31	104·29	249·97	15·60	106·60	24·42	63·50	170·40	178	67·68	9·81	84·49	4·16	89·84	22·25	115·52	70·50	143·14	500·67	921·04
1 8·791	891·90	1877	15·74	119·88	13·81	113·17	8·90	226·29	459·34	15·63	106·39	18·91	82·39	188·78	192	73·00	13·56	116·79	4·60	99·35	26·12	135·61	60·00	121·82	546·57	1194·69
1 7·794	849·16	1878	12·78	147·64	13·37	116·90	12·43	162·02	426·56	11·92	139·51	13·42	116·09	255·60	195	74·14	14·93	128·59	4·92	106·26	27·25	141·53	64·00	129·94	550·46	1262·62
1 7·961	856·33	1879	15·00	125·80	15·43	101·29	19·99	100·75	327·84	12·52	132·82	14·67	106·20	239·02	224	85·17	12·87	110·85	5·09	110·41	27·50	142·78	71·00	144·16	593·37	1160·23
1 8·536	880·99	{ Average of 5 years 1875-79. }	19·42	107·04	17·79	93·26	17·73	133·04	333·34	14·65	115·97	18·91	87·16	203·13	191	72·62	12·09	104·18	4·56	98·48	24·52	127·31	67·35	136·75	539·29	1075·76
1 7·956	856·11	1880	23·07	81·79	21·04	74·28	25·57	78·76	234·83	17·12	97·13	16·39	95·03	192·18	203	77·18	10·75	92·59	4·59	99·13	28·25	146·67	78·00	158·37	573·94	1000·95
1 7·895	853·49	1881	30·63	61·60	25·76	60·67	29·52	67·88	190·15	22·28	74·64	18·57	83·59	188·53	188	71·48	10·18	87·68	4·23	91·36	26·00	135·00	69·50	141·11	526·63	875·31
1 7·525	837·61	1882	28·00	67·39	23·27	67·16	30·40	66·25	200·80	22·67	73·35	18·87	82·56	155·91	181	68·82	10·01	86·21	3·76	81·20	19·03	98·50	66·00	134·01	469·04	825·75
1 7·536	838·09	1883	28·38	66·49	22·35	69·93	33·22	60·62	197·04	18·05	92·13	18·96	82·17	174·30	174	66·16	10·78	92·55	4·08	88·12	23·75	123·31	80·00	162·43	532·87	904·21
1 7·308	828·31	1884	23·78	79·35	22·40	69·77	30·38	66·29	215·41	14·70	113·12	21·36	72·93	186·05	195	74·14	10·50	90·43	4·20	90·71	20·50	106·43	79·50	161·42	523·13	924·59
1 7·644	842·72	{ Average of 5 years 1880-84. }	26·77	71·32	22·96	68·36	29·82	67·96	207·64	18·96	90·07	18·83	83·32	173·39	188	71·48	10·44	89·92	4·17	90·06	23·51	122·06	74·60	151·45	524·97	906·00
1 8·919	897·40	{ Average of 15 years. }	—	86·50	—	78·62	—	86·50	251·62	—	96·76	—	84·34	181·10	—	74·90	—	99·48	—	96·18	—	122·98	—	142·26	535·80	968·52

MEMORANDUM ON MINT AND COINAGE.

(Col. 5, 6, 7, Table E., and Col. 15, Table F.)

Silver.—On 31st August 1835, the only rupees of legal tender in British India, within specified local limits, were the Sicca, Farakhabad, and the Sonat rupees, and the Bombay and Madras rupees.

Act XVII. of 1835, which took effect on the 1st September 1835, instituted the coinage of a Company's rupee weighing 180 grains, and of a standard of eleven-twelfths, or 165 grains, of pure silver, and one-twelfth, or 15 grains, of alloy, making it equivalent to the Bombay, Madras, Farakhabad, and Sonat rupee, and to fifteen-sixteenths of the Calcutta Sicca rupee.

Act XIII. of 1836 discontinued the Sicca rupee as legal tender in discharge of any debt, but permitted its receipt in payment of revenue, and at all other public treasuries by weight, subject to a charge of 1 per cent. for re-coinage.

By Notifications of 21st March and 12th May 1838, the Bombay, Madras, and Farakhabad rupees, and generally the rupees issued from any British Government Mint, that were then a legal tender in part of India, were declared to be receivable at the Calcutta Mint for re-coinage, if of full weight, at their intrinsic par, viz., as equal to Company's rupees without any seignorage charge for re-coinage.

All rupees, and the half rupee introduced by Act XVII. of 1835, and continued by Act XIII. of 1862, which were legal tender, continue (unless clipped, filed, defaced, or diminished otherwise than by use) to be legal tender for their full weight until by gradual wear they have lost more than 2 per cent. of their original weight, in which condition the coins when tendered at a treasury should be paid for at the rate of one rupee a tolah, and were not to be reissued.

Act XXIII. of 1870 repealed all the Acts above-mentioned, but the definition of coins remained unchanged, and the quality of legal tender was reserved for coins made and issued under those Acts.

By Act IX. of 1876 Government Mints may coin for Native States, such coins being identical in weight and fineness with British India coin, and they were to be considered as legal tender in British India.

The full weight of the coins prescribed by the Acts of 1835, 1844, 1862, which altered the designation of Company's rupee to that of Government rupee, and 1870, is as follows :—

	Pure Silver.	Alloy.	Total.
SILVER COINS.			
A Government rupee	Grains. 165	Grains. 15	Grains. 180
„ half rupee	82½	7½	90
„ quarter rupee or „ 4-anna piece.	41¼	3¾	45
„ eighth of rupee or „ 2-anna piece.	20¾	1¾	22½

1 rupee - - = 160 grains of pure silver.
1 shilling - - = 80½ „
1 rupee - - = shillings 2·0439, or 2s. 0½d.

Silver at 5s. 6d. per oz. standard = for the 165 grains of pure silver in a rupee 2·043s., or at 5s. 2d. per oz. standard = 1·92004s. per rupee.

Gold.—The old standard for gold coinage in Bengal was 99½ parts of pure gold to ½ part of alloy. Regulation XIV. of 1818, however, altered this to eleven-twelfths of pure gold to one-twelfth of alloy, but the law having become inoperative, the old standard was reverted to until Act XVII. of 1835 re-established the standard of eleven-twelfths fine, and declared that no gold coin should thenceforth be considered legal tender in India.

By Act XXIII. of 1870 the under-mentioned gold coins only could be coined at a Government Mint in British India :—

	Pure Gold.	Alloy.	Total.
GOLD COINS.			
A gold mohur or 15-rupee piece	Grains. 165	Grains. 15	Grains. 180
½ of ditto, or 10-rupee piece	110	10	120
¼ of ditto, or 5-rupee piece	55	5	60

By a Notification dated 28th October 1863, sovereigns and half sovereigns coined at any authorized Royal Mint in England or Australia, of current weight, may be received in the treasuries of British India and its Dependencies in payment of sums due to Government, at the equivalent of Rs. 10. 4 and Rs. 5. 2 respectively, and, whenever available, may be paid to any person willing to receive them, at the same rates, in payment of claims against the Government. There is no limit laid down by law for receiving gold coins, but Notification of 24th November 1869 laid down the following rates for their reception at treasuries at their nominal value :—

Allowance for the wear of Gold Coins.

	Grains.
For the gold mohur, sovereign, and 10-rupee piece	·774
For the half sovereign and 5-rupee piece	·512

STATEMENT E.—Showing the GROSS and NET IMPORTS of SILVER into BRITISH INDIA; the COINAGE and RE-COINAGE of NEW and OLD SILVER since the introduction of the Company's Rupee in 1834; the AVERAGE LONDON PRICE of SILVER per standard ounce; the AVERAGE ANNUAL RATE of EXCHANGE; and the SUMS RECEIVED for BILLS drawn by the Home Government on India.

Official Years.	Imports of Silver.			Coinage of Silver since the introduction of the Company's Rupee.			Excess or Defect of New and Old Silver coined on Net Silver Imported. Col. 7 + or - 4.	Annual Average		Sums received in respect of Bills drawn by Home Government on India.	REMARKS.
	Annual Imports.	Annual Exports.	Net Imports of Silver.	New Silver Coined.	Old Silver Re-coined.	Total Coinage Cols. 5 + 6.		Price per standard ounce of Bar Silver in London.	Rate of Exchange.		
1	2	3	4	5	6	7	8	9	10	11	12
1835-36	£ 1,833,673	£ 221,777	£ 1,611,896	£ 2,329,020	£ 1,520,981	£ 3,850,001	+ 2,238,105	d. 59·687	s. d. 1 10·625	£ 2,045,253	Extinction of United States National debt. Congress refused to recharter Bank of United States. Banking and Commercial embarrassments in United States. Spanish Civil War. Commencement of panic in London. Discounts refused. Rebellion in Canada. Intense famine in N.W. Provinces and Punjab. Afghan War. Scarcity in Guzerat, Kutch, and Kathiawar. War with China.
1836-37	1,646,840	307,958	1,338,882	3,872,189	2,687,402	6,559,591	+ 5,220,709	59·937	1 10·750	2,042,232	
1837-38	2,215,020	248,076	1,966,944	3,375,576	1,236,676	4,612,252	+ 2,645,308	59·375	1 11·000	1,706,185	
1838-39	2,850,380	205,250	2,645,130	3,970,619	968,142	4,938,761	+ 2,293,631	60·062	1 11·625	2,346,591	
1839-40	1,937,022	286,551	1,650,471	3,069,967	920,317	3,990,284	+ 2,339,813	60·312	1 11·500	1,439,525	
Total of 5 years.	10,482,935	1,269,612	9,213,323	16,617,371	7,333,518	23,950,889	+ 14,737,566	—	—	9,579,786	Misunderstanding with France. Treaty of London for settlement of Eastern Question. Great depression in every branch of Manufacturing Industry. Peace with China. China trade open to all nations. Bank Charter Act passed. Bank rate never below 4 per cent.
Average of 5 years.	2,096,587	253,922	1,842,665	3,323,474	1,466,704	4,790,178	+ 2,947,513	59·875	1 11·100	1,915,957	
1840-41	1,739,395	365,913	1,373,482	2,844,893	699,026	3,543,919	+ 2,170,437	60·375	1 11·500	1,174,450	
1841-42	2,141,635	514,687	1,626,948	3,288,762	1,596,878	4,885,640	+ 3,258,692	59·812	1 10·625	2,589,283	
1842-43	3,604,530	414,750	3,189,780	3,304,773	587,990	3,892,763	+ 702,983	59·562	1 11·500	1,197,438	
1843-44	4,644,414	1,045,814	3,598,600	4,672,704	854,371	5,527,075	+ 1,928,475	59·250	1 11·000	2,801,731	Scarcity in the Deccan. Railway mania in England. Sikh War. Commercial and Railway Panic. Repeal of Corn Laws. Discovery of gold in California. Year of panic. 10,000,000 <i>l.</i> granted for Irish famine. Second Sikh War. Annexation of the Punjab. First importation of Californian gold into England.
1844-45	3,666,677	1,097,486	2,569,191	4,696,821	894,524	5,591,345	+ 3,022,154	59·250	1 9·625	2,516,951	
Total of 5 years.	15,796,651	3,438,650	12,358,001	18,807,953	4,632,789	23,440,742	+ 11,082,741	—	—	10,279,853	
Average of 5 years.	3,159,330	687,730	2,471,600	3,761,590	926,558	4,688,148	+ 2,216,548	59·650	1 10·850	2,055,971	
1845-46	2,305,248	809,546	1,495,702	3,842,543	820,467	4,663,010	+ 3,167,308	59·375	1 9·750	3,065,709	
1846-47	2,087,082	708,833	1,378,249	2,920,909	717,900	3,638,809	+ 2,260,560	59·625	1 10·625	3,097,041	Discovery of gold in Australia. Australian Mint established. Famine in Bellary, Madras, Hyderabad, and Bombay. Commencement of Russian (Crimean) War. Loan of 16,000,000 <i>l.</i> Fall of Sebastopol. Close of Russian (Crimean) War. Panic. Suspension of Bank Act. Indian Mutiny. Loan of 1,000,000 <i>l.</i> to E. I. Company. End of Mutiny. Loan of 5,216,528 <i>l.</i> to E. I. Company.
1847-48	922,185	1,416,376	Excess Exports. } 494,191 2,416,571	1,782,260	765,509	2,547,769	+ 3,041,960	59·250	1 10·000	1,541,804	
1848-49	2,798,628	2,484,724	313,904	2,579,265	588,014	3,167,279	+ 2,853,375	59·812	1 9·125	1,889,195	
1849-50	1,235,793	962,185	273,607	2,411,204	471,957	2,883,161	+ 2,609,554	59·687	1 10·500	2,935,118	
Total of 5 years.	9,348,935	6,381,664	2,967,271	13,536,181	3,363,847	16,900,028	+ 13,932,757	—	—	12,528,867	
Average of 5 years.	1,869,787	1,276,333	593,454	2,707,236	672,769	3,380,005	+ 2,786,551	59·550	1 10·000	2,505,773	Loan of 16,000,000 <i>l.</i> Fall of Sebastopol. Close of Russian (Crimean) War. Panic. Suspension of Bank Act. Indian Mutiny. Loan of 1,000,000 <i>l.</i> to E. I. Company. End of Mutiny. Loan of 5,216,528 <i>l.</i> to E. I. Company.
1850-51	2,656,498	539,273	2,117,225	2,616,418	941,488	3,557,906	+ 1,440,681	60·675	2 0·250	3,236,458	
1851-52	3,713,280	847,923	2,865,357	4,240,496	929,518	5,170,014	+ 2,304,657	60·687	2 0·125	2,777,523	
1852-53	4,490,227	885,203	3,605,024	5,509,964	392,684	5,902,648	+ 2,297,624	60·875	1 11·875	3,319,066	
1853-54	3,770,643	1,464,899	2,305,744	5,253,435	634,782	5,888,217	+ 3,582,473	61·500	2 0·125	3,850,565	
1854-55	1,145,137	1,115,537	29,600	1,365,902	524,153	1,890,055	+ 1,860,455	61·187	1 11·125	3,670,028	Loan of 16,000,000 <i>l.</i> Fall of Sebastopol. Close of Russian (Crimean) War. Panic. Suspension of Bank Act. Indian Mutiny. Loan of 1,000,000 <i>l.</i> to E. I. Company. End of Mutiny. Loan of 5,216,528 <i>l.</i> to E. I. Company.
Total of 5 years.	15,775,785	4,852,835	10,922,950	18,986,215	3,422,625	22,408,840	+ 11,485,890	—	—	16,853,640	
Average of 5 years.	3,155,157	970,567	2,184,590	3,797,243	684,525	4,481,768	+ 2,297,178	60·985	1 11·900	3,370,728	
1855-56	8,792,793	598,418	8,194,375	6,973,659	349,212	7,322,871	— 871,504	60·812	2 0·125	1,484,040	
1856-57	12,237,695	1,164,448	11,073,247	10,779,293	440,721	11,220,014	+ 146,767	61·500	2 1·125	2,819,710	
1857-58	12,985,332	766,384	12,218,948	12,551,402	103,906	12,655,308	+ 436,360	61·937	2 0·625	628,599	Loan of 16,000,000 <i>l.</i> Fall of Sebastopol. Close of Russian (Crimean) War. Panic. Suspension of Bank Act. Indian Mutiny. Loan of 1,000,000 <i>l.</i> to E. I. Company. End of Mutiny. Loan of 5,216,528 <i>l.</i> to E. I. Company.
1858-59	8,379,692	651,350	7,728,342	6,517,987	123,561	6,641,548	— 1,086,794	61·750	Rate made prohibitory owing to the Mutiny.	25,573	
1859-60	12,068,926	921,363	11,147,563	10,676,728	76,340	10,753,068	— 394,495	62·062		4,694	
Total of 5 years.	54,464,438	4,101,963	50,362,475	47,499,069	1,093,740	48,592,809	— 1,769,666	—	—	4,962,616	
Average of 5 years.	10,892,887	820,392	10,072,495	9,499,814	218,748	9,718,562	— 353,933	61·612	2 0·325	992,523	

STATEMENT E.—Showing the GROSS and NET IMPORTS of SILVER into BRITISH INDIA, &c.—continued.

Official Years.	Imports of Silver.			Coinage of Silver since the introduction of the Company's Rupee.			Excess or Defect of New and Old Silver coined on Net Silver Imported. Col. 7 + or - 4.	Annual Average		Sums received in respect of Bills drawn by Home Government on India.	REMARKS.
	Annual Imports.	Annual Exports.	Net Imports of Silver.	New Silver Coined.	Old Silver Re-coined.	Total Coinage Cols. 5 + 6.		Price per standard ounce of Bar Silver in London.	Rate of Exchange.		
1	2	3	4	5	6	7	8	9	10	11	12
	£	£	£	£	£	£	£	d.	s. d. Rate made pro- hibitory owing to the Mutiny.	£	
1860-61	6,434,636	1,106,627	5,328,009	5,191,682	105,468	5,297,150	- 30,859	61·812	1 11·867	797	Commercial Treaty with France.
1861-62	9,761,545	675,089	9,086,456	7,070,352	399,678	7,470,030	- 1,616,426	61·000	1 11·920	1,193,728	Famine in N.W. Provinces, Punjab, Rajputana, and Kutch. Finan- cial depression. American Civil War.
1862-63	13,627,398	1,077,243	12,550,155	9,251,497	103,908	9,355,405	- 3,194,750	61·437	1 11·907	6,641,576	Distress in cotton manufacturing districts in England. Panic.
1863-64	14,037,167	1,240,450	12,796,717	11,479,685	77,035	11,556,720	- 1,239,997	61·687	1 11·876	8,979,521	Large exports of gold to the Continent in payment of silver.
1864-65	11,488,320	1,109,522	10,078,798	10,485,865	425,457	10,911,322	+ 832,524	61·187		6,789,473	13,000,000l. silver exported from France.
Total of 5 years.	55,349,066	5,508,931	49,840,135	43,479,081	1,111,546	44,590,627	- 5,249,508	—	—	23,605,095	
Average of 5 years.	11,069,813	1,101,786	9,968,027	8,693,816	222,309	8,918,125	- 1,049,902	61·424	1 11·892	4,721,019	
1865-66	20,184,407	1,515,734	18,668,673	14,507,079	132,274	14,639,353	- 4,029,320	61·093	1 11·835	6,966,116	Close of American Civil War.
1866-67	8,655,433	1,692,360	6,963,073	6,118,857	64,256	6,183,113	- 779,960	61·187	1 11·064	5,067,589	Famine in Madras, Orissa, Behar, Hyderabad, Bombay, and Bengal.
1867-68	6,999,450	1,405,489	5,593,961	4,313,285	71,795	4,385,080	- 1,208,881	60·687	1 11·190	4,137,285	Decline in exports of silver from France. Only 2,500,000l. sent.
1868-69	9,978,978	1,377,956	8,601,022	4,207,031	62,274	4,269,305	- 4,331,717	60·562	1 11·197	3,705,741	Abyssinian Expedition.
1869-70	8,264,407	944,970	7,320,337	7,473,560	36,920	7,510,480	+ 190,143	60·375	1 11·267	6,980,122	Distress in Lancashire. Famine in West Rajputana, N.W. Provinces, Punjab, Kutch, Guzerat, North Deccan, and Central Provinces.
Total of 5 years.	54,082,675	6,935,609	47,147,066	36,619,812	367,519	36,987,331	- 10,159,735	—	—	26,856,853	
Average of 5 years.	10,816,535	1,387,122	9,429,413	7,323,962	73,504	7,397,466	- 2,031,947	60·781	1 11·310	5,371,371	
1870-71	2,662,249	1,720,312	941,937	1,718,197	25,842	1,744,039	+ 802,102	60·562	1 10·495	8,443,509	Franco-Prussian War. Panic.
1871-72	8,000,035	1,467,660	6,532,375	1,690,394	18,910	1,709,304	- 4,823,071	60·625	1 11·126	10,310,339	Peace between France and Germany. 8,500,000l. of gold exported to Hanse towns.
1872-73	1,913,214	1,219,070	715,144	3,980,914	27,620	4,008,534	+ 3,293,390	60·000	1 10·754	13,939,095	Commencement of fall in price of silver. 8,050,000l. of gold ex- ported to Germany.
1873-74	4,143,726	1,647,902	2,495,824	2,370,006	30,033	2,400,039	- 95,785	58·812	1 10·351	13,285,678	Demonetization of silver in Germany. 10,000,000l. of gold exported to Germany.
1874-75	6,051,811	1,409,608	4,642,203	4,896,884	44,139	4,941,023	+ 298,820	58·562	1 10·156	10,841,614	Famine in Behar, N.W. Provinces, and Oudh. Increase of bullion in Bank of France, 22,000,000l., mostly gold.
Total of 5 years.	22,792,035	7,464,552	15,327,483	14,656,395	146,544	14,802,939	- 524,544	—	—	56,820,235	
Average of 5 years.	4,558,407	1,492,910	3,065,497	2,931,279	29,309	2,960,588	- 104,909	59·742	1 10·576	11,364,047	
1875-76	3,464,341	1,908,986	1,555,355	2,550,218	32,423	2,582,641	+ 1,027,286	54·812	1 9·625	12,389,613	Heavy failures. Large exports of gold to Germany. Further fall in price of silver.
1876-77	9,992,408	2,793,536	7,198,872	6,271,122	21,734	6,292,856	- 906,016	54·500	1 8·508	12,695,799	Remarkable fluctuations in Rates of Exchange with India, and in value of bar silver.
1877-78	15,776,532	1,100,198	14,676,334	16,180,326	89,483	16,269,809	+ 1,593,475	54·500	1 8·791	10,134,455	Great famine in Madras, Mysore, Hyderabad, and Bombay. Russo- Turkish War.
1878-79	5,593,699	1,623,005	3,970,694	7,210,770	67,581	7,278,351	+ 3,207,657	51·750	1 7·794	13,948,565	General depression in trade. Bank failures. Famine in N.W. Pro- vinces, Punjab, and Cashmere. End of Russo-Turkish War.
1879-80	9,605,002	1,735,259	7,869,743	10,256,967	84,933	10,341,900	+ 2,472,157	51·625	1 7·961	15,261,810	Diminution in production of Californian mines. Suspension of sales by German Government.
Total of 5 years.	44,431,982	9,160,984	35,270,998	42,469,403	296,154	42,765,557	+ 7,494,559	—	—	64,430,242	
Average of 5 years.	8,886,396	1,832,197	7,054,199	8,493,880	59,231	8,553,111	+ 1,478,912	53·437	1 8·534	12,886,048	
1880-81	5,316,156	1,423,582	3,892,574	4,249,676	160,984	4,410,660	+ 518,086	52·062	1 7·956	15,239,677	Reported existence of gold in India.
1881-82	6,466,389	1,087,339	5,379,050	2,186,275	738,673	2,924,948	- 2,454,102	51·125	1 7·895	18,412,429	Paris Bi-metallism Conference, adjourned without arriving at any conclusion.
1882-83	8,358,022	877,795	7,480,227	6,508,458	830,272	7,338,730	- 141,497	51·250	1 7·525	15,120,521	War in Egypt. Occupation by British troops.
1883-84	7,408,506	1,002,352	6,406,154	3,663,401	478,603	4,142,004	- 2,264,150	50·467	1 7·536	17,599,805	Completion of Italian order for gold.
1884-85	9,110,025	1,864,394	7,245,631	5,774,153	252,258	6,026,411	- 1,219,220	49·937	1 7·308	13,758,909	
Total of 5 years.	36,659,098	6,255,462	30,403,636	22,381,963	2,460,790	24,842,753	- 5,560,883	—	—	80,131,341	
Average of 5 years.	7,331,819	1,251,092	6,080,727	4,476,392	492,158	4,968,550	- 1,452,477	50·968	1 7·644	16,026,268	
Total 50 years.	319,183,600	55,370,262	263,813,338	275,053,443	24,229,072	299,282,515	+ 35,469,177	—	—	306,048,528	
Annual Average of 50 years.	6,383,672	1,107,405	5,276,267	5,501,069	484,551	5,985,650	+ 709,383	58·063	1 10·314	6,120,971	

[NOTE.—The £ = 10 rupees in this statement, except in column 11, where it is £ sterling.]

BRITISH INDIA.

STATEMENT F.—Showing IMPORTS and EXPORTS of MERCHANDISE (exclusive of TREASURE); the IMPORTS and EXPORTS of GOLD; the VALUE of GOLD COINED; the VALUE of CURRENCY NOTES in CIRCULATION; the AMOUNT of CAPITAL OUTLAY by GOVERNMENT on PRODUCTIVE PUBLIC WORKS; and the AMOUNT of EXPENDITURE from CAPITAL by GUARANTEED and other RAILWAY COMPANIES during each year commencing with 1835-36 to the latest date.

Official Years.	Average Annual Rate of Exchange.	Imports of Merchandise (exclusive of Treasure).			Exports of Merchandise (exclusive of Treasure).			Net Exports, Private Trade, Col. 6 - 3.	Net Imports, Government Stores, Col. 4 - 7.	Total Net Exports of Merchandise, Cols. 8 - 5 or 9 - 10.	Gold			Gold Coinage. Value of Gold Coined.	Excess of Net Gold Imported on Gold Coined, Col. 14 - or + 15.	Value of Government Notes in Circulation on the average of 12 months of each year.	Amount of Capital Outlay by Government on Railways and other Public Works.	Amount of Expenditure from Capital by Guaranteed and other Railway Companies.
		Private Trade.	Government Stores.	Total, Col. 3 + 4.	Private Trade.	Government Stores.	Total, Col. 6 + 7.				Imported.	Exported.	Net Imports of Gold, Col. 12 - 13.					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1835-36	s. d. 1 10·625	£ 4,781,848	£	£ 4,781,848	£ 11,106,496		11,106,496	£	£	£ 6,324,648	£ 333,399	£ 3,481	£ 329,918	£ 197,494	£ 132,424	The first year of operations is not shown the first 35 years, 52,264,884, was spent in England and 30,221,204, in India, including expenditure for East Indian and Eastern Bengal lines, which have been transferred to Government by purchase or otherwise, on 2nd January 1880 and 1st July 1884 respectively.	In previous years all expenditure for Public Works was paid out of Revenue.	Note.—Out of the total amount of 104,486,088, capital expended by the Companies for Railways during the last 35 years, 52,264,884, was spent in England and 30,221,204, in India, including expenditure for East Indian and Eastern Bengal lines, which have been transferred to Government by purchase or otherwise, on 2nd January 1880 and 1st July 1884 respectively.
1836-37	1 10·750	5,536,990		5,536,990	13,240,183		13,240,183	—	—	7,703,193	421,694	1,970	419,724	6,815	412,909			
1837-38	1 11·000	5,032,471		5,032,471	11,242,780		11,242,780	—	—	6,210,309	462,588	31,718	430,870	25,426	405,444			
1838-39	1 11·625	5,240,677		5,240,677	11,774,769		11,774,769	—	—	6,534,092	266,531	7,606	258,925	34,470	224,455			
1839-40	1 11·500	5,831,237		5,831,237	10,862,746		10,862,746	—	—	5,031,509	231,223	4,580	226,643	79,156	147,487			
Total of 5 years.	—	26,423,223		26,423,223	58,226,974		58,226,974	—	—	31,803,751	1,715,435	49,355	1,666,080	343,361	1,322,719			
Average of 5 years.	1 11·100	5,284,645		5,284,645	11,645,395		11,645,395	—	—	6,360,750	343,087	9,871	333,216	68,672	264,544			
1840-41	1 11·500	8,415,940		8,415,940	13,455,584		13,455,584	—	—	5,039,644	137,884	572	137,312	56,772	80,540			
1841-42	1 10·625	7,788,565		7,788,565	13,825,218		13,825,218	—	—	6,036,653	166,360	737	165,623	23,101	142,522			
1842-43	1 11·500	7,603,602		7,603,602	13,551,824		13,551,824	—	—	5,948,222	212,441	1,280	211,161	Nil.	211,161			
1843-44	1 11·000	8,817,797		8,817,797	17,253,478		17,253,478	—	—	8,435,681	407,038	515	406,523	16,634	389,889			
1844-45	1 9·625	10,754,066		10,754,066	16,590,213		16,590,213	—	—	5,836,147	719,453	9,353	710,100	26,339	683,761			
Total of 5 years.	—	43,379,970		43,379,970	74,676,317		74,676,317	—	—	31,296,347	1,643,176	12,457	1,630,719	122,846	1,507,873			
Average of 5 years.	1 10·850	8,675,994		8,675,994	14,935,263		14,935,263	—	—	6,259,269	328,635	2,491	326,144	24,569	301,575			
1845-46	1 9·750	9,087,479		9,087,479	17,028,674		17,028,674	—	—	7,941,195	551,966	7,490	544,476	30,142	514,334			
1846-47	1 10·625	8,896,663		8,896,663	15,355,437		15,355,437	—	—	6,458,774	852,839	5,890	846,949	42,734	804,215			
1847-48	1 10·000	8,597,617		8,597,617	13,312,397		13,312,397	—	—	4,714,780	1,048,778	9,662	1,039,116	46,291	992,825			
1848-49	1 9·125	8,344,803		8,344,803	16,088,502		16,088,502	—	—	7,743,699	1,401,748	52,830	1,348,918	70,470	1,278,448			
1849-50	1 10·500	10,299,889		10,299,889	17,312,299		17,312,299	—	—	7,012,410	1,159,548	42,555	1,116,993	44,147	1,072,846			
Total of 5 years.	—	45,226,451		45,226,451	79,097,309		79,097,309	—	—	33,870,858	5,014,879	118,427	4,896,452	233,784	4,662,668			
Average of 5 years.	1 10·000	9,045,290		9,045,290	15,819,461		15,819,461	—	—	6,774,171	1,002,975	23,685	979,290	46,757	932,533			
1850-51	2 0·250	11,548,114	10,675	11,558,789	18,164,150		18,164,150	—	—	6,605,361	1,155,310	2,016	1,153,294	123,717	1,029,577			Up to 1850-51 } 175,156
1851-52	2 0·125	12,231,948	8,542	12,240,490	19,879,406		19,879,406	—	—	7,638,916	1,338,778	71,165	1,267,613	62,553	1,205,060			351,323
1852-53	1 11·875	10,064,391	6,472	10,070,863	20,464,633		20,464,633	—	—	10,393,770	1,341,106	168,805	1,172,301	Nil.	1,172,301			427,560
1853-54	2 0·125	11,065,660	56,999	11,122,659	19,295,139		19,295,139	—	—	8,172,480	1,078,708	17,265	1,061,443	145,679	915,764			670,649
1854-55	1 11·125	12,622,298	120,373	12,742,671	18,927,222		18,927,222	—	—	6,184,551	882,921	151,431	731,490	2,676	728,814			1,730,156
Total of 5 years.	—	57,532,411	203,061	57,735,472	96,730,550		96,730,550	—	—	38,995,078	5,796,823	410,682	5,386,141	334,625	5,051,516			3,354,844
Average of 5 years.	1 11·900	11,506,482	40,612	11,547,094	19,346,110		19,346,110	—	—	7,799,016	1,159,364	82,136	1,077,228	66,925	1,010,303			670,969
1855-56	2 0·125	13,804,051	139,443	13,943,494	23,038,259		23,038,259	—	—	9,094,765	2,508,353	2,108	2,506,245	167,863	2,338,382			3,366,411
1856-57	2 1·125	14,085,275	109,312	14,194,587	25,358,451		25,358,451	—	—	11,143,864	2,176,002	84,788	2,091,214	128,302	1,962,912			3,515,100
1857-58	2 0·625	15,141,030	136,599	15,277,629	27,456,036		27,456,036	—	—	12,178,407	2,830,084	47,011	2,783,073	43,783	2,739,290			3,423,068
1858-59	Rate made prohibitory owing to the Mutiny.	21,530,745	197,834	21,728,579	29,862,871		29,862,871	—	—	8,134,292	4,437,339	10,886	4,426,453	132,273	4,294,180			5,492,108
1859-60		24,005,946	259,194	24,265,140	27,960,203		27,960,203	—	—	3,695,063	4,288,037	3,803	4,284,234	64,307	4,219,927			7,171,464
Total of 5 years.	—	88,567,047	842,382	89,409,429	133,655,820		133,655,820	—	—	44,246,391	16,239,815	148,596	16,091,219	536,528	15,554,691			22,968,151
Average of 5 years.	2 0·325	17,713,409	168,476	17,881,885	26,731,164		26,731,164	—	—	8,849,278	3,247,963	29,719	3,218,244	107,306	3,110,938			4,593,630

STATEMENT F.—SHOWING IMPORTS and EXPORTS of MERCHANDISE (exclusive of TREASURE), &c.—continued.

Official Years.	Average Annual Rate of Exchange.	Imports of Merchandise (exclusive of Treasure).			Exports of Merchandise (exclusive of Treasure).			Net Exports, Private Trade, Col. 6 - 3.	Net Imports, Government Stores, Col. 4 - 7.	Total Net Exports of Merchandise, Cols. 8 - 5, or 9 - 10.	Gold			Cold Coinage, Value of Gold Coined.	Excess of Net Gold Imported on Gold Coined, Col. 14 - or + 15.	Value of Government Notes in Circulation on the average of 12 months of each year.	Amount of Capital Outlay by Government on Railways and other Public Works.	Amount of Expenditure from Capital by Guaranteed and other Railway Companies.
		Private Trade.	Government Stores.	Total, Col. 3 + 4.	Private Trade.	Government Stores.	Total, Col. 6 + 7.				Imported.	Exported.	Net Imports of Gold, Col. 12 - 13.					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
	s. d.	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
1861-62	{ Prohibitory rate.	23,307,207	186,509	23,493,716	32,970,605		32,970,605	—	—	9,476,889	4,242,441	9,872	4,232,569	65,038	4,167,531	{ See note on previous sheet.	{ Capital outlay by Government on Railways and other Public Works did not commence till 1867-68. In previous years all expenditure for Public Works was paid out of Revenue.	7,578,715
1862-63	1 11·867	22,159,825	160,607	22,320,432	36,317,042		36,317,042	—	—	13,996,610	5,190,432	6,007	5,184,425	58,667	5,125,758			6,602,212
1863-64	1 11·920	22,545,460	86,924	22,632,384	47,859,645		47,859,645	—	—	25,227,261	6,881,566	33,410	6,848,156	130,666	6,717,490			5,863,344
1864-65	1 11·907	27,058,652	86,938	27,145,590	65,625,449		65,625,449	—	—	38,479,859	8,925,412	27,106	8,898,306	54,354	8,843,952			4,755,653
1865-66	1 11·876	27,971,389	179,534	28,150,923	68,027,016		68,027,016	—	—	39,876,093	9,875,032	35,068	9,839,964	95,672	9,744,292			4,122,240
Total of 5 years.	—	123,042,533	700,512	123,743,045	250,799,757		250,799,757	—	—	127,056,712	35,114,883	111,463	35,003,420	404,397	34,599,023	16,533,939		28,922,164
Average of 5 years.	1 11·892	24,608,507	140,102	24,748,609	50,159,951		50,159,951	—	—	25,411,342	7,022,976	22,292	7,000,684	80,879	6,919,805	5,511,313		5,784,433
1866-67	1 11·835	29,314,320	284,908	29,599,228	65,491,123		65,491,123	—	—	35,891,895	6,372,894	648,418	5,724,476	17,665	5,706,811	7,725,798		5,636,866
1867-68	1 11·064	29,014,741	23,974	29,038,715	41,859,994		41,859,994	—	—	12,821,279	4,581,472	739,144	3,842,328	27,725	3,814,603	8,989,318		7,297,703
1868-69	1 11·190	35,664,320	41,463	35,705,783	50,874,056		50,874,056	—	—	15,168,273	4,775,921	166,458	4,609,466	21,534	4,587,932	9,285,084	602,462	7,120,081
1869-70	1 11·197	35,931,374	58,768	35,990,142	53,062,165		53,062,165	—	—	17,072,023	5,176,976	17,624	5,159,352	25,156	5,134,196	10,145,533	1,370,613	3,867,927
1870-71	1 11·267	32,879,643	47,877	32,927,520	52,471,376		52,471,376	—	—	19,543,856	5,690,299	98,283	5,592,016	78,510	5,513,506	10,669,077	2,599,614	4,742,851
Total of 5 years.	—	162,804,398	456,990	163,261,388	263,758,714		263,758,714	—	—	100,497,326	26,597,565	1,669,927	24,927,638	170,590	24,757,048	46,814,810	4,572,639	28,665,428
Average of 5 years.	1 11·310	32,560,879	91,398	32,652,277	52,751,742		52,751,742	—	—	20,099,465	5,319,513	333,985	4,985,528	34,118	4,951,410	9,362,962	1,524,229	5,733,085
1871-72	1 10·495	33,348,246	1,120,872	34,469,118	55,327,464	4,361	55,331,825	21,979,218	1,116,511	20,862,707	2,782,574	500,453	2,282,121	4,143	2,277,978	9,813,224	1,167,810	3,776,270
1872-73	1 11·126	30,810,776	1,281,074	32,091,850	63,181,963	3,884	63,185,847	32,371,187	1,277,190	31,093,997	3,573,778	8,434	3,565,344	15,412	3,549,932	11,415,744	1,628,474	2,496,728
1873-74	1 10·754	30,473,069	1,401,555	31,874,624	55,236,295	14,468	55,250,763	24,763,226	1,387,087	23,376,139	2,622,371	79,009	2,543,362	31,795	2,511,567	12,864,037	2,184,569	477,245
1874-75	1 10·351	31,644,697	2,191,331	33,836,028	54,960,786	35,224	54,996,010	23,316,089	2,156,107	21,159,982	1,648,807	266,170	1,382,637	15,498	1,367,139	11,145,191	3,553,307	693,053
1875-76	1 10·156	34,645,262	1,576,851	36,222,113	56,312,260	46,980	56,359,240	21,666,998	1,529,871	20,137,127	2,089,236	215,701	1,873,535	14,034	1,859,501	10,650,407	4,249,571	1,087,911
Total of 5 years.	—	160,922,050	7,571,683	168,493,733	285,018,768	104,917	285,123,685	124,096,718	7,466,766	116,629,952	12,716,766	1,069,767	11,646,999	80,882	11,566,117	55,888,603	12,783,731	8,531,207
Average of 5 years.	1 10·576	32,184,410	1,514,336	33,698,746	57,003,754	20,983	57,024,737	24,819,344	1,493,353	23,325,991	2,543,353	213,953	2,329,400	16,176	2,313,224	11,177,720	2,556,746	1,706,241
1876-77	1 9·625	37,112,668	1,774,672	38,887,340	58,058,125	33,370	58,091,495	20,945,457	1,741,302	19,204,155	1,836,381	291,250	1,545,131	17,150	1,527,981	11,352,662	4,270,629	950,806
1877-78	1 8·508	35,867,177	2,073,454	37,940,631	60,961,632	52,259	61,013,891	25,594,455	2,021,195	23,573,260	1,443,711	1,236,362	207,349	Nil.	207,349	11,641,654	3,800,284	715,459
1878-79	1 8·791	39,326,003	2,138,182	41,464,185	65,185,713	36,615	65,222,328	25,859,710	2,101,567	23,758,143	1,578,927	1,110,798	468,129	15,636	452,493	13,250,247	4,791,052	1,323,984
1879-80	1 7·794	36,566,195	1,234,400	37,800,595	60,893,611	43,902	60,937,513	24,327,416	1,190,498	23,136,918	1,463,050	2,359,223	1,750,504	85	1,750,504	13,190,508	4,381,898	1,012,623
1880-81	1 7·961	39,742,166	1,423,837	41,166,003	67,173,158	39,205	67,212,363	27,430,992	1,384,632	26,046,360	2,050,393	299,889	2,350,279	14,730	2,335,549	12,798,303	13,095,192	349,590
Total of 5 years.	—	188,114,209	8,644,545	196,758,754	312,272,239	205,351	312,477,590	124,158,030	8,439,194	115,718,836	8,372,462	5,297,522	3,074,940	47,601	3,027,339	62,233,374	30,339,055	4,352,462
Average of 5 years.	1 8·534	37,622,842	1,728,909	39,351,751	62,454,448	41,070	62,495,518	24,831,606	1,687,839	23,143,767	1,674,492	1,039,504	614,988	9,520	605,468	12,446,675	6,067,811	870,492
1881-82	1 7·956	50,308,834	2,807,936	53,116,770	74,531,282	49,320	74,580,602	24,222,448	2,758,616	21,463,832	3,672,058	16,859	3,655,199	13,355	3,641,844	13,062,935	9,297,233	434,760
1882-83	1 7·895	46,992,084	2,121,290	49,113,374	81,901,960	66,491	81,968,451	34,909,876	2,054,799	32,855,077	4,856,392	12,408	4,843,984	33,970	4,810,014	13,504,624	3,952,031	842,435
1883-84	1 7·525	50,003,040	2,092,670	52,095,710	83,400,865	84,258	83,485,123	33,397,825	2,008,412	31,389,413	5,095,135	164,264	4,930,871	17,495	4,913,376	15,180,711	4,665,112	1,460,111
1884-85	1 7·536	52,703,891	2,575,457	55,279,348	88,121,296	54,794	88,176,090	35,417,405	2,520,663	22,896,742	5,469,457	6,952	5,462,505	Nil.	5,462,505	13,386,926	4,020,135	2,337,126
1885-86	1 7·303	53,149,311	2,553,761	55,703,072	88,200,528	54,764	88,255,292	30,051,217	2,498,997	27,552,220	4,778,172	106,236	4,671,936	12,965	4,658,971	14,540,727	Estimate. 5,732,400	Estimate. 2,617,400
Total of 5 years.	—	253,157,160	12,151,114	265,308,274	411,155,931	309,627	411,465,558	157,998,771	11,841,487	146,157,284	23,871,214	306,719	23,564,495	77,785	23,486,710	69,675,923	27,666,911	7,691,832
Average of 5 years.	1 7·644	50,631,432	2,430,223	53,061,655	82,231,156	61,925	82,293,111	31,599,754	2,368,297	29,231,457	4,774,243	61,344	4,712,899	15,357	4,697,342	13,935,184	5,533,382	1,538,366
Total of 50 years.	—	—	—	1,176,739,739	—	—	1,966,012,274	—	—	786,272,535	137,083,018	9,194,915	127,888,103	2,352,399	125,535,704	251,146,649	75,362,386	104,486,088
Average of 50 years.	1 10·314	—	—	23,534,795	—	—	39,320,246	—	—	15,725,451	2,741,660	183,595	2,557,762	47,048	2,510,714	—	—	—

India Office.
22 January 1886.

[NOTE.—The £ = 10 rupees in this statement.]

CHAS. C. PRINSEP,
Statistical Reporter.

BRITISH INDIA.

STATEMENT G.—TABLE showing the PRINCIPAL SOURCES OF REVENUE; the GROSS REVENUE and the GROSS EXPENDITURE, distinguishing the CHARGES for COLLECTION of the PRINCIPAL SOURCES of REVENUE; and the TOTAL REGISTERED DEBT from 1835-36 to 1884-85, a period of 50 years.

Official Years.	Principal Sources or Heads of Gross Revenue.												Total Principal Heads of Revenue, Cols. 2 to 13.	Miscellaneous Receipts.	Total Gross Revenues and Receipts, Col. 14 + 15.	Expenditure.			Registered Debt in India and in England at the end of each Year.
	Land.	Opium.	Salt.	Stamps.	Customs.	Excise Sayer and Abkarri.	Forest.	Moturpha.	Assessed, License, and Income Taxes.	Tobacco.	Provincial Rates.	Registration.				Charges for Collection of Revenues specified in Cols. 2 to 13.	Other Charges.	Total Gross Expenditure, Cols. 17 + 18.	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1835-36	£ 11,844,281	£ 1,869,863	£ 2,083,680	£ 363,453	£ 1,589,073	£ 558,183	—	£ 137,308	—	£ 73,381	—	—	£ 18,519,222	£ 1,628,903	£ 20,148,125	£ 4,080,854	£ 11,913,950	£ 15,994,804	£ 29,832,299
1836-37	12,191,295	2,151,540	1,896,810	381,185	1,502,076	769,522	—	96,908	—	75,531	—	—	19,064,867	1,934,263	20,999,130	3,065,612	14,297,756	17,363,368	30,406,246
1837-38	11,853,975	2,281,184	2,124,098	403,557	1,466,251	714,300	—	103,468	—	80,732	—	—	19,027,565	1,831,255	20,858,820	3,123,582	14,429,943	17,553,525	31,713,451
1838-39	12,303,200	1,642,873	2,687,761	404,327	1,491,340	719,020	—	104,759	—	82,334	—	—	19,435,614	1,722,485	21,158,099	3,054,676	15,636,091	18,690,767	29,814,591
1839-40	12,273,982	784,266	2,696,745	427,687	1,244,536	783,379	—	122,985	—	84,586	—	—	18,418,166	1,705,872	20,124,038	2,901,034	16,748,011	19,649,045	29,969,300
Total of 5 years.	60,466,733	8,729,726	11,489,094	1,980,209	7,293,276	3,544,404	—	565,428	—	396,564	—	—	94,465,434	8,822,778	103,288,212	16,225,758	73,025,751	89,251,509	—
Average of 5 years.	12,093,347	1,745,945	2,297,819	396,042	1,458,655	708,881	—	113,085	—	79,313	—	—	18,893,087	1,764,555	20,657,642	3,245,152	14,605,150	17,850,302	30,347,177
1840-41	12,313,840	1,430,498	2,708,115	434,615	1,454,145	739,341	—	123,009	—	82,744	—	—	19,286,307	1,564,766	20,851,073	2,958,427	16,962,227	19,920,654	31,129,547
1841-42	13,154,587	1,599,627	2,745,616	451,600	1,431,572	780,925	—	104,086	—	81,187	—	—	20,349,150	1,488,673	21,837,823	3,180,150	17,519,510	20,699,660	33,478,085
1842-43	13,322,880	2,087,695	2,690,970	440,747	1,495,400	818,647	—	109,610	—	94,842	—	—	21,059,891	1,556,596	22,616,487	3,121,088	18,309,245	21,430,333	35,791,610
1843-44	13,228,850	2,638,766	2,827,625	438,464	1,569,232	864,451	—	110,670	—	84,100	—	—	21,762,158	1,824,415	23,586,573	3,229,650	18,751,649	21,981,299	37,221,177
1844-45	13,224,054	2,848,786	3,082,755	445,258	1,337,817	827,253	—	112,845	—	85,144	—	—	21,963,912	1,702,334	23,666,246	3,251,945	18,556,490	21,808,435	38,655,819
Total of 5 years.	65,244,211	10,605,372	14,054,181	2,210,684	7,288,166	4,030,617	—	560,220	—	427,967	—	—	104,421,418	8,136,784	112,558,202	15,741,260	90,099,121	105,840,381	—
Average of 5 years.	13,048,842	2,121,074	2,810,836	442,137	1,457,633	806,124	—	112,044	—	85,593	—	—	20,884,283	1,627,357	22,511,640	3,148,252	18,019,824	21,168,076	35,255,247
1845-46	13,386,517	3,578,002	2,615,271	436,072	1,477,100	871,286	—	115,088	—	90,075	—	—	22,569,411	1,701,197	24,270,608	3,240,963	20,377,708	23,618,671	38,890,276
1846-47	13,995,717	3,678,206	2,826,845	443,207	1,366,725	874,501	—	111,472	—	88,585	—	—	23,385,258	2,699,423	26,084,681	3,304,891	20,544,662	23,849,553	41,763,952
1847-48	14,437,254	2,735,129	2,818,538	453,376	1,320,399	912,551	—	114,394	—	89,596	—	—	22,881,237	2,027,065	24,908,302	3,508,464	20,221,938	23,730,402	43,810,147
1848-49	14,274,270	3,913,090	2,488,566	452,402	1,170,000	945,296	—	112,942	—	91,388	—	—	23,447,954	1,948,432	25,396,386	3,377,245	20,376,695	23,753,940	45,555,278
1849-50	15,248,694	4,497,254	2,580,379	482,886	1,447,795	1,087,714	—	115,519	—	88,106	—	—	25,548,347	1,973,997	27,522,344	3,358,824	20,851,227	24,210,051	48,249,797
Total of 5 years.	71,342,452	18,401,681	13,329,599	2,267,943	6,782,019	4,691,348	—	569,415	—	447,750	—	—	117,832,207	10,350,114	128,182,321	16,790,387	102,372,230	119,162,617	—
Average of 5 years.	14,268,490	3,680,336	2,665,920	453,589	1,356,404	938,269	—	113,883	—	89,550	—	—	23,566,441	2,070,023	25,636,464	3,358,077	20,474,446	23,832,523	43,633,890
1850-51	15,382,442	3,795,300	2,199,324	477,447	1,576,117	1,195,681	—	114,942	—	83,792	—	—	24,825,045	2,800,315	27,625,360	3,470,854	20,812,584	24,283,438	49,256,482
1851-52	15,391,664	4,259,777	2,099,958	487,953	1,684,762	1,185,827	—	119,257	—	80,677	—	—	25,318,875	2,513,362	27,832,237	3,680,758	20,911,327	24,592,085	49,048,314
1852-53	15,365,250	5,088,184	2,421,098	491,476	1,435,980	1,214,697	—	118,461	—	63,162	—	—	26,198,308	2,410,801	28,609,109	3,959,970	21,319,278	25,279,248	49,689,079
1853-54	15,838,649	4,777,230	2,746,389	530,366	1,369,018	1,115,637	—	112,907	—	8,958	—	—	26,499,154	1,778,376	28,277,530	4,288,431	22,689,715	26,978,146	47,055,275
1854-55	16,419,031	4,710,352	2,887,653	542,394	1,532,657	1,256,701	—	110,076	—	—	—	—	27,458,864	1,674,186	29,133,050	4,492,958	23,248,763	27,741,721	48,700,183
Total of 5 years.	78,397,036	22,630,843	12,354,422	2,529,636	7,598,534	5,968,543	—	575,643	—	245,589	—	—	130,300,246	11,177,040	141,477,286	19,892,971	108,981,667	128,874,638	—
Average of 5 years.	15,679,407	4,526,169	2,470,884	505,927	1,519,707	1,193,708	—	115,129	—	49,118	—	—	26,060,049	2,235,408	28,295,457	3,978,594	21,796,333	25,774,927	48,749,866
1855-56	17,169,971	5,195,976	2,651,446	552,751	2,106,657	1,288,705	—	108,681	—	—	—	—	29,014,197	1,803,331	30,817,528	4,508,970	23,863,931	28,372,901	50,854,933
1856-57	17,722,170	5,002,400	2,685,574	622,165	2,092,544	1,486,864	—	108,418	—	—	—	—	29,720,135	1,970,870	31,691,005	5,028,058	23,051,144	28,079,202	52,284,830
1857-58	15,317,911	6,864,209	2,131,346	456,363	2,148,834	1,219,456	—	107,826	—	—	—	—	28,245,945	3,460,831	31,706,776	3,339,198	36,231,800	39,570,998	61,934,731
1858-59	18,123,658	6,146,342	2,602,670	593,213	2,867,681	1,474,821	—	111,247	—	—	—	—	31,99,632	4,141,156	36,060,788	3,555,732	46,086,627	49,642,359	73,661,563
1859-60	18,757,400	5,887,778	2,926,436	737,527	3,872,053	1,704,222	—	109,242	110,183	—	—	—	34,1841	5,600,981	39,705,822	3,418,534	47,057,149	50,475,683	89,925,183
Total of 5 years.	87,031,110	29,036,705	12,997,482	2,962,019	13,087,769	7,174,068	—	545,414	110,183	—	—	—	153,750	16,977,169	169,981,919	19,850,492	176,290,651	196,141,143	—
Average of 5 years.	17,406,222	5,807,341	2,599,496	592,404	2,617,554	1,434,813	—	109,083	—	—	—	—	30,750	3,395,434	33,996,384	3,970,098	35,258,130	39,228,228	63,732,248

[NOTE.—The £ = 10 rupees in this statement, except in column 20, where it is £ sterling.

THIRD REPORT OF THE ROYAL COMMISSION ON DEPRESSION OF TRADE AND INDUSTRY:—APPENDIX.
STATEMENT G.—TABLE showing the PRINCIPAL SOURCES of REVENUE, &c.—continued.

THIRD REPORT OF THE ROYAL COMMISSION.																				
STATEMENT G.—TABLE showing the PRINCIPAL SOURCES of REVENUE, &c.—continued.																				
Official Years.	Principal Sources or Heads of Gross Revenue.													Total Principal Heads of Revenue, Cols. 2 to 13.	Miscellaneous Receipts.	Total Gross Revenues and Receipts, Col. 14 + 15.	Expenditure.			Registered Debt in India and in England at the end of each Year.
	Land.	Opium.	Salt.	Stamps.	Customs.	Excise Bays and Abkarri.	Forest.	Moturpha.	Assessed, License, and Income Taxes.	Tobacco.	Provincial Rates.	Registration.	Charges for Collection of Revenues specified in Cols. 2 to 13.				Other Charges.	Total Gross Expenditure, Cols. 17 + 18.		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
1860-61	18,508,991	6,676,759	3,805,124	1,182,781	4,161,501	1,778,463	—	100,639 Ceased from this date.	1,002,973	—	—	—	37,217,231	5,686,003	42,903,234	3,853,590	43,071,029	46,924,619	94,557,605	
1861-62	19,684,668	6,359,270	4,563,082	1,693,217	2,876,138	2,246,885	—	—	2,054,696	—	—	—	39,477,956	4,351,516	43,829,472	4,559,743	39,320,357	43,880,100	98,577,970	
1862-63	19,570,147	8,055,476	5,244,150	1,489,638	2,464,366	2,471,660	304,443	—	1,882,212	—	—	—	41,177,649	3,966,103	45,143,752	4,784,138	38,532,268	43,316,406	96,827,787	
1863-64	20,303,423	6,831,999	5,035,696	1,735,216	2,384,061	2,060,270	351,757	—	1,483,622	—	—	—	40,138,730	4,474,302	44,613,032	5,321,970	39,212,715	44,534,685	90,947,535	
1864-65	20,095,061	7,361,405	5,523,584	1,972,098	2,296,929	2,224,036	—	—	1,281,817	—	—	—	41,106,687	4,546,210	45,652,897	5,547,918	40,298,500	45,846,418	90,727,082	
Total of 5 years.	98,162,290	35,284,909	24,171,636	8,072,950	14,182,995	10,781,314	656,200	100,639	7,705,320	—	—	—	199,118,253	23,024,134	222,142,387	24,067,359	200,434,869	224,502,228	—	
Average of 5 years.	19,632,458	7,056,982	4,834,327	1,614,590	2,836,599	2,156,263	—	—	1,541,064	—	—	—	39,823,650	4,604,827	44,428,477	4,813,472	40,086,974	44,900,446	94,327,616	
1865-66	20,473,897	8,518,264	5,342,149	1,994,632	2,279,887	2,244,874	367,682	—	692,241	—	—	—	41,913,596	7,021,624	48,935,220	4,962,868	41,206,284	46,169,152	90,508,133	
1866-67	19,136,449	6,803,413	5,845,910	1,803,773	2,030,864	2,119,789	311,340	—	22,127	—	—	—	37,573,665	4,548,768	42,122,433	3,939,953	42,699,971	46,639,924	93,578,890	
1867-68	19,986,640	8,923,568	5,726,093	2,186,269	2,578,632	2,238,981	331,088	—	653,848	—	—	—	42,625,069	5,909,343	48,534,412	5,058,991	44,483,116	49,542,107	95,481,275	
1868-69	19,926,171	8,453,365	5,588,240	2,306,971	2,692,755	2,283,736	407,342	—	508,700	—	—	—	42,167,280	7,095,411	49,262,691	5,079,381	46,957,340	52,036,721	96,194,642	
1869-70	21,088,019	7,953,098	5,888,707	2,379,316	2,429,185	2,253,655	471,590	—	1,110,224	—	—	—	43,573,794	7,327,287	50,901,081	5,281,022	44,901,390	50,182,412	101,747,898	
Total of 5 years.	100,611,176	40,651,708	27,891,099	10,670,961	12,011,293	11,140,985	1,889,042	—	2,987,140	—	—	—	207,853,404	31,902,433	239,755,837	24,322,215	220,248,101	244,570,316	—	
Average of 5 years.	20,122,235	8,130,342	5,578,220	2,134,192	2,402,259	2,228,197	377,808	—	597,428	—	—	—	44,795,599	6,618,087	51,413,686	5,826,663	44,104,033	49,930,696	104,326,385	
1870-71	20,622,823	8,045,459	6,106,280	2,510,316	2,610,789	2,374,465	453,442	—	2,072,028	—	—	—	44,489,388	5,620,827	50,110,215	5,317,895	41,668,143	46,986,038	106,959,466	
1871-72	20,520,337	9,253,859	5,966,595	2,476,333	2,575,990	2,369,109	501,924	—	825,241	—	—	1,893,398	47,080,451	9,470,535	56,550,986	6,104,865	48,680,449	54,785,314	105,470,985	
1872-73	21,375,076	8,684,691	6,167,032	2,610,025	2,657,878	2,324,915	588,002	—	601,473	—	—	1,834,532	45,853,102	10,559,268	56,412,370	6,286,369	51,933,669	58,220,038	107,534,907	
1873-74	21,060,274	8,324,879	6,152,977	2,699,936	2,636,450	2,287,680	639,513	—	34,483	—	—	1,872,938	46,582,415	11,428,733	58,011,148	6,690,486	51,001,465	57,691,951	118,446,992	
1874-75	21,332,176	8,556,629	6,229,396	2,758,042	2,682,233	2,347,274	598,367	—	20,191	—	—	—	46,582,415	—	—	—	—	—	—	
Total of 5 years.	104,910,686	42,865,517	30,622,280	13,054,652	13,163,340	11,703,443	2,781,248	—	3,553,413	—	—	5,600,868	228,800,955	43,697,450	272,498,405	30,226,278	237,387,759	267,614,037	—	
Average of 5 years.	20,982,137	8,573,103	6,124,456	2,610,930	2,632,668	2,340,689	556,250	—	710,683	—	—	1,120,174	45,760,191	8,739,490	54,499,681	6,045,255	47,477,532	53,522,807	108,547,747	
1875-76	21,540,480	8,471,425	6,245,555	2,835,368	2,724,426	2,494,339	697,543	—	14,642	—	—	1,947,255	47,158,684	11,753,070	58,911,754	6,668,473	50,574,336	57,242,809	122,570,014	
1876-77	19,891,491	9,122,460	6,305,869	2,838,628	2,484,448	2,523,986	616,468	—	14,835	—	—	1,930,325	45,927,463	12,857,407	58,784,870	7,271,736	53,495,912	60,767,648	127,320,159	
1877-78	19,891,145	9,182,722	6,461,225	2,993,483	2,624,123	2,458,029	678,699	—	101,682	—	—	2,255,937	46,881,205	14,992,446	61,873,651	7,216,198	58,200,540	65,416,738	134,631,553	
1878-79	22,323,868	9,399,401	6,941,120	3,110,540	2,326,561	2,619,349	605,433	—	900,920	—	—	2,638,835	51,132,388	13,932,928	65,065,316	6,184,973	56,846,097	63,031,070	138,868,043	
1879-80	21,861,150	10,319,162	7,266,413	3,193,739	2,280,793	2,838,021	676,234	—	785,318	—	—	2,882,125	52,372,194	16,000,652	68,372,846	6,461,022	63,094,773	69,555,795	151,728,065	
Total of 5 years.	105,508,134	46,495,170	33,220,182	14,971,758	12,440,351	12,933,724	3,274,377	—	1,817,097	—	—	11,654,477	243,471,934	69,536,503	313,008,437	33,802,402	282,211,658	316,014,060	—	
Average of 5 years.	21,101,627	9,299,034	6,644,036	2,994,352	2,488,070	2,586,745	654,876	—	363,419	—	—	2,330,595	48,694,387	13,907,300	62,601,687	6,760,450	56,442,332	63,202,812	135,023,567	
1880-81	21,112,995	10,480,051	7,115,988	3,250,581	2,539,612	3,135,226	709,320	—	558,720	—	—	2,776,370	51,960,093	21,674,680	73,634,773	6,484,768	71,194,369	77,679,128	157,388,878	
1881-82	20,948,022	9,862,444	7,375,620	3,381,372	2,361,388	3,427,274	874,435	—	536,829	—	—	2,895,490	52,947,588	22,197,013	75,144,601	6,753,301	65,808,573	72,561,874	156,795,109	
1882-83	21,876,047	9,499,594	6,177,781	3,379,681	1,296,119	3,609,561	938,228	—	517,811	—	—	2,683,015	50,263,666	19,861,565	70,125,231	6,965,275	62,453,323	69,418,598	159,274,460	
1883-84	22,361,899	9,556,501	6,145,413	3,513,201	1,187,266	3,836,961	1,052,190	—	526,087	—	—	2,878,731	51,317,204	20,410,217	71,727,421	6,855,503	63,484,422	70,339,925	161,300,221	
1884-85	21,546,300	8,850,000	6,350,000	3,578,000	1,030,000	4,010,800	982,300	—	511,800	—	—	2,793,900	49,936,600	20,034,600	69,991,200	8,123,100	63,014,900	71,140,000	162,454,748	
Total of 5 years.	103,845,263	48,248,590	33,164,802	17,102,835	8,414,385	18,022,522	4,556,473	—	2,651,247	—	—	14,027,506	256,425,151	104,198,075	360,623,226	35,183,947	325,955,578	361,139,525	—	
Average of 5 years.	21,769,053	9,649,718	6,632,960	3,420,567	1,682,877	3,604,504	911,295	—	530,249	—	—	2,803,501	51,285,030	20,539,616	72,124,645	7,036,789	65,191,116	72,227,905	159,112,683	
Grand Total, 50 years.	880,519,091	303,010,221	213,294,777	75,823,647	102,262,128	89,990,968	1,799,819	598,061	112,163	724,015	79,688	2,406,373	1,735,693,762	327,822,480	2,063,516,232	236,103,069	1,817,007,385	2,053,110,454	—	
			4,265,556	1,516,473	2,045,243	1,799,819	598,061						34,713,875	6,536,450	41,270,325	4,722,061	36,340,148	41,062,209	81,658,221	

CHAS. C. PRINSEP.

APPENDIX C.

QUESTIONS ON THE SUBJECT OF CURRENCY AND PRICES, CIRCULATED BY THE ROYAL COMMISSION
ON THE DEPRESSION OF TRADE AND INDUSTRY.

1. Has there been, within a period which can be distinctly defined, a fall (i.) in the gold prices, or (ii.) in the silver prices, of commodities in countries where those metals are respectively the standards of value?
2. If so, has the fall extended uniformly to all commodities, or has it been confined to some particular class or classes of commodities?
3. Apart from any circumstances which have tended to lower the price of particular commodities, or of commodities generally, are there any circumstances which have enhanced the value of the metal used as the standard?
4. Have similar circumstances ever occurred before, and what results did they produce?
5. To what causes do you assign the fluctuations which have occurred in recent years in the ratio of the precious metals to one another?
6. Are there any indications that the development of the credit system, or other similar means of economising the use of the precious metals, has tended to counteract or retard the fall of prices?
7. What circumstances, apart from an appreciation of the metal used as the standard, have tended to bring about a fall of prices generally?
8. How is trade affected by alterations (i.) in the value of the metal used as the standard, and (ii.) in the value of the precious metals *inter se*, especially in the case of trade between gold-using and silver-using countries?
9. What is the effect of the present relations of gold and silver upon the internal and external trade of India, and upon prices in that country?

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I.

1, Dickinson Street, Manchester,

May 5, 1886.

MY LORD,

I have much pleasure in replying to the questions you have submitted on behalf of the Royal Commission on the Depression of Trade. I have endeavoured to answer them as briefly as possible, conceiving that replies such as I have given will meet the present views of the Commission better than more exhaustive replies. I have also thought that it would be more serviceable to you that I should mainly give my own individual experience as a merchant, and frame my replies upon the practical bearings of the questions chiefly from the Manchester standpoint.

1. As regards gold prices there has been a distinct and definite fall in values within the last 10 or 12 years. The following quotations show prices for identical grades of cloth of equal quality shipped in January 1876 and January 1886. These may be regarded as typical articles, and give a fair idea of what the actual fall in prices for cotton goods within these dates has been:—

No.		English prices.		Per cent.
		1876.	1886.	
1.	A grade of white shirtings - 40 yards	18 5	9 3	decline of 51.05
2.	" " T cloths - 24 "	6 7	4 5	" 32.91
3.	" " Indian grey shirtings 39 "	7 9	5 7½	" 27.12
4.	" " " 39 "	8 2	5 5	" 33.07
5.	" " Indian grey jaconets 20 "	3 6½	2 5	" 32.16
6.	" " " 20 "	3 6½	2 6	" 29.41

As regards prices in silver, say in India, the four Indian cloths, the English prices of which I have quoted, were sold in India as follows:—

No.		Prices in India.		Per cent.
		Jan. 1876, at ex. 1s. 9d. per Rupee.	Jan. 1886, ex. 1s. 6d. per Rupee.	
1.	Shirtings as above	Rs. a. p. 5 0 3	Rs. a. p. 4 2 6	decline of 17.03
2.	" " " 24 "	5 4 6	3 15 6	" 24.95
3.	Jaconets " "	2 4 9	1 12 6	" 22.45
4.	Mulls " "	2 4 6	1 13 6	" 19

It must be borne in mind that a duty of 5 per cent. existed on cotton goods imported into India in 1876, which was abolished some years ago, and a deduction for this must be made from the decline per-centages. Freight and commission charges are now also very much reduced as compared with 1876.

2. Referring to values in England, the fall in prices has been general, though not uniform, in all articles. My own experience also embraces woollen goods and iron, in both of which, as well as in cottons, the fall in prices has been very great.

3. Yes. The closing of the mints of France and the Latin Union destroyed the par of value between gold and silver, which the free mintage of these metals at the fixed ratio of 15½ to 1 had maintained. As long as these mints were open silver, as fully as gold, was practically international money, but since then gold has been regarded by all the European nations, and also by America, as the only standard of value for international purposes, and the increased work thus thrown upon it as a store of value has led to its enhancement.

No doubt coined silver in bi-metallic countries, such as France, is practically as good as gold for internal purposes, but it is not, as formerly, available for external purposes, and the bi-metallic countries know that they must trust entirely to their gold reserves for the adjustment of international balances. In consequence of this they are all necessarily guarding and augmenting their gold reserves. Silver standard countries also, which are liable to have the balance of trade against them, must now maintain a gold reserve.

4. The only period of our past commercial history which seems to be similar to the present was that which followed the resumption of specie payments in England and the adoption of the single gold standard. From 1820 to 1830 the fall in prices was very great, and every branch of industry as well as agriculture suffered severely. A contraction of the currency had been necessary when specie payments were resumed, and the effect of this was intensified by the adoption of the single gold standard. An enormous sum in gold, for the time, had to be amassed, say, 11,900,000*l.*, and the amassing of this created a void in the rest of the world. At the same time the annual production of the precious metals, owing to the wars of independence of the Spanish American colonies, fell from 265,000,000 francs in 1801–10 to 161,000,000 francs in 1820–30. There followed necessarily a general fall in prices, which Professor Jevons has estimated at 30 per cent. from 1810 to 1840.

5. The fluctuations that have occurred in recent years in the ratio of the precious metals to one another were caused in the first place by the sales of silver by Germany when she commenced the demonetisation of silver, and by the closing of the mints of France and the Latin Union for the coinage of that metal, which resulted from the action of Germany.

Apart also from the international disadvantage in the loss of a fixed par between gold and silver which resulted from the closing of the French mints, the closing of these mints cut off the outlets for silver for currency purposes in Europe, which would probably have absorbed about 5,000,000*l.* annually. Further, the discredit thrown upon silver, and the fear that other nations would also demonetise it or suspend the coinage of it where such was going on, as in the case of America, has been constantly affecting the relative value of silver to gold. No doubt the increase in the supplies of silver, in the absence of the fixed ratio maintained formerly by the bi-metallic countries, has also tended to aggravate the divergence in value between the two metals; but, apart from the action of Germany, and the closing of the mints which resulted from it, I do not think that these increased supplies from the mines would have had any effect. All would have been absorbed, and have tended to enrich the world just as much as if it had been so much gold.

6. I do not think that the development of the credit system has tended materially to counteract or retard the fall of prices due to the dislocation of the two monetary metals. The extension of the credit system only aids the stock of gold in discharging one of its functions as money, viz., that of being a medium or instrument of exchange. It cannot add materially to its effectiveness as a store of value, in which capacity it forms the basis and standard of value by which the worth of commodities is measured. Improved credit appliances facilitate the transference of value, but when property of any kind is parted with for money it is something that may, if wished, be a permanent possession that is sought, and credit as an aid to money in this sense cannot be expanded, except in due proportion to the metallic money on which it is supposed to give an absolute lien, just as a banker's obligations must be in due proportion to his reserve.

7. Apart from monetary causes there have been many other things at work tending to cheapen production, say, new inventions, scientific discoveries, and new applications of chemistry, an increased use of labour-saving machines, and the higher speeding of machinery, rendered possible by the greater mathematical perfection and accuracy of its construction, but all these causes combined would not, I think, account for, perhaps, more than, say, a sixth or a fifth of the actual difference which is seen.

8. The appreciation in the value of the monetary metal, gold, upon which our English values are based, has had, and cannot but have, a most serious effect upon trade. It means declining prices for commodities, and when prices are continuously declining all enterprise is banished from trade. The trader must work with the barest possible stock, as everything held over becomes dear as compared with the price at which it could be replaced. The whole fabric of trade is built up on credit and time contracts, and stability of the money basis on which it rests is all important. Transactions entered into in the hope of profit may result in loss if prices, from an appreciation of the monetary measure, fall before the transactions can be completed. An enterprise requiring the investment of capital may offer strong inducement for entering upon it, but when the question is considered—How will the property to be acquired be affected by the decline of prices going on?—The risk of loss in this respect counterbalances the inducement.

As regards the second part of this question. How is trade between gold using and silver using countries affected by alterations in the value of the monetary metals *inter se*? I would remark: the ordinary variations of exchange between two countries having a common metallic standard of value are simply oscillations over a central point of par value, the cost of moving the monetary metal to or from the foreign country being the extreme limit of variation on either side. As long as the French mints were open there was practically a point of par value between the gold of gold using countries, and the silver of silver using countries, but since the closing of these mints the exchange rates of silver using countries on England have had to follow all the variations of silver, and the rates have fallen as silver has fallen.

In former times merchants could go on freely, basing their operations on an average of exchange rates. Now, however, the matter of exchange has to be considered with

each operation, and the special risks from the uncertainty of silver must be taken fully into account. In dealing with India goods are now shipped largely under sale contracts made simultaneously with the purchase of the goods on this side, and at the same time exchange for the returns is secured through bankers for delivery when these returns will be due. In other words, with a banker as go-between the importing merchant and the exporting merchant practically combine their operations. The banker undertakes to supply remittances at given rates, because he, at the same time, also contracts for the forward delivery to him of bills on England at similar rates by the exporters of produce. This is practically in a sense a return to barter, but in this way the merchant dealing with India can now generally secure himself to a large extent against loss in exchange. It is a clumsy system, however, for the banker, no less than the merchant, must keep himself secure, and when exchange drops suddenly business in Manchester comes to a standstill until Indian bankers see their way again to resume contracting. A pause also takes place until prices on the reduced level can be adjusted. Theoretically rupee prices ought to rise, but they rarely do so, and after a short struggle the manufacturer (his production meantime having been going on) has to give way in price. On him the pressure mainly falls, and the experience of Manchester manufacturers can testify how disastrous the result of these difficulties has been. The Manchester manufacturer has now also a competitor in the Bombay manufacturer, both in supplying India and also other eastern markets, such as China and Japan. The latter is not affected by changes in the value of silver which so disturb the former, and the evenness alone of the basis of value with his customers which the Bombay manufacturer enjoys gives a decided advantage over the English manufacturer. True as exchange falls the competition of Europe raises the price of cotton in rupees upon the Bombay spinner, and some other things which he requires are also affected, but wages remain the same, and when after a fall of exchange, the readjustment of everything is made he has still an advantage from the increased relation to total cost of English manufacturing charges as rendered in rupee values which the English manufacturer has to bear in competing in the East with the Indian mills.

9. The fact of India being upon a silver basis has, I think, so far been in many respects an advantage to her. Her internal trade has not suffered from the decline in prices which has been so disastrous in Europe, and the divergence of the relative value of gold and silver has had no practical effect upon the welfare of the great body of her people. The development of her external trade has also, so far, not been seriously impeded, rupee values of European articles laid down in India not having risen with the fall in silver, gold prices having conformed to the standard of India, and not rupee prices to the gold standard of Europe. The lower European value of the rupee has also helped to stimulate her exports. On the other hand the exchange difficulty makes it impossible for India to borrow in her own currency, and the disadvantage she suffers in this respect is very great not only as regards the carrying out of public works, but in many ways in which the outflow of British capital would both enrich India and benefit England.

While these are the surface aspects of the question as regards India, so far as it has gone (leaving out of view the exchange difficulties of her Government) there are, I think, deeper considerations even from the Indian standpoint which must be fully weighed. It must now, I think, be admitted from the investigations that have recently been made that the purchasing power of the rupee still remains unchanged for internal purposes, and while it is to this cause that advantage to India, or at least immunity from difficulty, is to be ascribed the question arises: How long is this to continue if the present increasing divergence of the two standards is to go on? Of late there has been a constant decline, and to-day, with exchange at 1/5½, there is as much uncertainty, and as little prospect of improvement, or even of a check in the downward tendency as ever. Is it possible that this divergence can go much further without the possibility of serious consequences resulting? The reason why rupee values so far have not been affected is that India always remains a creditor country, and has never yet required to remit money to Europe in settlement of the balance of trade, but this position may some day be suddenly altered. The increasing debt of India, with the European obligations it involves, is already an important factor in the balance of trade, and some calamity happening to India might alter the relations of India to Europe in this respect. I can formulate no definite opinion on the subject, but I cannot conceive of the present divergence going on without a point being reached when changes of the most serious import might

be suddenly developed, and the very greatness of the divergence of the value or purchasing power of silver in the two places would intensify these. Indian statesmen cannot, I think, but have grave forebodings on this point, and must feel that a solution of the question would be in the highest degree desirable.

Would India lose by a solution that would restore the old value of the rupee? I answer this question first of all by asking whether India would have been worse off to-day if the fall in silver had not taken place. I believe she would have been better off. The difference in rupee values has, in the main, simply secured her from sharing the disasters of the gold standard nations due to the appreciation of gold.

Were some international arrangement arrived at prices of imported articles would, no doubt, at first fall to some extent, but this from exchange arrangements now in force, which I have already alluded to, would not affect merchants much, and retailers in India—just as retailers in England have of late been doing during declining prices—would at least not suffer in passing from a higher to a lower level of prices, wholesale market prices being always slow in affecting retail prices. Except cotton and wheat, with which India has to compete with America, all articles of Indian produce would, I believe, quickly rise in Europe to the new level. Wheat also would soon do so, and even on the old value of the rupee, especially with improved railway facilities, India would still be able to compete with America. Cotton, too, would ere long feel the effect of the reviving confidence and improving prices for goods, which a steady basis of value would rapidly produce.

I am, &c.

(Signed) ROBERT BARCLAY.

The Right Hon. the Earl of Idlesleigh,
Chairman, Royal Commission on the
Depression of Trade and Industry.

II.

1. If there has been a fall in the gold prices, I do not think it would be possible to distinctly define within what period, or how far attributable to the decrease in the production of gold.

From all the information I have been able to obtain from countries where silver is the standard of value, I do not find that either in the price of labour, or of the principal articles of production, has there been, generally speaking, any material alteration during the last 20 years.

2. The fall in prices in the United Kingdom has taken place chiefly in commodities the production of which from various causes has been largely on the increase. Take for instance the imports of—

		1874.	1883.
Tea	- - - - lbs.	162,782,000	222,262,000
Sugar	- - - - cwt.	16,847,000	23,650,000
Wheat	- - - - "	41,528,000	64,139,000

commodities largely imported from countries using a silver standard. The suspension or limitation of the coinage of silver in the United States and Europe has materially reduced the value of that metal as compared with gold. In 1871 a bar of standard gold, weighing 200 ozs., would have purchased 3,100 ozs. fine silver, whereas the same bar of gold would now purchase over 4,000 ozs. of silver. Thus the exchanges are affected between the countries where the respective standards exist, to an extent which will make exports from the silver standard countries profitable at the present time, when the contrary would have been the case in 1871.

3. Gold, as a metal, would naturally be enhanced in value by the reduced production which it is notorious has taken place during the last 10 years, as compared with the previous decade.

4. Somewhat similar circumstances have occurred before, but I am not aware that history records circumstances "on all fours" with those at present under consideration.

5. The fluctuations in recent years in the ratio of the precious metals to one another, are in some degree, the natural result of the greater or lesser production of each metal, but these fluctuations have been largely caused by the uncertainty which from time to time has arisen with regard to the reinstating of "silver" to the position it formerly enjoyed in the United States of America, and in the leading countries of the continent.

6 and 7. I suppose that by the development of the credit system as a means of economising the precious metals, reference is made to fiduciary circulation in the shape of cheques, money orders, &c., &c., which certainly economises the use of the precious metals; but there is also a development of the credit system which has largely contributed to the fall in prices: banks making direct advances, especially in the colonies, against growing crops and even wool of unborn sheep, encouraging an unhealthy excess of production, oftentimes resulting in a heavy loss to themselves, and grievous competition to merchants and others trading on their own capital and fairly cautious in their operations.

J. W. BIRCH.

Bank of England, London,
15th May 1886.

III.

1. I possess no special information with regard to prices. From the various inquiries, however, recently made, it appears to be established that in countries where gold is the standard the prices of many commodities have considerably fallen since 1873. In countries where silver is the standard a rise rather than a fall in prices would naturally be expected, owing to the depreciation of that metal measured by gold. But there is difficulty in ascertaining whether this has been the case, as of those countries under a silver standard only, some have no available statistics, while even as regards India reliable information appears to be wanting. It is understood, however, that in India generally prices have not risen.

2. Judging, only from the inquiries which have been carried out the prices of commodities (measured by a gold standard) do not show a uniform fall.

Putting aside good interest-bearing securities, where the interest is payable in gold (if these are classed as commodities), my conclusion is that there has been a general fall, and that, where prices have risen or have been maintained, there are to be found some special circumstances which have been sufficient to counteract the general fall.

3. The circumstances which led to the enhancement of the value of the metal (gold) used as a standard were those connected with the substitution of gold for silver by Germany and other countries. To these must be added the increased use of gold in the United States, a diminution in its production, and the growing requirements due to increased population.

4. There appears to be little doubt that in the earlier part of the present century an insufficiency of the precious metals led to depression of trade and low prices; but accurate statistics are wanting as to the extent to which this cause operated. A confirmation of the view that depression is greatly due to this cause, viz., an insufficiency of the standard metal, is afforded by the opposite results which followed the gold discoveries of 1848-51, when prices rose and trade was stimulated.

5. The suspension by the Latin Union of the bi-metallic law (which formerly minimised fluctuations) has rendered each metal more liable to the effects of supply and demand. Since the suspension of this law fluctuations have frequently followed the changes in the political aspect of the question. Assuming that the present supply of the two metals remains unchanged, and that no development of the credit system should arise sufficient to counteract the strain lately thrown upon gold, the ever-increasing demands of trade and population must tend to a continuous widening of the ratio between the two metals; but any political action, such as the abandonment by any nation of a silver standard for gold, or *vice versa*, would anticipate or retard this constant tendency.

6. There is no doubt that in England the practice of banking has of late years extended in directions and to classes formerly outside it, and in some of the large towns in the north of England clearing houses have been established where they did not exist before. These would clearly be developments of means of economising gold, and, as such, must have exerted their influence. But there are many indications, such as the diminished returns of the London Clearing House, and the smaller use of bills, &c., which show that the facilities which the English banking system offers have not lately been utilised to the extent that has previously been the case, and have not exerted their full power. It appears also to be generally held that banking facilities have not made much way on the continent, or that in the United States they have done more than keep pace with the needs of an increasing population; nor does it appear that the system of fiduciary issues has received any great extension in any part of the world. Notably in the case of the English provincial issues and in the United States there has been a diminution. It is doubtful how far the extension of the telegraph system, especially in the direction of telegraphic transfers and of the postal order system, may be regarded as coming within the scope of means for economising the precious metals; but, after careful consideration, the conclusion to which I am led is that there has been no such development of the credit system within the last few years as has appreciably retarded the fall in prices.

7. Among some of the causes tending to a fall in prices, may be mentioned, as particularly affecting England, several bad harvests, and, in certain instances, the action of some trade unions, which have permitted business to go elsewhere rather than concede the point of nominal high wages. Some place must also be given to foreign competition, due largely to the growing power of other nations to take part in manufactures; in part, to the means by which wages here are maintained at a high standard, and, possibly, to a want of pliability in the English character to adapt itself readily to changing requirements. Over-production, as in shipbuilding, has also lowered prices in special cases, for a time. Other causes may also be found in those modern arrangements which have tended to shorten delays of any kind in the transaction of business whether by the employment of telegraph or of steamships instead of sailing vessels, or by the opening up of new routes and the extension of railways, especially of such as permit of produce being brought from districts hitherto nearly inaccessible. To these must be added the growing system which allows transactions to be settled directly between the producer and the consumer. The list of causes might be greatly lengthened. Probably each trade could point to some particular circumstances which, on the surface, appear to be effective for lowering prices within its own limits. But if, as seems to be inferred by the question, it is admitted that a fall is due to the appreciation of gold, and I entirely concur in such an opinion, it is difficult to estimate what proportion of the fall is due to that cause. If it is admitted not only that gold has appreciated but continues to appreciate, then prices not only have fallen but continue to fall; and, but for this permanent cause of depression, it is possible that the other causes put forward to account for a fall in prices would have only a limited operation, and take rank amongst the ever varying incidents of a healthy competition.

8. A depreciation of the metal used as the standard, due to an abundant production or diminished demand, or its appreciation resulting from a limited supply or increasing demand, can only show itself in a corresponding rise or fall in the prices of commodities measured by it. Assuming any definite change to take place in either direction, and the supply of the metal, after such change, to be subsequently maintained, prices, after some disturbance, would accommodate themselves to the new level. But if the supply of metal used as a standard was so limited as to be insufficient to meet the demands upon it for the needs of coinage and manufactures, a continuous fall in prices would affect trade adversely and lead to its contraction. Profits realisable at a distant period would be uncertain; a manufacturer of to-day would find himself in a few years competing with others unfettered by so large a nominal outlay; the shipowner would find the freights of a few years hence insufficient to remunerate him for his capital. It may be said that the capital of the earlier investor should be written down to that of the later, as the profits would be realised in an appreciated standard. But the effect upon trade is, no doubt, that of a tendency to its contraction, and capital, which would have been used to stimulate trade, will, by preference, be invested in securities yielding a fixed interest in gold; though the payment of this interest be to the disadvantage of those, chiefly Governments and other public bodies, who have contracted such arrangements.

The modes in which the results of falling prices due to an appreciating standard would be manifested, would vary with the trades affected, but the operation of the principle would be continuous, and not the less hurtful that it is not generally apparent.

(ii.) In the case of variations in the value of the precious metals measured by each other, the evil effects would lie chiefly in the uncertainty and speculative character given to trade between countries using the respective standards. In the case of two countries with an appreciating gold value and depreciating silver value respectively, it becomes impossible to estimate accurately the result of a transaction originating in one country and maturing in the other. Trade would probably suffer also from derangement resulting from imports and exports due rather to the stimulus arising from the changing standards than to natural operations.

9. A practical acquaintance with India, which I do not possess, seems needful to answer this question. Under the present relations between gold and silver, it would have appeared probable that prices in India should have risen. But we are told that this has not been the case.

If it be the case that produce can be grown in India at the same cost in silver as that which has long prevailed, and be sold in England for gold, which, at present, commands more rupees than formerly, this would be to the advantage of India, and lead to increased exports.

And, again, if the cost of labour in India has not increased, it might lead, in certain cases where practicable, to the amount realised by such exports being used for the establishment of factories in India, rather than to the purchase here of manufactured goods. If the present relations of silver and gold were final, this condition would probably be modified in course of time, as prices rose in India; but if the present ratio between the two metals widens more rapidly than prices rise in India, an advantage would continue to accrue to India, as against gold-using countries. This leaves out of view the loss by exchange incurred by the Government of India through its indebtedness to England.

(Signed) HAMMOND CHUBB.

Bank of England,
14th May 1886.

IV.

1. It does not, I think, admit of serious doubt that during the last 10 or 12 years there has been a general decline in the prices of commodities in countries using a gold standard; the fall may not have been equal in degree, special causes affecting supply and demand having operated to increase or lessen the decline in particular cases, but the exceptions, wherein no decline can be marked, are too few and too special to affect the affirmative answer to this part of the question.

There is more difficulty in defining the course of prices in silver-using countries during the same period; but it may be affirmed with safety that there has not been any general decline; probably it would be correct to say that prices have on the whole remained on about the same level, subject of course to inevitable fluctuations from time to time over a long period. Wages certainly do not appear to have been affected one way or the other, but again these are about the last to be influenced. The following statement is submitted, not as affording proof of (for that purpose it would be necessary to construct very elaborate tables), but as illustrating, the preceding answer.

IDENTICAL QUALITIES of a staple article of Cotton Goods bought in Manchester and sold in Shanghai.

Bought in Manchester.	Price.	Value of Mid. Oris. Cotton.	Sold in Shanghai.	Tael Price.	Exchange.
Dec. 1877	s. d. 6 6	6½	Feb. 1878	1 ⁰⁰	s. d. 5 5½
" 1885	5 4½ 18½%	5½ 19½%	" 1886	1 ⁰⁰	4 7½ 14¼%

COMMON BLACK TEA of similar qualities bought in Shanghai and sold in London.

Bought in Shanghai.	Tael Price.	Exchange.	Sold in London.	Price.
Dec. 1877	11½	s. d. 5 5½	Jan. 1878	d. 8
" 1885	11½	4 8½ 13¼%	" 1886	6½ 16½%

2. The answer to this question is covered by the foregoing remarks.

3. This question I assume to mean whether the standard itself as a measure of value has altered, and, if so, what has caused the alteration? Whatever the answer, it does not admit of exact proof; but by inference it is to be assumed that the abstraction of gold in large quantities for coinage purposes by Germany, Italy, and other States, and Treasury reserves in the United States, the increased application of it for ornamental and artistic purposes beyond former requirements, together with the simultaneous decrease in

the annual production of this metal, must have rendered it relatively more valuable; and this view is consistent with the fall in prices noted in the answer to the first question.

As regards silver, the converse appears to be the case. The demonetization of silver in Germany and other European States, together with the largely increased production of this metal during the last ten years, have decreased its value relatively to gold (as is notorious); and, it is to be presumed also in relation to commodities, of which it is the measure; and here arises the difficulty of accounting for the (broadly speaking) stationary level of prices in silver-using countries. Perhaps the causes have not been in operation sufficiently long to work out their natural effect; the immediate consequence in eastern countries of the enlarged supply of silver together with increased railway facilities has been greatly to stimulate production, and so to create new centres for absorption for purposes both of currency and hoarding; thus reducing, in the meantime, the addition to the entire silver circulation to proportions too small to affect prices materially. I give this view, however, speculatively rather than as an ascertained or demonstrable fact.

4. It is a matter of history that about the close of the 15th and beginning of the 16th centuries the enormous increase in the supply of silver derived from the American mines caused prices to advance from 50 to 100 per cent., although this effect was sensibly retarded by the dearth of silver previously existing. It seems also to be generally admitted that the large accession of gold from new sources of supply some 40 years ago produced a similar effect on prices, following a period of great and protracted depression in trade. By analogy, therefore, a decline in prices should be expected to follow upon an actual or relative scarcity of gold, supposing that cause to be shown to have been in operation during the last 10 or 12 years.

5. The answer to this question is given in the reply to No. 3.

6. I am not prepared to make any statement on this question. To do so to any purpose would involve a very minute and extensive investigation into causes not easy to trace—indeed, very subtle in their operation, which, if they do exist, are certainly not obvious to general observation during the period under review.

7. Quickened means of communication, especially by telegraph, whereby buyer and seller, even at opposite ends of the earth, have been brought into all but direct communication, and so abolishing intermediate agency profits. The cheapening of the cost and the shortening of the time of transport, e.g., by the application of the compound steam engine to merchant steamers, and, not least, the enormous expansion of the railway systems (notably in India and North and South America), have all had a direct influence to bring about a fall of prices, first, by stimulating production, and next by a more rapid transmission at constantly diminishing transport charges, of articles of primary necessity.

The very large imports of grain, first from the Western States of America and more recently from India; the greatly enlarged supplies of wool from the Argentine States; the immense imports of live and dead stock from the United States, South America, Australia, and New Zealand, which have sensibly told upon the price of meat in this country, are illustrations which come first to hand to show that increased production in different parts of the world must have largely operated to produce the fall in prices, whatever be the measure in which an appreciation of the gold standard may have contributed to the same effect. Indeed, these facts seem to raise the question whether we are not now passing through one of those cycles, frequently observed before, during which production throughout the world has overtaken consumption, with the necessary consequence of a lowering of prices.

8. The previous answers, in particular to questions Nos. 1 and 4, appear to furnish a reply to the first part of this question, in answer to the second part; the alteration in the value of the precious metals, *inter se*, in its effect on trade is very prejudicial, but mainly on account of the uncertainty which frequent changes introduce into the result of operations whilst in progress and until completion; so soon as anything approaching to a permanent ratio between the two metals is established this difficulty disappears.

9. I have not sufficient personal knowledge of the internal trade of India to be able to add anything in reply to this question beyond what may be found to bear upon it in previous answers.

(Signed) M. W. COLLET.

Bank of England,
May 28, 1886.

V.

My Lord, Bank of England, May 3, 1886.

I HAVE the honour to acknowledge the receipt of your Lordship's letter of the 20th April, enclosing a paper of questions on which you invite the opinion of those who, from their practical experience in commercial matters, are in a position to afford useful information on the subject.

My own business experience has lain entirely in home matters, so that I have had no commercial intercourse with countries having only a silver standard.

With respect to gold it is obvious that if, as I understand, the produce from the mines has decreased while the demand, especially for money purposes, has increased, gold like any other commodity will have risen in price as measured in other commodities. On the other hand whatever development in banking expedients has taken place in the last decade which would economise the use of metallic money no doubt would counteract to a certain extent this rise in the price of gold.

I have, &c.

(Signed) JAMES P. CURRIE.

The Right Hon. Lord Iddesleigh.

VI.

2, Circus Place, E.C., London,

May 25, 1886.

My Lord,

In reply to the circular letter of the Royal Commission on the Depression of Trade, I think it can scarcely be doubted that since 1873 there has been a serious fall in the prices of nearly all commodities in general use, except those most important ones—animal products;* that this fall of prices has chiefly affected England, France, Germany, and the United States; that the fall occurred at first, with the exceptions named, to the most commonly employed or most marketable articles, and successively embraced all the others down to the least marketable, including labour;† and that unless some remedy is found to stay it, the fall must continue in the like uneven manner for many years to come.

This fall of prices has been ascribed by some persons to "over-production;" but apart from the consideration that if over-production, including the precious metals, were general it could have no effect upon prices, and if, not general it would rectify itself by the shifting of industries and avocations in a briefer space of time than 13 years, it is to be remarked that previous to 1873, when the forces of production were as great, and the actual production of commodities *per capita* of population was not less than it is now; there was no complaint or pretext of over production.

The true cause has been—here I speak as a practical miner and producer of gold, well acquainted with the conditions surrounding its production and use generally—the true cause has been the dwindling product of the gold placers of California and Australia, and the utter inability of quartz mining as a whole to put gold on the markets of the world at the lower equivalent (in commodities and services) at which it was previously put by placer mining. This dwindling product of gold, suddenly and enormously aggravated by the demonetisation of silver in Germany and the subsequent suspension of free coinage for silver in France, the United States, and other countries, has been, in my opinion, the true cause of the recent fall in the prices of commodities.

Your Commission asks if similar circumstances ever occurred before. Yes; they occurred after a similar failure of the Roman mines, an event which precipitated the disruption of the Western Empire and was followed by the tremendous consequences so ably depicted in Sir Archibald Alison's "Essays"; they occurred after the dismemberment of Charlemagne's empire, an event which occasioned the secret hoarding of the vast quantities of gold and silver which that monarch had captured in Saxony and Hungary, and had made into money; and they occurred again during the 18th century, when the plunder of America and the Orient was quite over, and the metallic product of Spanish America, although it continually increased under the cruel stimulus of the lash, yet it failed to increase fast enough to supply a rapidly-growing Europe with the materials for money. In the latter instance the evil effects of diminishing moneys manifested themselves in every country of the European world, including America; in each of them it was due to the failure of the supplies of the precious metals, to keep pace with loss, wear and tear, and increasing demand

to sustain prices; in nearly all of them it was followed by similar consequences; a continued and uneven fall of prices, industrial distress, social disorders, turbulence, anarchy, revolution, wars, and the dissolution of empires. The remedy applied in all these countries points unerringly to the origin of the disturbances. That remedy was inconvertible paper money, which was first issued by the British-American colonists, and afterwards by France, England, Austria, Spain, and other nations. Except in England, where the fall of prices had been less than elsewhere, where the industrial distress was least, and where the subsequent issue of inconvertible notes was limited by prudent legislation and a firm executive, the remedy was applied so recklessly as to eventually occasion new distress and breed new disorders; but, on the whole, these were of a milder character than the great sufferings and the bloody outbreaks that had characterised the previous period, and it is to be hoped, through the wise treatment of the subject entrusted to your Commission, and to similar commissions in other countries, that neither one nor the other will ever be, as it need not be, permitted to occur again.

With regard to the fluctuations of the ratio in recent years, there can be but one cause for them. What is the meaning of the ratio? It means the relative value of gold and silver, one to the other, as fixed or influenced by law. There is no other ratio, and since the establishment of mints and mint laws there never has been any other, because the law has always either fixed or influenced it. When the laws of various countries have disagreed on this subject, the poorer ones have been forced to give way to the richer. Thus in Spain, before the discovery of America, the ratio was 10½. When America was plundered the first fruits were gold, not silver; whereupon Spain, in 1546, and before the wealth of Potosi was known, raised the value of gold to 13½, and as at that time Spain monopolised the supplies of the precious metals to Europe, Europe was obliged to acquiesce in the valuation which Spain saw proper to make. During the following century Portugal obtained such immense quantities of gold from the East Indies, Japan, and Brazil, that the value of her imports of this metal exceeded 3,000,000*l.* sterling a year, whilst those of Spain had dwindled to 500,000*l.* in gold, and had only increased to 2,500,000*l.* in silver. It was now the turn of Portugal to govern the ratio, and this she did in 1688 by raising the value of gold to 16 times that of silver. Except during a brief period of 40 years, this ratio has ever since been maintained in Spanish and British America, the latter and part of the former now composing the United States. A century later the spoils of the Orient were exhausted, the Brazilian placers began to decline, and Portugal lost its importance. Through these circumstances Spain again got control of the ratio, and as her colonial produce was chiefly silver, she raised its value in 1775 from 16 to 15½ for the Peninsular, permitting it to remain at 16 in the colonies. France, whose previous ratio was 14½, now felt obliged to adopt the Spanish ratio of 15½, which she did in 1785, and to this ratio she has adhered ever since. These three historical ratios and the influence of each upon the others has governed all legislation on the subject, and, where there was no legislation, has governed the bullion markets for more than two centuries past.*

As to what the ratio would be if all legislation on the subject of coins were swept away, this is an idle speculation without bottom, because from the fact that every new supply of monetised metal lowers the value of any given quantity thereof, it is evident that in order to deduce the relative cost of producing the two precious metals from the results of current production it would also be necessary to destroy all the gold and silver that has been taken from the earth. From what I have seen of gold and silver mining during the past 30 years, I should say that in the long run it probably costs as much effort to find and bring to grass-roots a pound of silver as a pound of gold, and that in all newly opened countries gold would even be cheaper than silver, because in such countries the former is always to be found on the surface, whilst the latter is hidden away in the uncertain convolutions of volcanic rocks. Among savage nations, where no legal ratio of value exists, silver has usually been deemed more valuable than gold; and in the Orient, where the principal moneys were of copper or paper, where silver coins were only used, and to a partial extent, in the great cities, and gold coins hardly at all, the value of gold previous to European intercourse was only from four to eight times that of silver.†

* "When Spain or Portugal deem it proper to change the ratio, it must necessarily control all other nations, to whom the new ratio thus becomes the model or regulator." "The English ratio approaches that of Portugal, which is natural, since it is Portugal (Brazil) which furnishes gold to England." O. A. de Calonne, Comptroller General of the Finances of France, in 1783.

† Del Mar's "History of the Precious Metals," and "History of Money," and the authorities cited.

It has been asserted that the value of silver to gold has continually fallen since the Christian era. No proof has been offered in support of this assertion, and none can be, for none exists. Indeed, it is so far from being true, that the value of silver rose from 14½ in the time of Theodosius to 6½ in that of Mahomet, and from 9 in that of King Stephen to 1 (equal to gold) in that of Philip of Valois. After innumerable vicissitudes, it was fixed in several countries during the 15th century at about 11. The men who make such reckless assertions are the men who have caused all the present trouble about silver. They are the conceited professors of a pretended political economy, charlatans who teach everything and learn nothing, impostors who thrive upon the credulity of a world too busy in earning money to study the science of its history. It was the poverty of Spain in 1688, and the ignorance of Germany in 1870, that lowered the value of silver upon the only two great occasions when it fell at all. From the 4th to the 15th Century of the Christian era, the general tendency of silver to gold was always upward.

It will be observed that in each instance when the ratio was fixed by a nation controlling the principal supplies of either of the precious metals, it was always fixed for the advantage of such nation, and without reference to the relative qualities of the two metals produced by the world at large. When gold was the greater product of such a nation, it raised the value of gold, and when silver became its greater product it raised the value of silver. Thus, instead of being governed, as the schoolmen conjecture, by the relative quantities of metals produced, the ratio has, in point of fact, been governed by quite an opposite principle, the more plentiful metal produced or controlled by the nation altering the ratio having always been the metal that was raised in value—a principle and example that appear to have been entirely lost sight of in recent statesmanship.

The precious metals employed as money in Europe at the period of the discovery of America were estimated by Gregory King (1696), William Jacob (1826), and others, as equal in value to about 35,000,000*l.* This sum, at the then prevailing ratio of 1 to about 11, could be coined out of about 120 tons of gold and 2,400 tons of silver. From 1492 to 1640 Spain and Portugal obtained from America and the Orient about 1,120 tons of gold and 46,000 tons of silver. If these quantities be added to the stock on hand in 1492 the result would be 1,240 tons of gold and 48,400 tons of silver, a proportion of 1 to 39. If the new supplies are taken by themselves, without reference to the previous stock on hand, the proportionate quantity of gold to silver was 1 to 41; yet these metals were all coined successfully at a value of 1 to about 13½, a convincing proof that production had nothing whatever to do with the ratio, and that the latter was due entirely to laws and the conflict of laws.

From 1640 to 1690 Spain got about 350 tons of gold and 24,500 tons of silver, or 70 times as much silver as gold; yet it was coined chiefly at the ratio of 14 or 15 to 1. If these circumstances, even after making the most liberal allowances for error, the conversion of bullion into plate and of plate into coins, &c., are not sufficient to prove that the ratio is entirely amenable to legislation, then I, for one, utterly fail to see the utility of inquiring into the matter any further. That it cannot be due to the relative cost of producing the precious metals is proved by the well-known fact that every new supply of monetised metals lowers the value of any given quantity thereof. Hence, if it be assumed that these metals are produced on the average without loss, the basis of the industry, the cost of production, and the ratio, must continually change with the magnitude of the stock and the shifting value of its materials; and, as to the ratio, this is not the fact. If the metals are produced, as most practical men believe, not only at a loss, but a highly varying rate of loss, the cost of production can have no relation to their value.*

Among those who admit the entire amenability of the ratio to legislation there are some who deem it necessary at the present time to procure an international concert of action on the subject. With the highest respect for those who advocate this policy, it seems to me unnecessarily cautious and timid. It did not require a concert of the nations to break down the ratio, and it needs no concert to restore it. Either one of the four leading nations can do it, for each of these has enough gold to exchange for all the silver that will probably be offered to its mints. But foremost among nations in its large control of the precious metals stands England, whose financial investments in foreign countries, and whose wide-spread commerce have conferred upon her the hegemony of the commercial world. She can certainly afford to permit one fourth of her

100,000,000*l.* of gold to flow out in exchange for 25,000,000*l.* of silver, which is far more than the combined world will be likely to offer to her mints during several years. This sum, coined upon the same terms as gold into full legal tender money—first, and in order to discourage counterfeiting, at the so-called market ratio of 20, and afterwards re-coined at the American ratio of 16, or the French and German ratio of 15½—would not only yield England a handsome profit, but, what is far more important, it would arrest the present depression of trade, and avert from impending disaster England's commercial interests in India.

With regard to "the development of the credit system, or other similar means of economising the use of the precious metals," there are others whose testimony will be laid before you who are far better qualified to speak on this topic than myself: but it is notorious that, through the use of the check and clearing-house systems, scarcely any money at all is now employed except in retail transactions, and that the telegraph and telephone have practically annihilated distance in commercial affairs. These great quickeners of money have all been developed or applied to the credit system since the decadence of the gold placers, and they have undoubtedly "tended to counteract or retard the fall of prices." But as it is impossible to conceive of any further important application or extension of them, there appears to be no prudent means of averting a further fall of prices except by remonetising silver. If we refuse to do this now we may be forced, when the prevailing distress becomes still more accentuated, to resort to inconvertible paper notes, an alternative which, in this age of powerful and clamorous constituencies, may prove far more dangerous to adopt than it did in 1797.

Your closing question relates to India. On this topic I have written elsewhere as follows:—"The year 1766 marks 'the most important occurrence in the history of money' in India, and one whose practical consequences are far 'from being exhausted at the present time.' This was 'the successful change of the standard of money by the East India Company from copper to one of the precious metals employed for money in Europe.'"* The tendency of this act was to eventually raise the industrial condition of India to a level with that of Europe, and that this tendency was in operation no one can doubt who has remarked the complete satisfaction of the masses of India with British rule. Such a gigantic task as this one, however, is not to be completed in a single century, nor perhaps in two. The most unerring measure of its accomplishment is the growth of the Indian monetary system, which, notwithstanding the vast amounts of the precious metals that have been shipped to India, consists at the present time of not more than 50,000,000*l.* to 60,000,000*l.* in, chiefly, silver coins.† Through the demonetisation of silver in Germany, and the closure of the mints to silver elsewhere, the industrial relation, which a community of prices thus promised to establish between India and Europe, is severed, the industrial amelioration of India is arrested, and her people have been left alone to struggle with the dark counsels of Brahminism.

England has made many sacrifices to preserve her various commercial relations with India; it is surely worth her while to restore this most important one of all. The situation was far different when Lord Liverpool wrote. Then the mints of the world were open to silver; now, unless England opens hers, they may remain closed for ever.

I have, &c.

(Signed) ALEX. DEL MAR, M.E.

To the Earl of Iddesleigh,
8, Richmond Terrace, S.W.

VII.

3. I consider that apart from any circumstances which have tended to lower the price of commodities, that the value—i.e., the purchasing power—of gold where it is used as the standard for measuring the value of commodities has become enhanced by reason of the drain of gold from the West into the East; from North America and from Europe into Asia, especially into India.

The statistics of imports and exports of gold treasure which the Government of India compiles, show that in a little more than 50 years India has imported, and not

* "History of Money," pp. 110-111.

† R. B. Chapman, Financial Department of the Government of India, in a letter to Prof. Nasse, Dec. 25, 1880, says 50,000,000*l.* My own estimate, made in 1885, and before I saw Mr. Chapman's was 50,000,000*l.* to 60,000,000*l.*—"History of Money," pp. 113-114.

* "History of Precious Metals," p. 282.

* These exceptions are due to increased consumption.

† Del Mar's "Science of Money," chapter viii.

re-exported, gold to the value of 127,000,000*l.* sterling. To this must be added the gold treasure which India had continued to absorb during more than two thousand years, the amount of which may be inferred from historical records extending from very ancient times to the present century. I consider that I estimate the gold treasure existing in India in 1835, (when our statistics of imports and exports of treasure began to be compiled) at a low figure in putting it at 100,000,000*l.* more.

It is sufficient to notice the extent of this absorption of gold by India since 1835 for the purposes of the question (127,000,000*l.*).

This drain of the precious metals to India arises from peculiarities in the commercial productions of that country and in the condition and habits of the people. The country produces commodities which are to a great extent superfluous to the wants of the mass of its people, while at the same time these are readily sold to Western nations. This circumstance enables the people of India to export these commodities, without any enhancement of the price of articles necessary to their own existence, resulting from this exportation.

This is a condition of very great influence on the development of an export trade.

The simple habits of the people of India; immemorial custom which precludes them from the use of many commodities of secondary necessity, convenience or luxury; and the variety of the natural productions which the soil of the country supplies, exempt the people from the necessity of importing more than a limited number of commodities of foreign manufacture for their own use. Hence it follows that the exports of Indian productions generally exceed in value the imports of goods from foreign countries, and the balance has to be paid directly or indirectly in treasure.

I say so much, by way of explaining why I believe that this drain of treasure from the West into India is likely to continue—it has been going on for the last five years at the rate of 4,700,000*l.* a year—and also in order to show that what has been going on in India has probably (I know no reason why I should not say certainly) been going on in other parts of Asia, *e.g.*, China, where similar climatic, industrial, and social conditions are found to exist. If this is the case the appreciation of gold in the West must be largely due to this cause, and the proper remedy appears to me to consist in the remonetizing of gold in India, where the metal used from the most ancient times as money has, in British India at least, been discarded from that employment since 1835. The question of how that may best be done is not one which can be properly discussed in this place. There can, however, be no doubt that if gold legal-tender money were circulating in India, fabricated from the stocks of gold now hoarded and withdrawn from use in that country, the obvious interests of traders and the ordinary courses of commerce, would restore a large portion of this treasure to the world's use; and this being an addition to the gold money current among Western nations would depreciate the value of gold in relation to commodities, and consequently raise prices.

5. I assign the fluctuations which have occurred in recent years in the ratio of the precious metals to one another to the following causes:—(1.) The great yield of silver from the mines in North America between 1870 and 1880. (2.) The partial disuse of silver as money by Germany, France, and the United States of America during the same period. (3.) The drain of gold into India between 1870 and 1885. During those 15 years India has withdrawn from use as money in the West a gold treasure valued at 38,250,000*l.* and upwards, and has not used it as money herself.

Thus, while the supply of silver from the mines increased the demand for it, owing to its exclusion from its proper field of employment as money, fell off, and measured by the gold standard its value necessarily declined. At the same time gold became appreciated both by reason of part of the supply being absorbed and rendered useless as money by India, and from the circumstance that upon the gold currencies of the West was thrown the work not only which they formerly carried on, but in addition a great part of the work which the silver currencies of the same regions had hitherto been used to transact.

The relation which one of the precious metals bears to the other as money is ascertained by the quantity of the same commodity which a given amount of each of them will suffice to buy in the same market. If gold and silver are coined and circulated without restriction of quantity in any country, and, say, an ounce of gold money will buy 15½ times as much of any commodity as an ounce of silver money, then the relation of gold to silver money in that country stands at 1 : 15½. But if, as has happened in Europe since 1870, restriction is placed on the free coinage and circulation of silver money, its real value in gold money

can never be ascertained, because its purchasing power, in consequence of the restriction placed upon its use as money, is deprived of all freedom of action. Had gold and silver money been allowed to circulate freely throughout Europe and North America, and had India been using gold money since 1870, a fixation of value between gold and silver money exactly corresponding with that deduced by the competitions of commerce would probably have been arrived at long since. As the case stands, the owners of silver seeking every opportunity to sell their commodity at a profit, have been obliged to offer it for sale, sometimes at one price and sometimes at another, and the price of silver has necessarily been subject to similar fluctuations as against gold, that other articles are liable to, which take their value from gold in a falling market.

As far as I understand the matter, these causes and their effects account for the fluctuations in the relative value of gold and silver, which are referred to in this question.

8. (i.) The effect of an alteration in the value of the metal used as the standard, value being understood to mean purchasing power, is shown in alterations in the prices of commodities which take their value from the standard metal, provided always, that the coinage and circulation of the standard metal as money is free and unrestricted.

The purchasing power of the standard money depends on the proportion which the quantity of it in circulation bears to the amount of the merchandise which it serves to exchange one kind with another kind.

This view of the case is not affected by the use of credit contrivances (cheques, promissory notes, &c.) with the object of minimising the employment of metallic money, because their efficiency ultimately rests upon the stock of metallic standard money in use in the country. If that stock increases while the commodities brought to market do not increase, prices will rise, and *vice versa*.

If the standard money of any nation or group of nations is required to do more work than it was required to do before, the effect on trade is the same as if the quantity of goods under exchange had increased while the amount of money available to effect the exchanges had remained stationary. Prices in that case would fall.

(ii.) Whether or not trade is affected by alterations in the value of the precious metals "*inter se*" depends on the monetary regulations of the particular country whose trade is in question. If a State allows the coinage of gold and silver in unlimited quantities for circulation as money, and at the same time fixes the rate at which each kind of money is to exchange into the other, it exposes those who trade with its people and have to take payment in one coin or the other at the option of the debtor, to the risk of being paid in the less valuable coin of the two, for under such circumstances the value of one in the other will follow closely the fluctuations which the value of the two metals may experience at the market. If these fluctuations range over a narrow margin this risk is partly avoided by the temporary withdrawal of one kind of money or the other from circulation, as either becomes undervalued under the terms of the fixed rate of exchange. When these fluctuations become aggravated, or one kind of metal continues to fall in value against the other, the State so situated has no resource left but to convert its currency into a gold or silver mono-metallic currency, and if the supply of the metal which it elects to use is restricted, its people suffer all the evils arising from the use of a currency which is inadequate to the requirements of its commerce. Prices fall, capital is not easily forthcoming, industry languishes, and the working classes suffer.

If on the other hand the State decides to use both kinds of money on equal terms, that is, so to regulate its currency system that the silver and gold coin in use shall always exchange at their natural value in one another, which would be the rate elicited by the competitions of commerce; the supply of coin of both kinds will exactly correspond with the requirements of commerce, and always be fully sufficient for the exchanges of goods however numerous they may be. The currency, whether of gold or silver, will always be kept at full supply, because no one will hesitate to put his gold or silver metal into circulation, under the conviction that neither can ever become undervalued, and that he can in no circumstances lose by doing so. In the same manner the foreign customers of the nation need never fear loss from being paid in one kind of coin rather than in the other, since under such a system an absolute equivalence of value is maintained between the gold and silver money in use, exactly corresponding to that which the free course of commerce shows to exist between them. In this latter case alterations in the value of the precious metals "*inter se*" would have no effect, at least for the worst on trade; since under a system by which gold and silver money exchange at their natural, as contrasted

with a fixed ratio of value, trade transactions are invested with the utmost attainable certainty and security and a stimulus to industry is provided by the commerce of the country being placed on a wide basis of metallic money, which is at once wholly beneficial and indefinitely great.

9. The relation of value between gold and silver has altered in favour of gold by from 20 to 25 per cent. during the last 15 years, and in India, where silver alone is used as legal tender money, the value of silver money as against commodities has not depreciated to an extent at all approaching that figure. It follows that traders in gold-using countries can obtain in India, say, 20 per cent. more of the silver money of that country, with a given value of gold, than was possible 15 years ago, and with it buy a correspondingly larger amount of the productions of India. This state of things provides a wide margin to cover the risks of trade and the chances of profit, and is one among other causes which accounts for the great increase in the export trade of India to gold-using countries which has occurred during the last few years.

It has been asserted, and no doubt with truth, that the present relation of value existing between gold and silver has by itself had but little effect in raising the money value of Indian productions in India. Some commodities show a stationary value; tea is said to have declined; while wheat in many parts of the country has been but little affected.

If the price which a merchant exporting Indian commodities to a gold-using country can obtain is higher than that which rules in India, the price in the latter country of those commodities will not rise unless the demand for them advances with the diminution in the supply which their exportation involves. At the present day, as in all past ages, those productions of India which go to foreign parts are not only *not* included in the list of "*necessaries of life*," but are to a great extent not even used by the people of the country. Wheat in Northern India is not the food of the people; its use is exceptional even in families fairly well off; the poorer class seldom eat wheat, and in Bengal and Southern India other food grains supplant it almost entirely. It is also stated that the wheat exported from India comes largely from the provinces in Central India, where large tracts of fertile soil imperfectly cultivated are to be found, and where, owing to the fact that it is only in recent years that this part of the country has been put into communication by railway with more populous places and with the coast, the cost of agricultural produce has been very low. Indigo, tea, jute, and other exports, to a less extent, are in little or no demand among the people of the country. It follows that there is no real competition for these commodities between the exporting merchant's customers abroad and the native of India at home, and the price of these articles is almost entirely regulated by their price in the market of exportation, while the factor in India which contributes to fix that price is not a demand for them in that country, but the cost of their production, so far as it is affected by the wages of labour, the cost of carriage, sea freight, and so forth. The cost of unskilled labour, and indeed of all labour, has doubtless risen in India in the last 15 years, but, on the other hand, communications have been much improved and cheapened, and freights, I understand, have lately been exceptionally low. The productions of the interior of the country can therefore be laid down at the port of exportation at little or no advance on previously existing prices. In other words, the decline in the value of silver against gold has not materially enhanced the value of Indian commodities in India, although it has led to their increased exportation and sale abroad.

As regards the present relations of gold and silver upon the internal trade of India and upon prices in that country, I would observe that they can only act upon prices through the currency, and that alterations in the relative value of the precious metals act on prices much less readily in countries insufficiently supplied with money than in those where the supply is equal to the requirements of commerce. In the latter, a sudden but moderate addition to the standard money in use will quickly raise prices, while in the former, a similar addition to the currency will only avail to reduce the disproportion existing between the currency and the work it has to do, and prices will remain stationary or nearly so. India is badly supplied with currency, which consists exclusively of silver and copper, and a limited paper currency, of which more than half is supported by a reserve of silver coin withdrawn from circulation for the purpose; the paper currency is an effective addition of sixty millions of rupees (60,000,000) to the currency of India. During the last 50 years the mints of British India have supplied the people with two thousand nine hundred and ninety-two millions of rupees and fractional silver coin

(2,992,000,000), from this may be deducted silver treasure exported from India in the same period, which is believed to consist almost entirely of coined silver, for use as money in neighbouring countries, amounting to five thousand five hundred and thirty millions of rupees (5,530,000,000). In round terms this leaves a balance of two thousand four hundred and thirty-nine millions (2,439,000,000) as constituting the silver currency of British India. Coins of the currencies of independent native powers circulate in the territories of the Queen-Empress, but to no important extent. As the population of British India amounts to 199,000,000 of souls, we get, taking the silver and paper currency together, an average of 13½ rupees per head of the population as the currency supply. Rupees 13½ at the present rate of exchange is a little more than equivalent to 1*l.* sterling. Greece is (according to Mulhall's statistics, p. 320) the only European country which has so limited a currency as India. England and the United States of America have five times as much, France, ten times, Germany, Italy, Spain, and Portugal about three times as much each. Under these circumstances any moderate additions made to the currency of India, whether in consequence of the low price of silver or from any other cause, would act but very slowly on prices.

This consideration must also not be lost sight of, that, as above stated, India has during the last 50 years absorbed gold treasure to the value of 127,000,000*l.* sterling. This treasure can only have come into the country directly or indirectly as payment for the productions of India whether sold in India or abroad; it has not gone into circulation as money, and its withdrawal from use as money has had an enormous influence in preventing that rise of prices which would have taken place in India, if it had gone to swell the volume of the currency. It does not appear from statistics that the importation of silver treasure into India corresponds with its price in the gold valuation, on the contrary, we find that it has often happened that more silver has been imported into India when the metal has been dear than when it has been cheap; while the rising value of gold has made it more acceptable than silver to bankers and men of wealth as a metallic reserve, and has doubtless led to that metal being imported and hoarded for that purpose. For these reasons I conclude that the cheap silver and dear gold of the last 15 years have not materially enhanced the prices of commodities, while at the same time the impulse given to the exportation of Indian productions which has resulted from the appreciation of the gold money of the West against the silver money on the East has been a contributing cause, but not the only cause, of the advance in the wages of labour.

CLARMONT J. DANIELL,
Bengal Civil Service.

VIII.

18, Chapel Street,
April 27, 1886.

MY LORD,

On the day following the receipt of your Lordship's questions as to the currency conditions which may be contributing to the present trade depression, I received from M. de Laveleye a proof of an article on "*The economic crisis and its causes*" which is to appear in the "*Contemporary Review*," I presume, next month (May). I would respectfully recommend this statement of the industrial crisis to your consideration, and for the purpose of answering your questions I will avail myself to some extent of M. de Laveleye's figures.

Since 1873 (from which time Germany commenced to take great masses of gold to enable her to effect a change from a silver to a gold standard) there has been a general fall of prices which Mulhall estimates (*History of Prices*, page 1) at the amount of the difference between 135 and 84. The average of prices is lower now than in 1850, at which time Newmarch remarks that prices had been falling steadily since 1809 on account of an increasing scarcity in the supply of the precious metals. "Between 1809 and 1849 'prices fell in the ratio of 100 to 41' (*Jevons*).

I think it is safe to say that in gold standard countries there has been a general average decline of prices since 1874 of 35 per cent. Now as to silver standard countries there is a valuable chapter (16) in Fawcett's *Political Economy* which appears to have been written within two years of the professor's death. The Select Committee on Indian Finance which sat in 1872 established the fact that while for eight years previous to 1867 the net annual import of silver into India was at the rate 15,000,000*l.* sterling, the expansion of the currency there which resulted from this importation of 120,000,000*l.* sterling of silver, had

caused a rise of all prices, which rise was estimated to be from 30 to 40 per cent. Now since 1873, when the (gold) price of silver began to fall rapidly, there has been no such rise of prices in India as we should have naturally looked for, but, on the contrary, the "Economist" has been at some pains to point out, while there has been a great fall of silver in terms of gold, there has also been even a slight rise in the value of silver measured by its power to purchase eastern commodities. This, it seems to me, is the great interest that England has in the "silver question." For it is clear that if silver in Asia is worth at the rate of 60d. an ounce to buy everything Indian, it is not coming to Manchester if it can help it, where it is only worth 46d. To recapitulate, it is interesting to observe that prices in India between 1860 and 1870 rose rapidly without the price of silver falling below 60½d. the ounce, but whereas since 1873 silver has been continuously falling from 60½d. to 46d., yet so far from silver losing its value at home in the East it is slightly more valuable—will buy a little more wheat, cotton, or labour than before. If a man saw both sides of a balance scale go down at the same time he would hardly witness a more puzzling phenomenon.

2. The fall has been sufficiently uniform to mark the agency of the appreciation of the standard owing to scarcity, but of course the fall of price has been greater in those commodities, (1) such as cotton goods, hardware, &c. where owing to improved processes of machinery the cost of production has been lessened, and also (2) such bulky produce as wheat and maize, which in consequence of railroad development, but more especially the great improvement in motive power on steamships, can be brought cheaply great distances to market. Of the economy in motive power Mr. Edward Atkinson writes—

"In the period under consideration the screw-propeller has finally displaced the paddle-wheel in all ocean traffic. At the same time the compound engine has been perfected, the end of both being that the fuel required has been vastly reduced, and where it required over 200 tons per day of coal to cross the Atlantic 20 years since, a much more capacious steamer is now driven across by the use of 35 tons, but this statement is far from showing the full change. The important matter is the ratio of fuel to the weight moved. Every pound of coal now carries 32 times as much cargo across the Atlantic as could be carried thereby in the earlier days of ocean navigation. The steamer 'Persia' in 1850, consumed 14,500 lbs. of coal to each ton of cargo, while even the 'racer' 'Arizona,' in 1882, consumed only 450 lbs. per ton of cargo. In the freight steamers, assuming that paper has the same calorific value as coal, the combustion of an ordinary letter such as is carried by mail for a penny would move a ton of cargo and its share of the vessel two miles. A lump of coal which can be mailed anywhere in the postal union for a halfpenny would do the same work. Thus has room been made for cargoes of provisions or other merchandise, and carried at low cost more than half way round the world to feed and clothe the people of the most distant lands."

It is estimated in the United States that even a first class railroad cannot afford to move freights for less than half a cent (a farthing) per ton per mile, while on the great lakes steamers plying between Duluth and Chicago and Buffalo (about 1,000 miles) carry freights and pay dividends on a rate of a farthing per 8 tons per mile.

It might be convenient to schedule the fall of prices in three classes—

- (i.) Wheat, steel rails, &c. Fall of prices owing to appreciation of gold, diminished cost of production, diminished freight charges to market.
- (ii.) Meat, timber, wool, &c. Fall of prices owing to appreciation of gold, no diminution in cost of production, diminished cost of freight.
- (iii.) Pictures, precious stones. Articles the price of which is dictated by fashion or scarcity; these have no true cost of production, nor is freight any considerable element of value. They are therefore only affected by the appreciation of gold, which by producing general "bad times" lessens competition for their possession.

3. There are a number of circumstances that have combined to enhance the value of gold; chief among these, an enormous increase in demand, while *pari passu* a great diminution in supply. Increased demand may be classed under two heads: The increased demand in gold standard countries, the result of increased population and increased production of commodities; for example, the amount of gold and silver current in the United States is about 37 per head of population to measure an annual production of wealth estimated by Mr. Atkinson (Distribution of Products) at 2,000,000,000 sterling: The population of the United States is doubling every 25 years, hence the United

States 25 years hence, her population and production doubled, will *ceteris paribus* require more currency. I will not hazard an opinion as to the amount of coin per capita needed to ensure a healthy system of currency. France, however, with almost 9l. per capita, showed by the rapidity of the payment of her war indemnity to Germany the benefit of a full and well distributed currency, at a time of crisis.

But is more important to draw attention to the increased area of the demand for gold.

Since 1873 Germany has taken over 80,000,000l. sterling of gold.

Since 1878 the United States has taken more than 80,000,000l.; Italy has taken 16,000,000l.—(*Grenfell*)—besides which in the last 10 years India has taken 40,000,000l. of gold. These extraordinary demands have averaged more than 20,000,000l. a year, or more than 1,000,000l. more than the entire annual output of the earth; the while also that some 12,000,000l. is being annually absorbed by the arts and manufactures (*Soetbeer*).

No wonder that since 1877 England has lost gold from currency to the amount of 25,000,000l., or about one quarter of her entire stock; in M. de Laveleye's words, "Gold, like water, if spread over a larger surface lowers in level at its original basin."

Supplies of Gold.

Since 1865 the annual supply of gold has been steadily diminishing. The great "placers" of California and Australia are exhausted, the California supply has also been contracted since the state legislature in 1884 forbade the operation of the hydraulic sluice, because the volume of mud thereby washed into the rivers impeded navigation, and was filling up the irrigation ditches of the farmers. More than two-thirds of the gold output of California was procured by hydraulic sluicing; Skidmore estimates that 20,000 men have been thrown out of employment, and the gold product of California has diminished by 4,000,000 dollars in consequence of this legislation. Placers apart, I doubt if any modern improvements in process and machinery can ever make quartz mining for gold pay; some 30 per cent. of the entire output of the "Comstock bonanza" has been gold; a great deal of "accidental" gold was extracted from the silver mines of Colorado, but with silver at its present price (46d.) these mines are becoming less and less profitable, many are no longer worked, and the output of gold from silver mines is therefore steadily diminishing because of the fall in the price of silver.

4. Is it the intention of question 4 to discover what has been the result in times past of a diminished product of the precious metals? If so, it is of interest that Alison (History of Europe) says that the fall of the Roman empire was brought about by a violent contraction of the circulating medium resulting from the failure of the mines in Spain and in Greece; the burden of debt was increased, and the general conditions of human industry paralyzed.

"The two greatest events that have occurred in the history of mankind have been directly brought about by a successive contraction and expansion of the circulating medium of society. The fall of the Roman empire, so long ascribed in ignorance to slavery, heathenism, and moral corruption, was in reality brought about by a decline in the silver and gold mines of Spain and Greece."

And, as if Providence had intended to reveal in the clearest manner the influence of this mighty agent on human affairs, the resurrection of mankind from the ruin which those causes had produced was owing to a directly opposite set of agencies being put in operation. Columbus led the way in the career of renovation; when he spread his sails across the Atlantic he bore mankind and its fortunes in his bark. . . . The annual supply of the precious metals for the use of the globe was tripled; before a century had expired the prices of every species of produce were quadrupled. The weight of debt and taxes insensibly wore off under the influence of that prodigious increase; in the renovation of industry the relations of society were changed, the weight of feudalism cast off, the rights of man established. Among the many concurring causes which conspired to bring about this mighty consummation, the most important, though hitherto the least observed, was the discovery of Mexico and Peru. . . . If the circulating medium of the globe had remained stationary or declining, as it was from 1815 to 1849, from the effect of South American revolution and English legislation, the necessary result must have been that it would have become altogether inadequate to the wants of man; and not only would industry have been everywhere cramped, but the price of produce would have universally and con-

stantly fallen. Money would have every day become more valuable—all other articles measured in money less so; debt and taxes would have been constantly increasing in weight and oppression. The fate which crushed Rome in ancient, and has all but crushed Great Britain in modern times, would have been that of the whole family of mankind. All these evils have been entirely obviated, and the opposite set of blessings introduced, by the opening of the great reserve treasures of nature in California and Australia. . . . Before half a century has elapsed the prices of every article will be tripled, enterprise proportionally encouraged, industry vivified, debts and taxes lessened."—*Alison*.

After the fall of Rome no considerable mines were discovered and prices fell steadily for a thousand years till Columbus sailed to America. From 1539 to 1800, for nearly 300 years after the discovery of America had resulted in a tenfold increase in the annual output of gold and silver, prices rose steadily; then after 1816, silver having been demonetized and specie payments resumed in England, prices steadily fell till there was a price crisis like the present, which extended and intensified just as now, till the Californian discoveries in 1849. The effect of those great discoveries did not make any very considerable impression on the great volume of the precious metals till 1854, after which year prices rose steadily and every branch of industry was stimulated.

5. It is evident that "demand" created by legislation, in other words, the prerogative of "legal tender," is the great factor in determining the value of the precious metals. This is particularly true of silver, because the per-centage of the annual output of silver which is absorbed in the arts is quite inconsiderable. Thus the tax paid on manufactured silver in England in 1875 (I cannot lay hands on any later returns of silver consumed in the arts) showed that the entire home manufacture was less than 200,000l.

It seems that legislation can fix and keep steady the ratio of one metal to the other, provided the area of operation be sufficiently wide. But if either metal be proscribed by legislation it is certain that their ratios must fluctuate wildly. If legislation the world over decreed to-morrow that silver should be demonetized, and should be sold as mere merchandise for what it would fetch, it might be that area railings would be made of silver! Certainly the price would fall toward 1s. per ounce. The value of gold also would be enormously depressed if that metal were universally demonetized.

If, on the other hand, silver were made legal tender (at its present value in terms of gold, about 1 to 20); if, in other words, the debtor were permitted to pay his debts in 20 ounces of silver or an ounce of gold, his demand for silver would cause its price to rise very rapidly to 1 to 15½, at which point the ratio would fix itself immovably because of the immense mass of legal tender silver, current in Germany and in the Latin Union at that ratio. The volume of legal tender silver, current at that ratio would absorb the smaller mass (say 45,000,000l. sterling), which the United States has coined at a ratio of 1 to 16. The 1 to 15½ of the continent is, it seems to me, a merely arbitrary ratio, not in any sense a "natural ratio." If there happened to be 500,000,000l. sterling of silver in the world current at a legal tender ratio of say, 1 to 10, and silver had a present value of 10d. per ounce; that is, the bullion ratio was 1 to 97, I still think that if silver were made legal tender the ratio would close up from 1 to 97 to 1 to 10, and this (owing to purchases by shrewd bullion speculators) perhaps in a few days. For it is clear that if legislation decreed that a man might pay his debts in 1 ounce of gold or its present bullion equivalent, 20 of silver, silver could never become "cheaper;" that is, the ratio could never widen, because any debtor would buy that metal which tended to become cheaper. Bullion merchants therefore would buy any silver that came to market at 1 to 20, being protected absolutely against loss; the result would be a rapid upward movement to 1 to 15½. I am aware that many eminent economists would question this statement, but with all respect, I believe it to be correct, and therefore I agree with Lord Grey's recent suggestion, legal tender of silver at its gold value to-day, a proposal which is almost identical with what is known in the United States as the "Warner compromise."

6. I see no reason to doubt that if gold in a gold monometallic country appreciates from increasing scarcity, credit contracts more rapidly still; Mr. Giffen writes, "I much doubt whether any serious economies have been effected with regard to the exchanges accomplished by the 'substitution of credit for gold.' I would venture to go even farther; Mr. Baden Powell recently asked in the House of Commons for a return of the revenue from the stamp duty on bills, and elicited the very startling reply that the revenue from this source has steadily diminished

from 993,000l. in 1875 to 705,000l. in 1885. The "Railway News" of December the 5th stated that our imports in 1884 were 152 millions, our exports 97 millions, promissory notes and bills 38 millions, per-centage of credit to volume of transactions 15. In 1884 our imports were 408 millions, exports 234 millions, notes 41 millions, per-centage of credit to volume of transactions six. If there is any significance in figures, instruments of credit appear to be contracting in volume even more rapidly than gold.

A fall of prices is itself a contraction of credit. To take a very simple instance, suppose I bought through a broker and on credit, cotton futures, or wheat, or a railroad stock at 100, I should pay up a margin of 10, the broker, or his banker, lending me the other 90; now if prices fell from 100 to 95, the broker would require a further margin; in other words, owing to the fall of prices my credit with my broker is contracted, and a further demand arises for sovereigns. If, on the contrary, the price instead of falling rose to 110, the broker would allow me to buy a second hundred shares of stock, and on account of the rise in the price of the first hundred he would not require me to advance the ten sovereigns margin on the second transaction. And this illustration holds good for all kinds of credit transactions including the credit any wholesale dealer gives to any retail dealer.

7. Diminished cost of production.

Diminished freight charges, see reply to question 2.

8. Trade may be expected to stagnate when prices are declining, but to be brisk when prices are rising. Falling prices cannot fail to check industry and enterprise; if a man with 10,000l. to invest believes that because values are still falling he will be able to buy a farm, a ship, or a mill 12 months hence for much less gold than at the present time, he will prefer to leave this ten thousand pounds at his bank idle, even though the bank rate is only 1 per cent. Suppose such an one had invested at the higher prices of 1874, if he sold out now he would find that his ten thousand had shrunk to 6,500l. (assuming that the average fall of prices in 12 years has been 35 per cent.) And this seems to be the present position; intending investors are waiting year after year for the fall of prices to be complete. When, on the other hand, the tendency of prices is upwards, then enterprise and investment is brisk. The investor prefers to buy a farm to-day rather than to pay the higher price that he anticipates will be asked six months hence.

(ii.) Any alteration in the comparative values of silver and gold and the effect of this upon international trade, is it seems to me the most important of all economic problems.

Until 1873 the 1 to 15½ "par of exchange" between the nations that used gold and those that used silver had never been impaired; but in the last 12 years we have had perpetual fluctuations and at the present moment no English merchant trading with the East has any idea when he makes a forward contract whether, owing to a further fall in the exchange rate of silver, the transaction may not involve him in heavy losses. Ask any Manchester merchant what would be the condition of his trade with his best customers, India and China, if silver suddenly fell 6d., and he will tell you that half the mills in Lancashire would be closed; and yet it has lately depended upon the mere accident of foreign legislation that this did not happen; if the clamour of the Eastern cities—in other words, of the creditor community—had prevailed and silver coinage had been suspended in the United States, then the silver ounce would have fallen at least 3d. It is indeed the opinion of those most competent to judge that this suggested suspension must inevitably have been followed by the demonetization of silver in the United States, and thereafter also in France, and for this reason: with silver at 46d. per ounce there is a profit on the illicit coinage of 412½ grain silver dollars of 25 per cent.; and with every further fall of a penny this profit is increased by 2 per cent. It must be remembered also that as these dollars when once coined have all the intrinsic value belonging to a similar dollar from the Government mint, there is no risk in "uttering" these dollars, and in a sparsely settled country of immense distances such as America, the chances of detecting coiners is small.

M. de Laveleye closes his article above referred to with the remark, that because England has been the backbone of the anti-silver conspiracy, she has brought "upon herself and on the world at large incalculable evils; but in addition to this she wholly extinguishes that noble idea 'from which harmony of interests, and the fraternity of nations, should have sprung free trade.' Free trade was our own offspring, a child that once we were rightly proud of; now we seem to be watching its convulsions in complete ignorance that we are responsible for its death."

What is the position? A certain white metal has been

APPENDIX C.

considered a money metal for 2,000 years; enormous masses of it have been coined and its exchange value in terms of gold, fixed by law and by custom. Now all this has been undone by legislation, and how? By demonetizing a few millions in Europe and refusing it coinage in Western mints. Suppose Switzerland agreed to prescribe wheat and sell her stocks on hand for what they would fetch; Switzerland would find that her action had much the same effect on the well-being of her citizens, and on the price of wheat in Mark Lane, as England now discovers her attempted proscription of silver has exerted upon the value of silver. The price of wheat in Berne would be greatly depressed; the price of silver in London has similarly been depressed, but just as the Mark Lane wheat market would not be appreciably affected, so has the value of silver remained unimpaired.

Hence it happens that a wheat speculator who used to buy 10 rupees with his sovereign can now buy 13, and each of the 13 buys as much wheat (say a bushel) as did each of the previous 10 rupees; in other words, the fall of silver has brought about a decline in the price of wheat represented by the difference between 13 and 10. And if, owing to legislation in Washington or Paris, silver is to be still further depressed and the rupee falls to 1s., I see no reason why that rupee should at all depreciate in India, and if it does not, then the fall in wheat in Mark Lane will be represented by the difference between 20 and 10, because the sovereign will buy 20 rupees instead of as before 10. Keeping in view the fact that silver retains its value in the East, although it has by law been deprived of its value in the West, it follows that by reason of the absence of all tariff regulations in England our farmers are at the mercy of foreign monetary legislation at Washington or Berlin. If Sir James Caird can foretell what will be the price of the silver ounce in the 20th century, he can tell approximately what will be the area of wheat cultivation in England, in Dakota, or the Punjab. With the rupee at 1s. no wheat could come forward from America or Russia, and we might expect a further fall in the prices of maize and raw cotton, and it has been this consideration that has influenced recent legislation at Washington. Nor is the English manufacturer less concerned as to the future of silver legislation than is the farmer, for it is clear that if the Indian ryot sells his wheat or cotton for no more rupees than before, but has to give twice as many rupees to buy a sovereign, or a poundsworth of Manchester cotton goods, his power to purchase English goods diminishes just as the (gold) value of silver. If a rupee that was worth 2s. has fallen to 1s., unless the English manufacturer can mark down his prices 50 per cent., the Eastern demand must fall off. Of course, if the price of raw cotton fell 50 per cent. the merchant could sell cheaper, but the price of raw cotton does not fall to the same extent as silver does in terms of gold, because the fall of silver by reducing the purchase power of the rupee makes it more profitable to manufacture the cotton goods in India, and thus Indian spinners compete actively for the raw cotton with Manchester. Since the price of silver began to fall the manufacture of cotton in India has more than doubled, in Mexico nearly trebled, all at the expense of Lancashire.

As regards "free trade," the very essence of free trade is that prices are to be free from the control of legislation. Legislation which awarded to silver for many centuries the prerogative of legal tender, gave to silver from the right of immemorial usage, a staple value. That is, legislation has controlled and can control the price of gold and silver. But the price of silver controls the price of wheat, therefore legislation controls the price of wheat. That is, the legislation that prescribes silver in the world's currencies, reduces the price of wheat in Mark Lane. If so, legislation controls the price of wheat, therefore free trade has been destroyed.

If silver was the only legal tender in England and gold in Scotland; if the one metal was appreciating, the other depreciating, the Chancellor of the Exchequer would follow the example of Sir Auckland Colvin, and be the first to ridicule the folly of that "bi-metallism," which we now call mono-metallism. Thanks to the increased facilities of ocean carriage, Calcutta is as near to Southampton, from a trade standpoint, as Southampton is to Newcastle; and yet we have a silver standard in India, a gold standard in England, two parts of one empire. The mono-metallists are the real bi-metallists, the so-called "bi-metallist" require not two standards, but, because of the growing scarcity of gold, two legal tenders. That is, that silver should be legal tender, in terms of gold; mono-metallists, on the other hand, require that the two metals should be legal tender in one empire, but that they should constitute not one standard but two standards.

9. No doubt the fall of silver has immensely benefited India, and this largely at our expense, and still more

largely at the expense of the export trades of the United States. Since 1879 the export of wheat from India to England has increased from 2,000,000 to nearly 50,000,000 bushels; the export of wheat from the United States has during the same period fallen from 122,000,000 bushels to less than 75,000,000 bushels. The figures are not less significant as regards the cotton exports of the two countries. In India the nominal burden of taxation has increased, but actually, I imagine, it is much lessened. Cultivation is extending, and masses of the natives who formerly were not cultivators are now adding to the taxable resources of India. The late Professor Fawcett used to say that the Indian revenue was absolutely inelastic: with silver at 46½d. all this has changed completely.

I have ventured to answer your Lordship's questions at some length, because I may be leaving for the United States any day, and thus *viva voce* I may not be available. I have, &c.

(Signed) MORETON FREWEN.

The Earl of Iddesleigh,
8, Richmond Terrace, S.W.

IX.

1. There has been, according to the statistics which I believe to be reliable, a fall in the gold prices of commodities where that metal is the standard of value. Where silver is the standard of value, e.g., India, a fall to a much less extent in some commodities is recorded.

2. The fall may be said to have extended to all commodities, except such as were protected by some exceptional circumstances.

3. The circumstances attending the increase of the value of gold have been—

- (i.) The falling off in the annual supply of that metal from the mines, which of course the acts of the State cannot alter; and
- (ii.) The increased demand caused wholly by the acts of the State or of various States.

4. Circumstances have occurred before of increased demand and diminished supply bearing their natural consequences. But the precise combination of circumstances, namely, of States artificially increasing the demand on one side, while the supply was naturally falling off on the other, has not to my knowledge occurred before.

5. Seeing that during the whole 70 years of the French mints being opened at a fixed ratio scarcely any fluctuation was perceptible in the relative value of the precious metals, other than could be explained by political or temporary causes, I can perceive no other cause than the cessation of the fixed ratio at the French mints for the varying relation which has occurred since.

6. The development of the credit system has been going on continuously during the whole century, with the exception of such sudden interruptions as monetary panics brought about. When on a sound basis, such development would have the same effect in enhancing prices as an increased supply of gold, and, in like manner, it would retard and diminish the fall in prices on a diminished supply. It appears to me that the effect on prices, caused by the variations of supply and demand of the precious metals, would be neither more nor less than without such development of credit.

7. It is clear that the various economies, in transit, in opening new channels, e.g., the Suez Canal, and in international exchange, have stimulated, or rather made possible, increased production of all commodities; e.g., the commercial metals, which used to be outside of, or perhaps just within, the margin of profitable production by the immense distance between metallic mountains and the sea or channel of communication, are now well within that margin, and enormous supplies are now brought to market which with other means of communication would have been inaccessible.

8. "Trade is affected by alterations in the value of the metal used as a standard" in proportion to the indebtedness of those carrying on various trades or callings connected with production. If no one was indebted in fixed sums of the standard metal, it would not matter in the long run whether the counters were red counters with a 6 marked on them or blue counters with a 1; but where indebted producers have made specific contracts to pay in nothing but red counters, the relation between these counters and productions is altered, and the debtors have to pay the result of perhaps two years' labour instead of one. Agri-

cultural producers are indebted all over the world, and have always been so, since the day when Adam brought a store of apples and damsons out of Paradise to keep him alive while he dug for the next year's crop, and they are being ruined by this alteration in the amount of existing counters. The three rents or returns which Lord Beaconsfield said ought to be derived from land, exist in almost all prosperous undertakings conducted in accordance with economic laws. This division of the returns of labour is of economic importance, though, of course, not to the same extent as the division of labour itself. The returns should be thus divided:—

1. A reward for the loan of capital, which is stored labour of the past.
2. Reward for intelligent or extraordinary labour of the present, part of which is stored mental labour of the past.
3. A reward for ordinary labour of the present.

Nearly all trades and adventures are carried on upon credit, which means that it has been found to be an economy to divide the returns into the above three well understood categories.

The Irishman who, "more suo," fancies that when he gets his damp strip of bog as his own, will have only one return to pay, and that to himself, is in an Irishman's Paradise. The gombeen man, 20 years hence, will have procured the right to a rent, just as the landlord does now. If Pat Doolan sees Tim Murphy with a better crop of potatoes than he has, and wishes to improve his own, he will have to pay a second rent for whatever adjuncts Tim Murphy may have invested in to make the better crop, whether manures, drains, or superior work.

Just in proportion as the first return or fixed interest on capital is well secured, each undertaking finds facilities for getting capital on good terms, and, in like manner, a doubt about the certainty of the return makes capitalists shy of lending on any terms. If trade, agriculture, manufactures, and shipping are not paying due returns to those embarked in them, the day is not far distant when they will be insecure and doubtful as securities for the payment of fixed interest. I make these remarks because an able writer, in summing-up what has been urged for and against bi-metallism, has said that admitting the bi-metallist argument, it merely amounted to this, that disasters had occurred to producers, and profits to creditors, generally, and that as England was a creditor country, she was the better off on balance. I should dispute the proposition itself that England is a creditor country; but supposing it to be correct, and that England is only one vast savings bank and nothing else, the time would surely arrive when those carrying on industries in foreign countries would find it impossible to pay the interest they have covenanted to pay.

I think those who have advanced money in many distant lands will acknowledge that this is the case to some extent at the present moment. I forbear to enter into more than a passing reference to effects of trade depression in Belgium, France, America, and other places, perhaps nearer home, where socialism is making its way, but I desire to place on record my belief that with such facts staring us in the face, the capitalist or creditor interest, even where most numerous, is running some risk, as well as that of the intelligent or hard-working producer.

The second part of question 8 I have no special means of answering.

9. The effect of the present relations of gold and silver on the internal trade of India does not seem to have been one of great change. On the external trade, other than in so far as the traders have to pay higher taxes to meet the increased tribute to England, it would appear to be one of a bonus granted to the producers of commodities for export.

(Signed) H. R. GRENFELL.

29th April 1886.

X.

1. It would appear that during the period since 1873 there has been a fall in the price of most commodities alike but different in degree in countries using gold or silver or both metals as a standard of value.

2. This fall can hardly be said to have extended uniformly to all commodities, though it has been very general. It has affected some classes of commodities to a much greater extent than it has others.

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3. There has been an increased demand for gold for the purposes of coinage by countries, Germany, Italy, and others, that have, during the period mentioned above, adopted a gold standard, and simultaneously the production of the metal has fallen off. For silver, on the other hand, the demand for the purposes of coinage in Europe, and for the manufacture of plate has materially diminished, while the available supply has been increased both by a larger production of fresh metal and by the demonetisation and conversion into bullion of considerable amounts of previously existing silver coin.

4. During the period subsequent to the discovery of gold in very large quantities in California and Australia there was an abundance of gold and a comparative scarcity of silver. Trade, in this country at least, was active, and there was an advance in the price of most commodities. A comparative statement of the retail prices of the first necessities of life in the years 1850-3 and 1864-5 that I had occasion to make in 1866, and of which I venture to enclose a copy, showed an increase on balance of 12 per cent. on the aggregate cost of the items that it included during the 12 years over which it extended.

5. The causes to which the fluctuations in the ratio of the precious metals to each other may be ascribed are stated in the answer to question No. 3.

6. The development of a system of credit and banking, whereby the use of metallic currency is economised, must of necessity have the same effect on prices as an increase in the supply of the precious metals available for the purposes of coinage. To the extent, therefore, that prices are dependent on the volume of the metallic standard by which they are measured, such a development would retard their fall.

In this connexion it may be useful to refer to the important changes that took place in the currency of France during the years 1870-3. On the 5th January 1870 the notes issued by the Bank of France were but about 9,000,000*l.* in excess of the amount of specie held against them (notes issued 57,972,000*l.*, bullion 48,610,000*l.*). On the 1st January 1873 this excess had increased to more than 79,000,000*l.* (notes issued 111,186,000*l.*, bullion 31,656,000*l.*), and on the 12th November in the same year to more than 91,000,000*l.* (notes issued 120,501,000*l.*, bullion 29,263,000*l.*). There was thus, after making allowance for the simultaneous absorption of gold by Germany, an abnormal addition of very large amount to the currency of western Europe, an addition that, without doubt, largely contributed to produce the inflation of prices which occurred at that period.

Looking at the fact that this increase in the volume of money was coincident with the interruption of production and the wasteful consumption and destruction of all kinds of commodities in Germany and France during the war, and that the currency of France has since returned to its normal condition, the notes of the Bank of France being at the present time only about 17,000,000*l.* in excess of the specie held against them (notes issued 114,053,000*l.*, bullion 96,962,000*l.*), I would venture to suggest that the circumstances of the year 1873 were so exceptional and abnormal as to raise the question whether the prices then ruling were not only inflated but demoralized, and cannot fairly be used, as they have been by more than one writer on the subject, as a standard of comparison.

7. The circumstances, other than a scarcity of the metal used as the standard, which tend to bring about a fall of prices are very numerous. Some affect prices generally, others the price of a particular class of commodities, and others again the price of special articles.

Of those that affect prices generally the following are among the most important:—

(1.) The extension of knowledge and skill and of habits of industry and thrift and the consequent improvement in the organisation of labour and increase of its products.

(2.) Improved means of communication and conveyance, and the facilities which these afford for the discovery and development of new sources of supply, and for rendering previously known sources more generally available and productive.

(3.) The adoption of improved methods of cultivation, the invention of tools and implements better adapted for the purposes for which they are intended, and of labour-saving machinery, and the substitution of steam or other economical power for manual labour.

(4.) The arrangement of more direct and therefore more economical modes of distribution involving reductions in the charges for transhipment, warehousing, interest, &c., and the suppression of unnecessary intermediate agencies and profits.

3 D

APPENDIX C.

APPENDIX C.

On the other hand, the increased requirements of a higher civilisation may be noted as a circumstance likely, to a certain extent, to counteract any general reduction.

Of circumstances affecting certain classes of commodities, those which may have tended to produce the very considerable fall that has occurred in the price of metals, deserve especial attention. In addition to the circumstances already referred to as affecting commodities generally metals are subject, in different degrees, to a tendency to reduced value, due to the quality of indestructibility which they all more or less possess, and which is to a great extent peculiar to them. Owing to this quality metal once produced is ever, so to speak, liable to be in the market. It is used and re-used and the fresh production is added to the previously existing stock, only a small per-centage of which is ever actually consumed. The copper sheathing of a worn-out wooden ship, an old copper boiler that has been replaced by one of iron, or the sheets of copper stripped from the roof of a decayed mansion, all return to the market and compete with the fresh supplies. So likewise with silver, iron, lead, and indeed all other metals; and, consequently, when the use of a metal for any purpose to which it has hitherto been largely applied is discontinued, as, for instance, when a silver coinage is replaced by one of gold, or ships cease to be sheathed with copper the fall in the price of the disused metal, due to the cessation of demand, is enhanced by the return to stock of the old metal previously in use.

Special circumstances have also affected the class of foods, and the reduction in the price of grain products, live and dead meat, dairy produce, fresh and preserved fruits, &c., may be traced to the improved means of transit afforded by the extension of railways, the increase in the size and speed of ships, the use of freezing appliances, &c., which permit the importation of these commodities from markets not previously accessible. In the case of some commodities, as, for instance, tea, wool, sugar, &c., the rapid development of new sources of supply is of itself sufficient to account for much of the fall in price that has occurred. On the other hand, some exceptional articles, such as ivory, the sources of supply of which are becoming exhausted, have experienced a considerable rise in price.

These considerations lead me, if I may venture to express an opinion on the subject, to the conclusion that prices are ruled principally by circumstances other than an appreciation (*i.e.*, a relative decrease in the volume) of the metal used as the standard of value.

8. Without study that I have not the leisure to devote to it, I do not feel able to answer this question.

9. I have but a very limited general knowledge of the trade of India, and I will therefore only remark that the natural corrective of the depreciation of silver that might have been expected—a general rise in the price of commodities in a country using a silver standard—does not appear to have come into action.

(Signed) S. O. GRAY.

Bank of England,
11th May 1886.

XI.

Chamber of Commerce and Manufactures,
Glasgow, 11th May 1886.

DEAR SIR,

I HAVE to acknowledge receipt of your letter of date the 27th ulto., with accompanying circulars, and to inform you that the queries contained in the circular have been carefully considered by a conjoint meeting of the Committees on Home and Foreign Affairs, and thereafter on their report by the directors at their meeting on the 10th curt., when the answers sent herewith were agreed to.

I am, &c.

(Signed) WILLIAM H. HILL,
Secretary.

George H. Murray, Esq., Secretary,
Commission on Depression of Trade,
8, Richmond Terrace, Whitehall, S.W.

1. During the last 10 years there has been an undoubted increase in the purchasing power of gold, and a fall in the price of commodities. The prices of commodities in countries where silver is the standard have not fallen.

2. The fall, although not extending uniformly to all commodities, may be said to have affected commodities generally.

3. Since 1873 about 200 millions of gold have been required to supply Germany, Italy, and the United States with a new gold currency; this absorption of the metal occurred concurrently with its lessened production. In 1851-52 the annual production throughout the world had risen to about 36 millions sterling, but it is now less than 20 millions. Assuming that 10 millions are needed for the arts and manufactures, it follows that 20 years' net supply of the metal was absorbed by the 200 millions, leaving nothing available for replenishing (or repairing) the waste on a greatly enlarged currency, or for the purpose of meeting the wants of an increasing population, growing wealth, and consequent enlargement of business transactions.

4. The directors have no personal knowledge of the previous occurrence of such circumstances.

5. As respects silver, there has been an increased supply with a diminished use; as regards gold, there has been a diminished supply with an increased use. These results are due to the closure of the mints of the Latin Union for indiscriminate coinage of both metals at a fixed ratio; to the action of Germany in demonetizing her silver currency; and to the effect that the large stocks of silver held in America and Europe have on the market.

6. Notwithstanding a large increase in the system of payments by cheque which has taken place in late years, neither this nor any other course with which we are acquainted counteracted or retarded the fall of prices.

7. In addition to the appreciation of the metal used as the standard, various causes have tended to bring about a fall of prices, such as increased facilities for distribution, quicker ships and cheaper freights, the formation of the Suez Canal, the telegraph system, bringing distant and home markets into closer proximity as regards prices, and thus decreasing speculation; increased production from improved machinery, &c.

8. (I.) During a fall in prices the selling values of commodities yield to causes which are immediate in their operation, whereas the cost of production yields only to causes which are tardy in their effect. (II.) The fluctuations in the exchanges between gold and silver using countries have an adverse effect upon exports from gold-using countries, they create uncertainty, and, while ultimately values will correct themselves in accordance with exchange fluctuations, much loss is incurred in the meantime.

9. The low price of silver has stimulated the export trade of India, and has been beneficial to the internal trade. As regards its import trade, there has been no appreciable effect in its volume, but in value it has diminished.

XII.

APPENDIX C.

1. Since 1876 there has been a steady and marked fall in the gold prices of commodities generally, and that not merely in Great Britain, but also in other gold-using countries. I append tables of the prices of 25 selected commodities taken in this country. These tables embrace the years 1874 to 1883, both inclusive, and are taken from a paper read by myself before the Institute of Bankers in December 1884. I had hoped to have furnished the Commission with prices continued to the end of 1885, but at present I have not had the spare time to collect the statistics.

The accompanying tables show the stocks and wholesale prices of 25 selected articles on the 31st December of each year for the 10 years, 1874 to 1883. For the purposes of comparison the population is also given, worked out up to 31st December of each year. Subjoined is also a table showing the proportionate results of both stocks and prices of each year compared with 1874. In the calculation of per-centages I have reckoned 1874 as 100 for the basis of comparison. From 1871 to 1872 was a period of high prices and inflation, followed by a reaction in 1873, and continued through 1874. Compared with the previous years the end of 1874 witnessed a low level of prices, and that in taking this as a basis we start from a depressed period.

The 25 articles I have selected are those chiefly used either in our manufacturing trades or for supplies of food. I had hoped that this inquiry would have embraced a more extended period, and a larger number of articles, so that the conclusions should have rested on as wide a foundation as possible, but I found considerable difficulty in obtaining the stocks, of those commodities included in the table, held in the United Kingdom, even for 10 years, let alone a longer period. The difficulty arose from the fact that the wholesale or first stock of some commodities is spread over the kingdom, and in some instances there is no combination amongst the dealers or brokers for obtaining statistics of holdings in the different centres. As it is, some of the stocks given are those for London only, but as in these cases London holds by far the largest, if not all those stocks, it will answer the present purpose.

As regards the prices of the 25 articles, 21 have fallen, even as compared with 1874, and in many cases the fall is a heavy and serious one. They are sugar, tea, coffee, rice, indigo, ginger, wool, cotton, jute, tobacco, cochineal, nitrate of silver, saltpetre, hides, tallow, timber, iron, copper, tin, wheat, and coals. The exceptions to the general fall are cocoa, pepper, silk, and meat, the latter, however, being much the same as in 1874, and only slightly dearer.

STATEMENT OF THE STOCKS AND PRICES OF CERTAIN COMMODITIES DURING THE DECADE, 1874-83.

POPULATION.		SUGAR.			TEA.		
	United Kingdom on 31st Dec.	Stocks.	Prices.		Stocks.	Prices.	
		Raw and Refined, United Kingdom, 31st Dec.	Java, 31st Dec.	West Indian, 31st Dec.	United Kingdom, 31st Dec.	Sound Common Congou, 31st Dec.	Sound Common Congou, Yearly Average.
			s. d.	s. d.		d.	d.
1874	33,118,987	180,000 tons.	26 0 cwt.	21 6 cwt.	87,122,000 lbs.	9 lb.	11 lb.
1875	33,458,802	165,000 "	24 6 "	19 0 "	107,507,000 "	9½ "	11 "
1876	33,799,548	112,600 "	23 6 "	29 6 "	113,300,000 "	8 "	9½ "
1877	34,139,303	190,000 "	24 6 "	20 0 "	110,328,000 "	9 "	7½ "
1878	34,479,178	125,000 "	24 0 "	19 0 "	115,906,000 "	7½ "	7½ "
1879	34,818,993	175,000 "	29 6 "	23 0 "	102,481,000 "	10½ "	9 "
1880	35,159,730	160,000 "	26 0 "	20 3 "	103,718,000 "	7½ "	8½ "
1881	35,499,554	190,000 "	27 0 "	21 0 "	111,764,000 "	5½ "	6½ "
1882	35,839,369	253,000 "	24 0 "	19 0 "	117,850,000 "	4½ "	4½ "
1883	36,179,184	265,000 "	22 3 "	17 3 "	125,039,000 "	7 "	4½ "

PROPORTIONATE RESULTS OF ABOVE, taking the Year 1874 as 100.

			Higher.	Lower.		Higher.	Lower.		Higher.	Lower.		Higher.	Lower.		Higher.	Lower.
1874	100.0	100.0	—	—	100.0	—	—	100.0	—	—	100.0	—	—	100.0	—	—
1875	101.03	91.6	—	8.4	91.2	—	5.8	88.4	—	11.6	123.4	23.4	—	105.5	5.5	—
1876	102.06	62.5	—	37.5	128.8	28.8	—	137.2	37.2	—	139.1	39.1	—	88.8	—	11.2
1877	103.09	105.5	5.5	—	91.2	—	5.8	93.0	—	7.0	126.6	26.6	—	100.0	—	—
1878	104.12	69.4	—	30.6	92.3	—	7.7	88.4	—	11.6	133.0	33.0	—	83.3	—	16.7
1879	105.15	97.2	—	2.8	113.4	13.4	—	107.0	7.0	—	117.6	17.6	—	116.6	16.6	—
1880	106.18	88.8	—	11.2	100.0	—	—	94.2	—	5.8	119.0	19.0	—	83.3	—	16.7
1881	107.21	105.5	5.5	—	103.8	3.8	—	97.6	—	2.4	128.3	28.3	—	61.1	—	38.9
1882	108.24	140.5	40.5	—	92.3	—	7.7	88.4	—	11.6	135.2	35.2	—	47.2	—	52.8
1883	109.27	147.2	47.2	—	85.6	—	14.4	80.2	—	19.8	143.5	43.5	—	77.3	—	22.7

APPENDIX C.

	COFFEE.				COCOA.	
	Stocks.		Prices.		Stocks.	Prices.
	United Kingdom, 31st Dec.	Principal European Entrepôts, 31st Dec.	Middling Plantation, 31st Dec.	Good Channel Rio, 31st Dec.	United Kingdom, 31st Dec.	Middling Trinidad, 31st Dec.
1874 -	14,000 tons	57,300 tons	101 cwt.	77 cwt.	9,125,351 lbs.	46 cwt.
1875 -	18,000 "	95,000 "	105 "	79 "	3,731,359 "	65 "
1876 -	9,058 "	59,000 "	118 "	83 "	5,071,777 "	74 "
1877 -	18,000 "	96,800 "	107 "	77 "	3,811,031 "	78 "
1878 -	13,500 "	85,000 "	95 "	55 "	988,573 "	112 "
1879 -	15,000 "	81,300 "	101 "	69 "	6,029,698 "	81 "
1880 -	17,000 "	107,700 "	84 "	53 "	7,778,140 "	75 "
1881 -	17,000 "	144,500 "	75 "	42 "	8,506,943 "	77 "
1882 -	18,500 "	150,000 "	70 "	34 "	6,031,723 "	80 "
1883 -	24,500 "	180,300 "	75 "	54 "	6,680,875 "	82 "

PROPORTIONATE RESULTS OF ABOVE, taking the Year 1874 as 100.

	Higher.	Lower.		Higher.	Lower.		Higher.	Lower.		Higher.	Lower.		Higher.	Lower.
100'0	—	—	100'0	—	—	100'0	—	—	100'0	—	—	100'0	—	—
128'5	28'5	—	103'9	3'9	—	102'6	2'6	—	40'8	—	59'2	141'3	41'3	—
64'7	—	35'3	116'8	16'8	—	107'8	7'8	—	55'5	—	44'5	160'8	60'8	—
128'5	28'5	—	105'9	5'9	—	100'0	—	—	41'7	—	58'3	169'5	69'5	—
96'4	—	3'6	94'0	—	6'0	71'4	—	28'6	10'8	—	89'2	243'4	143'4	—
107'1	7'1	—	100'0	—	—	89'6	—	10'4	66'1	—	33'9	176'1	76'1	—
121'4	21'4	—	88'1	—	16'9	68'8	—	31'2	85'2	—	14'8	163'0	63'0	—
121'4	21'4	—	74'2	—	25'8	54'5	—	45'5	93'2	—	6'8	167'4	67'4	—
132'1	32'1	—	69'3	—	30'7	44'1	—	45'9	66'1	—	33'9	173'0	73'0	—
175'0	75'0	—	74'2	—	25'8	70'1	—	29'9	73'2	—	26'8	178'2	78'2	—

RICE.					INDIGO.				
Stocks.*		Prices.		Stocks.			Prices.		
31st Dec.		Rangoon, 31st Dec.	Bengal—White, 31st Dec.	East India, 31st Dec.	South American, 31st Dec.	Bengal Crops.	Bengal, Good consuming quality, 31st Dec.		
		Tons.	Tons.	s. d.	s. d.	Chests. Serons.	Cwt.	Maunds.	s. d.
1874	London, Liverpool,	51,929 50,900	102,829	9 0 cwt.	11 3 cwt.	21,348 1,884	= 50,388	79,000	7 0 per lb.
1875	London, Liverpool,	27,803 37,940	85,743	8 6 "	11 6 "	12,870 1,775	= 31,176	128,000	5 9 "
1876	London, Liverpool,	37,349 33,300	75,640	10 3 "	11 9 "	16,720 1,672	= 22,690	103,000	6 7 "
1877	London, Liverpool,	45,457 51,630	97,087	10 3 "	11 6 "	13,406 1,745	= 32,344	155,000	5 6 "
1878	London, Liverpool,	23,190 30,020	53,219	9 0 "	13 6 "	10,521 655	= 24,401	113,000	5 5 "
1879	London, Liverpool,	12,441 36,917	49,358	9 9 "	13 9 "	14,767 757	= 34,172	75,000	7 10 "
1880	London, Liverpool,	23,577 36,980	66,557	8 9 "	10 4 "	6,022 1,039	= 17,998	136,000	7 0 "
1881	London, Liverpool,	52,593 90,851	143,443	7 9 "	9 1 "	8,538 1,401	= 20,961	135,000	7 0 "
1882	London, Liverpool,	25,071 110,900	135,971	7 0 "	9 9 "	9,274 1,206	= 22,373	147,000	6 3 "
1883	London, Liverpool,	54,849 76,650	131,499	8 6 "	10 6 "	9,944 2,281	= 27,225	150,000	6 3 "

* The Stock of Rice in London means only rough or cargo rice; there are no statistics of cleaned rice to be obtained for this port. The stock in Liverpool includes cleaned rice, and there are no separate statistics for rough rice.

PROPORTIONATE RESULTS OF RICE AND INDIGO, taking the Year 1874 as 100.

APPENDIX C.

	Higher.	Lower.		Higher.	Lower.		Higher.	Lower.		Higher.	Lower.		Higher.	Lower.
100'0	—	—	100'0	—	—	100'0	—	—	100'0	—	—	100'0	—	—
83'3	—	16'7	94'2	—	5'8	102'2	2'2	—	61'8	—	38'2	162'0	62'0	—
73'5	—	26'5	113'9	13'9	—	104'4	4'4	—	45'6	—	54'4	130'3	30'3	—
94'4	—	5'6	113'9	13'9	—	102'2	2'2	—	64'1	—	35'9	196'2	96'2	—
51'7	—	48'3	100'0	8'3	—	120'0	20'0	—	48'6	—	51'4	143'0	43'0	—
48'0	—	52'0	108'3	—	—	126'6	26'6	—	67'8	—	32'2	94'9	—	5'1
64'7	—	35'3	97'2	—	2'8	95'5	—	4'5	35'7	—	61'3	172'1	72'1	—
139'5	39'5	—	86'1	—	13'9	80'0	—	20'0	41'5	—	58'5	170'8	70'8	—
132'2	32'2	—	77'7	—	22'3	86'6	—	13'4	44'4	—	55'6	186'0	86'0	—
127'9	27'9	—	94'2	—	5'8	93'3	—	6'7	54'0	—	46'0	189'8	89'8	—

	SILK.			JUTE.	
	Stocks.		Prices.	Stocks.	Prices.
	United Kingdom, 31st Dec.		4th Tsatlee, 31st Dec.	Visible Supply, exclusive of Dundee, of which no returns are obtainable, London, Liverpool, and afloat to United Kingdom, on 1st August each year.	
1874	46,133 bales = 5,246,273 lbs.		14 6 lb.	77,051 tons	
1875	32,876 "		14 0 "	68,689 "	
1876	32,969 "		24 6 "	53,869 "	
1877	36,023 "		18 6 "	42,682 "	
1878	33,451 "		15 0 "	43,458 "	
1879	36,518 "		16 6 "	54,504 "	
1880	38,452 "		14 0 "	41,175 "	
1881	31,396 "		17 0 "	32,485 "	
1882	29,908 "		15 6 "	45,379 "	
1883	29,388 "		16 0 "	96,778 "	

PROPORTIONATE RESULTS OF ABOVE, taking the Year 1874 as 100.

	Higher.	Lower.		Higher.	Lower.		Higher.	Lower.		Higher.	Lower.
100'0	—	—	100'0	—	—	100'0	—	—	100'0	—	—
72'3	—	27'7	96'5	—	3'5	82'8	—	17'2	99'4	—	6
72'0	—	28'0	168'9	68'9	—	69'9	—	30'1	104'4	4'4	—
82'7	—	17'3	127'5	27'5	—	55'3	—	44'7	100'8	8	—
74'5	—	25'5	103'4	3'4	—	56'4	—	43'6	94'4	—	5'6
79'9	—	20'1	113'7	13'7	—	83'4	—	16'6	110'0	10'0	—
82'6	—	17'4	96'5	—	3'5	53'4	—	46'6	108'2	8'2	—
69'3	—	30'7	117'2	17'2	—	42'1	—	57'9	89'1	—	10'9
66'2	—	33'8	106'8	6'8	—	58'8	—	41'2	79'7	—	20'3
67'1	—	32'9	110'3	10'3	—	125'6	25'6	—	75'0	—	25'0

WOOL.				COTTON.			
	Stocks.		Prices.			Prices.	
	In Principal Ports, United Kingdom, 31st Dec.		Port Philip, Average Fleece, 31st Dec.	Lincoln, Half-Hogs, 31st Dec.	United Kingdom, 31st Dec.	Average Weight of the Year.	Fair Surat, 31st Dec.
1874	Bales.	lbs.	d.	d.	Bales.	lbs.	d.
1875	72,000 = 21,000,000	23 lb.	21 lb.	786,000 = 308,898,000	396	7½ lb.	4½ lb.
1876	75,000 = 21,000,000	21½ "	18½ "	673,900 = 206,508,000	396	6½ "	4½ "
1877	95,000 = 27,000,000	22 "	18 "	588,000 = 243,432,080	414	6½ "	5½ "
1878	180,000 = 51,000,000	20½ "	15½ "	403,000 = 165,230,000	410	6½ "	5½ "
1879	175,000 = 49,000,000	18½ "	13½ "	373,000 = 164,438,000	441	4½ "	4½ "
1880	64,000 = 18,000,000	19½ "	15 "	525,000 = 222,073,000	423	6½ "	5½ "
1881	158,000 = 43,000,000	21 "	14 "	510,800 = 228,795,200	444	6½ "	5½ "
1882	100,000 = 27,000,000	19½ "	12½ "	525,900 = 231,921,900	441	6½ "	4½ "
1883	158,000 = 43,000,000	19½ "	10½ "	739,700 = 294,400,600	398	5½ "	3½ "
1883	87,000 = 27,000,000	19 "	10 "	694,600 = 303,972,000	438	6½ "	4 "

PROPORTIONATE RESULTS OF ABOVE, taking the Year 1874 as 100.

Higher.	Lower.	Higher.	Lower.	Higher.	Lower.	Higher.	Lower.	Higher.	Lower.	Higher.	Lower.
100.0	—	100.0	—	100.0	—	100.0	—	100.0	—	100.0	—
100.0	—	93.5	—	88.1	—	11.9	86.2	—	13.8	94.0	—
128.5	28.5	93.6	—	4.4	85.7	—	14.3	78.8	—	21.2	89.8
242.8	142.8	89.1	—	10.9	73.8	—	26.2	53.4	—	46.6	87.3
233.3	133.3	80.4	—	19.6	64.3	—	35.7	53.2	—	46.8	56.7
85.7	—	14.3	84.7	—	15.3	71.4	—	28.6	71.9	—	28.1
204.7	104.7	91.3	—	8.7	66.6	—	33.4	73.4	—	26.6	90.6
128.5	28.5	84.7	—	15.3	59.5	—	40.5	75.0	—	25.0	87.3
219.0	119.0	84.7	—	15.3	48.8	—	51.2	95.3	—	4.7	70.3
128.5	28.5	82.6	—	17.4	47.6	—	52.4	98.4	—	1.6	74.5

PEPPER.				GINGER.			
	Stocks.		Prices.			Prices.	
	White and Black, London only, 31st Dec.		31st Dec.	London only, 31st Dec.		Bengal, 31st Dec.	
1874	4,116 tons.	d.	6½ lb.	8,932 cwt.	s. d.	40 0 cwt.	
1875	4,452 "	4½ "		9,687 "	41 0 "		
1876	4,964 "	4 "		14,778 "	30 0 "		
1877	6,120 "	3½ "		22,053 "	21 6 "		
1878	6,009 "	3½ "		28,571 "	16 9 "		
1879	4,144 "	4½ "		32,827 "	22 6 "		
1880	5,286 "	4½ "		32,972 "	20 0 "		
1881	5,547 "	5 "		32,988 "	23 0 "		
1882	3,078 "	5½ "		21,625 "	28 6 "		
1883	3,330 "	6½ "		16,704 "	42 0 "		

PROPORTIONATE RESULTS OF ABOVE, taking the Year 1874 as 100.

Higher.	Lower.	Higher.	Lower.	Higher.	Lower.	Higher.	Lower.	Higher.	Lower.
100.0	—	100.0	—	100.0	—	100.0	—	100.0	—
108.1	8.1	72.5	—	27.5	108.4	8.4	—	83.6	—
120.6	20.6	62.7	—	37.3	165.4	65.4	—	61.2	—
148.6	48.6	50.9	—	49.1	247.8	147.8	—	43.8	—
148.1	48.1	49.0	—	51.0	319.8	219.8	—	34.2	—
100.6	0.6	64.7	—	35.3	367.5	267.5	—	45.8	—
128.4	28.4	72.5	—	27.5	359.0	259.0	—	40.8	—
134.7	34.7	78.4	—	21.6	369.2	269.2	—	40.9	—
74.7	—	88.2	—	11.8	242.0	142.0	—	58.1	—
78.4	—	103.9	3.9	—	187.0	87.0	—	85.7	—

TOBACCO.				COCHINEAL.			
	Stocks.		Prices.			Prices.	
	United Kingdom, 31st Dec.		Kentucky Stemmed, 31st Dec.		In London, 31st Dec.	Teneriffe Silvers, 31st Dec.	
1874	91,600,158 lbs.	d.	11 lb.	10,630 serons.	s. d.	1 9½ lb.	
1875	79,277,797 "	10½ "		7,492 "	1 9 "		
1876	95,243,903 "	9½ "		5,590 "	2 9 "		
1877	106,573,208 "	8½ "		7,046 "	1 10 "		
1878	132,340,087 "	6 "		5,256 "	2 0 "		
1879	114,223,040 "	6½ "		4,891 "	2 11 "		
1880	116,672,945 "	6½ "		4,988 "	1 8½ "		
1881	106,038,694 "	7½ "		8,224 "	1 6 "		
1882	85,636,348 "	8 "		10,277 "	1 0 "		
1883	80,432,614 "	8 "		10,784 "	0 10½ "		

PROPORTIONATE RESULTS OF ABOVE, taking the Year 1874 as 100.

Higher.	Lower.	Higher.	Lower.	Higher.	Lower.	Higher.	Lower.	Higher.	Lower.
100.0	—	100.0	—	100.0	—	100.0	—	100.0	—
86.4	—	97.7	—	2.3	70.4	—	29.6	97.6	—
103.9	3.9	88.6	—	11.4	52.6	—	47.4	153.5	53.5
116.3	16.3	79.5	—	20.5	66.2	—	33.8	102.3	2.3
144.4	44.4	54.5	—	45.5	49.3	—	50.7	111.6	11.6
124.6	24.6	61.3	—	38.7	46.0	—	54.0	162.8	62.8
127.3	27.3	59.1	—	40.9	47.0	—	53.0	95.3	—
116.4	16.4	68.1	—	31.9	77.0	—	23.0	83.7	—
91.2	—	72.7	—	27.3	66.8	—	3.2	55.8	—
87.7	—	72.7	—	27.3	101.5	1.5	—	48.8	—

NITRATE OF SODA.				SALTPETRE.			
	Stocks.		Prices.			Prices.	
	United Kingdom, 31st Dec.		31st Dec.	In London, 31st Dec.		English Refined, 31st Dec.	
1874	43,000 tons	s. d.	12 9 cwt.	3,444 tons	s. d.	25 9 cwt.	
1875	77,000 "	11 9 "		6,024 "	23 3 "		
1876	101,000 "	12 0 "		5,312 "	23 6 "		
1877	43,700 "	15 3 "		4,204 "	27 0 "		
1878	59,200 "	13 0 "		3,607 "	24 3 "		
1879	27,500 "	18 9 "		3,313 "	26 9 "		
1880	17,000 "	14 6 "		1,628 "	28 3 "		
1881	8,700 "	14 7½ "		1,276 "	29 3 "		
1882	29,000 "	12 3 "		2,023 "	26 0 "		
1883	32,000 "	10 0 "		2,365 "	24 3 "		

PROPORTIONATE RESULTS OF ABOVE, taking the Year 1874 as 100.

Higher.	Lower.	Higher.	Lower.	Higher.	Lower.	Higher.	Lower.	Higher.	Lower.
100.0	—	100.0	—	100.0	—	100.0	—	100.0	—
179.0	79.0	92.1	—	7.9	174.0	74.0	—	90.2	—
234.8	134.8	94.1	—	5.9	154.2	54.2	—	91.2	—
181.6	1.6	119.6	19.6	—	122.0	22.0	—	104.8	4.8
137.6	37.6	101.9	1.9	—	104.7	4.7	—	94.1	—
63.9	—	147.0	47.0	—	96.1	—	3.9	103.8	3.8
39.5	—	113.7	13.7	—	47.2	—	52.8	109.7	9.7
20.2	—	114.7	14.7	—	37.1	—	62.9	113.6	13.6
67.4	—	96.0	—	4.0	58.7	—	41.3	100.9	0.9
74.4	—	78.4	—	21.6	68.6	—	31.4	94.1	—

APPENDIX C.

	HIDES.			TALLOW.		
	Stocks.	Prices.		Stocks.	Prices.	
	In London, 31st Dec.	Raw Market Hides, 31st Dec.	River Plate, 31st Dec.	In London, 31st Dec.	Australian Mutton, 31st Dec.	Australian Beef, 31st Dec.
1874	450,074	d. 5½ lb.	d. 10½ lb.	19,773 casks	s. d. 44 0 cwt.	s. d. 42 6 cwt.
1875	383,202	5 "	8½ "	14,500 "	50 0 "	47 0 "
1876	540,260	5 "	7½ "	21,000 "	43 3 "	42 0 "
1877	1,042,432	4½ "	8½ "	24,000 "	40 0 "	38 9 "
1878	1,129,602	4½ "	8½ "	18,300 "	37 6 "	35 0 "
1879	322,798	4½ "	9 "	18,870 "	38 6 "	37 0 "
1880	635,759	5½ "	9 "	18,450 "	35 6 "	33 0 "
1881	556,623	4½ "	8½ "	8,200 "	43 9 "	38 0 "
1882	842,982	4½ "	9½ "	16,000 "	43 0 "	42 6 "
1883	556,092	4½ "	9½ "	6,973 "	43 0 "	40 0 "

PROPORTIONATE RESULTS OF ABOVE, taking the year 1874 as 100.

	Higher.	Lower.		Higher.	Lower.		Higher.	Lower.		Higher.	Lower.		Higher.	Lower.
100.0	—	—	100.0	—	—	100.0	—	—	100.0	—	—	100.0	—	—
85.1	—	14.9	87.0	—	13.0	80.5	—	19.5	73.3	—	26.7	113.6	13.6	—
120.0	20.0	—	87.0	—	13.0	73.1	—	26.9	106.2	6.2	—	98.3	—	1.7
231.5	131.5	—	78.2	—	21.8	82.9	—	17.1	121.3	21.3	—	90.9	—	9.1
250.9	150.9	—	78.2	—	21.8	82.9	—	17.1	92.5	—	7.5	85.2	—	14.8
71.7	—	28.3	84.7	—	15.3	87.8	—	12.2	95.4	—	4.6	87.5	—	12.5
141.2	41.2	—	89.1	—	10.9	87.8	—	12.2	93.3	—	6.7	80.6	—	19.4
123.7	23.7	—	82.6	—	17.4	85.3	—	14.7	41.9	—	58.1	90.4	—	0.6
187.3	87.3	—	82.6	—	17.4	92.6	—	7.4	80.9	—	19.1	97.7	—	2.3
123.5	23.5	—	84.7	—	15.3	95.1	—	4.9	35.2	—	64.8	97.7	—	2.3

	IRON.		COPPER.		TIN.	
	Stocks.	Prices.	Stocks.	Prices.	Stocks.	Prices.
	Scotland and North of England, 31st Dec.	G.M.B. 31st Dec.	Available Stocks, Chili Bars, Ores, and Regulus, in Liverpool, Swansea, and Havre, and English and Foreign Copper in London, 31st Dec.	Chili Bars, 31st Dec.	Available Stocks, Straits, Australian, Banca, and Biliton, in London and Holland, 31st Dec.	Straits Tin, 31st Dec.
1874	185,737 tons	s. d. 76 0 ton	19,752 tons	£ s. d. 84 0 0	8,121 tons	£ s. d. 95 10 0 per ton
1875	244,258 "	64 0 "	20,083 "	81 10 0	9,945 "	81 0 0 "
1876	545,541 "	57 9 "	26,055 "	76 0 0	10,288 "	76 0 0 "
1877	809,797 "	51 6 "	30,676 "	66 0 0	11,730 "	65 10 0 "
1878	1,034,337 "	43 6 "	37,244 "	58 0 0	13,500 "	61 0 0 "
1879	1,027,880 "	67 6 "	41,076 "	65 10 0	12,758 "	91 0 0 "
1880	1,070,124 "	62 8 "	45,962 "	62 0 0	11,648 "	92 0 0 "
1881	1,318,170 "	51 10 "	36,926 "	71 0 0	10,121 "	109 0 0 "
1882	1,102,179 "	49 0 "	31,956 "	65 0 0	10,414 "	93 0 0 "
1883	1,088,105 "	43 0 "	34,507 "	58 0 0	11,103 "	85 0 0 "

PROPORTIONATE RESULTS OF ABOVE, taking the year 1874 as 100.

	Higher.	Lower.		Higher.	Lower.		Higher.	Lower.		Higher.	Lower.		Higher.	Lower.
100.0	—	—	100.0	—	—	100.0	—	—	100.0	—	—	100.0	—	—
131.5	31.5	—	84.2	—	15.8	101.6	1.6	—	97.0	—	3.0	121.2	21.2	—
293.7	193.7	—	75.9	—	24.1	131.9	31.9	—	90.4	—	9.6	126.6	26.6	—
435.9	335.9	—	67.7	—	32.3	155.3	55.3	—	78.5	—	21.5	144.4	44.4	—
556.8	456.8	—	57.2	—	42.8	189.6	89.6	—	69.0	—	31.0	166.2	66.2	—
553.4	453.4	—	88.8	—	11.2	210.9	110.9	—	78.0	—	22.0	157.0	57.0	—
576.1	476.1	—	69.3	—	30.7	232.6	132.6	—	73.8	—	26.2	143.4	43.4	—
709.6	609.6	—	68.2	—	31.8	186.9	86.9	—	84.5	—	15.5	124.6	24.6	—
593.4	493.4	—	61.4	—	35.6	161.7	61.7	—	77.4	—	12.6	128.2	28.2	—
585.8	485.8	—	56.5	—	43.5	174.7	74.7	—	69.0	—	31.0	136.7	36.7	—

TIMBER.		
Stocks.	Prices.	
In London, exclusive of staves, 31st Dec.	Swedish Fourths, 31st Dec.	
11,680,300 in pieces and 76,000 in loads.	Per standard 165 cubic ft. £10 15 0	
10,521,900 "	75,500 "	8 15 0
10,839,000 "	86,900 "	10 0 0
16,693,500 "	78,800 "	9 10 0
13,686,600 "	55,900 "	7 12 0
13,379,000 "	54,000 "	9 0 0
16,978,900 "	41,900 "	9 5 0
15,865,100 "	47,000 "	10 5 0
13,597,900 "	46,100 "	10 15 0
14,529,800 "	45,200 "	8 5 0

PROPORTIONATE RESULTS OF ABOVE, taking the Year 1874 as 100.

	Higher.	Lower.		Higher.	Lower.		Higher.	Lower.
100.0	—	—	100.0	—	—	100.0	—	—
90.0	—	10.0	99.3	—	0.7	81.3	—	8.7
92.8	—	7.2	114.3	14.3	—	93.0	—	7.0
142.9	42.9	—	103.6	3.6	—	88.3	—	11.7
117.1	17.1	—	73.5	—	26.5	70.7	—	29.3
114.3	14.3	—	71.0	—	29.0	83.7	—	16.3
145.3	45.3	—	55.1	—	44.9	86.0	—	14.0
135.8	35.8	—	61.8	—	38.2	95.3	—	4.7
116.4	16.4	—	60.6	—	39.4	100.0	—	—
121.3	21.3	—	59.3	—	40.7	76.7	—	23.3

	WHEAT.		ANIMALS.			
	Imports.	Prices.	Live Stock.	Imports.	Prices.	
	Grain and Flour, 1 cwt. of Wheat Flour = 14 cwt. Wheat in Grain.	Average Gazette Price for Year.	United Kingdom, Cattle, Sheep, and Pigs, (Exclusive of Horses.)	Oxen, Bulls, Cows, Calves, Sheep, and Lambs.	Beef, Prime.	Mutton, Prime.
1874	49,322,693 cwt.	s. d. 55 8 Imp. qr.	9,652,220	952,777	d. d. per stone 64 0 (8 lb.)	d. d. per stone 60 0 (8 lb.)
1875	59,546,621 "	45 2 "	9,609,383	1,249,336	62 0 "	74 0 "
1876	51,904,433 "	46 2 "	9,545,354	1,312,903	54 0 "	70 0 "
1877	63,491,429 "	56 9 "	9,453,204	1,075,248	58 0 "	68 0 "
1878	59,691,583 "	46 5 "	9,348,321	1,145,589	54 0 "	61 0 "
1879	73,002,110 "	33 10 "	9,156,973	1,192,657	54 0 "	56 0 "
1880	68,459,814 "	44 4 "	8,331,433	1,330,845	57 0 "	69 0 "
1881	71,344,659 "	45 4 "	8,301,103	1,254,518	56 0 "	55 0 "
1882	80,562,503 "	45 1 "	8,488,270	1,468,090	59 0 "	77 6 "
1883	84,550,271 "	41 7 "	8,667,169	1,590,865	62 0 "	68 0 "

PROPORTIONATE RESULTS OF ABOVE, taking 1874 as 100.

	Higher.	Lower.		Higher.	Lower.		Higher.	Lower.		Higher.	Lower.		Higher.	Lower.
100.0	—	—	100.0	—	—	100.0	—	—	100.0	—	—	100.0	—	—
120.7	20.7	—	81.1	—	18.9	99.5	—	0.5	131.2	31.2	—	96.8	—	3.2
105.2	5.2	—	82.9	—	17.1	98.8	—	1.2	137.7	37.7	—	84.3	—	15.7
128.7	28.7	—	101.8	1.8	—	97.9	—	2.1	112.9	12.9	—	90.6	—	9.4
121.0	21.0	—	83.4	—	16.6	96.8	—	3.2	120.2	20.2	—	81.3	—	15.7
148.0	48.0	—	78.4	—	21.6	94.7	—	5.3	125.2	25.2	—	84.3	—	15.7
138.8	38.8	—	79.3	—	20.7	86.3	—	13.7	139.7	39.7	—	89.0	—	11.0
144.6	44.6	—	81.1	—	18.9	86.0	—	14.0	131.7	31.7	—	87.5	—	12.5
163.3	63.3	—	80.7	—	19.3	87.9	—	12.1	154.2	54.2	—	92.2	—	7.8
171.4	71.4	—	74.4	—	25.0	89.7	—	10.3	167.0	67.0	—	96.8	—	3.2

APPENDIX C.

COALS.

Production.	Price.
Quantities produced in United Kingdom.	Best Coal, Average Price, Year.
125,067,916 Tons.	s. d. 25 9 ton.
131,867,105 "	23 9 "
133,344,826 "	21 3 "
134,610,763 "	19 6 "
132,664,887 "	17 11 "
134,008,228 "	18 0 "
146,818,622 "	16 0 "
154,184,300 "	17 6 "
156,499,977 "	17 3 "
No Returns.	(18 6) "

PROPORTIONATE RESULTS of above, taking the Year 18 as 100.

—	Higher.	Lower.	—	Higher.	Lower.
100	—	—	100	—	—
104·8	4·8	—	92·2	—	7·8
106·6	6·6	—	82·5	—	17·5
107·6	7·6	—	75·7	—	24·3
106·6	6·6	—	69·9	—	30·1
107·2	7·2	—	69·9	—	30·1
117·4	17·4	—	62·1	—	37·9
123·3	23·3	—	67·9	—	32·1
125·2	25·2	—	66·9	—	33·1
—	—	—	71·8	—	28·2

INDEX NUMBERS.

—	Stocks.	Prices.
1874	2,500	2,500
1875	2,545	2,360
1876	2,824	2,504
1877	3,351	2,248
1878	3,448	2,140
1879	3,169	2,460
1880	3,333	2,194
1881	3,361	2,232
1882	3,363	2,119
1883	3,310	2,111
Mean 25,000. Total for decade	31,204	22,868

Where two classes of stock or two classes of prices are given, the mean per-centage has been taken; but the stock of coffee in European entrepôts is not included in the per-centages.

Population.		Population.	
—	United Kingdom, on 31st Dec.	—	Proportionate Result, taking 1874 as 100.
1874	33,118,967	1874	100·0
1875	33,458,802	1875	101·03
1876	33,799,548	1876	102·06
1877	34,139,363	1877	103·09
1878	34,479,178	1878	104·12
1879	34,818,993	1879	105·15
1880	35,158,739	1880	106·18
1881	35,499,554	1881	107·21
1882	35,839,369	1882	108·24
1883	36,179,184	1883	109·27

TOTAL PROPORTIONATE RESULTS, taking 1874 as 100.

Population.	Stocks.	Prices.
100·27	124·8	91·4

It is difficult to form an opinion on silver prices, as there are few countries that use the single silver standard. In some cases prices are affected by conditions attaching to a paper currency depreciated from excessive issue, as in some of the Central and South American States. The United States prices are at present practically on a gold basis. Perhaps the only two countries where prices are expressed in silver that can be taken into serious consideration are China and India. For China it is not easy to obtain statistics. As regards India, my opinion is that the silver prices of commodities if anything have fallen slightly, consequently the purchasing power of the rupee has not fallen, but has rather increased. This opinion is confirmed by the tables of the prices of certain commodities in India prepared by Mr. Chas. C. Prinsep of the India Office.

2. Strictly speaking there has not been uniformity in the fall of prices. Amongst the various causes affecting prices, the fluctuations in the supply and the demand vary amongst different commodities. But the fall may be said to be general, and not confined to a particular class of securities.

3. I do not quite understand this question. It appears to me that "the value of the metal used as the standard" must necessarily be measured by "the prices of commodities generally." In this country the standard is gold, and the value of gold is what it will purchase in commodities generally. If a general fall of prices is admitted, it follows that there is an appreciation of the metal in which those prices are expressed. The expressions "fall in prices" and "appreciation of gold" are in my opinion synonymous, and it only leads to confusion of ideas in speaking of the two expressions as distinct, and arising from separate causes. I have frequently heard it stated in discussions, and have read in print, that the "fall in prices" is caused "by an appreciation of gold." This appears to me an error, for the two phrases mean really one and the same thing. If you have a fall in prices you have an appreciation of gold, and if you have an appreciation of gold you have a fall in prices. In fact, the two expressions are interchangeable terms for the purposes of the present subject. What should be recognised is that any cause which produces a general fall of prices contributes to an appreciation of the currency. The question I presume to mean: Is the appreciation of gold due to causes connected with its supply? or, in other words, does "the fall in prices arise from a scarcity of, or extra demand for, the metal?"

If the fall in prices in this country is caused by gold itself, that fall must arise from a scarcity of the metal in circulation as currency or a scarcity of paper currency equivalent to gold, such as our automatic Bank of England note issue. If the cause be gold, there must be a want of gold for the purposes of the circulation, and a scarcity of gold currency for carrying on our daily transactions either internally as coin or externally for export when it becomes a mere commodity used as barter the same as any other commodity. Is there any evidence of a want of metallic currency in this country, of an insufficient paper currency, or of gold for export? I think not.

As regards our internal gold currency, there does not appear to have been any demand for gold coin judging from the mint coinage return. In 1881 and 1882 no gold was coined. The following is the amount coined in periods of five years:—

1870-74	—	—	32,340,615
1875-79	—	—	8,221,499
1880-84	—	—	7,877,780

But so far from there being any want of gold coin in our currency it would appear that there is an excess in the circulation, from the fact of gold coin being so quickly returned to the banks and so difficult to force again into the circulation. As illustrating this, I may state that it used formerly to be customary for one banker to solicit other bankers to take surplus coin by courtesy, rather than run the risk of having some few sovereigns cut by paying it into the Bank of England.

This still holds good to some extent. But so little demand is there for gold coin in this country for internal circulation that it is not uncommon and is becoming necessary to pay a premium or accept a discount from

those who have facilities for paying away large sums. This I contend would not be the case were there any deficient supply of gold, or were there any real want of it for currency purposes. This difficulty in forcing the coin into circulation again is not to be attributed solely to the defective state of the coinage, as many of the coins are of the standard weight.

Neither has there been any scarcity that can be felt caused by exportation of gold bullion, and consequent contraction of the paper currency based on bullion. Much has been said of the German and the Italian demands for currency purposes. Both these demands appear to be satisfied, or at least I am not aware of any special demand. These demands have been estimated at 200,000,000*l.* But though these demands may have acted on the supply, they do not appear to have created any scarcity that is appreciable with us. There has been no occasion during the past few years for any serious effort to be made either to retain or attract gold bullion in this country. The market rate of interest is an important component part of the rate of exchange, and though not identical, the Bank of England rate affords a good idea of the market rate of interest. These rates do not indicate that there has been any occasion to use the rate with any marked force as a lever in acting on the foreign exchanges, but rather the reverse. Our rates have been so low as to offer, if anything, an inducement for other countries to take gold had they wanted it. The internal circulation not being able to absorb a larger amount of gold coin as I have already shown, let us suppose the actual supply of gold in this country to have been doubled. The effect would be that the circulation would have remained as it is, and the gold would have been either returned to or remained at the Bank of England, thus increasing the issue and cheapening loanable capital. This would facilitate greater production and speculation, with perhaps a larger ultimate circulation. But loanable capital has been so cheap for the last two or three years, that a double supply of gold could scarcely have made it cheaper. Hence I am led to the conclusion that had the gold supply been doubled we should have seen the same results in prices.

Let us take another test for the purpose of ascertaining whether the gold supply in this country has been deficient, and so caused the fall in prices. According to the Board of Trade returns, the value of the gold bullion and specie imported into and exported from the United Kingdom, for the decade 1874 to 1883 is as follows:—

GOLD BULLION AND SPECIE.

—	Imports.	Exports.
1874	18,081,019	10,641,636
1875	23,140,834	18,648,296
1876	23,475,975	16,515,748
1877	15,441,985	20,361,386
1878	20,871,410	14,968,507
1879	13,368,675	17,578,818
1880	9,454,861	11,828,822
1881	9,963,006	15,498,837
1882	14,376,559	12,033,804
1883	7,755,800	7,091,365
1884	10,744,408	12,012,839
Total -	166,674,532	157,180,058

And from this we learn the fact that the imports of gold exceeded the exports by some 9,500,000*l.*, and that instead of sending gold from here we have actually retained it on balance. From this fact, then, and from the bank rate of discount not showing any markedly adverse state of the foreign exchanges, I am forced to the conclusion that there is no scarcity of gold with us. Hence it has had no agency in causing the recent fall of prices.

4. Former conditions must have been totally different. I prefer not answering this question.

5. To the increase in the total of the drafts of the Indian Council, this increase checking the export of silver to India. To the partial demonetisation of silver in Germany and Italy, the suspension of the free coinage of silver in France, and to the large increase in the production of silver in America without any corresponding demand for the metal.

6. It is difficult to measure the actual effect the development of credit has had on prices. But I have no doubt that the increase and spread of banking facilities has had considerable influence in economising the use of the precious metals with the tendency to counteract the fall of prices generally, and possibly to supply other and exceptional

demands for the standard metal. There has been a considerable extension of the credit system in the form of cheques or banking currency. The totals of the Clearing House exhibit a steady increase in monetary transactions without the intervention of a single coin. Cheques are drawn for smaller amounts than formerly, and by the ever increasing number of banks or branches of banks that is spread over the country a class of small depositors are being absorbed who formerly used coin or notes for their daily payments and now use cheques instead. If the great increase in the totals of imports and exports during the last few years had been coincident with no increase of banking facilities the fall of prices would have been more marked than they now are. The returns of the London Clearing-house for periods of five years from 1871 are as follows:—

1871-1875	-	-	£23,613 millions.
1876-1880	-	-	£25,676 "
1881-1885	-	-	£29,816 "

The French established a Clearing House for Paris in March 1872, and I give the totals for the two last quinquennial periods.

1876-1880	-	-	12,852 million francs.
1881-1885	-	-	21,149 " "

QUINQUENNIAL NEW YORK CLEARINGS.

1871-1875	-	-	\$146,527 millions.
1876-1880	-	-	\$129,755 "
1881-1885	-	-	\$194,754 "

The Post Office Savings Banks whose receipts are almost entirely in coin and notes show an increase in receipts over payments of from two to three millions annually since 1870, when the deposits stood at 15 millions, whilst in 1884 they are close upon 45 millions. This has largely aided in extracting gold coin from the pockets and small hoardings of the lower classes and assisted the more rapid circulation of the metallic currency, thus rendering it more efficient. Some may think that the deposits of the Post Office Savings Banks are, in a large measure, a mere substitution of the old-fashioned Trustee Savings Banks. This is not so, as the deposits of the Trustee Savings Bank have increased from 1874, when they stood at 41,000,000*l.*, to, in 1884, 45,000,000*l.* The growing tendency is to make the *l.* more and more a mere unit of account.

Have prices then been affected by an extensive increase of credit, or increased facilities afforded by bankers or others for purchasing produce or the manufacturing of goods? If so, prices would be forced up for a time, with a corresponding or greater fall on the contraction of such facilities of credit. Has there been any such contraction to account for the general fall that has been shown? On the contrary, the course of banking during the last ten years has been singularly smooth and free from events of a spasmodic character, as compared with former periods; the only exception being the collapse of the City of Glasgow Bank and kindred failures, with which there was nothing approaching to panic or to general contraction of credit.

But though bankers and others are competing so keenly with one another that if anything an unwholesome stimulus is created for the production of mercantile bills of exchange by reason of cheap money, yet there is little disposition on the part of producers to take advantage of such facilities for increased production or trading.

7. The main cause of the fall in prices and the present depression in trade is, I venture to think, to be attributed to over supply, or, in other words, over-production. This appears to be strikingly shown by the accumulation of stock, notwithstanding the low prices in the majority of commodities of which I have given statistics.

In the tables I have appended of prices (referred to in the answer to question 1) I have also given the stocks of commodities from which the table of prices is prepared. The total index numbers, which are included, show, on the 10 years ending 1883, an increase of stocks of 24·8, whilst the population only shows an increase of 9·27. This over-production has largely been caused by the extended application of steam power to manufacture and transit. The development of the railway system in India, the United States, South America, and the world generally, and the more expeditious and cheapened ocean transit from the increased size of steamers, together with the shortening of routes by the Suez Canal, has opened up new sources of supply. These new sources of supply have increased competition, quite apart from any causes connected with bi-metallism. The railways and the Suez Canal have increased the facilities for bringing to Europe Indian tea, wheat, and cotton. The Argentine Republic has furnished

an increased supply of wools, hides, tallow, meat, and in the future a probable large supply of grain. From Brazil we have increased supplies of coffee, and from the United States copper. A system of bounties on the continent of Europe has also given a stimulus to the production of sugar. The extension of joint stock enterprise has also, in my opinion, had some influence in stimulating production. Many companies have been formed for manufacturing or producing purposes, and many of these have not been very prosperous. Many pay little or no dividend, whilst even at the best of times joint-stock shareholders, generally speaking, are satisfied with a smaller dividend than the private capitalist would consider a sufficient inducement to embark capital in mercantile ventures.

At home, the range of high prices prevailing in 1871-3 caused a large transfer of capital to production of all kinds, not only for manufactured goods, but raw products also. Much capital was invested in manufacturing works here, and the purchase of estates or factories abroad, all tending to increase supply. In this country the number of factories of all kinds has increased, old ones improved, and mines long abandoned were re-worked, with the final result of many being closed at the present time. In consequence of this increased production demand was speedily overtaken by supply, and the inevitable reaction has followed. But besides this, the more extended use of the telegraph has had the tendency of making over supply more prominent. In the various channels of distribution less stock is required than formerly, from the retailer upwards, owing to the rapid manner in which supplies can be ordered. The large manufacturer is not now under the same necessity of keeping stock by him as formerly. The telegraph has enabled the merchant or wholesale dealer to make more frequent use of the markets abroad, and from the rapid increase, both in the speed and number of steamers, can have his orders executed in an incredibly short space of time compared with 10 years ago. From the less time the stock is on hand, there is less uncertainty in any venture, and traders can carry on business with smaller capital than formerly, with the effect of squeezing out the middleman, and further lessening the cost of distribution. Notwithstanding, then, our ability to carry on the work of distribution with much less stock than formerly, our stocks have increased in the majority of articles considerably.

8. Trade generally is affected by any fluctuations in the value of the standards, while those fluctuations are in course of progress owing to the fluctuations in the prices of commodities.

(I.) If the value of the metallic standard increases, it necessarily follows that there is a fall in the prices of commodities by which that value is measured. In a falling market there is less inducement for producers to trade or manufacture, or for a trader to hold stock, and in consequence there is less employment for the working or lower classes. Conversely, if the metal falls in value or prices rise there is a tendency to increase stocks and to speculation. In both cases wages follow the variations in prices more slowly, and the adjustment of the real reward of the labourer or artisan is only arrived at after prolonged struggles and much friction between employer and employed. This tardy movement in wages accentuates the chances of loss or profit, and on the one hand retards employment, and on the other aids it.

(II.) The effect upon trade depends entirely upon the range of prices in the respective countries. If the variations in the prices of two countries—one gold using and the other silver using—equals the depreciation or variation in the values of the respective metals *inter se*, trade will remain in its normal condition between two such countries. But if in one of these countries, each having a different standard, prices do not rise in the same ratio as the depreciation of the one metal as compared with the other metal, exports will be stimulated from that country and imports discouraged.

9. With regard to the internal trade of India, I am not in a position to speak. That part of the question relating to the external trade of India has been partly answered in the answer to question No. 8; the effect at present being to stimulate exports and discourage imports.

Prices in India are nearly stationary.

(Signed) LUKE HANSARD.

68, Lombard Street,
31st May, 1886.

XIII.

7, Throgmorton Avenue, E.C.
May 24, 1886.

SIR,

I HAVE the honour to enclose some observations in reply to two of the questions proposed by the Royal Commission on the Depression of Trade.

I have confined myself to the questions, Nos. 5 and 9, relating to the precious metals, because, having been for many years connected with the bullion market in the house of Messrs. Mocatta and Goldsmid, bullion brokers to Her Majesty's Government, I have had exceptional opportunities of studying this subject.

I have, &c.
(Signed) H. M. HAY.

The Secretary, Royal Commission on the Depression of Trade and Industry.

5. These fluctuations are due entirely to the demonetisation of silver by Germany in 1873, which led to the suspension of the free coinage of silver by the mints of the Latin Union, and the restriction of the amount coined annually by the United States mint.

The fact that, notwithstanding these circumstances, India has absorbed practically the whole production of silver in addition to the demonetised German silver (some 40 millions sterling) is conclusive evidence that there was no real ground for the panic caused by the measures adopted by the German Government, the results of which have nevertheless been so injurious to the commerce of the world, by the rapid fall in the prices of almost every production whether of agriculture or manufacture.

The specious argument that it is for the advantage of the working classes that all their requirements should be as cheap as possible is misleading, because a universal cheapness implies that the article or commodity which gives the means of living to each class of workers is cheap also, the consequence of which must be low wages or less employment, generally the latter, as is shown by the present state of the labour market, and the large number of the unemployed.

It is no benefit to a working man that all he wants is very cheap if he has no wages wherewith to purchase it, and for the community it is better that all should be employed at moderate wages than that some should receive higher wages and the rest none.

Low prices invariably bring depression of trade and lack of employment, and high prices prosperity to all classes with the exception of annuitants, who are after all but a comparatively small section of the people.

9. A typical instance of the effect of the present relations of gold and silver will be found in the corn trade. It is argued that the low price at which silver has been of late years purchased for India, has enabled the cultivator of wheat there to compete successfully with the American grower, but this appears to me to be fallacious, because although the Indian grower may have received a greater number of rupees for his crop, yet for all but local purposes, the rupees were worth less, so that really the Indian grower was not benefited, while the agricultural interest at home was seriously damaged by the low prices which result from the depreciation of silver and the consequent appreciation of gold.

Another disastrous effect is, that the Indian Government, having to draw some 15 millions per annum from India, have had to submit to an enormous loss by exchange, beginning in 1874 with about one million and increasing every year till it amounts now to nearly four millions a year. It has been said that this loss is only apparent, or, in other words, a mere matter of account, but this idea ignores the fact that this loss by exchange must be covered by increasing the amount of taxation in India, and therefore some 30 millions sterling have during the last 13 years been wrung from the taxpayers more than would have been necessary had the rupee remained at its nominal value of about 1s. 10d. Taking this into consideration it will be apparent that India has lost much more by taxation than she has gained by the low price of silver.

The whole question of the ratio between gold and silver lies in a nutshell. In England, and practically in Europe generally, gold only is the measure of value; in the East silver is the measure. In order to enable trade between the East and West to be conducted with reasonable confidence there must be a standard of conversion, that is a fixed ratio of gold to silver.

If this is admitted it is difficult to see how it can be denied that the most advantageous ratio would be 15½ to 1, simply for this reason that it would cause less in-

convenience than any other, for practically all the silver money existing in the world (except merely the subsidiary coins) has been coined on, or close to, that basis.

To adopt any other ratio would necessitate the re-coinage of hundreds of millions, or the circulation of the present coins at a changed valuation, whereas the restoration of the old bi-metallic basis of 15½ to 1 would affect only the few millions of silver which remain at present in the shape of bars, and the future production, say 18 to 20 millions a year.

Such a measure as this by agreement among the principal nations, most of whom are more than willing to adopt it, would most certainly restore to the trade of the world that elasticity, which of late years it has entirely lost.

(Signed) H. M. HAY.

May 24, 1886.

XIV.

1. (i.)—Within the last 10 years, but more especially within the last two years, there has been a material decline in the price of all commodities, including silver, in countries where gold is the standard of value.

(ii.) In those countries where silver is the standard prices on the whole have been maintained.

2. It has extended to all commodities, though the decline has not been simultaneous, nor has the decline shown the same degree in all commodities.

3. I attribute the decline in the value of silver in its relation to gold to the demonetisation of silver by the German Government, and the suspension of the coinage of silver by the nations of the Latin Union.

7. The cheapening and shortening of the communications between producing and consuming countries have tended to contribute to the fall in prices generally; the cheapening of the communications (say, freight, &c.) being itself, to some extent, the result of the fall in prices, enabling the construction of steamers and railways at less cost.

8. (i.) Trade is affected by an appreciation of the metal used as the standard, by handicapping the producing classes to the benefit of the moneyed classes.

(ii.) By rendering the trade between gold and silver using countries uncertain, and thus speculative.

9. The appreciation of gold in relation to silver has, in my opinion, tended to stimulate the exports of India, while the imports into India have also shown an increase, owing to the fall in prices in the gold countries. The internal trade of India has developed by the greater exports and imports, and industries have received an impetus which will probably lead to the establishment of manufactories on a large scale; silver is, however, being imported into India in excess of the average of former years, and if this continues a rise in the prices of commodities in India seems inevitable, which must in time react prejudicially upon the export trade of India.

(Signed) W. JACKSON,
65, Old Broad Street.

Chartered Mercantile Bank of
India, London, and China.

XV.

6, Harvey-Road, Cambridge,
May 6, 1886.

MY LORD,

ABSENCE from home and pressure of other work since my return have prevented my replying sooner to your communication of April 20th; but I now have the honour to enclose brief answers to the questions therein contained. I have confined myself as closely as possible to the questions asked, and have avoided touching on further questions that naturally arise out of them; for example, as to the precise manner in which a fall of prices resulting from diminished supplies of gold will be brought about under existing industrial conditions when gold is actually used only for small transactions, and as the reserve on which is based an immense system of credit.

I have, &c.

(Signed) J. N. KEYNES.

The Right Hon. the Earl of Iddesleigh,
Royal Commission on the Depression of
Trade and Industry,
8, Richmond Terrace, S.W.

1. There is conclusive evidence of a fall in gold prices in England during the last 20 years, and more particularly during the last 10 years. Prices, indeed, appear to be on

the average as low or lower than they were in the period immediately preceding the gold discoveries in California and Australia.

There has not, I believe, been a corresponding fall in silver prices in countries where silver is the standard of value. Still, notwithstanding the depreciation of silver, prices appear to have fallen rather than to have risen in India within the last 10 or 15 years. This points to the conclusion that the depreciation of silver is a depreciation relatively to gold only, and not relatively to commodities in general, but rather the reverse.

2. Speaking now of gold prices only, it certainly cannot be said that the fall has extended uniformly to all commodities, if by this is meant that the prices of all commodities have fallen in the same proportion. Whatever may have been the forces acting upon the value of gold there can be no doubt that there have been also other forces in operation modifying the relative value of commodities *inter alia*. That all prices should fall in the same proportion could not, therefore, under any circumstances be expected. A very few commodities, such as indigo, have even risen in price, or at any rate show no appreciable fall within the period named. Still, on the whole, the fall in prices must be said to be general and not confined to any particular class of commodities. It is, of course, easier to obtain satisfactory evidence with regard to wholesale than with regard to retail commodities, and with regard to raw produce than with regard to manufactured goods. In the latter case it is particularly difficult to be sure that we are really comparing things of the same quality. So far as the evidence goes the fall in the price of manufactured commodities appears to be less than in that of raw produce. This may be partly accounted for by the fact that the cheapening of freights has exercised a peculiar influence upon the price of many kinds of raw produce.

Amongst raw produce specially affected may be mentioned wheat, iron, copper, sugar. Special circumstances tending towards a fall of prices have been in operation in each of these instances.

3. Any circumstance that tends to lower generally the price of commodities tends, *ipso facto*, to enhance the value of the metal used as the standard, and *vice versa*. We may, however, distinguish causes that primarily affect commodities from those that primarily affect gold. *Ceteris paribus*, a fall in prices would ensue from a diminution in the effort required to produce all commodities except gold, the effort in that case remaining the same. This may be considered a cause primarily affecting commodities other than gold. Besides such causes there has been recently a positive diminution in the annual supply of gold; and there has also been an increase in the demand for gold for currency purposes by several countries: Germany, the United States, and Italy.

Further points touching on the question here raised will be indicated in answers to subsequent questions.

4. Similar circumstances may be found in the period from about 500 A.D. to the discovery of America, and in the shorter period of about 40 years preceding the recent discoveries of gold in Australia and California (say, 1810 to 1850), especially the earlier part of this period up to 1830. With regard to the former of these periods, it is so remote from our own, and the economic conditions were so different, that but doubtful benefit can result from an endeavour to apply lessons learnt therefrom to a solution of the problems of to-day. Even with regard to the later period, while it may be agreed that it was one of long continued distress, the extent to which that distress was due to the falling off in the production of bullion is so much a matter of controversy, that, I think, no very great importance should be attached to a bare comparison between the circumstances of that time and the circumstances in which we now find ourselves. The comparison is valuable rather as the test of theories otherwise reached than as the basis of independent theories.

5. The recent fluctuations (from 1872 onwards) have been in the direction of the continuous depreciation of silver. The causes appear to have been: 1st, *changes in supply*.—The annual supplies of silver have been increasing, chiefly in consequence of silver discoveries in America. On the other hand, the annual supplies of gold have been diminishing. There have been fresh discoveries of gold mines in recent years; but these new gold mines have not yet proved to be of a productive character, and in the majority of cases they have not sufficed to pay their expenses. 2nd, *changes in demand*.—The tendency has been to diminish the demand for silver for currency purposes, and to increase the demand for gold. Germany has introduced a gold currency in place of a silver one; the United States and Italy have redeemed, mainly by gold, an inconvertible paper currency. France and the other countries constituting the Latin Monetary Union have limited the

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APPENDIX C.

amount of silver coined, and have therefore not arrested the progress of the depreciation as they might otherwise to some extent have done.

6. I do not think that there are any indications that the development of the credit system or other similar means of economising the use of the precious metals have in recent years exercised any peculiarly powerful influence in the direction of retarding the fall of prices.

On the other hand, it seems likely that at the present moment the fall in prices is aggravated by a contraction of credit. But it is difficult to estimate the degree of influence that should be attributed to this agency.

It is to be observed that, granted a tendency to a progressive lowering of prices through a falling off in gold supplies, the fall of prices would, in consequence of the periodic variations of credit, be prevented from taking place continuously.

7. This question appears to be the converse of question 3, and again I meet with a certain difficulty of interpretation. Strictly understood an "appreciation of the metal" used as the standard and "a fall of prices generally" are one and the same thing looked at from opposite sides. When, however, we talk of the appreciation of gold, it is natural to think first of circumstances permanently affecting or supposed permanently to affect the production of gold; and the problem arises, as to what circumstances, apart from any falling off in the supplies of gold, have tended to bring about a fall of prices generally. This question has been partly answered already. I should assign the following circumstances:—

(a.) The exceptional demands of Germany, the United States, and Italy, already more than once referred to.

(b.) Comparing the present period with a period of inflated credit, e.g., 1872, we must take into account the relatively contracted state of credit. A fall in prices tends to bring about depression of trade; and depression of trade, involving a contraction of credit, tends to cause a further fall in prices. Here, as elsewhere in the economic world, we find action and reaction.

(c.) The point now to be mentioned is the most important in the present connexion. The accelerated rate of increase of population and of production (apart from any development of the credit system, &c.) requires an increased supply of the precious metal in order that prices may be maintained. If there is no such increase it is equivalent to a relative scarcity of gold. An increased demand, supply remaining stationary, is in its effects not very different from a diminished supply, demand remaining stationary. In the present instance there appear to have been combined an increased demand and a diminished supply.

Amongst circumstances resulting in diminished cost of production and the multiplication of commodities may be specially mentioned a diminution of cost of carriage and improved means of communication by telegraph, leading, in some instances, to the elimination of the profits of middlemen, or, at any rate, to a reduction in the amount of their stocks on hand.

8. (i.) When equilibrium has been reached, the value of the metal used as the standard exerts no general influence on trade, but it is otherwise during the transition stage. I will confine my remarks to the effects on trade of the enhancement of the value of the metallic standard during the period in which the alteration in value is in course of progress. The tendency is to cause trade to be depressed, and for this the following reasons may be assigned:—

(a.) A fall in price between the commencement and the completion of a *bonâ fide* mercantile transaction involves the trader in loss, it tends to check enterprise and legitimate speculation, it destroys the feeling of confidence which is essential to brisk trade. The only kind of speculation that seems to promise success is speculation for a fall, but the very success of speculations of this kind is still further demoralising to *bonâ fide* trade, it increases the uncertainty.

(b.) Whenever stock is taken during a period of falling prices the result is discouraging. It is true that if prices have fallen generally, the loss may be to a considerable extent more nominal than real. But this is not generally recognised, and the moral effect remains. Traders lose spirit, and trade loses tone.

(c.) Where there has been considerable investment in fixed capital at the higher prices previously ruling, it is necessary to write off large amounts for depreciation of value, involving a temporary diminution of profits. Unless this "writing off" is

courageously performed, fresh competitors who can make similar investments at a cheaper rate are at an advantage, and may be able to undersell old established firms.

(d.) A general fall in prices will, unless under very exceptional circumstances, be accompanied in the long run by a general fall in wages. But the fall in prices and the fall in wages may not go on *pari passu*. Generally speaking, prices are more easily acted upon than wages, a tendency to a fall in the former does not meet with the same resistance as a tendency to a fall in the latter. It is not, of course, intended to lay down an absolute rule, but it may be said that the effect of a contraction of the metallic standard is likely to be manifested first in the prices of commodities and only subsequently in wages. This, at any rate, seems to be the case in the present instance. Profits necessarily suffer temporarily, and again the effect is loss of confidence and a feeling of depression, in consequence of which the working classes themselves ultimately suffer.

(e.) The point that remains to be mentioned is, perhaps, of greater importance than any of the preceding. Traders in a large way of business are accustomed to work to some extent with borrowed capital. Upon the sum borrowed, interest has to be paid in money, and ultimately the capital itself may have to be refunded in money. It is clear that if money, measured in commodities, has an enhanced value the burden of debts is increased, and with falling prices fixed preference charges mean diminished profits. Thus lenders gain at the expense of borrowers, and, what is pertinent to the present discussion, they gain at the expense of those who are taking an active part in trade, and upon whose individual effort the success of large enterprises frequently depends. Trade is the more depressed and demoralised, because it is those who have the greatest business capacity who naturally employ, in addition to their own capital, the capital of others. Similar remarks apply to fixed charges of any kind.

To a rise in the value of gold, I believe the present depression to be partly but not wholly due. The recognition of this cause of depression does not, of course, involve the denial of the operation of other concurrent causes.

It should be added that some *bonâ fide* traders may benefit from a fall in prices. Wherever the alteration in the price of the finished article lags much behind that of the raw materials of which it is composed, manufacturers and the workmen they employ may temporarily gain. Any movement in prices, the outcome of an appreciation of gold, is likely to take place irregularly, thus involving some particular gains as well as many particular losses. In particular, so far as the movement of retail prices lags behind that of wholesale prices, and this, from the inferior effectiveness of competition is apt to be the case, retail middlemen are *ceteris paribus* at an advantage.

Finally, there is one respect in which trade in general is better off under a régime of falling prices. Speculation being checked, trade is likely to be sounder; dangerous expansions of credit are not likely to be carried so far; there may be more years of dull trade, but fewer spasms of acute crisis.

(ii.) The internal trade of a gold-using country is not sensibly affected by an alteration in the value of the precious metals *inter se*, but it is otherwise with trade between gold-using and silver-using countries. Frequent alterations in the gold price of silver obviously introduce an additional element of speculation into all dealings between such countries. If a trader in a gold-using country is selling commodities in a silver-using country, his profits depend not merely on the silver price which his goods will fetch, but also on the gold price of silver when he receives payment. Fluctuations, therefore, in the relative value of the precious metals tend by their effect on the foreign exchanges to disorganise and render uncertain the trade between countries which have respectively a gold and a silver standard. A permanent alteration, however, when once established, will only affect the nominal exchanges between the countries.

9. I do not see that the relative value of gold and silver itself affects the internal trade of India, or that it directly affects prices in that country. A fall in the gold value of silver in England, however, so long as general prices in both countries remain unchanged, tends to stimulate the export trade from India, and to have a reverse effect on the import trade into India. For the Indian exporter selling his goods for gold is able to obtain a larger quantity of silver in exchange; whereas the foreigner selling his goods

in India for silver is only able to obtain a smaller quantity of gold in exchange. But the effect thus exerted is not likely to be permanent; it will be corrected by a rise in silver prices in India or by a fall in gold prices abroad, or both, or by a slight fall in silver prices in India accompanied by a more considerable fall in gold prices abroad. The last of these alternatives seems the more nearly to correspond with the actual tendency at the present time. If so, it points to a scarcity both of gold and silver relatively to the increased production of commodities, but to a more pronounced scarcity of the former. It does not, however, seem as if equilibrium were at present reached; and it would be hazardous to speculate on what will be the ultimate state of prices when things finally settle down again.

XVI.

1. Yes, there has been a fall in gold and silver prices.
2. I believe it has extended to all commodities.
3. The demonetization of silver by Germany, and the locking up of gold by that and other countries; in addition to which the silver mines of America, North and South, have been yielding more abundantly than ever. Australia promises now to be a large silver producing country.
4. I recollect perfectly that prior to the discovery of gold in 1849-50 in California, and in 1851 in Australia, trade was depressed all over the world. Those discoveries gave a wonderful impetus to trade, which would have been much more felt in England but for the Crimean war.
5. To the greater yield of silver and to the locking up of gold.
6. I do not know of any.
7. The over-production of everything all over the world.
8. By the uncertainty of the value of silver to gold.
9. I am unable to reply to this. It behoves the Indian Government, however, to look to it at once.

I would say, generally, that the present state of things in this country may be traced to the uncertain state of our relations with Ireland, and which has been brought to a point by the preposterous scheme of Mr. Gladstone.

(Signed) D. LARNACH.

Brambletye, East Grinstead,
April 24, 1886.

XVII.

1. It is impossible to doubt but that within a distinctly defined period, say between 1870 and 1886, there has been a fall in prices in countries having a gold standard of value, and it is equally impossible to doubt but that a fall in prices has taken place in countries having a silver standard of value. Of this there is abundant proof in the record of prices in Great Britain, and in the record of prices furnished to the Government of India by Mr. Prinsep.

2. This fall in prices has been very general, and has applied to almost every article of production. There may have been special articles which, owing to peculiar circumstances, may have indicated the exception, but where this has been the case, there is reason to believe that some special demand, or some special reduced production, is responsible for such exception. Taking wheat as perhaps the best illustration of an article of universal production and universal consumption the facts are beyond dispute. Wheat has fallen to a price in gold-using countries that renders it barely remunerative, or even unremunerative. In India the fall is estimated by Mr. Prinsep at 17 per cent.

3. The following are some of the circumstances that have enhanced the value of gold:—

Reduced production, which is a natural cause; increase of population, which is also a natural cause. But the circumstance that has caused the greatest enhancement in the value of gold is one that is not natural, but has been the attempt by Germany to convert her single silver currency to that of single gold, as by so doing Germany has stimulated other nations to do likewise; such, for instance, as France, who within the last 12 months alone has increased her stock of gold by 12,000,000*l.* (increased since this was written to 16,000,000*l.*, or, say, to 56,000,000*l.* in all from 46,000,000*l.* 12 months ago, more than equal to the year's production). This action of France is still proceeding in full force, and can hardly fail to have a still further serious effect on the purchasing power of gold. Then the action of the United States in resuming specie payments mainly in gold. Also of Italy of the same character, as well as the continued absorption of gold by Germany,

which is clearly still in operation, notwithstanding that she has suspended all sales of silver. Then again, India is a large absorber of gold, a circumstance that cannot be looked upon except with anxiety, as indicating a preference for that metal rather than for silver, her standard of value. Australia and New Zealand also not only produce less gold, but practically absorb more, largely the result of their great borrowings in England, and indications are not wanting that those countries may draw gold from England, instances of which, though isolated, have actually occurred. Then again, the market which exists in London for the issue of foreign loans tends to enhance the value of gold, as such issues are generally followed by an export of gold to the countries issuing such loans.

It must not be forgotten that the suspension of the coinage of silver by France, Germany, and Italy is largely responsible for a demand for gold that was never contemplated prior to the year 1870, and was certainly never contemplated by England when, in 1816, she established the single gold standard. Then again, the increased and increasing tendency on the part of lenders of money, that their advances shall be expressed for repayment of principal and interest in gold is steadily, though perhaps silently, appreciating gold and depreciating silver.

It may be as well to explain that in speaking of the enhancement of the value of gold, such enhancement is in part real and in part fictitious; real in so far as its production is diminished, or so far as population is increased, but fictitious in so far as its scarcity is the result of accumulations by institutions such as the Banks of France and Germany, who were formerly content to hold silver as willingly as gold, but who now, following the fashion that favours gold in preference to silver, prefer to accumulate and retain the control of gold. Its scarcity also, from a comparative point of view, has been enhanced by its increased use by nations which have reverted from a paper to a metallic currency, the preference having been largely for gold rather than silver, owing to the agitation that has been so generally stimulated, that gold was the more suitable metal for civilised nations than silver, which theoretical enthusiasts denounced as a metal fit only for barbarous or uncivilised nations. This *fictitious* enhancement has, however, become practically real, by the imposition of the duties of currency imposed on gold, which previous to 1875 had been performed by silver only, or by silver and gold combined, in the form of bi-metallism. There is reason to believe that the Bank of France—in other words, the French Government—has, in making such very great accumulations of gold, been actuated by a distinct and clearly defined policy, which has for its object to prove to England, how much more powerful she is under her bi-metallic standard of value, to increase and retain her stocks of gold, than England is, with her single gold standard of value, and there is also reason to believe that France will continue this policy indefinitely, or until by the pressure she thus exercises on the isolated system of which England boasts, and which Germany has attempted to imitate, she can force England to review her single gold system and compel her to consent to a general international agreement, by which the ratio between the metals shall be once and for ever fixed, by the unlimited courage of both, in specified proportions to each other.

4. I am not aware that similar circumstances have ever before occurred. The only occasions that can compare have taken place at such long intervals of time that they are perhaps beyond comparison, but we have the authority of Alison for the assertion that the greatest movements affecting the welfare of mankind have been in connexion with the expansion, or the contraction, of the circulating medium. Alison and other historians attribute the fall of Rome to the poverty that grew out of the failure of the gold mines of Greece and the silver mines of Spain. Coming nearer to our own day, it may be asserted, without the fear of contradiction, that the wonderful development of Europe in what may be called the Middle Ages was the result of the increase of the precious metals that followed the discovery of the New World by Columbus. Then again, within the memory of many living persons, the discoveries of gold in California and Australia led to a development and progress that is unprecedented in history, and it may be permissible to draw the conclusion that whereas great discoveries of the precious metals led to progress and prosperity, the reverse of such a state of matters, the curtailment of the circulating medium, by a reduction of production, and still more so by the suspension of the coinage of silver, is mainly responsible for a state of matters, which is, to say the least, the reverse of prosperity; more especially as there is a uniformity in the period of both circumstances. As gold fell off in production, and as silver ceased to be coined, tantamount as regards a circu-

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XVIII.

APPENDIX C.

lating medium to its nonproduction, a contemporaneous fall in values and a cessation of prosperity took place.

5. After much consideration and much study I can come to no other conclusion than that the causes of the fluctuations in the ratio of the precious metals are simply and solely the suspension of the coinage of silver by the various European mints. Much has been made of the large discoveries of silver between 1870 and 1880 as responsible causes, but, I am disposed to think, without any sufficient reason or justification. These discoveries took place at an unfortunate moment, at a time when Germany was forcing sales of silver on the European markets and, as a matter of course, each additional ounce thrown on the market tended to make the depression by German sales more marked, and it was perhaps natural that superficial public opinion should attribute the fall of silver to what seemed such a very natural cause. But, as opposed to this view, it must be remembered that gold had in the few years previously been discovered in even larger quantities than the subsequent discoveries of silver, and if, therefore, the theory is true that the ratio between the precious metals is affected by supply, gold would have fallen in reference to silver, much more than silver subsequently fell in regard to gold. But gold maintained its price because the mints of the world continued open to its coinage, and it is difficult to come to any other conclusion than that silver would have been equally able to maintain its price, but for the fact that at this critical period of new discoveries, the mints of Europe were all closed against silver, together with the additional fact that Germany was a competing seller in the market. It must be borne in mind that gold and silver are unlike all other commodities, they are never consumed, every other production is consumed, but gold and silver never, and therefore the yearly production, though apparently large, is trifling as compared with that mass that has been accumulating for thousands of years, and is consequently a factor so large, that the annual increment, whether large or small, does not depreciate the existing mass, so long as mints are open for the coinage of both. Finally, I would express my belief that the fluctuations which have occurred in recent years in the ratio of the precious metals to each other, are owing solely to mint regulations, and to no other cause. The closing of the mints of Europe to silver while the mints have been open to gold has destroyed the stability of the one, while it has maintained the stability of the other as measured against each other.

6. I feel some hesitation in giving an opinion as to whether the development of the credit system has tended to counteract or retard the fall of prices. But I am disposed to think the question of credit, and the question of currency, have been erroneously mixed up as co-operative causes in the present depression in trade and values. I am disposed to think that they should be kept quite distinct, in the belief that the present crisis is a purely currency crisis. No man need use more credit than his judgment dictates. All men are compelled to abide by a reduction in the circulating medium. That credit has an influence on prices cannot be denied, but I should consider such influence as temporary and evanescent, while the influence of a change in the volume of currency is permanent and, perhaps, accumulative. The influence of credit may, perhaps, be considered as twofold; it will probably enhance the value of commodities at the point of purchase, by increasing the number of buyers, and depress the value of commodities at the place of sale, by increasing the number of sellers.

7. It is difficult to answer this question without giving almost a dissertation on the influence on prices by the appreciation of the metal used for the standard of value. The effects of such appreciation are so subtle that there is opening for almost interminable argument in proof of its result. But I am disposed to think that appreciated metal, which is another name for curtailed currency, is mainly responsible for the general fall in prices. Some say it is over-production, but over-production very soon cures itself, and if we were suffering from over-production there would be evidence in stocks of that which is over-produced; but there is no evidence of any such stocks, and therefore I am disposed to consider that over-production as a cause of depressed trade may be dismissed. I should rather feel disposed to say, if I may refine on such a question, that prices fall as a result of under-consumption; people are all poorer, there is less circulating medium, and therefore sales which are now largely forced, being in excess by comparison of the volume of metallic money, render it difficult to effect sales, except by making concessions. In plain English, there are more sellers than buyers.

8. The questions contained in No. 8 open up a wide field of political economy, and demand careful reply, and equally careful reading of such reply. The first of the two questions under this number is answered simply

enough, the second will require careful explanation. As to the first part of the question, how is trade affected by alterations in the value of the metal used as a standard, I think the reply should be that just in proportion as the metal used as a standard is dear (scarce) so will commodities respond by falling in value, and, *vice versa*, precisely as the metal used as standard is cheap (plentiful) so will commodities respond by rising in value with almost mathematical accuracy. But when the question comes to be answered as to the effect on trade as between gold-using nations and silver-using nations by a change in the ratio of their value to each other, it is difficult to exaggerate the importance of the consequences that inevitably grow out of such a state of matters.

Up to the year 1876 France was willing to exchange gold for silver, or silver for gold, on the ratio of 15½ to 1, or, as we should say in England, at 5s. the ounce for silver against 77s. 9d. the ounce for gold, and thus the ratio between gold and silver was steadily maintained, as the metals never fell below those ratios. France acted, in fact, as the clearing house for the precious metals throughout the world, the result of her bi-metallic law. Silver was never known during the existence of the French bi-metallic system to fall below 4s. 11½d. the ounce, at which price it sold quite readily in London for coinage into 5 franc pieces in Paris. But when Germany commenced selling her silver and taking gold against it, France suspended her bi-metallic law by refusing any longer to coin silver money. Her object was in part to protect herself against the entire loss of her gold under the attempted inauguration of a single gold standard for all Europe, and in part perhaps to frustrate Germany's intention, as she has done. But the result as regards international trade between gold-using nations and silver-using nations was that the ratio between the two precious metals was permanently and effectually broken, and has never since been restored. The consequences to England have been most serious, as it is impossible now for any merchant or banker trading between England and India, China, or Mexico, to form even an opinion as to the price at which in the course of his business, having turned his gold capital into silver, he can again turn his silver capital into gold; and with the constant and steady widening of the difference in the ratio, now amounting to more than 20 per cent., the actual losses that have had to be submitted to must have been incalculable. The hopes that are expressed of an improvement in the profits of trade between gold-using and silver-using nations are, I fear, hopes, and nothing more. There may be profits, or there may be losses, but whether transactions will end in profit or loss will depend on questions that the trader is not responsible for, and as to which no opinion is worth a moment's consideration. Nothing can restore the profitable character of the enormous trade of England with silver-using countries but a restoration of the ratio that prevailed between 1803 and 1876, when the bi-metallic law of France during all that time acted as a regulator to the mercantile machine that was working between England and her silver-using customers. Whatever the merits are, that are claimed for the single gold standard, it is utterly unsuited to a manufacturing nation like England, whose existence depends very largely on the profitable trade she can carry on with nations that have a currency composed of a silver metal. This argument has been maintained by what is known as the bi-metallic school, and 10 years of experience only go to confirm their assertions. There is not an article that is produced in India, and that is also produced in England, the continent of Europe, and in the United States, that is not subject to a protection bonus in India, in the shape of the extent of the variation of the ratio between the precious metals. At the present moment, with the rupee worth less than 1s. 6d. and the dollar worth less than 3s. 4d. in gold, this variation amounts to more than 20 per cent., and any meaning may be better understood perhaps if I take two articles, the one an export from India, the other an export from Lancashire. Let the export from India be wheat and the export from Lancashire be cotton goods; the effect of the cessation of a fixed ratio between gold and silver has been a continuance of the fall in the value of silver, measured in gold, until at the present moment a rupee, the intrinsic value of which at 5s. the ounce for silver is close on 1s. 11d. in gold, can now be bought at under 1s. 6d., or a fall in its value of more than 20 per cent., and therefore at the present moment 1s. 6d. will buy in India more wheat than 2s. could have bought before the demonetisation of silver took place, or say, about 13 years ago. This gives the purchaser of Indian wheat an export bonus amounting to the reduced cost of the rupee, and thus enables Indian-grown wheat to compete with English wheat under a bonus of more than 20 per cent. over and above the cost of production. This is bad enough, but

the position is made worse by the appreciation of the rupee in India itself. I have before named that Mr. Prinsep's list of prices in India shows that the rupee in India has appreciated, measured in wheat, to the extent of 17 per cent., that is to say, the rupee will in India to-day buy more wheat by 17 per cent. than it could have done 15 years ago, and thus, taking the appreciated rupee together with the loss in exchange caused by the fall in the value of silver in its relation to gold, which is 20 per cent., a merchant can to-day lay down wheat in London from India 40 per cent. lower than was possible 15 years ago. This of course secures cheap food, but at the cost of the destruction of the agricultural interests, not only in England but also in Europe and the United States. This is the reason why wheat is 30s. per quarter, with the prospect of a lower price should silver fall lower. The same argument applies to cotton in the United States, which is now selling at less than 5d. a pound, a price, I understand, which in America it cannot be produced to pay.

On the other hand, the same fall in the ratio of silver to gold operates in the opposite direction against Lancashire cotton manufactures. Cotton goods may sell in India at the same prices as heretofore in rupees, but when a manufacturer proceeds to bring the proceeds of his goods back to England; in other words, so soon as he attempts to convert the rupees into gold, as he must do to complete the transaction, he is confronted by the same 20 per cent. depreciation in the price of silver, as a charge against the operation. He is thus compelled either to ask a higher price, that is to say, more rupees, in India, to counteract the 20 per cent. loss by the depreciation in silver, or he must reduce the cost of production in England by paying less wages and less cost for his cotton. Experience shows that he cannot get higher prices for his goods in India, where this fact stimulates native manufactures, and thus he is driven to reduce the cost of manufacture in England, and thus the reduction in the ratio of value between silver and gold falls directly on the English artisan and the American producer; and as the grower of cotton endeavours to protect himself by haggling for a reduction in rent, railroad, and other charges, thus American railroad stocks and bonds, largely held in England, bear part of this disturbance in the value of the ratio between silver and gold. The effect therefore of a reduction in this ratio is to injure English, European, and American agricultural and industrial interests, which, so far as the latter are concerned, have silver-using nations for their destination. These arguments could be carried on indefinitely, but I abstain under the fear that I have already carried them to too great a length.

9. This question has been in a great measure answered by the replies already furnished in regard to No. 8. But I may perhaps be allowed to point out that while it is generally supposed that India has gained what gold-using nations have lost, by the fall in the ratio between silver and gold, there is but little proof that such is really the case. In fact, the evidence is that India has suffered, as well as England, Europe, and America, though perhaps in a less degree. Still she has suffered, and the gain that she was supposed to have made by the fall in the value of silver, turns out to have been no gain to her, though a loss to us. The loss arising out of the change in the ratio has been absolute, as much so as though the difference had been dropped into the sea. It has been the loss of everybody and the gain of nobody. The only benefit to India has been a more ready sale for her commodities, but at reduced prices, because, as I have before shown, the prices of commodities measured in India in rupees have fallen very nearly as much as commodities have fallen in England measured in gold, added to which the loss to the Government of India on placing gold in London to meet her gold obligations is such that the estimates of revenue and expenditure prove to be entirely fallacious and unreliable; and as it is admitted that the limit of taxation in India has been reached, the Government of India are powerless, and have been compelled to lay before the Home Government the injury to India that is growing out of the disturbance in the ratio between the currency of that country and of this. It is therefore fair to assume that under the reduced and varying ratio between silver and gold India does not benefit, but suffers, and thus it would seem that the fall in the ratio benefits neither India or England, but is an injury to both.

(Signed) EDWARD LANGLEY.

1. I have made no personal investigation of this question, but the results of the inquiries of competent authorities, such as Mr. Goschen, Mr. Newmarch, Mr. Jevons, Mr. Giffen, Mr. Hansard, Mr. Mulhall in this country, confirmed as they are by continental economists such as M.M. de Laveleye and Paul Leroy Beaulieu, seem to place beyond dispute the fact that there has been in recent years, since 1873, a marked continuous and very general decline in gold prices, both in Europe and in the United States of America. As regards silver prices, the only country of which I have any knowledge is India, and, so far as I have been able to ascertain, there is no evidence here to show that prices as a whole have undergone very material change in the period in question. They have certainly not risen as was anticipated by the English school of economists, represented by the late Mr. Bagehot; on the contrary, I rather infer from the figures given both by Mr. Pedder of the India Office, and by Mr. Barbour, financial secretary to the Government of India, that the tendency has been rather towards a decline. The utmost effect which I think can be attributed by statisticians to the recent disturbance in the relative value of gold and silver, as regards India, is that of having prevented a course of depreciation.

2. I should say that the fall in prices has been found to have occurred in so many staple articles as to justify the inference that it has been general, and that the exceptions are of a kind which can usually be traced to special causes.

3. I think that there can be little doubt that the increased use of gold for currency purposes, owing to the legislation of Germany, the Latin Union, and the United States since 1873, has had the effect of enhancing its value in relation both to silver and to commodities in general.

4. I am not aware of any circumstances on former occasions which are precisely similar. It was a subject of much controversy at the time whether the resumption of cash payments in 1819 in this country was the cause of a fall in prices, but I believe that the best opinion is that it was not. This was certainly the view of Mr. Tooke.

Nothing is more curious than the history given by Professor Cairnes in his "Essays on the Gold Question," of the converse effects produced by contrary circumstances after the gold discoveries of 1853. The increased supply of gold diminished its value, but there was not, so far as I am aware, anything in the way of legislation at that period (save, I think, in Holland) to aggravate the fall; on the contrary, the increased supply of gold was met by an increased demand and use for purposes of currency.

5. It seems to me impossible to disconnect them from the legislation of Germany, France, and the United States, or to attribute them to any other cause than to what Professor Sedgwick very appropriately describes as unratified bi-metallicism. When it is considered that even in recent years, when the coining of gold has been greatly checked and silver has been only coined in British India, the consumption of gold and silver for purposes of coinage is estimated at more than double the amount required for the arts, it becomes evident that the chief demand for the precious metals is for currency purposes or money. It is, therefore, obvious that any substitution of one metal for the other as money on a large scale must affect their relative value. I cannot doubt that the demonetisation of silver by Germany in 1873, the cessation of the silver coinage in the Latin Union, and the adoption of a gold standard by the United States, have disturbed the previously existing relation between the quantities of gold and silver used in the currencies of the world, and affected their relative value. This effect has probably been slightly aggravated by the diminished production of gold relatively to silver in recent years and the increased demand for it in India.

6. I doubt whether the effect of credit upon prices in a falling market, when the fall of prices is caused by a diminished supply of the standard metal in relation to commodities, is to counteract or retard it. On the contrary, I am disposed to think that the contraction of credit in such circumstances is likely to proceed in a greater ratio than the contraction of the metallic basis of the currency.

It has been sometimes urged as a proof that there is no scarcity of gold that the rate of interest on money is low, but this is a mistaken notion altogether. It is, I believe, usually found the rate of interest is high at periods when the currency is abundant and prices are rising, and that it is low when the opposite conditions exist. The cause of this will probably be that the contraction of credit and loss of confidence when prices are falling checks and restricts enterprise and productive and speculative activity.

7. I suppose that concurrently with a diminishing production of gold, there has been an increased production of commodities generally, owing to the progress of invention, improvements in transport and communication, more

economical and efficient processes and methods, which have increased and stimulated transactions.

How to apportion the share due to the appreciation of gold and that due to the depreciation of commodities is, of course, an impossible task.

Probably both causes have been in simultaneous operation, but there is one observation which it is necessary to make.

It is a question of great importance, whether low prices are caused by an increased production of commodities relatively to the standard of value, or by a decreased supply of the standard of value relatively to commodities.

A fall of prices, due to the first cause would add nothing to the aggregate value of commodities, while it would diminish the value of each separate commodity, thereby adding to the wealth or sum of utilities in the world. If we suppose that the production of everything except gold was doubled (the labour employed remaining the same) the sum of values would be unchanged; while each separate commodity would have fallen 50 per cent. in value, the real wealth of the world would be doubled, and the relations of debtor and creditor would be undisturbed. But a fall in prices caused by a diminished supply of gold, or whatever is the standard of value, adds nothing whatever to the world's wealth, and benefits creditors at the expense of debtors, who constitute the bulk of the producing classes paying rent and interest.

Fortunately there is a test, by the application of which we may be enabled to decide as to which of these two causes, a fall of prices is attributable.

In both cases the quantity of labour may be assumed to be the same, for we have assumed that there has been no sudden addition to the supply of labour corresponding with the increased supply of commodities. If then the fall in prices has been due to what is commonly, but loosely, called over-production of commodities, and not to a scarcity of the standard metal, it cannot affect wages. These will remain the same, and the working or wage earning class will have its full share in the increased abundance.

But if, on the other hand, a fall of prices is due to a diminished supply of the standard metal the price of labour will be affected, as the price of everything else is affected, and wages will inevitably fall. The condition of the working classes will not be worse, for all that they consume will be proportionately cheaper, but it will be in no way improved. Cheapness in money value and cheapness in labour value may coincide, but they have no necessary connexion. Things may be cheap merely because gold is dear, not because there is an abundant supply of them, but in this case labour will be cheap too. If the price of labour falls at a time when general prices are falling, it may be inferred that the cause is an appreciated currency. If low prices are the result of an increased return to labour owing to improvements in production, or increased facilities of communication and exchange, the value of labour and the wages of labour (its quantity remaining the same) will relatively rise.

It seems to me therefore that the important question, for the investigation of the Commission is the condition of the labour market in its various branches. Are wages falling at the present time and, if so, to what extent? From this point of view the figures given by Mr. Barbour with respect to wages in India appear to be especially interesting.

8. The Commission is doubtless fully acquainted with the views of eminent economists on this question, which can only be adequately answered by a treatise. It may be enough for me to say that I presume that what Mr. Mill might have called the infantine theory founded on Hume's remark, that if every man woke up some morning with two sovereigns instead of one, things would remain exactly as they were before, is no longer accepted except as an abstract proposition, and that an opinion is sought as to the nature of the effect upon trade of the changes in its conditions which alterations in the value of the standard metal are allowed to produce.

Speaking generally I think that periods of depreciation are periods of progressive prosperity, and periods of appreciation, periods of progressive depression. This seems to be the conclusion to be drawn both from "a priori" reasoning and from historical evidence.

Without going further back to the sixteenth and seventeenth centuries, the experience of the present century seems sufficient under the latter head. There can, at least, be no doubt as to the coincidence of depression and social disorder with the period of appreciation which preceded 1848, of the extraordinary prosperity which followed the gold discoveries of 1853, and of the reaction and increasing political and social anxieties which have prevailed since 1873.

As a matter of fact, Hume's statement of the case is pre-

cisely what would not happen and does not happen. Additions made to the currency by increased production are always local in the first instance, and affect particular places and particular commodities, thus creating inequalities of price which directly stimulate increased production of other commodities in an ever widening circle, until by the time the effect has told upon the whole commercial world, the addition to the total stock of commodities, and the increase in transactions, will have gone far to neutralise the rise of prices.

The converse of this process is equally true. The effects of scarcity are felt first in one country, and then in another, they tell first on particular traders, then upon others, until the whole circle of trade and human society is involved in them.

The truth seems to be this: when prices are rising there is a constant effort on the part of the producing classes to increase production and reap the gain to create a new supply to meet the new demand. When prices are falling there is a constant tendency on the part of the same classes to diminish their production, so as to avoid the risk of loss, to diminish the supply in order to meet the diminished demand.

Also, it must be remembered, that it is not only the aggregate excess or defect in the monetary stock which affects this question, but also largely, the distribution of the stock in the one case and in the other.

When the currency is appreciated, it is the non-producing class which benefits; when it is depreciated, it is the industrial and producing class which derives advantage.

It is unnecessary to point out the difference to the labouring classes of rising and falling prices when these affect wages, whether the actual comfort of these classes is more or less, they are certain to think so, and hence, periods of appreciation are invariably periods of social disorder and political agitation. If prices had risen 30 per cent. instead of falling, there would probably be no Irish question at the present time. It must also be remembered that in reducing the sum of wages, an employer does not proceed by a general reduction per head, but often by diminishing his numbers, and while retaining the better hands, perhaps, at equal wages, the least efficient and the most helpless are cast altogether on the street.

As regards the effects of alterations in the value of the precious metal "inter se" in the case of gold and silver using countries, it seems certain that whatever increases the element of risk and chance and doubt in commercial transactions, must check and diminish trade. If this be not so, I do not know why it has been thought necessary in all civilised societies to have a standard of value at all. Why not a universal system of barter? If a standard of value is desirable in national transactions, can it be a matter of complete indifference in international trade? If it would be an evil to have different standards of value in the same country, why should this evil be imagined to cease, if a country is called an empire, or if it be only one country among others? Between two countries trading with each other, and with different standards of value which are constantly fluctuating "inter se," trade must be on the footing of barter, and all exact calculations as to the result of particular transactions becomes absolutely impossible. How this can be anything but an evil of capital and paramount importance I am unable to conceive? The effect of particular variations in the relation of such standards upon the trade of such countries must of course depend upon the nature of the alterations in each particular case, but the general answer to the question of the Commission is that the way in which trade is affected by alterations in the value of the precious metals "inter se" between gold and silver using countries, is that it is deprived of all fixed and solid foundation, and is reduced to a state of barter.

This being so, I have always been unable to understand the repugnance which has been shown in England to a conscientious and rational examination of the system which goes by the name of bi-metallism, which is nothing more or less than a method which appears to afford the only possible hope of establishing a common standard of value in international transactions. It would have seemed at first sight, that instead of being the country most opposed to the discussion of such a proposal. England, as the country which has by far the largest interest in international trade, would have been the first to regard it with favour. There is no doubt that it was for a long time distrusted from a confused suspicion that the theory on which it proceeds had no scientific warrant. This notion was engendered by an ill-considered passage in Ricardo, to the effect that the value of the precious metals was determined by their cost of production, which is not only inconsistent with his general principles, but obviously the converse of the truth, and as Condillac says, to put "la charrue avant

es bœufs" it is precisely the same error as that of the older English economists in supposing that rent was an element in cost. But now that there is, as I believe, no longer any serious discussion as to the scientific truth of the theory (the latest, and one of the clearest demonstrations of it being the essay on the Theory of Money, by M. Leon Walras, of Lausanne, which I recommend to the notice of the Commission). I can only attribute the attitude of public opinion towards this proposal to the reason given by Mr. Bagehot, viz., that it has an "odd look about it."

It may be, indeed, questioned whether the substitution of "rated bi-metallism," (which is practically mono-metallism in its results, for the unrated bi-metallism which now prevails, and which it is desired to retain), would have any very potent or permanent effect in arresting the progressive appreciation of the precious metals, and consequent fall in prices, which is an unhappy characteristic of our epoch; but in removing the uncertainties and irregularities of international transactions between gold and silver using countries, and in giving to them a stability essential to the success of the policy of free trade, and to all solid and healthy progress, the effect would doubtless be decisive.

The complex nature of the problem is well illustrated by the trade between the United Kingdom and India during recent years, which is the subject of the next question.

9. The answer to this question has been given so fully in the papers prepared by Mr. Pedder of the India Office, and by Mr. Barbour, the Financial Secretary to the Government of India, in his recent admirable treatise on the "Theory of Bi-metallism" that it would only waste the time of the Commission for me to trouble them with second-hand facts and figures, especially as my general conclusions from the independent inquiries which I have been able to make agree very remarkably with those of Mr. Barbour.

I will, therefore, only make a few observations by way of commentary on the official facts.

Nothing is more striking to those who, like myself, have watched the course of Indian trade from the commencement of the recent monetary disturbance, than the failure of the prognostications of the most accredited English economists at that time.

We were told that silver would flow in largely increased quantities to India. That prices in India would rise; that exports would be stimulated and imports checked, and that after a few years things would find their level.

After ten years' experience we find that none of these consequences have ensued. It is true that the importations of silver into India have been considerably larger than in the years immediately preceding 1875; but when allowance has been made for the effects of the borrowing in London during this period, and the consequent diminution by the extent of such borrowings in the Council Bills, it will be seen that the importation of silver has been by no means abnormal. As Mr. Barbour points out, the total amount of silver imported into India from 1855-56 to 1884-85, apart from borrowing, is only 36,000,000 rupees yearly, an amount which, as he says, is hardly in excess of what India requires to maintain the volume of her currency.

Accordingly we see that so far from prices having risen the tendency has been rather towards a decline, as appears both from Mr. Pedder and from Mr. Barbour's interesting tables of price. During the same period the export trade of India as a whole has not been relatively stimulated nor the import trade checked; on the contrary, the latter, if anything, appears to have increased rather more than the former, and finally the disturbance in the relative value of gold and silver, and of prices generally, is greater than ever.

No doubt the normal action of economic laws is so disturbed in the case of India by the complications due to constant foreign loans, and the Council drawings, that it is very difficult to trace their effect; but I think that it is clear that the error of the economists consisted in attributing the disturbance to a depreciation of silver instead of to an appreciation of gold. If this latter fact had been recognised their forecast would, no doubt, have been different, especially if it be admitted, as I think it must, that instead of depreciating silver also, in its relation to commodities, has somewhat appreciated although to a far less extent than gold. (See table at p. 92 of Mr. Barbour's book.)

The general conclusion appears to me to be that the effect of the present relations between gold and silver has not told appreciably on prices in India, or on the relative progress of her import and export trade; that India has suffered from the heavy additions made to her obligations contracted in gold by the discouragement given to the investment of foreign capital, and the consequent check to railway and other enterprise by the necessity under which she has been placed of continuing the pernicious practice of borrowing in gold, and by the uncertainty introduced

into all her commercial relations with gold-using countries; but that she has not suffered as those countries have from an appreciation of the standard of value and progressive fall of prices, and that collaterally she has gained by an increasing trade with silver-using countries, such as China, in which she has been enabled to supplant her English rivals.

(Signed) LOUIS MALLET.

XIX.

Cambridge, May 27, 1886.

MY LORD,

I BEG leave to submit to you a few remarks in answer to some of the questions in your circular of April 20th which was forwarded to me by Professor Price. I have avoided going over the ground covered by the memorandum submitted to you by Mr. Palgrave, the first draft of which I have been permitted to see, and with which I am in general agreement.

QUESTIONS 3, 4, & 7.

It is interesting to note the causes which Tooke gave (History of Prices, Vol. II., pp. 348-9) for "the decline and comparatively low range of prices from 1814 to 1837."

It will be remembered that he had to explain a much greater fall in gold prices (i.e., even after allowing for the depreciation of paper) than that with which we are now concerned. Jevons' "actual" (as opposed to "logarithmic") gold standard index number for the average of 40 leading commodities was 133.5 for the average for the 13 years 1799-1811; for the 10 years 1821-1830 it was 88.7. Turning to the Economist's index number for the years 1850-1886, we find that here also a period of about 13 years stand out as of exceptionally high prices, viz., those from 1855-1867, for which the average (reduced to the same basis of 100) is 138.5, while the lowest 10 years' average that we can get is 109.9 for the years 1876-1885—a much less sharp contrast.

Of Tooke's six causes, the first was a series of good harvests following on a series of bad harvests; we have to look in a different direction for the cause of the recent fall in the prices of agricultural produce. And his fourth cause, relating to a rise of the foreign exchange, is inapplicable to present circumstances. But the remaining four causes are worth quoting in detail.

They are,

- "(2.) The removal of obstacles from the several sources of foreign supply; a great extension of some of them; and the discovery of new ones.
- "(3.) A great reduction of the charges of importation, by the low freights and insurances incidental to a state of peace; and the improved, and cheaper, and more rapid internal communications.
- "(5.) Improvements in machinery, in chemistry, and in the arts and sciences generally, all tending to reduce the cost of production of numerous articles, or to provide cheaper substitutes.
- "(6.) A reduction of the general rate of interest, and a more extensive application of individual accumulations to reproductions at a diminished cost."

If to these we add the setting free of middlemen's stocks by the telegraph, &c., and if we refer the fall of freights, &c., to the development of steam traffic rather than to the cessation of war risks, we have, I think, a very fair account of those causes of the recent fall of prices which have not their origin in changes in the supply of money. Under the last head I include not only the recent changes in the supply and methods of use of the precious metals, but also the disappointment of the hopes that were entertained some years ago as to the extension of the English system of payment by cheques in other countries. No doubt also there has been a check to the increase of bills of exchange; but against that must be set the growth of telegraphic transfers.

I think, however, that there is an objection to Tooke's mode of wording, which applies also to many recent writings on the subject. He has not made it clear that diminution of the cost of production of commodities must not be counted as an additional cause of a fall of prices, when its effects in increasing the supply of commodities relatively to gold have already been allowed for separately. This is a point of some difficulty, and its interest is theoretical rather than practical.

As to the facts of the present available gold supply, I wish only to say that I attach great importance to the influence of hoarding in various forms (see question 5), about which we cannot from the nature of the case get any statistics. In consequence I look with some scepticism on any attempt to divide the recent fall of prices into that

part which is due to changes in the supply of commodities and that which is due to the available gold supply.

[This is the distinction which I take to be intended by the opposition between a "fall of prices generally" and an "appreciation of the standard" in question 7. Perhaps I may be excused for saying that I think that this use of the term "appreciation of gold" may possibly cause some confusion. I myself prefer to use it as synonymous with "a fall of general gold prices," and again, "a rise in the purchasing power of gold."]

QUESTION 5.

On this question I will confine myself to some remarks as to what may be called the law of hoarding, viz., that the demand for a metal for the purposes of hoarding is increased by a continued rise in its value and diminished by a continued fall, because those people who hoard believe that what has been rising in value for some time is likely to go on rising and *vice versa*. Thus the law of demand for a metal for the purpose of hoarding is the opposite of the law of demand for a commodity for the purpose of using it.

In consequence of this law the increase in the supply of silver has probably contributed directly to the rise in the purchasing power of gold, by causing people in India and elsewhere to hoard gold instead of silver. Under the head of hoarding I reckon the buying of simple gold and silver ornaments, the value of which consists almost solely of the metal contained in them.

I do not regard this tendency to hoarding of a metal rising in value as likely to come into action until the rise is so palpable and notorious as to be clearly apprehended by the comparatively ignorant people who are likely to hoard. Its force is always greatest after a collapse, such as took place in France in 1882, of commercial undertakings in which the country people have been lured on to invest their savings.

It is noteworthy that the net importation of silver into India was nearly twice as great as that of gold in the 15 years preceding 1870, and that the two were not very far from equal in the succeeding 15 years. (See also my answer to question 9).

QUESTION 8, PART 1.

I will ask you to excuse my making use of some passages from my own writings in answering this question. First I would quote from the *Economics of Industry*, Book III., ch. I., secs. 5, 6.

"The connexion between a fall of prices and a suspension of industry requires to be worked out.

"There is no reason why a depression of trade and a fall of prices should stop the work of those who can produce without having to pay money on account of any expenses of production. For instance, a man who pays no wages, who works with his own hands, and produces what raw material he requires, cannot lose anything by continuing to work. It does not matter to him how low prices have fallen, provided that the prices of his goods have not fallen more in proportion than those of others. When prices are low he will get few coins for his goods, but if he can buy as many things with them as he could with the greater number of coins he got when prices were high he will not be injured by the fall of prices. He would be a little discouraged if he thought that the price of his goods would fall more than the prices of others, but even then he would not be very likely to stop work.

"And in the same way a manufacturer, though he has to pay for raw material and wages, would not check his production on account of a fall in prices, if the fall affected all things equally and were not likely to go further. If the price which he got for his goods had fallen by a quarter, and the prices which he had to pay for labour and raw material had also fallen by a quarter, the trade would be as profitable to him as before the fall. Three sovereigns would now do the work of four, he would use fewer counters in measuring off his receipts against his outgoings, but his receipts would stand in the same relation to his outgoings as before. His net profits would be the same percentage of his total business. The counters by which they are reckoned would be less by one quarter, but they would purchase as much of the necessities, comforts, and luxuries of life as they did before.

"It, however, very seldom happens in fact that the expenses which a manufacturer has to pay out fall as much in proportion as the price which he gets for his goods. For when prices are rising, the rise in the price of the finished commodity is generally more rapid than that in the price of the raw material, always more rapid than that in the price of labour, and when prices are falling the fall in the price of the finished commodity is generally more

rapid than that in the price of the raw material, always more rapid than that in the price of labour. And therefore when prices are falling the manufacturer's receipts are sometimes scarcely sufficient even to repay him for his outlay on raw material, wages, and other forms of circulating capital; they seldom give him in addition enough to pay interest on his fixed capital and earnings of management for himself.

"Even if the prices of labour and raw material fall as rapidly as those of finished goods, the manufacturer may lose by continuing production if the fall has not come to an end. He may pay for raw material and labour at a time when prices generally have fallen by one sixth; but if by the time he comes to sell prices have fallen by another sixth, his receipts may be less than is sufficient to cover his outlay.

"We conclude, then, that manufacturing cannot be carried on, except at a low rate of profit or at a loss, when the prices of finished goods are low relatively to those of labour and raw material, or when prices are falling, even if the prices of all things are falling equally.

"Thus a fall in prices lowers profits and impoverishes the manufacturer, while it increases the purchasing power of those who have fixed incomes. So, again, it enriches creditors at the expense of debtors; for if the money that is owing to them is repaid this money gives them a great purchasing power, and if they have lent it at a fixed rate of interest each payment is worth more to them than it would be if prices were high. But for the same reasons that it enriches creditors and those who receive fixed incomes, it impoverishes those men of business who have borrowed capital, and it impoverishes those who have to make, as most business men have, considerable fixed money payments for rents, salaries, and other matters. When prices are ascending the improvement is thought to be greater than it really is, because general opinion with regard to the prosperity of the country is much influenced by the authority of manufacturers and merchants. These judge by their own experience, and in time of ascending prices their fortunes are rapidly increased; in a time of descending prices their fortunes are stationary or dwindle. But statistics prove that the real income of the country is not very much less in the present time of low prices than it was in the period of high prices that went before it. The total amount of the necessities, comforts, and luxuries which are enjoyed by Englishmen per head was but little less in 1879 than it was in 1872."

I should say very much the same now in 1886 as I said in 1879.

I agree with the general opinion that a steady upward tendency in general prices conduces a little more to the general well-being than does a tendency downwards, because it keeps industry somewhat better employed. But on the other hand, people of all classes, and especially of the working classes, spend their incomes more wisely when prices and money-wages are falling, and they think themselves worse off than they are, than when a rise of prices and money-wages leads them to exaggerate their real incomes and to be careless about their expenditure. So that, on the whole, I think there is much less difference than is generally supposed between the net benefits of periods of rising and falling prices. It is doubtful whether the last 10 years, which are regarded as years of depression, but in which there have been few violent movements of prices, have not, on the whole, conduced more to solid progress and true happiness than the alternations of feverish activity and painful retrogression which have characterised every preceding decade of this century. In fact, I regard violent fluctuations of prices as a much greater evil than a gradual fall of prices. I will venture to quote a passage from a paper on remedies for the discontinuity of industry, which I read last year at the "Industrial Remuneration Conference":—

"A great cause of the discontinuity of industry is the want of certain knowledge as to what a pound is going to be worth a short time hence. With every expansion and contraction of credit prices rise and fall. This change of prices presses heavily even on those who kept themselves as far as possible from the uncertainties of trade, and increases in many ways the intensity of commercial fluctuations. For just when private traders and public companies are most inclined to reckless ventures the interest which they have to pay on borrowed capital represents an exceptionally small purchasing power, because prices are high. And in the opposite phase, when their resources are crippled by the stagnation of business the lowness of prices compels them to sacrifice a much greater amount of real wealth in order to pay their interest. When traders are rejoicing in high prices debenture and mortgage holders and other creditors are depressed; and when the pendulum swings the other way traders, already depressed, are kept under

water by having to pay an exceptionally heavy toll to their creditors. This serious evil can be much diminished by a plan which economists have long advocated. In proposing this remedy I want Government to help business, though not to do business. It should publish tables showing as closely as may be the changes in the purchasing power of gold, and should facilitate contracts for payments to be made in terms of units of fixed purchasing power.

"Government already does work of the kind desired in regard to the tithe commutation tables. But instead of dealing with wheat, barley, and oats, it would deal with all important commodities. It would publish their prices once a month or once a year; it would reckon the importance of each commodity as proportioned to the total sum spent on it, and then by simple arithmetic deduce the change in the purchasing power of gold. Borrowings could then, at the option of the contracting parties, be reckoned in Government units. On this plan, if A lends B 1,000*l.* at 4½ per cent interest, and after some years the purchasing power of money had risen by an eighth, B would have to pay as interest, not 45*l.*, but a sum that had the same purchasing power as 45*l.* had at the time of borrowing, i.e., 40*l.*, and so on. The plan would have to win its way into general use, but when once it had become familiar none but gamblers would lend or borrow on any other terms, at all events for long periods. The scheme has no claims to theoretic perfection, but only to being a great improvement on our present methods, and obtained with little trouble. A perfectly exact measure of purchasing power is not only unattainable, but even unthinkable. The same change of prices affects the purchasing power of money to different persons in different ways. For those who can seldom afford to have meat a rise of one fourth in the price of meat accompanied by a fall of one fourth in that of bread means a fall in the purchasing power of money; his wages will not go so far as before. While to his richer neighbour, who spends twice as much on meat as on bread, the change acts the other way. The Government would of course take account only of the total consumption of the whole nation; but even so it would be troubled by constant changes in the way in which the nation spent its income. The estimate of the importance of different commodities would have to be recast from time to time. The only room for differences of opinion would be as to what commodities should be taken account of. It would probably be best to follow the ordinary method of taking very little account of any but raw commodities. Manufactured commodities and personal services are always changing their character, and are not easily priced. Manufactured tend to fall in value relatively to raw commodities, and at present, at all events, personal services tend to rise, so that the errors made by omitting both probably nearly neutralise one another. Simplicity and definiteness are in this case far more important than theoretic accuracy. Those who make the returns should work in the open day, so that they could not, if they would, be subject to many influences. This plan, though strange at first sight, would really be much simpler than bi-metallism, while its influence in steadying industry would be incomparably greater."

The task of publishing from time to time the currency value of a unit of constant purchasing power cannot, I think, be performed properly except by a permanent Government department. So far as the exports and imports go, the materials for this have been provided by the Board of Trade. Their work is a perfect model of method, which cannot fail to be of use to us; but it is not directly applicable to our present purpose. In Mr. Palgrave's memorandum a most interesting example is shown of the kind of index number that is wanted. But Government alone can command the machinery requisite to secure properly tested figures for the purpose.

The unit of constant general purchasing power would be applicable, at the free choice of both parties concerned, for nearly all contracts for the payment of interest, and for the repayment of loans; and for many contracts for rent, and for wages and salaries. But as people become more familiar with the plan, certain modifications might gradually be made, again by the consent of those concerned, for special cases. For instance, there might be an agricultural unit, either suggested directly by the Government or adapted by private persons from the figures supplied by the Government. This unit would be got from the general unit by increasing the weight of the prices of agricultural produce. It might be agreed that while the total amounts spent on other things should be taken as they are, every 1,000,000*l.* spent on agricultural produce should be treated for this special purpose as though it were (say) 4,000,000*l.* This plan would, I think, be fairer, and, when once thoroughly understood, more popular, than the plan which has been proposed of fixing agricultural rents at the price of a certain amount of farm pro-

duce. Again, by a similar modification, a mining unit might be got which would supersede the useful but not quite satisfactory sliding scales that are adopted at present; and so for other trades.

I wish to emphasise the fact that this proposal is independent of the form of our currency, and does not ask for any change in it. I admit that the plan would seldom be available for the purposes of international trade. But its importance as a steadying influence to our home trade would be so great, and its introduction would be so easy and so free from the evils which generally surround the interference of Government in business, that I venture to urge strongly its claims on your immediate attention.

To pass to another point. Whatever opinion we may hold as to the extent to which the recent fall of prices is caused by a check to the available supply of gold, it is beyond question that changes in this supply are not accountable for more than a very small part of the total fluctuations in the general purchasing power of money. The aggregate of the annual fluctuations of the "Economist's" index number (on a basis of 2,200) has been considerably more than 6,000 since the year 1850, and of these not more than 2,000 at the outside can be attributed to the influence, direct and speculative, of changes in the supply of gold. And, therefore, even neglecting the practical difficulties in the way of altering the metallic basis of our currency, I should expect much less benefit from it than from the general adoption of a unit of fixed purchasing power for all important contracts. But I wish to argue briefly that the so-called bi-metallic scheme, of which much has been said lately, has no proper title to that name; and that if it be desirable to disturb our currency with the purpose of basing it on two metals instead of one, there is another plan which ought to be considered, a plan which I believe to have a juster claim to the title of bi-metallism, and which, though perhaps somewhat stranger at first sight, is really simpler because it requires no treaties with other Governments.

The ordinary bi-metallic scheme proposes that the leading Governments should agree to give free mintage to gold and silver at a fixed ratio. I regard the plan as not impracticable; I admit the general validity of the arguments adduced in support of it by its abler advocates. I believe it would tend to have the beneficial action which they claim for it, but to a much smaller extent than they claim. Without, however, discussing these points in detail, I wish to point out that much of their argument proceeds on the assumption that the cost of mining silver is likely to fall relatively to that of mining gold. If this should turn out to be the case, the result of fixing the ratio of the values between the two metals will be to stop gold mining, though, of course, some gold would still be found with the silver. What gold there was, would then be absorbed almost entirely for war chests, which may be regarded as a kind of public hoarding, for private hoarding, and for the purposes of art and ornament. Nothing would induce English and other civilised people to carry about much more silver than they do now. Not being able to get gold, they would insist on having (convertible) notes; and there being very little gold in store, this would be chiefly on a silver basis. Thus so-called bi-metallism would, in my opinion, be very likely to degenerate practically into silver mono-metallism, silver coins being used for small change, and silver paper for the chief work of business. The value of the currency would then fluctuate with every variation in the value of silver. Without the special advantages of our present currency we should have its disadvantage of being practically dependent on one metal only for the steadying of prices.

I submit that, if we are to have a great disturbance of our currency for the sake of bi-metallism, we ought to be sure that we get it. The alternative scheme for which I ask attention is based on Ricardo's "Proposals for an Economical and Secure Currency." He suggested that we should go at once to that paper currency—except for small change—which would, I think, be likely to result ere long from the general adoption of a fixed ratio for gold and silver. He proposed to base it directly on gold; not on gold coins, but on stamped gold bars of considerable weight. He supposed an ample reserve of these to be kept, and that the bars should be held always ready to be bought and sold for a fixed amount of the currency. Thus the value of the currency would be absolutely fixed at the value of the gold which it professed to represent, while the gold bars would form the best means of settling the balance of international indebtedness that the genius of man has ever devised.

My alternative scheme is got from his simply by wedding a bar of silver of, say, 2,000 grammes to a bar of gold of, say, 100 grammes; the Government undertaking to be always ready to buy or sell a wedded pair of bars for a

fixed amount of currency. (It would be somewhere about 291.). This would be true bi-metallism. The value of the currency would be fixed absolutely by the means of the values of a gramme of gold and, say, 20 grammes of silver. It would have no chance of deteriorating into a silver mono-metallism.

Moreover, this plan could be started by any nation without waiting for the concurrence of others. It would require no international contract, but, if adopted by several nations, would constitute by itself a working international currency for large transactions. It would soon lead to the adoption of a currency of uniform denominations in all these countries, by which business would be further facilitated. It would not attempt to exercise any influence on the relative values of the metals.

I wish it to be understood that while I think that Government ought at once to proceed to publish a unit of fixed purchasing power, I do not urge this second proposal of mine for immediate adoption. On the contrary, I think the time has not yet come for changing our currency. I regard both the immediate effects of such a change and its indirect and distant effects as likely to involve very serious evils. I am not convinced that it would be worth while to go through those evils even for the sake of a true bi-metallism. My contention is only that if it is understood that we are embarked on the search for a better and more staple currency than our present, we ought to look well around us to see whether there is not, as I believe there is, a plan which would do at once more good and less harm than the so-called bi-metallic scheme for fixing the relative values of gold and silver.

QUESTIONS 8 (2) and 9.

Admitting that the ratio of exchange between a gold and a silver using country are more variable than they would be if the currencies of both countries were based on the same metals, I think that the difference between the two cases is less than is generally supposed. For, firstly, omitting the years of the Indian mutiny, I find that the changes in the Indian exchanges were on the whole about as great before 1870, when the gold price of silver was nearly constant, as in the later years, during which the gold price of silver has changed much.

Secondly, I think that the disturbance of Indian finances is made to appear much greater than it is by the unnecessary, and, if I may venture to say so, perhaps not quite generous, practice of keeping the accounts in £ sterling instead of in rupees. If they were kept in rupees it would be at once obvious that the change in the gold price of silver affects the Indian Government only in so far as it is under obligations, direct or indirect, to pay away specified sums of gold. I maintain that it is a mistake to say, as is often done, that the rise in the value of gold injures the Indian Government in so far as it is a purchaser of stores, railway plant, &c. in England, for the real purchasing power in English commodities of a draft for Rs. 1,000 is as great now as it ever has been. As regards India's foreign trade, I do not question that a fall in the gold value of silver tends to benefit the Indian exporters and to increase India's exports of goods relatively to her imports; but there are many causes which may hold this tendency in check and prevent it from making great alteration in trade. And, in fact, I think there is conclusive statistical evidence that the fall has not so acted as to give a very large premium to the Indian exporters; for if it had, Indian commodities would have been exported on so large a scale as to give a greatly increased surplus of trade bills on other countries, and these bills would have been converted into silver and gold for importation into India, the gold being taken in consequence of the growing desire to hoard gold in India. But the net imports of gold and silver in the 15 years 1860-1884 have been smaller than they were in the 15 years 1854-59, before the great fall in the gold value of silver, having been 223 millions in the earlier period and only 147 millions in the later.

I have, &c.

(Signed) ALFRED MARSHALL.

To the Right Hon.
The Earl of Iddesleigh,
Chairman of the Royal Commission
on the Depression of Trade
and Industry.

XX.

1. There has been during the past 10 or 12 years a gradual but constantly increasing fall in the prices of commodities in all countries where gold is the standard of value. It does not appear that during that period prices have been affected to any great extent in those countries where the single silver standard exists.

2. The fall in gold prices has not been confined to any particular class or classes of commodities, but has extended to nearly all commodities, though not perhaps uniformly or simultaneously.

3. The large demands for gold for coinage purposes by the United States and Italy, on the resumption of specie payments, and by Germany, &c. on the demonetization of silver, as well as the cessation of free silver coinage in France, Italy, &c., have undoubtedly enhanced the value of gold, of which the currency area has greatly extended, while the production has seriously decreased.

4. The fall in prices which occurred on the resumption of specie payments by the Bank of England for some years after 1821 may be quoted as a similar circumstance.

5. To the demonetization of silver and to the other causes set forth in the answer to Question 3, as well as to the fact that in no country are gold and silver now coined at a fixed ratio.

6. There can be no doubt that a development of the credit system, or in other words an increase in the adoption of banking facilities, would permit of a smaller metallic basis, and would counteract thus a scarcity of gold arising from an enlarged area of employment; but at present it cannot be said that any considerable development of the credit system has taken place, except in England, the effect of which, while probably retarding for a time the fall of prices in this country, cannot ultimately prevent it.

7. Competition; increased, improved, and more economical production; telegraphs; and cheaper and quicker international communication.

8. Trade readily accommodates itself to gradual variations, and they can hardly be said to be detrimental. All sudden alterations, however, in the value of the standard metal more or less seriously affect the position of debtor and creditor in relation to one another, and may be said to throw the machinery of trade out of gear. Between gold using and silver using countries the profits on business are by such alterations rendered uncertain, and an undue element of speculation enters necessarily into all transactions against which it is not possible to provide.

9. So far as India herself is concerned, the existing relations between gold and silver undoubtedly stimulate both her internal and external trade. But since India is a debtor country nearly all the accruing advantage is probably lost through increased taxation, and the pecuniary sacrifices necessary to enable her to pay the interest on her large and increasing indebtedness in sterling.

F. MAY.

Bank of England,
May 4, 1886.

XXI.

1. There has been a fall in gold prices, and to a smaller extent in silver prices during the last 10 years.

2. The fall in gold prices has extended to almost all commodities.

3. Gold has become appreciated in value, although the circulating medium has generally been abundant. This appreciation has arisen from the following causes:—

(a.) The diminished production of the metal, the effect of which has been heightened by the enormous quantity of gold coined (required for coinage) in recent years through the resumption of specie payments in the United States, Germany, and Italy.

(b.) Since the partial demonetization of silver by the German Government, and the cessation of silver coinage by the Latin Union and by the Dutch Government, gold is in greater request. The importation or exportation of a moderate quantity of gold immediately affects the rates of discount irrespective of any trade demand for money.

(c.) Gold is eagerly sought and jealously guarded by the national banks. It cannot be obtained in any quantity from those banks in France, Italy, or Belgium; while in Germany bankers are viewed with disfavour if they apply for gold at their Imperial bank; consequently, they, as a rule,

decline to export it. The circulating medium is generally abundant through the shrinkage of value of most commodities, also on account of the forced circulation of silver in addition to gold and the large issues of notes and certificates in the United States and in Europe based upon silver, of which metal at least 159,000,000*l.* is held, exclusive of gold, as the basis of a redundant paper circulation.

4. Not to my knowledge.

5. The partial demonetization of silver by the German Government, and its sale of about 30,000,000*l.* of that metal. The cessation of free coinage of silver in every country with the exception of India.

The production of silver, especially in the United States and Mexico, shows a yearly increase of 6,000,000*l.* as compared with the yield in 1872, while the employment of the entire production is mainly confined to India.

It is true that the coinage of Bland dollars still continues in the United States. The total coinage of these dollars has reached the enormous amount of 45,000,000*l.*, of which about 16,800,000*l.* lie idle in the Treasury. Consequently this employment of silver may be discontinued at an early date.

6. The credit system has been diminished in extent by the prevalence of cash payments, also by the increased use of telegraphic transfers for effecting gold and silver payments.

It is very doubtful if any effect has been thus produced to counteract or to retard the fall in prices.

7. Cheaper freights, more rapid means of transport, excessive production, and excessive competition.

8. Trade is affected by the following causes:—

(a.) Scarcity of gold, and its consequent appreciation.

(b.) Depreciation of silver. The highest price was 62½*d.* per oz. in 1856. The lowest price was reached this month of May, viz., 44½*d.* per oz. This enormous fall has depressed the value of all goods imported from silver-using countries. The continuous decline in prices has killed speculation and is destroying enterprise.

9. I have no personal knowledge of the general Indian trade.

Yours obediently,

(Signed) SAMUEL MONTAGU.

To the Right Hon. Lord Iddesleigh,
Chairman of Royal Commission
on the Depression of Trade and
Industry.

XXII.

I. I have made no independent calculations of index numbers, but I see no reason for not accepting the calculations of Mr. Giffen, Mr. Goschen, and others, that a general fall in gold prices has been in progress since 1874. I should also accept Mr. Barbour's statistics that silver prices in India have not been affected.

11. A general fall in prices cannot, in view of the multitude of causes affecting relative values, operate uniformly. It would, in my opinion, be most instructive to ascertain the order, both in time and place, in which the general fall of prices commenced. If the relative contraction of gold currency (compared with its work) has operated directly, we ought to get evidence of the fall in prices commencing in countries where credit is but little developed, and where the quantity of money affects prices directly, (and not indirectly through bank reserves,) e.g., in the Western States of America and the colonies. The question is complicated by the possibility of relative over-production of agricultural produce, which, however, the growth of population and the decrease in production of wheat in England and other old countries may have counteracted. A full examination of the order in which the fall of prices has occurred, with an investigation of the particular causes affecting the relative value of the principal commodities, ought to reveal (by what logicians call the method of agreement) how far and in what manner the contraction of currency has operated. The failure of the decennial inflation to recur in spite of the large reserves held by the great national banks seems to me to point to the direct operation of the contraction in the undeveloped countries.

III. There has been a diminution of the supply of gold and an increase in the demand for it, both for currency and the arts (e.g., the large imports to India, the more equal distribution of wealth in old countries, the use of gold in new processes).

IV. The converse case of the rise in prices due to gold discoveries seems in modern times to furnish the best historical evidence of what would take place under appreciation. Gold discoveries cause a rise of prices in the mining countries and stimulate importation, with the consequent efflux of the metal and its diffusion over the world. Similarly a falling off in production ought to operate as described in question II.

V. The principal cause of the fluctuations in the ratio of the precious metals in recent years has been the abandonment of the monetisation of silver by several countries. The supply of silver as a commodity has increased, and the demand for it for coinage has diminished. The principal effective demand is for exportation to the East, and is uncertain; there is much apprehension as to the future policy of silver-using countries. The appreciation of gold (relatively to commodities) applies also to silver regarded as a commodity; the depreciation of silver is in many respects the necessary correlative to the appreciation of gold.

VI. The answer to question I., part I, shows that on balance the effect of credit substitutes has not neutralised the tendency to a fall in prices. To give a positive answer to this question it would be necessary to examine the operation of credit in all the gold-using countries compared with the growth of trade and population. Under modern conditions and interaction of markets it is not sufficient to examine the credit institutions of one country. General prices are more and more determined by causes operating throughout the commercial world. Compare answer to question II.

VII. In my opinion it is best to use appreciation of gold and fall of prices (in countries where gold is the standard) as synonymous. As the question, however, seems to refer to causes apparently not directly connected with gold (though in reality influencing the demand for and therefore the value of gold), I should reply (1) increase in production and trade; (2) the equalisation (or tendency in that direction) of international prices. Large areas a few years ago under a low level of customary prices have come within the range of competition.

VIII. Part I. Changes in the value of the standard operate on trade through the element of time. All contracts made for long periods (e.g., long leases of farms) are unfavourable to payers of money. Apart from this obvious case it takes time to re-adjust customary prices to a new level as is shown by the small fall in retail compared with wholesale prices, and in the difficulty of reducing money wages. The hypothetical position that changes in the value of the standard cannot affect trade is only true under the assumption that the re-adjustment can be made immediately, which does not hold good in fact. It is very difficult for the general public, especially when familiar with the oscillations of prices due to credit and speculative influences, to recognise a change in the value of the standard. There is a general belief in "natural" prices (especially as regards land and its produce) and in the swing of the pendulum, but the re-adjustment cannot be made until a change in the value of the standard is generally recognised. The effects of the issues of inconvertible paper in upsetting customary notions are instructive in their bearing on the converse case.

Part II. The effect of changes in the value of the precious metals *inter se* on the trade between the gold and silver using countries will vary according to the causes to which this effect is due.

(a.) Suppose that the change is due to some cause such as great discoveries of silver which does not directly affect prices in the gold-using countries, and cannot immediately (in time) owing to the wide area, influence of custom, &c., affect prices in the silver-using countries; that is, in effect, suppose that there is a depreciation of silver relatively to gold, but no important change (either in gold or silver-using countries) in the general level of prices. In this case there will be a great stimulus to exportation from the silver-using countries and a check to importation from the gold to the silver-using countries. Indian produce (e.g.) selling for the same gold as before, in the first place, will command more silver, and consequently (until prices have risen in India) more of all commodities. Competition will transfer a large part of this gain to the British (e.g.) consumer, but Indian producers or exporters will still gain exceptional profits. *Pari passu* the fall in prices caused by this excess of supply from the silver-using countries will injuriously affect similar producers in the gold-using countries. As regards articles formerly imported from the gold-using by the silver-using countries, they will now be taken from other silver-using countries, or produced at home preferably to being imported from gold-using countries.

(b.) Suppose that the depreciation of silver is coincident with a corresponding fall in general prices in gold-using

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countries; that the gold price of silver (as a commodity) has fallen just in proportion to the fall in prices of other commodities. In this case there will no stimulus to exportation from the silver countries, for the exports will obtain fewer gold pieces, and though each piece commands more silver the total value will be the same. In the same way there will be no check to imports.

(c.) It is clear that if, as is probable, commodities have not fallen in price uniformly, trade will be affected or not according to the fall; that is, the general principles of the two preceding cases will apply to individual commodities. For example, if wheat is one of the first commodities to fall in price in gold-using countries (owing to causes affecting gold) the monetary stimulus to the export of wheat from India and silver countries will be lessened or cease, though, of course, improvements in production or means of communication may cause an increase in exports. If the views suggested, in answer to Question II., are correct the increase in the export of wheat from India is mainly due to the latter cause.

(d.) The uncertainty in the rate of exchange of gold and silver must operate as a check on the general trade between gold and silver-using countries.

IX. I am not in a position to add anything to the able treatment of this question by Mr. Barbour (Theory of Bi-Metallism). I fully agree with his criticism on Bagehot.

(Signed) J. SHIELD NICHOLSON.

Edinburgh,
May 1886.

XXIII.

The causes and the present magnitude of the tremendous currency dilemma which the world is in are now pretty generally known and understood by those who have taken the pains to study the subject. But to attempt to determine how far the violent and sudden dislocation between gold and silver has been, and is the cause, and to what extent the cause of the present depression of trade in this country and in other countries of the world is an extremely difficult matter.

There are 59 countries, besides a vast number of islands, which use gold and silver standard currencies. Of these 59 countries some 17 possess mints; all of them must have been affected by the dislocation between gold and silver. In none of them at present is the theory of local dual standards practised in its entirety, as not one of the former bi-metallic countries is now open to the reception of silver for coinage in unlimited quantities.

If for the past 24 years, making a division between the past 12 years and the preceding 12 years, the following particulars could be obtained from these 59 countries, or the chief of them, embracing the countries which possessed or possess the gold standard, the silver standard, and local dual standards, some light might be thrown upon the subject wherewith to furnish a partial answer to the first two questions asked:—1st. The import and export of the precious metals; 2nd. The coinage of the precious metals; 3rd. The import and export trade; 4th. The prices of commodities; and 5th. Such special circumstances in each country which would not have affected other countries.

I am, however, quite unable to furnish such information.

1 and 2. An examination of the prices current for, say, the past 24 years of commodities in the various countries of the world should furnish an answer to these questions. Speaking broadly of Great Britain and India, the purchasing power of gold in the former country is greater than it was, whilst the purchasing power of silver in India seems to have remained stationary or nearly so.

3. The standards are gold and silver. Two thirds of all the world using gold and silver currencies have the silver standard. Through the dislocation which has taken place between gold and silver, gold should have become appreciated in gold-standard countries and silver should have become depreciated in silver-standard countries. Whether this has been the case the tables above alluded to would show.

Authentic information of the value of silver in London cannot be obtained further back than from the year 1832. For 40 years ended in 1872 the average London market relation ascertained by the quotations per standard ounce was 15·6 parts of silver to 1 part of gold. In 1873 it was 15·92; in 1874 it was 16·47; in 1875, 16·58; in 1876, 17·87; in 1877, 17·20; in 1878, 17·94; in 1879, 18·48; in 1880, 18·04; in 1881, 18·24; in 1882, 18·26; in 1883, 18·65; in 1884, 18·63; in 1885, 19·39. At present, 20·61 parts of silver to 1 of gold.

Comparing these falls with the average value of the 40 years, the average of the six years ended in 1879 shows a decline of 9 per cent. For the six years ended in 1884 it was 17·82 per cent. In 1884 the decline was 24·30 per cent., and the present fall is 32·11 per cent. Each of these periods shows an additional fall of nearly 8 per cent., but the two last of them do not extend to two years.

During the past 14 years the following events have had their effect in producing the dislocation, the extent of which has just been noticed:—

1st. The closure of the mints of the nations of the Latin Union against the unlimited reception of silver from the public. This has had by far the most powerful influence in altering the relative values of gold and silver.

2nd. The resumption of specie payments by France and the United States of America, and the additional gold taken by Italy to place the currency of that country on a gold basis for its international transactions, besides the gold requirements of Germany to complete the restriction of the standard of that country to gold only.

3rd. The Bland Bill in 1878, whereby the United States of America engaged to take at the mints of that country 2,000,000 dollars, and not more than 4,000,000 dollars per month, and to pay for it on the London price of the day for silver. This provision has been availed of by interested parties chiefly in America to maintain the value of silver so as to prevent its decline to its natural level. I consider that but for this Bill the delusive theory of local dual standards would by this time have ceased to exist. At present it is the means of keeping alive the hope of the advocates of that theory that bi-metallism may at some time or other again become a fact. Gold would appear to have become enhanced in value owing to the wider demand for it, resulting from actual requirements and apprehended appreciation of it in the future in comparison with silver.

5. In addition to the preceding causes I would mention that greater attention has been recently paid to the question of the comparative cost of the production of the precious metals.

Mr. Pixley, a leading bullion broker of the city of London, evidenced in 1876 before a Committee on the Depreciation of Silver, that silver was then being produced in Mexico at 18d. per 480 grains, or at the relation of 53 parts of silver to 1 part of gold. My investigations made in this year and in 1885 into American figures showed a much greater proportion of silver, but accepting American statements I make the average relation of 63 parts of silver to 1 part of gold for the year 1883.

That silver at its present relation of 20 parts of silver to 1 of gold is, in the estimation of the Americans, vastly over-rated, is evidenced by the message sent by the United States of America last autumn to the representatives of the nations of the Latin Union assembled at Paris, that unless they would do something to support its fictitious value the Americans would let it go and that then an universal panic must follow.

7. The world appears to be experiencing just now that the productive powers of mankind, aided by the kind forces of nature as manifested in mechanical, chemical, and electrical appliances, are vastly greater than the powers of consumption possessed by mankind. In other words, the supply of most things is more than the demand. Consumers and producers are in more immediate contact. Never in previous history has there been such a combination of circumstances for cheapening the cost value of most things requisite for the satisfaction of the wants of man.

8. (1.) If the exchange value or the purchasing power of the standard metal of a country, for commodities or services is enhanced, as would be manifest by the exchange of less weight of standard metal than formerly for an equal weight of other substances or amount of services, it is of advantage—1st. To the creditor as opposed to the debtor class; 2nd. To persons of fixed incomes; 3rd. To professional men; 4th. To the mass of the working classes until wages decline commensurate with enhanced purchasing power of the standard metal.

If the increased value of the same standard metal exists in one country and not in another, the products of the country possessing the appreciated currency should be released on more favourable terms for exchange than from the other country wherein there has not been a similar appreciation, other things being equal.

(2.) Between gold-standard countries and silver-standard countries the effect would be that the exports of the productions of the country possessing the cheapened metal would be stimulated and the exports of the productions of the country possessing the dearer metal to a country whose standard is different would be retarded.

9. The effect hitherto, and at present upon the internal trade of India by the depreciation of silver measured by

gold, has not been to diminish the purchasing power of silver there. In other words, prices generally have not advanced in that country. The full benefit, therefore, of the diminished gold value of silver has been to release the products of India for use in gold-standard countries at the per-centage difference of the depreciated gold value of silver. Besides—and which is of great importance—encouraging local manufactures, which are just taking root in the country, to the exclusion of imported manufactures of similar classes. A policy which has had the countenance and support of the Government in the interest of railways and on other public grounds.

We are led to expect from the teaching of political economists, that through the additions to the standard currency a rise in prices will ultimately equalise the depreciated value of the cheaper metal measured by the dearer metal.

The dislocation between gold and silver has been so sudden and violent that this law has not had time to act even if the circumstances of India are such as to dispose one to expect that they must in due time produce such an adjustment.

(Signed) J. H. NORMAN.

121, Highbury New Park,
May 8, 1886.

XXIV.

1. Undoubtedly there is a fall of prices in gold-money countries since 1874; but I see no proof of a diminished purchasing power of silver in India. This appears to indicate that the entire production of the precious metals has become inadequate, relative to the increase in the world's trade, population, and wealth. The demonetisation of silver has caused an actual monetary dearth in the gold-money countries; while the silver set loose from those countries has done no more than maintain the level of prices in silver-money countries,—simply sufficing to keep the currency of those countries abreast of the contemporaneous augmented monetary requirements attendant upon an increase of commodities, employment, &c.

2. The said fall of prices in gold-money countries extends to commodities in general; but, owing to exceptional circumstances, such as exist in one form or another at all times, neither a fall nor a rise of prices can ever affect "all commodities uniformly."

3. Yes; namely the demonetisation of silver, and consequent increased requirement for gold as money, together with a diminished production of gold; these circumstances being contemporaneous with the ceaseless growth of population, and with an increased production and supply of commodities.

4. (1.) Except our own Act of 1816 demonetising silver (mischievously repeated in principle by our Government in India in 1835, demonetising gold) there has never in the world before been a legislative demonetisation of one or other of the precious metals; on the contrary, every civilized nation or community has striven to provide for itself an abundant supply of gold and silver for use as money.

(2.) A monetary dearth in Europe and America set in after 1810, owing to the decay of the American mines occasioned by the revolutionary disturbances of that time; and the dearth lasted, with transient breaks or mitigation, until after the gold-discoveries in California and Australia. Anyone who knows history can say what a miserable time the European world passed through during the greater part of these 40 years, and, as I believe, largely as a consequence of the depressive influence of an inadequate circulating medium upon trade and industry.

5. Chiefly—and for practical purposes entirely—to Legislation, in demonetising silver. The function of money assigned by law or agreement to the precious metals since the beginning of civilization imparts to them five-sixths, or perhaps nine-tenths of their current value. Consequently by fixing their relative value as money, you can fix (within merely trifling fluctuations) their value as metals. Also, of course, in so far as you deprive either or both of these metals of their value or usefulness as money, you lower their value in all respects.

6. None whatever since 1874, or since the present Depression began.

7. Apart from a dearth of money, I do not see why prices should be lower now than they were 10 or 12 years ago. The increase in trade and in the production and supply of commodities, relative to population, was greater or more rapid between 1853 and 1874 than it has been since or is at present.

8. (1.) All civilization tends to create (or renders profitable the establishment of) Debt, both public and private,

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and is pervaded by monetary contracts of all kinds, such as leases, rents, mortgages, royalties, &c. All trade and agriculture are carried on under such contracts. Under a monetary dearth all such contracts become more onerous to the money payers, reducing or sweeping away the profits of employers, whether farmers or manufacturers, and constituting such an obstacle (through falling prices) to profitable industry and enterprise, that capital falls in value as well as labour from lack of demand,—prices, profits, wages, and the rate of discount falling together or in quick succession to one another. At the same time the burden of the public debt, and of taxation in general is augmented, laying a further charge upon production and trade.

(2.) Between gold-money and silver-money countries, trade is reduced to barter, with nearly all the obstructions inseparable from that system. In effect it comes to this, that the sellers on both sides cannot get what they want, in payment or exchange for their goods, and have to re-sell what they get in order to get what they do want—viz., money suitable for their requirements, i.e., gold in the one case and silver in the other. This obstructs trade. Further and consequently, since gold and silver have lost their fixed relative value and ready convertibility into one another, countries which use the same metal as money have a special advantage in trading with one another. Thus China, Japan, &c. find it better to get goods from India than from this country; and India (*quoad hoc*) has an inducement to trade with any silver-money country rather than with England.

9. The great addition which has been made to the stock of precious metals in India since 1855 has had no perceptible effect in producing any recent rise of prices in that country,—a fact which strikingly demonstrates (what all history illustrates) the necessity for a gradual increase of currency in all progressive states or communities. The trade of India has been benefited by the possession of an abundant currency (silver money), which benefits her trade both domestic and foreign. But it must be remembered that, although Indian goods are produced (without any rise of prices) under a silver currency which since 1874 has become about 25 per cent. less value than the gold currency of England, the Indian merchants do not obtain an extra profit from this cause on the sale of their goods in this country; where the fall of prices within the same period has been fully 25 per cent. thus neutralising the "currency profit" (so to call it) which would have accrued to the Indian importers had prices in England remained at what was their level in 1874.

(Signed) R. H. PATTERSON.

May 14, 1886.

NOTE.—In these answers no reference is made to the influence upon our trade of hostile tariffs and foreign competition under our system of free imports, for these matters are evidently meant to be excluded from this section of the Commission's Inquiry. But in connexion with the currency side of the question, I must say (1) that the great gold discoveries in California and Australia produced, or were the main influence in originating and maintaining for 20 or 25 years, a peerless and widespread prosperity, during which the trade and wealth of some other countries advanced even more rapidly than ours; and (2) that the existence of that highly prosperous period is no more a proof of the excellence of our fiscal system than the fact that a man in exuberant health can resist and be unconscious of some noxious influence is a proof that the said influence will not prove injurious to him when from any cause his health or vitality becomes depressed.

R. H. P.

XXV.

Bank of Australasia,
Threadneedle Street, E.C.,
London, May 6, 1886.

MY LORD,

I HAVE the honour to reply as follows to the questions asked of me in your letter of 20th April.

1. There appears to be ample evidence of a fall in gold prices within a period which can be approximately defined. Those who have specially studied the points named in this question, will no doubt produce such evidence to the Commission.

2. Fluctuations in the supply of and demand for particular commodities have in some cases counteracted, in others intensified, the rise in the value of gold as affecting the prices of those commodities. Subject to such exceptions, I answer that the fall in prices has extended uniformly to all commodities.

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3. Yes. The best statistics available, very imperfect ones no doubt, show a reduction in the produce of the gold mines of the world. Germany has adopted gold as its standard of value, and Italy has resumed specie payments in gold. The United States have been large importers of gold on the average of recent years, and that gold, I believe, though without reference to figures, has, to a considerable extent, disappeared from view. It is not probable that the use of gold in the arts has materially diminished, for, although falling prices in gold have crippled traders and debtors, the inhabitants of the world have not, as a whole, been impoverished by calamity (unproductive seasons or devastating war).

On the other hand, gold has been economised by credit, extended in my opinion beyond a safe limit, and by the absence of any special inducements to hoarding.

4. I am not competent to answer this question.

5. Of recent years the effective supply of (a) and demand for (b) gold have not borne the same relation as before to the effective supply of (c) and demand for (d) silver. Hence recent fluctuations in the ratio (of price) of the two metals. The price of any commodity is the expression of the ratio which the effective supply of and demand for that commodity together bear to the contemporary effective supply of and demand for the "standard of value" in which price is stated. The cause or causes of the changed ratio of the precious metals to one another must necessarily, therefore, be found in one or more of the factors (a, b, c, and d) stated above. I incline to the opinion that each of these factors has contributed more or less to the result. Statistics on these subjects are to a great extent speculative and unreliable, and each of the factors is liable to important changes, of which statistics cannot attempt an account. A desire to hoard is an effective demand. Every actual fresh hoard reduces to an equal extent the effective supply. Every diminution of hoarding, and every extension of credit, produces an effect on prices equal to that of equivalent discoveries of the precious metal itself. I believe that of late years gold has thus been much economised, but I have not before me any statistics of the great hoarding countries of the East.

As affecting the depression of trade, I attach little consequence to the change in the ratio to each other of the precious metals. The important fact as regards trade is the appreciation or depreciation of the standard of value (its changed ratio to commodities) during the currency of contracts.

In its relation to commodities silver has changed much less than gold, as is proved by the comparative stability of prices in silver-standard countries, and by this stability has proved itself, for the time, the more reliable standard of value of the two.

6. The fall in prices has, I believe, been much retarded by developments of the credit system, and would be intensely accentuated by any check to credit.

7. From my point of view the phrases used are but different ways of expressing the same fact, "appreciation of the metal used as the standard" means simply, as shown above, "a fall of prices generally."

If it be asked whether the changed ratio is the more due to increased supply of, in relation to demand for commodities, or to decreased supply of, in relation to demand for gold, I reply that both have probably contributed in, perhaps, not unequal proportions, but that in considering the effect of the changed ratio itself upon trade and upon the future of credit, the point may be disregarded.

8. (i.) Gradual depreciation of the standard (rising prices) is favourable to trade, because—

(a.) It gives confidence to enterprise. Those who engage in undertakings leading to production do so more readily from the anticipation that the product when obtained will be saleable at prices at least equal to those current when the business originated.

(b.) Wages usually rise less rapidly than prices of commodities.

From this cause rising prices favour employers' profits. As employers, more generally than wage earners, are accumulators, the growth of capital is thus favoured. The growth of capital in its turn favours extended trade, increases the demand for labour, and raises wages within profitable limits.

Falling prices produce converse effects. Confidence wanes, wages (unproductively expended) eat up capital, thus ultimately reducing the wage fund, and causing low wages, and dearth of employment.

8. (ii.) Changes in the value of the precious metals, *inter se*, affect trade between gold standard and silver standard countries during the progress of change; but not

after change has become defined in extent, and confidence in the permanence of an approximately steady ratio, whatever it be, has been re-established. Time also being allowed for adjustment to the new ratio of all prices in both countries.

The answers under 8 (i.) show how during the progress of change its effect is in many respects adverse to any country using the appreciating standard.

The reasoning applies, with slight modification, whatever be the simultaneous change in the ratio of either or both of the standards to commodities in general. I am aware that influential support is given to the theory that the depreciation of silver is a bonus to exports, especially of wheat, from India. I think the adverse effect on English trade would be more accurately described as due to a tax placed thereon by the appreciation of gold.

9. I have no special information respecting the effect of the present relations of gold and silver upon the trade of India. Silver having fallen in value in relation to gold, I anticipate that (silver) prices in India have not fallen of late years, or have fallen less than in gold standard countries. So far as India has public or private external obligations payable in gold, it will suffer in common with other debtors in having to export larger quantities of produce or goods to pay those obligations.

Generally, the questions to which I have thus essayed to reply do not appear to me to admit of reference to what I regard as the most important consequence of the changed value of gold. I refer to its effect upon the relations of debtor and creditor. So far as trade is conducted upon a cash basis (in its essence very little trade is so conducted), it is not affected by any change in the value of the counters used. If gold were annihilated trade would still proceed, and the world would be poorer, not by the nominal value of the vanished gold, but only by the personal enjoyment which its possession had conferred. But, as between individuals, what a convulsion would be caused by the same event. Debtors, public and private, who had contracted to pay money, that is by law gold, would be insolvent, however great their possessions in fixed or movable wealth. In such an event legislation, which has fixed the custom of contracting in gold, would relieve the tension, and provide for the substitution, even in current contracts, of some other commodity or commodities. The bank note would be made payable in silver, or even in wheat or in copper.

But the appreciation of gold which has occurred differs only in degree from the case supposed; and, unless some great discovery increases the available quantity of gold, or some important economy in its use has a similar effect, I fear that, in default of remedial legislation, no long time will elapse without a convulsion of credit such as this generation has not seen.

I am convinced that a perfectly practicable and effective remedy or preventive is within the power of Parliament, with or without concert with other countries. A remedy which would check further fall in prices without practically depriving this country of its gold currency, or encouraging the importation of silver.

This remedy would not seek to undo the irrevocable past, and therefore, as justice requires, would be so adapted as to change only to a minimum extent the burden of existing contracts.

I trust that the answers above given may be found sufficiently pertinent to the questions asked. The form of these has excluded any definite statement of the remedial action on which I would rely.

I have, &c.

(Signed) PRIDEAUX SELBY.

The Right Hon. the Earl of Iddesleigh,
Chairman of the Royal Commission on the
Depression of Trade and Industry.

XXVI.

7, Delahay Street, Westminster,
May 13, 1886.

MY LORD,
I SUBJOIN the following answers to the questions issued by the Royal Commission on the Depression of Trade, touching the effect of recent monetary changes:—

The subject has engaged my closest attention for 10 years at least; it is nearly that time since I appeared on a deputation from the Liverpool Chamber of Commerce, and I submitted to the then Chancellor of the Exchequer, Sir Stafford Northcote, a petition in favour of establishing, by international agreement, the old bi-metallic system of Europe, the breach of which has, in my judgment, been a chief cause of the prolonged depression of trade from which we are suffering.

I. There has been since 1873 (the year of the demonetisation of silver) a continuous fall in the price of nearly every commodity produced in this country, amounting to nearly 40 per cent. on the average. I believe that 100% now will go as far in purchasing almost every article in the wholesale market as 150% to 160% would have done in the year 1873. This applies not only to articles of merchandise commonly so called, but to real estate, such as house property, land, &c. The same phenomenon applies to all countries having a gold currency, notably to the United States, France, and Belgium, and is a chief cause of the labour troubles in those countries.

In silver-using countries there is much less change in prices. I travelled through India this past winter, and made frequent inquiries on the subject, and was assured that in the interior of the country there was very little change in the purchasing power of the rupee, as compared with former years; the inference appears to be that the alteration in the value of the precious metals is rather an appreciation of gold than a depreciation of silver.

II. Practically, as far as I know, the fall has affected all commodities; some, of course, are more affected than others by special circumstances.

III. There can be no doubt to my mind that gold has been largely enhanced in value since the demonetisation of silver commenced (1) by the cessation of the free use and coinage of silver as full valued money over the greater part of Europe, and the increased strain thus thrown on gold, and (2) by the great decrease in the yield of the gold mines, now reckoned at only 18 millions a year instead of 30 to 36 millions annually as it was for some years after the discovery of the Australian and Californian mines; it is estimated that of the 18 millions sterling of gold now annually produced some 10 or 12 millions are used in the arts, so that only 6 or 8 millions remain for the use of commerce; of this 4 to 5 millions now go to India annually, and the remainder is chiefly absorbed by the coinage of the gold producing countries, so that practically little is now available for the increase of the stock in Europe.

If the Commission will get returns of the coinage of the various mints of Europe since 1873 and compare it with that of the period of 1850 to 1873 (a time of rising prices and great prosperity) they will find a remarkable decrease, especially if they take into account that the gold coinage of Germany does little more than replace the silver that was demonetised, and which left Europe for the East, as there was no longer a market for it in Europe.

Speaking broadly, I believe the question to be this: up till 1873 the gold and silver bullion produced in the world flowed into Europe, and was coined equally into money, and performed exactly the same functions; since 1873 silver has virtually been excluded from the mints of the great commercial nations of Europe, and the gold supply has also greatly fallen off. The necessary result is that, instead of that steady replenishment of the currencies which the growing needs of commerce require, there is a diminution of supply, causing contraction and a fall of prices.

The result is analogous to that which took place after the resumption of specie payments was decided on in 1816, which produced many years of falling prices, and great depression and suffering among the masses of the people.

IV. The main instance of a similar effect was, as just stated, in the period from 1816 (when resumption in gold was decided upon) up till 1848; that was a period of very small yield from the mines, and of very low prices, though I believe the average is now lower than at any time during that period.

I understand that in the Middle Ages and up to the discovery of the South American mines in the 16th century there was over this period a very small yield of the mines, and a gradual increase in the value of the precious metals; it was a time of great poverty and industrial decay, and the material condition of mankind became worse than it was during the height of the Roman empire, when a large amount of the precious metals was in circulation.

After the discovery of the mines of Potosi in the 16th century there was a gradual rise of prices, causing a renewal of commercial enterprise and a great advance in the material condition of Europe. I believe it will be found that, in almost every instance, the periods of industrial prosperity have coincided with a full supply of the precious metals and a general advance in the prices of commodities.

V. I assign the decline in the ratio of silver to gold entirely to the policy of demonetisation. Had the old bi-metallic system of the Latin Union been continued, and had Germany not demonetised silver, we should have today the ratio of 15½ to 1, just as we had it during the first 70 years of this century.

There is nothing in the increased production of silver to account for the change of ratio. Far greater changes took place in the relative production of the two metals during the first 70 years of the century without affecting the ratio of 15½ to 1 at which the French Government coined each metal without limit. At one time the silver produced was three times the value of the gold—early in this century—then, after the discoveries in California and Australia, the production of gold became three or four times the value of the production of silver, yet the ratio remained unchanged; the greatest fluctuations in the silver market in London were from 59d. to 62d. per oz. If the theory be true that the ratio of value depends mainly upon the respective supplies from the mines, gold should have fallen far more in comparison with silver after 1850 than silver has recently done in comparison with gold, but it did not so fall, for the bi-metallic system of France and the Latin Union practically kept the metals at a fixed ratio, to the immense advantage of international commerce.

The same system would, very easily, keep the precious metals at the same ratio now, for their respective yield has rarely been so nearly equal as it is now, say 18 millions of gold to 22 of silver, whilst, in this century, we have had two millions of gold to six of silver—again, 36 of gold to eight of silver—and yet the ratio was unaffected. How much easier now to keep the ratio fixed when the yield of the two metals is so nearly equal!

It is entirely a question of monetary policy; if gold were to be demonetized it would fall just as silver has done; had Europe acted towards gold, after the discoveries of California and Australia, as it has recently acted towards silver, we should have had silver going up to 80d. or 90d. per ounce, and the ratio becoming 10 to 1, or thereabouts, as it was in the Middle Ages.

The question of ratio is essentially one of monetary law, and was virtually fixed for 200 years at a point little varying from the French ratio of 15½ to 1, at which it would have stood to-day had the policy of Europe remained as it was prior to 1873.

VI. I do not think that the development of the credit system has had any material effect on the fall in prices; the London clearings have fallen off of late years. Credit may be said to be at an unusually low ebb in most countries at present. The long continued depression, and constant fall of prices, have discouraged enterprise, and there has hardly ever been a time when speculative activity has been so dormant; the very low rate of interest is a proof of the deadness of trade; indeed, as prices fall, and gold appreciates, the interest of capital is always low, because people are afraid of borrowing; hence what is called "cheap money," or a low rate of interest, is usually co-existent with an increased purchasing power of the standard of value, and money accumulates in banks because the commercial public cannot use it profitably.

VII. No doubt other circumstances have co-operated to bring about the remarkable fall of prices that has occurred; increasing cheapness of production, caused by improvements of machinery; greatly reduced rates of ocean freight; the opening up of new sources of food supply in America and India; the diminution of all intermediate profits from the severity of competition; these, and other circumstances, have tended to force prices down. Yet we must remember that all these influences were at work in the period 1850 to 1873, when prices rose, on the average, fully 20 per cent., owing mainly, I believe, to the increase of gold production; and I cannot doubt that, if the supply of the precious metals had continued as large since then, and had been used by the world as unreservedly, we should have seen comparatively little decline in prices. It is difficult to measure the respective influence of the two agents in causing the decline, but I lean to the opinion that of the 40 per cent. decline, or thereabouts, since 1873, one half may be put to the appreciation of the gold standard, and the other half to the various causes to which I have alluded.

VIII. Trade is very greatly and injuriously affected by a sudden alteration in the standard of value, especially when the alteration is, as now, towards increased value.

It arises in this way: Trade is largely carried on by borrowed capital, or, in other words, by the use of credit in some shape or another; the vast banking deposits are mostly lent to traders, a very great deal of the invested capital of this country is lent upon mortgage of trading property, such as ships, factories, warehouses, &c. A prudent trader usually considers it safe to trade considerably beyond his floating capital, and to borrow, say, 50 per cent. on the security of his plant or fixed capital. Now the constant decline of prices the last few years has virtually swept away his own portion of the capital, and only left him enough to pay the loans and mortgages; for instance, a ship or a factory built at a cost of 20,000l., of

which 10,000*l.* was borrowed, is now worth only 12,000*l.*, or 40 per cent. less, and so the mortgage now represents five sixths of the value instead of half, the traders' interest having sunk to 2,000*l.* in place of 10,000*l.*; probably, if trade is unprofitable, he fails to pay the interest, and the mortgage is foreclosed, and the property is forced off at just sufficient to cover the loan, and he is ruined. I have no doubt that this process exactly describes the condition of vast numbers of the traders of this country, and of other countries having a gold standard. A great portion of the commercial capital of this country has silently passed into the hands of the mortgagees and bondholders, who have neither "toiled nor spun"; the discouragement this state of things produces is intense; after it has gone on for several years a kind of hopelessness oppresses the commercial community, all enterprise comes to a standstill, many works are closed, labour is thrown out of employment, and great distress is felt both among labourers and the humbler middle class; indeed, it strikes higher than this, for multitudes of people who were once prosperous traders have now become dependent on charity. I know many such myself; indeed, but a small portion of those who were prosperous 10 or 15 years ago are well off now.

The land-owning class suffers equally, while rents have fallen 30 per cent., and the selling value of the land perhaps more; the money value of mortgages remains the same, and a large portion of the landed property of Great Britain, and, I believe, most of the landed property of Ireland, is virtually the property of the mortgagees.

No one can tell the extent to which the great change in the standard of value has transferred the property of this country to the money-lending class. To this may be added the additional weight of the National Debt, and I have little doubt that in this way some hundred millions sterling have been unjustly taken from the more active and useful classes of the community and transferred to the idle or unproductive class.

For some time the labourers do not suffer from this change, they rather benefit, for they get the same money wages, which go further in purchasing commodities, but sooner or later the inevitable rectification takes place. The workpeople do not comprehend this change in the value of money the way an employer does, it is too remote from their ordinary experience, and the employer appears to them a harsh tyrant, while he is merely complying with the imperious law of self-preservation; hence such periods are great provocatives of Socialism and class bitterness, as we see in the United States and Belgium just now, and also in this metropolis, where Socialism has greatly increased of late years.

It is a foolish reply to this that the aggregate wealth of the nation is not changed, because it is only a transfer from one class to another; one might as well say that the craft of the pickpocket or cardsharp is innocuous because it only transfers wealth from one pocket to another. The prosperity of the nation depends upon the just distribution of wealth, and the security of industry; nothing affects it more vitally than unjust alienation.

So much for the effect of a change in the internal standard of value. As to international trade between gold and silver using countries, nothing could be worse for England than the present state of things. Very much of our trade is with silver-using countries, and it is greatly harassed by these incessant changes in the price of silver as compared with that of gold; there is no longer any thing approaching to a par of exchange between this country and India, China, and South America. Capital can no longer be invested with safety in silver-using countries, for no one can tell what rate the rupee or the dollar will be at in a few years hence; it may be only half of what it is now; if matters go on, without any attempt to rehabilitate silver, there will undoubtedly be a continuous decline, till the rupee may sink as low as 1*s.* Indeed, the time must come when India will require to have a gold standard if this fatal tendency be not arrested, and that will mean the final overthrow of silver, as a monetary agent, and a further great appreciation of gold.

An immense hindrance is thus put in the way of investments in silver-using countries. The bankers engaged in the trade of India will testify to the truth of this. Now England is a country of redundant capital, and the silver-using countries afford the best channels for investment; much of British trade has thus grown up, and this is now greatly retarded. Capital invested in those countries is usually remitted in the form of manufactured goods, such as iron rails, machinery, &c., and the cessation of this demand largely accounts for the deadness of the iron and coal trades.

Against all these circumstances the sole gain that I know of is the increased value of the interest that England

derives from foreign investments payable in gold; how much that is I do not know; it is probably but a small part of the 60,000,000 that England draws annually from foreign investments; much of these investments are in silver-using countries; much is from international trade and from real estate, the profits of which would come to this country all the same whatever the currency of those countries might be. In a word, the gains are not to be weighed against the losses; and of all the countries in the world we are the one that suffers most from this monetary dislocation.

One more point I would add. This appreciation of gold, with its corresponding decline of trade, throws the finances of all gold-using countries into confusion; it leads to deficits and increased duties, and makes foreign tariffs more and more protective. India suffers in a somewhat different way, for she has to remit 15,000,000*l.* in gold to England annually and is now losing 4,000,000*l.* a year in exchange, and may, in course of time, lose 5,000,000*l.* or 6,000,000*l.*, and find it almost impossible to carry out the railway extensions resolved upon owing to the danger of borrowing in gold, and the impossibility of borrowing in silver.

IX. So far as I could gather in India, the general opinion of the commercial class is that the import trade of India suffers, and the export trade benefits, from the present low rate of exchange.

(1.) As to the import trade, the price of British goods in rupees is much the same as it used to be at the old rate of exchange, say 2*s.* per rupee, and so the merchant and consumer must buy in England at fully 25 per cent. reduction in price to get the equivalent in India, where the rupee is only worth now 1*s.* 5½*d.* Every fall in the exchange forces down, so to speak, the price of goods in Manchester, and so well-known is this that, whenever exchange drops, a fall in the home markets is considered to be the inevitable consequence. These constant falls of exchange have thrown great losses on the merchants trading with silver-using countries, as in most of them the goods are sold on credit; in the South American markets, sometimes for six or 12 months. It has now become customary to contract with the banks for a forward rate of exchange, which minimises this danger. Another injury to the trade in British goods is from the stimulus this state of things gives to Indian manufactures; it operates as a kind of bounty.

It acts in this way. Wages and expenses in India measured in silver are much the same as they were several years ago; at least they do not rise as much as the rupee has fallen, while in England wages and expenses, measured in gold, have not fallen as much as gold has risen in value; in both countries there is much borrowed capital, in the one interest is payable in silver and in the other in gold; the former feels the burden lighter and lighter as silver falls in value, the latter feels the burden heavier and heavier as gold rises in value; hence it happens that there is much more elasticity and larger profits in India than in England, and, as might be expected, a much more rapid increase of manufacturing power, and this process is sure to go on with accelerating speed as the rupee falls further. If it drops in the next few years to 1*s.*, Lancashire will pass through another crisis worse than any yet experienced, and much of its trade will be transferred to India. Further, the present state of things is causing the gradual transfer of the yarn trade of China to India; the exports from England have steadily declined since the fall of silver commenced, while those from India have enormously increased, and in a short time apparently England will lose this large market entirely.

The same phenomenon applies to all trade between silver-using countries; they have a great advantage over gold-using countries in possessing a common standard, and England as the chief trader with silver-using countries will feel this most.

(2.) With regard to the export trade of India the opposite effect is felt. The low price of silver operates as a sort of bounty on exports, especially on articles, like wheat and seeds, drawn from a large area. The cost of producing these measured in silver is much the same as in former years, and so even the present low gold price in England affords a fair return to the Indian producer. Wheat in England at 30*s.* per quarter returns the grower in India as many rupees as 40*s.* per quarter would have done 13 years ago, and it seems to them as good a price. With each fall of silver Indian products will more and more compete with England and America, but whether it is a gain to this country to have wheat growing gradually killed out by what is equivalent to a bounty on Indian wheat is open to grave doubt. It is somewhat analogous to the question whether England is benefited by the sugar bounties, which enable the consumer to get sugar a

little cheaper at the cost of injuring our home refiners. I think the true answer is that trade serves the best purposes for all when least interfered with by illegitimate means.

Though it is true that the low rate of Indian exchange stimulates the export of Indian produce it is also true that it greatly hinders the construction of Indian railways from the causes I have already named, and greatly obstructs the flow of British capital into India; and it is a question whether the Indian export trade does not suffer in the long run as much from this cause as it gains from the stimulant of low exchange.

I have not touched upon the financial aspect of this question to the Indian Government, as it is not comprised in the question; but the financial statement just to hand from India shows what alarm is caused to the authorities in India by the present state of affairs; and I can testify from personal intercourse with the ablest financial minds there, that something approaching to bankruptcy is expected unless an effort is made to arrest this continuous fall in the rate of exchange.

I have, &c.

(Signed) SAMUEL SMITH, M.P.

To the Right Hon. the Earl of Iddesleigh.

&c. &c. &c.

XXVII.

1. In support of an affirmative answer, it will be sufficient to review one period only, because—

(a.) It affords of itself a conclusive illustration, and because other periods that might be selected, as for instance the last portion of the eighteenth century, or the earlier portion of the present, are less free than the succeeding 40 years, from constitutional, political, and social changes.

(b.) The course of our continental and colonial wars which marked the first period, and the legislative change in the standard of value, together with the resumption of specie payments which distinguished the second, introduce more complex and recon-dite influences than are met with in the last half-century.

(c.) This last period, moreover, has been made the subject of closer and more scientific observation of economic phenomena, and as a consequence, data, more authentic and reliable, enable conclusions to be reached which approach to strict accuracy.

(d.) A period of 40 years may fairly be regarded as a sufficiently extended cycle for an investigation into the course of prices.

Table No. 1 has been constructed on the principle of averages shown by "index numbers," adopted by Professor Jevons, and the prices have been collected from the best statistical sources. It shows—

(a.) That in 1849 a very low level of prices was prevailing. This is represented by the "index number" 100.

(b.) That the discoveries of gold in Australia and San Francisco, in 1851, not only checked the fall which had been going on, but established a long-continued rise in the price of commodities.

(c.) That with the falling off in the gold supplies, and the contraction of currency caused by the stoppage of silver coinage in 1873, a decline in prices commenced, which has been exceptional and progressive.

(d.) That the level of prices in 1885 is below anything yet recorded.

2. The foregoing table (No. 1) proves that, The fall in prices of commodities has been a general one. Confirmation of the conclusion is afforded by the decline in the value of—

(a.) Agricultural land, which may be put at 30 to 50 per cent. over the whole kingdom.

(b.) House property.

(c.) Wages. Labour, being the last commodity affected by a rise or fall in prices, shows as yet only a decline of 10 to 15 per cent.

3.—1. The value of gold has been increased during the last 10 years by the increased demand for the metal, arising from—

(a.) The requirements of foreign countries for new coinage, aggregating over 200 millions sterling—for Germany, the United States, and Italy.

(b.) The large use of gold in the arts and manufactures; the estimates on this point are conflicting, the total annual absorption of gold apart from purposes of currency, being put by different authori-

ties at between 5 and 18 millions sterling. Dr. Soetbeer's estimate is 12 millions sterling.

(c.) The increasing quantity of gold hoarded in India as shown by Table No. 3.

2. The value of gold has increased from a falling off in the supply. See Table No. 2.

4. The absence of exact data makes this answer merely the expression of an individual inference from a general review of history. It would seem—

(a.) That during the later years of the Roman Commonwealth there was an immense accumulation of the precious metals as the result of war, plunder, and the yield of European mines.

(b.) That, coincidentally, there was a great development of enterprise and trade with the East.

(c.) That soon after the establishment of the empire, the greater bulk of the precious metals gradually disappeared, probably in the East. The mines which had been available ceased to yield, either from exhaustion or because the check to fresh conquest caused a diminution of the supplies of slave labour, which had formerly been squandered on the prosecution of mining work.

(d.) That the dearth of the precious metals led to a reversion to the use of bronze and copper as legal tender throughout the Roman Empire; and the discovery of the faced coins in this country, testify to a very degraded condition of the currency as the result of scarcity of metal from which to strike honest money.

(e.) That a second general outburst of enterprise marked the three centuries succeeding the discovery of America, while additions were being made to the stock of precious metals, estimated at twelve hundred millions sterling.

(f.) That a third period of world-wide activity and extraordinary development, dates from the gold discoveries in Australia and San Francisco.

(g.) That, speaking generally, as additions to the metals composing the standard of value have become distributed over an ever-widening area, and absorbed for other purposes than money, thus leading to a contraction of the currency, enterprise has languished and commerce has been checked.

5.—1. The recent fluctuations in the ratio between gold and silver commenced in the year 1873.

As this assertion may be a matter of dispute, the following proof of it is submitted:—

Commencing from a period when the effects of the resumption of specie payments had become normal in Great Britain, Table No. 4 shows the highest and lowest price of silver in the London market, for each succeeding year.

It must be premised, that the price for silver which is the equivalent of the ratio of 15½ to 1 is 60½*d.* per oz.

This table puts it beyond dispute:—

(a.) That from 1827 to 1872 the average of the mean price of silver was 60½*d.* per oz., or 15½ to 1.

(b.) That the variations in price between the highest and lowest figures touched within a period of 46 years, did not exceed 3 per cent. above the ratio of 15½ to 1, and 4 per cent. below it.

(c.) That only during the latter portion of this period, did the variation rise to 3 per cent. above the 15½ ratio.

(d.) That during the last 15 years, the variation steadily became more decided, till it is now 26 per cent. below the 15½ ratio.

2. The causes of the fluctuations in the first period of 45 years, 1827–72, are capable of demonstration:—

(a.) The French mint was open to all comers for the coinage of silver at 1 fr. 50 per kilo, the equivalent of 200 francs. And France as well as being a buyer of silver, was also a seller on the same basis, if supplies were required for the East.

(b.) The Indian mints were also unlimited coiners of silver, a fixed number of rupees being delivered against the equivalent in bars of silver.

(c.) These, then, were the controlling influences on the price of silver in the London market.

(d.) For the purposes of British commerce, silver had to be transmitted to and fro between England and France and England and the East.

(e.) In France, 200 francs were procurable against one kilo 900 fine silver, which is the ratio of 15½.

(f.) But silver bought in London for sale to the French mint, had to bear the cost of freight, insurance, mintage, interest, and incidental expenses, which for many years, specially in the earlier portion of the period under review, will have varied in the

- aggregate from 1 to 3 per cent.; in the latter case, limiting the price which a buyer in London could afford to pay, to 59½d. per oz.
- (g.) The same remark holds good as to India. The fixed quantity of rupees coined against a given weight of bar silver, minus the freight, insurance, and charges from London, determined the price at which a merchant or banker could afford to purchase there.
- (h.) These transport charges, which were fluctuating, were the cause of such variations in the London market price as 1 to 3 per cent. below the ratio of 15½ to 1.
- (i.) Extraordinary conditions would at times increase the variation. The commercial panics of 1825-28 and 1847-48 are traceable in the table, by the lowest price of silver recorded, 58½d. per oz., or 4 per cent. below the 15½ ratio.
- (j.) Again, the anticipations of the demonetisation of silver by Germany, affected the market in 1872, and caused a fall to 59½d. per oz.
3. The fluctuations in excess of the 15½ ratio were due to—
- (a.) The reduction of charges on transport of silver, enabling the London buyer to pay a higher price for it.
- (b.) The increased demand for export to the East, which formed part of the general expansion of trade occurring after the gold discoveries.
- (c.) War with China, which occasioned an unusual demand for silver in that quarter.
4. Fluctuations during the last 12 years, 1873-85, are to be accounted for by—
- (a.) The substitution of gold for silver in Scandinavia and Germany from 1871, and the forced sales of silver arising therefrom—eight to ten millions sterling.
- (b.) A dread lest the example of Germany should be followed by France and the United States, and a consequent distrust in the stability of prices.
- (c.) The closing of the mints throughout the States of the Latin Union to silver, causing the complete stoppage of demand for silver for coinage.
- (d.) The simultaneous increase of production in the United States, and the exaggerated anticipations regarding it.

NOTE 1.—The Select Committee on the Depreciation of Silver, 1876, came to the conclusion that one of the causes of the fall in prices of silver was the falling off in demand for India. The figures in Table 2 seem to show that the Committee were misled by a too limited observation. It will be seen that the fall in prices has been accentuated in the last decade, while the amount of silver taken by India, has been greater than in any previous similar period, excepting the one which embraced the cotton famine, when extraordinary payments for that article had to be made.

NOTE 2.—The fluctuations in exchange, prior to 1872, between England and the far East, and which were often sudden and violent, in no degree invalidate the conclusion as to the fixity of ratio between the two precious metals.

The measure of value and medium of exchange in the above markets was, and is, the Mexican dollar, and it was the abundance or scarcity of the supplies of this specific coin from Mexico, which caused the variations alluded to.

The figures presented in connexion with the foregoing clauses appear still more conclusive when it is remembered, that during the period under review, silver was an ordinary commodity in the London market. Proscribed from its former function of legal tender, it should, in the natural course of events, have shared in the every-day vicissitudes of markets.

6. The institution and development of credit has retarded the fall in prices. In all trades, there are a larger number of manufacturers, who would be unable to buy the quantities of the raw material which they do, at one time, for "cash" and it is their purchases (failing speculation, which has been lately conspicuous by its absence) that have frequently arrested the downward course of prices in raw materials.

In retail trades, as between the "warehouse" and the shop, there has been a great extension of "accommodation" of late years.

Had credit been shaken, there would undoubtedly have been a more restricted trade, and a still lower range of quotations generally.

While accepting the principle, that instruments of credit help to maintain prices and greatly develop the area of commerce, I dissent from the view of some economists, that the same monetary value attaches to all forms of financial paper, as there does to gold and silver.

7. (1.) Increased competition has brought about greatly reduced charges in business.

(a.) The commissions and charges paid upon produce purchased for Europe, and on sales of goods from Europe, are now about one third of what they were formerly.

(b.) Charges for financing mercantile operations are reduced. These, which were formerly in the hands of a few firms, have been largely transferred to Eastern banks.

(c.) Charges in this country have been reduced by docks, wharfingers, packers of goods, and agents of all classes.

(d.) There has been a fall in freights of 50 per cent.

(2.) The change of route from the Cape to the Canal, and the introduction of electric cables, have shortened the time of transit from market to market. Hence it follows:—

(a.) That several mercantile operations can now be concluded in the time formerly occupied by one.

(b.) That merchants are satisfied with smaller profits on each transaction.

(c.) That a pressure is brought on the merchant to sell, which did not exist when supplies were irregular and uncertain. If Eastern produce is not now realised immediately on arrival, it is forced, within a week or two, to compete with still fresher goods.

(d.) That speculative buying, which formerly often sustained prices, has been checked. When supplies were scanty, shipments and stocks in this country were bought and held by speculators, with advantage to themselves owing to the long interval which elapsed before fresh imports could come to hand. These conditions no longer exist. Fresh supplies can be put on the market within a few weeks.

(e.) Further, the development of limited liability has led to an increase of banks and financial institutions, all tending to enlarge the number of persons employed in the trade.

(f.) Lastly, increased facilities exist for bringing produce to market, as, for example, coffee in South America, wheat in India, wool in Australia.

NOTE.—Among the causes of a fall in prices, the one which, perhaps, is most commonly instanced, viz., over-production, is not assigned here. For, although production in silver standard countries has been stimulated, for the reasons given (Q. 9), I see no evidence of any such world-wide production, as can be said to have exceeded the limits of consumption. Had it been so, it would be reasonable to expect gradually increasing stocks at the close of each year; but Table 6, which covers 36 leading commodities, does not bear out any such contention. The few instances of accumulated stocks, such as those of iron gutta-percha, cochineal, are explicable on the special grounds stated at the foot of the Table.

8. (a.) *A priori* reasoning and historical considerations point to the inference that an abundance of the metals made use of as the Standard or measure of value, stimulates commercial enterprise and opens up new channels for trade. A cycle in which there is a tendency to depreciation of the Standard, is marked by rising prices and an advance in wages.

Professor Jevons puts it thus:—

"I cannot but agree with Macculloch, that putting out of sight individual cases of hardship, if such exist, a fall in the value of gold must have a most powerfully beneficial effect. It loosens the country, as nothing else could from its old bond of debt and habit. It throws increased rewards before all who are making and acquiring wealth, somewhat at the expense of those who are enjoying acquired wealth. It excites the active and skilful classes of the community to new exertions."

Mr. Newmarch considered "That the world ought to rejoice if a new gold-field could be discovered every few years."

Many authorities might be cited to the same effect, and if they be correct it follows that under reverse conditions, viz., a growing scarcity of the metals employed as the standard of value, trade must be hampered, fresh enterprises interfered with, and the course of prices and wages must be steadily downward. The existing agricultural and industrial depression so generally prevalent illustrates this.

2. The simpler, more stable, and intelligible the means through which a commercial transaction can be carried out, the more satisfactory and profitable it is to both parties. And so with nations. Everything that cripples the free march of international trade is obviously prejudicial.

The primary consideration with the seller, is to get such a price, estimated in terms of the measure of value which he uses, as will leave him a fair profit.

But if the buyer prices everything by another measure which forms his money, whereas such money is only an ordinary commodity in the seller's country, the great purpose which money should serve, in the exchange of commodities between nations as between individuals, is defeated. One distinctive feature of civilisation is lost.

A proof of the facilities given to international trade, by the use of a common measure of value, may be witnessed in the steady increase of British exports to countries using the gold standard, contrasted with the falling off in the shipments to silver-standard markets.

This divergence commenced from the time when silver was demonetised in Europe. Before that date, England was able to accept payments for her manufactures in the currency of silver-using countries, because such silver could, if need were, be converted into gold at the ratio of 15½ to 1. So long as silver is proscribed, England cannot accept it, and hence follows two disastrous results:—

(a.) That the silver-standard countries of Europe take less and less of our productions, and,

(b.) That the increased difficulty experienced abroad in paying for English manufactures, has led to the development of foreign national industries which threaten the permanent loss of markets to England.

Silver-standard countries possess an advantage over gold-standard countries, in exporting to gold-standard markets. Thus Indian wheat is supplanting American and Australian. River Plate wool is encroaching on the Australian supplies. Chili has the advantage over Adelaide in copper.

9.—1. The manufacturing and producing industries of India have been stimulated because—

(a.) Even if the cost of production of any article were the same in India as in England, still the Indian buyer would have an advantage in buying the article manufactured on the spot, where he can pay in the legal tender of the country, silver, and no question arises as to what his legal tender is worth, as it does in "Lesser Britain," where it has ceased to be a legal tender, and become a commodity of uncertain value.

(b.) The Indian producer or manufacturer can export to silver-using markets, on the basis of the same standard of value as his own.

(c.) Silver in India (owing to the maintenance of free coinage) possesses a more stable exchangeable value than it does in Europe. The advantage to the Indian producer was pointed out by the Institute of French Bankers in 1885, and the argument was illustrated thus in the Chambers:—

"Silver is the only legal tender in India. An ingot of silver is bought in London at 46½d., sent to Calcutta and coined at the mint there, and with the proceeds in rupees you purchase wheat for London or Havre. In those markets wheat is selling at £13.70 per hectolitre, but had the relation of silver to gold remained in the old ratio, the bar silver would cost 60½d. per ounce, less charges to Calcutta, and the Indian wheat purchased with the proceeds of it in rupees would require £18.50 to £19.50 per hectolitre to return cost in France."

The like effects are being felt by British agriculturists: the drop of one penny in the exchange between Bombay and London means a reduction of over one shilling per quarter in the price at which Indian wheat can be sold in London.

The internal trade of India, and the remuneration of labour, testifies to the stable value of silver—prices and wages have varied but little.

When it comes to be a question of the sale of English manufactures in India, the purchaser has the advantage at the expense of the manufacturer.

The buyer in India who is in receipt, say of Rs. 100 per month, cannot afford to expend more rupees than he did 10 years ago on British productions. He spends, e.g., Rs. 10 per month upon them, which formerly would have given a return to the maker in England of one sovereign. But now it requires Rs. 13 to remit that amount of sterling, and, as the consuming market governs the price, the manufacturer must accept 20 to 25 per cent. less than formerly, which means that the cost of raw material and wages has to be forced down in proportion, if there is to be the same profit in the trade.

The foregoing considerations show that in some respects the altered ratio of silver to gold has proved favourable to the people of India, at the expense of the manufacturing and industrial classes of Great Britain.

2. On the other hand, grave disadvantages are involved to India.

(a.) India having to pay a large amount annually to England, and to pay it in a metal which England has proscribed as legal tender, is forced to bear a loss of some four millions sterling annually, in the exchange between silver and gold. Further, there is the prospect of an annual increase in this loss, as the rate of exchange falls.

(b.) The prosperity of India depends largely on the extension of her railway system; but it is hopeless to expect the investment of English capital in this direction, or in any other, under existing circumstances, and if the money required be raised in the shape of a gold loan by the Indian Government, the burden of indebtedness for annual interest and for ultimate liquidation, becomes indefinitely increased.

Probably more weight attaches to the second aspect of this subject than the first, and if so, the restoration of the general and unrestricted coinage of silver at a fixed ratio to gold, would benefit India no less than England.

3. It may be asked, if an appreciation of the monetary standard indicates falling prices of commodities, and the depreciation of the standard is synonymous with rising prices, how does it come to pass that current quotations for commodities and labour in India remain stationary? Prices measured in gold have fallen owing to the appreciation of the metal; why have not prices measured in silver risen?

The ultimate regulator of prices of commodities, is the amount of the precious metals employed as money, i.e., bullion and coin. Now it will be seen from Table No. 5 that in the five years following the demonetisation of silver, 1870-75, the coinage of rupees fell, from six millions sterling, the annual average of the last 50 years, to just half that amount, and that in the next 10 years, 1875-85, it only slightly exceeded the average. But during these 15 years the development of India has been rapid, and in this reduced volume of standard currency, to the increased volume of commodities measured by it, may probably be found one of the main causes which have been operating against a rise of values in India. A second cause has been the general fall in prices of Indian produce and English manufactures and labour in Europe, resulting primarily from the appreciation of gold.

PAUL F. TIDMAN.

TABLE No. 1.

Showing the VARIATIONS in PRICES of COMMODITIES, 1845-1885.

The calculations are based on the annual average of 50 of the principal articles of commerce.

The index number 100 represents the very low range of prices in 1849.

The numbers in excess of 100 indicate a relative advance in price, and the numbers below it a fall.

Year.	Index Number.	Year.	Index Number.	Year.	Index Number.
1845	100	1859	120	1873	134
1846	100	1860	124	1874	131
1847	122	1861	123	1875	126
1848	106	1862	124	1876	123
1849	100	1863	123	1877	124
1850	101	1864	122	1878	114
1851	103	1865	121	1879	100
1852	101	1866	128	1880	115
1853	116	1867	118	1881	108
1854	130	1868	120	1882	110
1855	125	1869	119	1883	106
1856	123	1870	120	1884	100
1857	132	1871	118	1885	95
1858	118	1872	128		

TABLE No. 2.

Date.	Ratio.	London Market.	Supply.		Proportion of Gold to Silver, 1 to	Total of Gold and Silver.
			Gold.	Silver.		
		Price of Silver per oz.	Mil. lions.	Mil. lions.		
1801-10	15'61		£ 2'6	£ 7'7	2'97	10'3
1811-20	15'51		1'6	3'6	2'25	5'2
1821-30	15'80					
1831-40	15'67		2'7	5'3	1'96	8'0
1841-50	15'83		7'5	6'9	0'92	14'4
1849	15'80		5'4	7'8	1'44	13'2
1850	15'83		8'9	7'8	0'88	16'7
1851	15'46		13'5	8'0	0'59	21'5
1852	15'57		36'6	8'1	0'22	44'7
1853	15'33		31'1	8'1	0'26	39'2
1854	15'33		25'5	8'1	0'32	33'6
1855	15'36		27'0	8'1	0'30	35'1
1856	15'33		29'5	8'2	0'28	37'7
1857	15'27		26'7	8'1	0'30	34'8
1858	15'36		24'9	8'1	0'32	33'0
1859	15'21		25'0	8'2	0'33	33'2
1860	15'30		23'9	8'2	0'34	32'1
1861	15'47		22'8	8'5	0'37	31'3
1862	15'36		21'6	9'0	0'42	30'6
1863	15'38		21'4	9'8	0'46	31'2
1864	15'40		22'6	10'3	0'45	32'9
1865	15'33		24'0	10'4	0'43	34'4
1866	15'44		24'2	10'1	0'42	34'3
1867	15'57		22'8	10'8	0'48	33'6
1868	15'60		22'0	10'0	0'45	32'0
1869	15'60		21'2	9'5	0'45	30'7
1870	15'60		21'4	10'3	0'48	31'7
1871	15'59		21'4	12'2	0'57	33'6
1872	15'63		19'9	13'1	0'66	33'0
1873	15'90	58½	19'2	17'9	0'93	37'1
1874	16'15	58½	18'2	14'3	0'79	32'5
1875	16'76	56½	19'5	16'1	0'82	35'6
1876	Highest 20'17 Lowest 16'62	52½	19'0	14'8	0'78	33'8
1877	Highest 17'58 Lowest 16'84	55½	19'4	16'2	0'84	35'6
1878	Highest 19'00 Lowest 17'14	52½	17'3	14'7	0'85	32'0
1879	18'24	51½	20'8	18'6	0'89	39'4
1880	17'89	52½	21'0	18'2	0'87	39'2
1881	18'07	51½	19'9	18'8	0'94	38'7
1882	18'04	51½	19'3	20'5	1'06	39'8
1883	18'46	50½	18'3	21'4	1'17	39'7
1884	18'51	50½	17'9	21'4	1'20	39'3

600, omitted.

TABLE No. 3.

NET IMPORTS of SILVER and GOLD into INDIA.
Calculated in Sterling, showing Yearly Average over successive periods of Ten Years.

Official Year.	Silver.	Gold.	Average per Year.		Remarks.
			Silver.	Gold.	
1837-38	2,000	400			
1838-39	2,600	300			
1839-40	1,700	200			
1840-41	1,400	100			
1841-42	1,300	200	2,000	380	
1842-43	3,000	200			
1843-44	3,700	400			
1844-45	2,000	700			
1845-46	900	500			
1846-47	1,400	800			
1847-48	500	1,000			
1848-49	300	1,300			
1849-50	1,300	1,000			
1850-51	2,100	1,200			
1851-52	2,900	1,300	3,230	1,350	
1852-53	4,600	1,200			
1853-54	2,300	1,100			
1854-55	—	700			
1855-56	8,200	2,500			
1856-57	11,100	2,100			
1857-58	12,200	2,800			1857-9, Indian Mutiny.
1858-59	7,700	4,400			
1859-60	11,100	4,300			
1860-61	5,900	4,200			
1861-62	9,100	5,200	10,660	5,500	1861, Outbreak of Civil War in America.
1862-63	12,600	6,800			
1863-64	12,800	8,900			
1864-65	10,100	9,800			1862-65, Cotton Famine.
1865-66	18,700	5,700			
1866-67	7,000	3,800			
1867-68	5,600	4,600			
1868-69	8,600	5,200			
1869-70	7,300	5,600			
1870-71	900	2,300			
1871-72	6,500	3,600	4,550	2,880	
1872-73	700	2,500			
1873-74	2,500	1,400			
1874-75	4,600	1,900			
1875-76	1,600	1,500			
1876-77	7,200	200			
1877-78	14,700	500			1877-80. Famine years, during which the amount of silver ornaments sold and coined into rupees aggregated 3,000,000l.
1878-79	4,000	900			
1879-80	7,900	1,800			
1880-81	3,900	3,700	7,120	3,210	
1881-82	5,400	4,800			
1882-83	7,500	4,900			
1883-84	6,400	5,500			
1884-85	7,200	4,700			

TABLE No. 4.

HIGHEST and LOWEST PRICES in LONDON of SILVER from 1827 to 1886.

	Year.	Lowest.	Highest.
	1827	59½	60½
	1828	59½	60½
	1829	59½	60
	1830	59½	60
	1831	60	60½
	1832	59½	60½
	1833	58½	60
	1834	59½	60½
Substitution of metallic currency for paper in United States.	1835	59½	60
	1836	59½	60½
Commercial embarrassments in United States.	1837	59	60½
Panic in London.	1838	59½	60½
	1839	60	60½
United States Banks suspend specie payments.	1840	60½	60½
	1841	59½	60½
Trade depression in England.	1842	59½	59½
	1843	59	59½
	1844	59½	59½
	1845	58½	59½
Railway mania.	1846	59	60½
Commercial panic.	1847	58½	60½
	1848	58½	60
	1849	59½	60½
	1850	59½	61½
	1851	60	61½
Gold discoveries.	1852	59½	61½
	1853	60½	62½
	1854	60½	61½
	1855	60	61½
	1856	60½	62½
Commercial panic. Indian Mutiny.	1857	61	62½
	1858	60½	61½
War with China.	1859	61½	62½
	1860	61½	62½
Civil War (United States).	1861	60½	61½
	1862	61	62½
	1863	61	61½
	1864	60½	62½
	1865	60½	61½
Commercial panic.	1866	60½	62½
	1867	60½	61½
	1868	60½	61½
	1869	60	61
	1870	60½	62
	1871	60½	60½
	1872	59½	61½
	1873	57½	59½
	1874	57½	59½
	1875	55½	57½
	1876	49½	58½
	1877	53½	58½
	1878	49½	55½
	1879	49	53½
	1880	51½	52½
	1881	50½	53
	1882	50	52½
	1883	50	51½
	1884	49½	1½

TABLE No. 4—continued.

	Year.	Lowest	Highest.
Price on 15th May.	1885	46½	50
	1886	45	

TABLE No. 5.

Showing the TOTAL COINAGE of SILVER in INDIA, calculated in Sterling.

Official Years.		Total Coinage.	Official Years.		Total Coinage.
1835-36	- -	3,850,001	1860-61	- -	5,297,150
1836-37	- -	6,559,591	1861-62	- -	7,470,030
1837-38	- -	4,612,252	1862-63	- -	9,355,405
1838-39	- -	4,938,761	1863-64	- -	11,556,720
1839-40	- -	3,990,284	1864-65	- -	10,911,322
Total of 5 years -		23,950,889	Total of 5 years -		44,590,622
Average of 5 years -		4,790,178	Average of 5 years -		8,918,125
1840-41	- -	3,543,919	1865-66	- -	14,639,353
1841-42	- -	4,885,640	1866-67 (11 months) -		6,183,113
1842-43	- -	3,892,763	1867-68	- -	4,385,080
1843-44	- -	5,527,075	1868-69	- -	4,269,305
1844-45	- -	5,591,345	1869-70	- -	7,510,480
Total of 5 years -		23,440,742	Total of 5 years -		36,987,331
Average of 5 years -		4,688,148	Average of 5 years -		7,397,466
1845-46	- -	4,668,010	1870-71	- -	1,744,039
1846-47	- -	3,638,609	1871-72	- -	1,709,304
1847-48	- -	2,547,769	1872-73	- -	4,008,534
1848-49	- -	3,167,269	1873-74	- -	2,400,039
1849-50	- -	2,883,161	1874-75	- -	4,941,023
Total of 5 years -		16,900,028	Total of 5 years -		14,802,939
Average of 5 years -		3,380,005	Average of 5 years -		2,960,588
1850-51	- -	3,557,906	1875-76	- -	2,582,641
1851-52	- -	5,170,014	1876-77	- -	6,292,856
1852-53	- -	5,902,648	1877-78	- -	16,289,809
1853-54	- -	5,888,217	1878-79	- -	7,278,351
1854-55	- -	1,890,055	1879-80	- -	10,341,900
Total of 5 years -		22,408,840	Total of 5 years -		42,765,557
Average of 5 years -		4,481,768	Average of 5 years -		8,553,111
1855-56	- -	7,922,871	1880-81	- -	4,410,060
1856-57	- -	11,220,014	1881-82	- -	2,924,948
1857-58	- -	12,655,308	1882-83	- -	7,338,730
1858-59	- -	6,641,548	1883-84	- -	4,142,004
1859-60	- -	10,753,068	1884-85	- -	6,026,411
Total of 5 years -		48,592,809	Total of 5 years -		24,842,753
Average of 5 years -		9,718,562	Average of 5 years -		4,968,550
Total, 50 years -		209,282,515			
Annual average of 50 years -		5,985,650			

APPENDIX C.

TABLE No. 6.

Showing Stocks in PRINCIPAL PORTS of GREAT BRITAIN on 1st January.

Year.	Iron, Tons.	Copper, Tons. Total available.	Tin, Tons.	Tea, Million Lbs.	Sugar, Thousand Tons.	Coffee, Europe, Tons.	Wheat, Thousand Quarters.	Rice, Europe, Tons.	Pearl Sago, Tons.	Sago Flour, Tons.	Tapioca, Tons.	Black Pepper, Tons.
1877	363,000	—	7,556	110	112	—	1,507	127,354	611	646	1,669	4,198
1878	505,000	—	8,221	100	190	—	1,808	151,936	833	386	1,543	5,171
1879	679,000	54,180	9,121	114	125	—	1,021	125,673	770	419	1,459	5,036
1880	745,000	61,433	7,679	100.5	175	—	1,779	109,803	868	926	1,212	3,160
1881	739,000	59,259	6,299	102.75	160	—	872	150,985	1,542	696	2,607	3,838
1882	940,000	40,392	5,568	107.75	185	—	1,149	276,372	1,626	2,279	6,684	4,147
1883	836,000	47,053	5,020	113.25	252	148,771	1,804	245,229	1,653	949	7,721	2,228
1884	835,000	48,527	4,788	121.25	265	186,285	3,119	152,723	1,741	1,725	9,925	2,444
1885	821,000	47,843	4,885	112.50	263	186,712	1,536	131,303	1,286	1,574	8,819	2,336
1886	1,050,683	57,070	6,561	98.75	261	186,660	2,456	98,009	1,692	1,468	9,184	2,629

(continued.)

Year.	White Pepper, Tons.	Cloves, Packages.	Silk, Bales.	Cotton, Thousand Bales.	Hemp, Bales.	Jute, Tons.	Wool, Bales.	Indigo, Chests.	Cochineal, Bags.	India-rubber, Tons.	Gutta-percha, Tons.	Shellac, Cases.
1877	735	3,937	32,969	773	6,930	14,732	5,000	16,720	5,577	2,072	—	26,899
1878	1,147	925	36,623	536	7,418	13,342	54,000	13,406	7,056	2,044	—	39,674
1879	1,419	4,425	33,451	483	9,236	8,691	35,000	10,521	5,256	1,423	1,219	43,353
1880	1,037	1,383	36,518	641	5,046	3,465	Nil.	14,767	4,758	939	1,354	35,026
1881	1,458	5,525	38,452	681	4,878	20,997	15,000	6,922	4,674	1,425	1,556	31,307
1882	1,406	3,300	31,396	736	2,463	4,942	10,000	8,538	8,370	1,046	1,443	32,539
1883	795	3,889	29,908	892	18,182	9,969	17,000	9,274	10,277	1,017	2,144	34,515
1884	794	10,501	29,388	832	30,346	12,451	10,000	9,944	10,756	2,554	2,062	38,944
1885	771	6,707	43,281	911	29,130	18,406	10,000	12,158	9,357	1,820	1,923	46,708
1886	633	1,201	34,783	728	34,802	9,506	18,000	9,135	7,686	1,850	2,532	57,118

(continued.)

Year.	Copal, Packages.	Ivory, Tons.	Myrabs, Tons.	Gambier, Tons.	Hides, East Indian Thousands.	Linseed, Quarters.	Cocoa-nut Oil, Tons.	Petroleum Oil, Barrels.	Rattans, Bundles.	M.O.P. Shells, Cwt.	Camphor, Packages.	Cinchona, Packages.
1877	8,282	184	4,377	1,043	585	217,332	2,331	—	—	9,707	7,270	—
1878	4,236	212	4,734	—	1,306	115,943	2,205	139,663	—	15,808	5,780	—
1879	8,943	239	3,772	3,046	1,200	141,854	1,070	83,934	270,157	18,171	4,505	—
1880	6,103	165	14,745	1,638	410	100,600	2,580	223,638	248,009	16,111	772	—
1881	2,872	137	13,190	2,966	391	180,000	6,360	142,819	174,865	11,462	5,117	—
1882	5,264	130	8,643	1,849	488	280,530	8,851	258,151	165,242	15,136	4,416	—
1883	9,790	112	7,557	2,086	651	380,000	6,192	300,839	209,985	11,783	8,922	—
1884	9,605	186	5,095	1,271	470	220,000	4,176	487,400	153,394	9,533	9,882	—
1885	8,560	174	4,421	1,462	396	104,000	2,671	134,674	203,051	11,512	8,413	80,500
1886	6,673	138	6,367	1,038	370	85,287	1,532	151,008	348,439	13,332	7,134	61,690

*Special Causes Affecting Stocks.**Iron.*—(a.) The development of the industry in Germany and Belgium.

(b.) The cessation of demand for shipbuilding.

Cochineal.—The general use of aniline dyes.*Gutta.*—Always accumulates in the interval between the laying of one cable and another.*Tapioca.*—Recent investment of English capital in new estates.*Sago Flour.*—Imports and consumption largely increased for manufacture of "glucose" and sweetmeats.*Rattans.*—Figures are unreliable, because of the varying size of "bundles."*Coffee.*—The increased use of tea, and the industrial development of Rio.*Sugar.*—The increase of beet cultivation under the system of bounties.*Shellac.*—A speculative rise in price a few years since led to excessive shipments.*Hemp.*—The increased use of sisal has much reduced the demand for manilla in the United States, and the shipments to the United Kingdom have therefore been heavier.

NOTE.—It must be borne in mind, when comparing present stock with those of 10 years ago, that buying having been for a long time limited to immediate wants, the stocks held by retailers all through the country are very much smaller than formerly.

APPENDIX D.

FURTHER REPORTS FROM HER MAJESTY'S REPRESENTATIVES ABROAD WITH REGARD TO THE CONDITION OF TRADE AND INDUSTRY IN FOREIGN COUNTRIES.

Circular addressed by the Marquis of Salisbury to Her Majesty's Representatives Abroad.

SIR, Foreign Office, October 6, 1885.
You will perceive by the papers herewith transmitted to you that the Royal Commission on the Depression of Trade and Industry desire to obtain information with respect to trade in foreign countries.

It is my wish to assist, as far as possible, in the inquiries about to be instituted; and I desire, therefore, to ask the particular attention of Her Majesty's representatives to this instruction, and request them to furnish careful reports in reply to it, for the information and use of the Royal Commission.

The accompanying papers indicate fully the nature and scope of the inquiry on which the Commission is engaged. The most convenient manner of proceeding will be for Her Majesty's representatives to circulate the enclosed queries to those British consular officers who are in a position to supply the local information required, and to annex their replies to a general report on the particular country to which Her Majesty's representatives, respectively, are accredited. I am aware that this instruction cannot be answered in an equally comprehensive manner by all missions, nor yet in the same way in all countries. In Asia, and likewise in Central and South America, the chief points to which attention should be given may be matters connected with the relative position of British as compared with foreign trade, rather than the general details of this instruction. I wish the answers from missions in Europe and from Washington to reach this office in the beginning of next January. I leave to your discretion whether to make the report now called for yourself, or whether you will confide it to your first Secretary, or, in his absence or employment on any special duty, to some other member of your mission; and I have to request that you will acknowledge the receipt of this despatch, and inform me by whom the report will be made.

I shall be willing to consider that the duty of supplying this report will afford a reasonable excuse for some short delay in forwarding the usual Secretaries' commercial and financial reports.

I am, &c.
(Signed) SALISBURY.

Enclosure I.

Mr. G. H. MURRAY to Mr. BOURKE, M.P.

Royal Commission on the Depression
of Trade and Industry,
8, Richmond Terrace, S.W.,
October 1, 1885.

SIR,

I AM directed by the Royal Commission on the Depression of Trade and Industry to request you to inform the Secretary of State that, with the view of obtaining complete information as to the facts of the situation into which they are directed to inquire, they are anxious to obtain reports from Her Majesty's representatives abroad on the condition of trade generally, and of British trade in particular, in the principal foreign countries.

I enclose a memorandum which explains the nature and scope of the inquiry on which the Commission is engaged, together with a paper of questions showing the points on which information is desired with regard to foreign trade; and I am to request that, if Lord Salisbury sees no objection, these questions may be circulated to Her Majesty's consuls in the manufacturing districts abroad and the chief commercial ports.

I am further to suggest that the consuls should be directed to forward any answers which they may be able to return to these questions through Her Majesty's minister in the country in which they are residing, and that the Secretary of Legation, or some other member of the mission, should be requested, from the information so supplied, to compile a short general report on the trade of the country, adding such further observations as may seem to him desirable.

The specific points which the Commissioners would desire to see brought out in such a report are—

- (1.) How far any depression of trade or industry exists in the country;
- (2.) If it does exist, what has been its history and its most noticeable symptoms;
- (3.) What particular trades or industries has it affected;
- (4.) To what extent has it affected British trade in particular;
- (5.) Any notable diversion, extension, or falling off of British trade in the last few years;
- (6.) Any explanation of such falling off, or any means of extending British trade, and removing impediments, where they exist;
- (7.) The state of the labour market, with special reference to the rate of wages, hours of work, trades unions, and the effect of the withdrawal of large numbers of men from industrial pursuits;
- (8.) The incidence of local and Imperial taxation on trade and industry;
- (9.) The extent of State aid afforded to trade and industry.

I have, &c.
(Signed) GEO. H. MURRAY,
Secretary.

Enclosure 2.

Questions.

1. What are the chief branches of British trade which are connected with your district?
2. How have they been affected during the period from 1880-85 as compared with the preceding 15 years in regard to—

- (a.) Volume?
- (b.) Value?

3. Can the condition (a) of trade and industry generally, and (b) of British trade in particular, in your district be fairly described as "depressed" at the present time as compared with the last 20 years?

4. If so, when did the depression begin, when did it reach its lowest point, and what are its most prominent symptoms?

5. Has its progress hitherto been uniform or irregular, and what do you anticipate that its course will be in the immediate future?

6. Does it extend to all branches of trade and industry in your district; and, if not, what trades or classes of trades would you except?

7. Have the different trades and industries affected been uniformly affected (a) in point of time and (b) in point of intensity?

8. Should you say that—

- (a) The demand for,
- (b) The supply of, and
- (c) The return on,

capital generally in your district is above or below the average of the last 20 years?

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APPENDIX D.

9. Is the rate of wages in your district (a) for skilled and (b) for unskilled labour, above or below the average of the last 20 years, regard being had to the quantity and the quality of the work produced?
10. Can you give any information as to (a) the specific rate of wages for different classes of labour, and (b) the usual hours of labour in your district?
11. Are there any special impediments to the extension of trade between Great Britain and your district; and can you suggest any measures either to remove them or to promote the further extension of the trade?
12. Has any transfer taken place from this country to other countries of the trade, or of any particular branches of the trade, between your district and Great Britain; or has any new trade sprung up between them?
13. Has there been in your district during the past 10 years any noticeable establishment or increase of industries for the production of articles formerly imported from the United Kingdom?
- If so—
- (a.) To what causes is this movement chiefly owing;
- (b.) Has it been generally carried out by British or native firms; and
- (c.) With British or native capital?

14. Has any increase taken place in the last few years in the pressure of local or general taxation on the trade and industry of your district; and is the system of local and general taxation more or less favourable to those engaged in productive industries as compared with the rest of the community?

15. To what extent is the trade and industry of your district assisted by State aid, such as bounties, facilities of transport, &c.?

16. Are there in your district any commercial museums, pattern or sample rooms, export agencies, or other institutions to promote trade, which are accessible to all merchants and manufacturers? Are there any organizations for the promotion of trade, such as Chambers of Commerce, &c.? If so, describe them briefly, showing their origin, the cost of establishment and maintenance, with any observations which you may have to offer with respect to them.

17. What are the conditions of credit in regard to wholesale and retail trade?

18. What regulations are in force with regard to trade marks, and how far are they effective?

ANSWERS RECEIVED.

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BAVARIA.

MY LORD,

London, March 1, 1886.

In accordance with the instructions contained in Lord Salisbury's Circular of the 6th of October last, I have the honour to submit to your Lordship, for the information of the Royal Commissioners, the following remarks on the condition of trade and industry in Bavaria.

I regret that, owing to circumstances which compelled me to return to England shortly after the receipt of the above instructions, I have been unable to draw up as complete a report as I should otherwise have done, but I trust that the following particulars supplied to me by Mr. J. Smith, Her Majesty's Consul at Munich, will prove sufficient for the object of the Royal Commission as regards Bavaria.

Owing to its geographical position, the nature of its soil, and its extensive forests, Bavaria had, until lately, been considered a purely agricultural country, and the number of persons engaged in manufactures and industrial pursuits was relatively small.

The statistical reports of 1882 show that 55·3 per cent. of the entire population were engaged in agriculture, while only 6·3 per cent. were engaged in trade; the introduction of steam has, however, effected a complete change.

For a long period preceding the year 1859 the commerce of Bavaria suffered from the restrictive laws which were then in force, and could not keep pace with the progress made by the other German States; it was only after these obstacles had been removed that the then limited trade of this country assumed a certain development, and that a tide of commercial activity rapidly set in.

While the Customs frontier on the east and south interfere greatly with the extension of commerce in those directions it is impossible to ascertain the value and volume of the imports and exports to and from Bavaria which pass through the western frontier, or which are shipped at the northern ports under the general designation of German goods.

This business, moreover, being under the control of the North German merchants or foreign middle-men, it is impossible to obtain information as to the origin or destination of the merchandise which passes through their hands; I have, therefore, only enumerated in this paper the various articles of commerce, the totals of which can be proved by official or private returns.

Generally speaking, I have experienced the greatest reluctance on the part of individuals engaged in trade or manufactures to furnish information in regard to their special business.

The following observations apply exclusively to the agriculture, trade, and industry of the kingdom of Bavaria:

IMPORTS FROM GREAT BRITAIN.

Clothing stuffs of wool and cotton, linen, carpets, machinery, agricultural implements and machines, cotton twist, cotton thread, lace, metal goods, sheet iron, pig iron, steel, and steel ware, especially fine tools and steel pens, velocipedes, copper, wool, raw cotton, skins, dry and salted hides, horn, ivory, wines, spirits, drugs, colonial produce of every description, tea, coffee, and spices.

Imports from Great Britain.

EXPORT, TO GREAT BRITAIN.

Chemicals, aniline colours, leaf-gold, Dutch metal, and bronze powder, coloured paper, lead pencils, gasburners, optical and mathematical instruments, basket work, artificial flowers, lithographic prints, chromos, paper of common quality, beer, butter and cheese, celluloid, hops, oil paintings and other works of art, and art industry of every description.

Exports to Great Britain.

Consequently, Great Britain only exports to this country those raw products which Bavaria cannot obtain elsewhere, and also certain manufactured articles which, owing to their superior quality, she can only procure from England; on the other hand, with the exception of hops, Bavaria exports no raw produce to Great Britain, and her manufactured exports are limited to articles which have attained a higher degree of perfection as regards quality.

It should be noted that the exports to Great Britain are of light weight compared with value, and can therefore bear the cost of high freights, and of other forwarding charges.

The answers to questions 2 to 7 will be found embodied in the following paragraphs:

BRITISH EXPORTS.

Clothing materials.—The greater quantity of these materials are purchased from wholesale dealers at Hamburg, Leipsic, and other towns in Germany, and represent an inconsiderable figure in the Customs lists.

Carpets, druggets, rugs, &c.—Owing to the establishment of inland factories, and the still greater competition arising from the import of Oriental carpets, the traffic in carpets, druggets, &c. from England has considerably decreased.

Agricultural implements and machinery in general.—A decrease is manifest in the importation under this head, but superiority of finish and of material employed have combined to place the greater part of this trade in the hands of the English manufacturers. Bavarian factories have of late, however, devoted considerable attention to the construction of every part of agricultural machines and traction engines, &c., for which there is a considerable demand, and a fair amount of success appears to attend the new branch of industry. The importation of railway locomotives has altogether ceased.

Saxon and Swiss firms are using every endeavour to supplant England in the supply of spinning machines, and their efforts have been partially successful; several attempts at this manufacture have been made in the country.

Yarns.—Serious efforts are being made with a view to coping with English spinners on German markets; owing, therefore, to the small profits derived from agriculture, occupation is found for the increasing population in the establishment of cotton mills, where water power is available, as the most suitable industry to meet the requirements of the unemployed. Jennies and other machinery, and the raw material, have been procured almost exclusively from England, where the services of spinning masters and skilled workmen were also secured and protective duties levied in order to strengthen this new industry. Mills have been established on a considerable scale at Augsburg, Kempten, Hof, Bayreuth, Bamberg, and in Upper Bavaria.

After passing through the severe commercial crisis caused by the American war, this trade suffered greatly in 1870 in consequence of a reduction in the duty on foreign yarns, the more so as this duty was levied by weight and not *ad valorem*, thus the importation of English yarns increased to such an extent as to check altogether the spinning of high numbers, and manufacturers had to fall back 12 numbers in fineness, English system. The incorporation of Alsace-Lorraine, by which the production was at once doubled, led to the passing of higher protective duties, and from that time the import has declined, while the home production has correspondingly increased, and the manufacture has again risen eight numbers in fineness.

The struggle of the home industry against the English spinners has been going on for a long period. During the last few years it has become a general complaint that the over-production in Great Britain causes heavy quantities of yarns to be thrown upon the German market at short intervals, which are sold at ruinously small prices; this will account for the slight augmentation in the imports, but the spinning trade of the country does not appear to have been thereby materially affected.

Lace.—Up to the year 1879 this article appears to have been imported in fair quantities, but the increase of duty to five times its former rate and the establishment of lace factories in Bavaria itself have, of necessity, materially diminished the supply from Great Britain.

Metal wares.—*Metal wares*, on account of their superior quality, are still imported.

Sheet iron.—This article was formerly extensively obtained from Great Britain, but the quality having deteriorated the demand declined, and was subsequently supplanted by the home industry. Latterly, however, a superior article having again been furnished, a reaction set in, and the business is increasing, while the German manufacturers have awakened to the necessity of introducing improvements in their machinery and of enlarging their plant, in order to compete with English deliveries.

Pig iron.—For years an extensive trade in pig iron was carried on with Great Britain, but owing to the heavy duty laid upon it, together with the process of dephosphorising applied in the Rhenish works, the trade declined, and has now almost entirely ceased.

Steel ware.—*Steel ware* tools of the finest description, parts of machinery, &c., continue to be largely imported from England,

but the trade in goods of middle quality shows a decided decrease. The demand of the country is partly met by the home trade and partly by France, the United States, and Sweden, the goods supplied, though often bearing an English mark, are inferior in quality and are sold at lower prices, especially as regards cutlery.

Sewing machines.—A large number of these machines were formerly sent to this country, but Northern Germany provides this market with fair imitations of the English and American makes, and threatens to obtain a monopoly of the trade. The German makers have, it must be said, reached a high point of perfection in this particular industry, and have introduced many improvements, which are carefully protected by patents; thus for some years German sewing machines have been exported to the United Kingdom and sold at a much lower price than those manufactured in England.

Steel pens.—Notwithstanding the fact that Germany and Austria send large quantities of these articles to Bavaria, which find a ready sale, those of English manufacture, in consequence of their superior quality, are still imported, and the trade with Great Britain appears to remain nearly unaltered.

Velocipedes.—These are among the most recent articles of export, and the number is constantly increasing. Two factories for their manufacture at present exist in Germany, but the raw material required for their construction, and, indeed, partially made up machines, are imported from England. The quality of the Bavarian machines is not equal to those imported from England, which are, so far, unsurpassed for their fine and careful finish.

Copper.—Large quantities of copper were formerly shipped from Newcastle, but during the last 10 years the trade has steadily declined. The finest quality, which was obtained from Russia, is now supplied by America, a reduction, moreover, having latterly been made in the price. A factory has been established at Duisburg on the Rhine for the production of copper by refining Spanish ores. The quality is not equal to that obtained from England, but in all probability the import will further decrease.

A common sort of copper, chemically pure by precipitation, is also produced in Germany.

Raw cotton.—When the manufacture of this article was first established in Bavaria the whole of the raw material was obtained from Liverpool, but after the American war it was to some extent purchased in the United States and imported by way of Bremen. This direct trade is still increasing, and the Liverpool market is now only resorted to when some local or temporary cause renders it necessary.

The opening of the Suez Canal brought about a development of the trade with India, and the sea freights to Venice and thence by rail to Bavaria being considerably cheaper, has had a great influence upon the extent of the import of this fibre from Great Britain. A small quantity is also supplied by Havre and Antwerp, but the business is by no means regular or considerable.

Skins, dry and salted, hides and furs.—The great public sales held weekly in London make England the principal market of Europe for this trade, and it is from this source that Bavaria obtains seal skins and other furs. The town of Leipsic is the principal German centre of the fur business. The quantity imported has not only been maintained of late years, but has increased with the growing demand.

Colonial produce.—Great Britain is still considered to be the principal market for drugs and other colonial produce, but a falling off in the trade with Bavaria has to be noted. The direct shipment of coffee from Santos, Cuba, and Ceylon, and spices, particularly pepper, from Singapore, while the inland trade from German ports and Trieste since the opening of the Suez Canal, and the periodical markets held at Havre, have all contributed to this decline.

Tea.—Bremen and Hamburg import direct from China, and although the consumption of tea is increasing, no benefit to the English market can be anticipated.

BAVARIAN EXPORTS.

Leaf-metal, bronze powder, brocades, and orisdeu.—During the last five years the export of bronze powder and brocades has been steadily improving. For a long while Bavaria has retained almost exclusively the monopoly of this trade. The manufacture is carried on at Nürnberg, Fürth, and Munich.

India has lately come forward as a competitor for the trade in leaf-metal and orisdeu, and sends leaf-metal, if not to Bavaria itself, to other continental countries; the

APP. D.
Bavaria.

Sewing machines.

Steel pens.

Velocipedes.

Copper.

Raw cotton.

Skins, hide and furs.

Colonial produce.

Leaf-metal, bronze powder, bro-

APP. D.
Bavaria.
Coloured
paper.

export of these articles to England has therefore materially decreased.

Coloured paper.—There has been a steady and by no means inconsiderable export of coloured paper to England. The production of gilt paper is a prominent industry; the Bavarian manufacture is of good quality and of great artistic merit.

Lead pencils and stationery.—Up to the year 1835 the manufacturing of lead pencils in Bavaria was an insignificant business, and the finer kinds used were all of Cumberland make. The manufacture of these articles has, however, now assumed extraordinary proportions. The quality produced is so good that it has entirely checked the importation, and a pencil of English make is rarely met with in Germany; moreover, despite competition, the trade is steadily progressing and has resulted in a large export, especially to England, where it is said they are marked and sold as English pencils.

The manufacture of penholders is also a thriving industry, and the number exported to England is very considerable.

Gas-burners.

Gas-burners.—The manufacture of gas-burners is now actively pursued in Nürnberg and Fürth, and large quantities are daily forwarded to England. Prices, moreover, are stated to be very low.

The extensive deposits of lardstone, found in clusters below the surface of the earth near Bayreuth, are eminently adapted for the making of gas-burners, while the lardite obtained from Cornwall appears more suitable for the manufacture of porcelain.

Optical instruments.

Optical instruments.—The firm of Meyers and Son, known for the excellence of their glasses and refractors, are, I believe, the only Bavarian exporters. The material for the manufacture of the glass used is found in the Bavarian Alps, and the merit of the goods is attributed to a special process of manufacture, said to be a secret of the firm, but it is probable that this is less important than the rarity and suitability of the material employed.*

Spectacle frames are also made at Fürth and Nürnberg and sent to England and to the Colonies in large quantities. According to reliable authorities the glasses for these are supplied by France.

Mathematical instruments.

Mathematical instruments.—The number of theodolites, prisms, and cases of instruments exported, though small, is worthy of notice. The manufacture of these articles is considered to be equal, if not superior, as regards precision of workmanship and solidity to those of English make, and they are sold at a much cheaper rate. This industry is making such rapid progress that the importation must eventually cease.

Basket work.

Basket work.—The trade in fancy and other baskets, the principal seat of which was in the north-east of Bavaria, has suffered severely from the development of that industry in Italy, and the exports to England have fallen off considerably.

Artificial flowers.

Artificial flowers are not exported from England to Bavaria, but a considerable trade was formerly carried on with England, it is now almost exclusively limited to the production of single flowers, stems, grasses, &c. for millinery purposes, which are sold at wholesale prices, ranging from 1s. 6d. to 6s. per gross, and even these reduced prices have further fallen since 1880. There appears to be no doubt that during the past 15 years the quality has deteriorated and that consequently the exports have fallen.

Up to the year 1874 goods at from 18s. to 20s. per gross found ready buyers, but the manufacturers of Saxony, assisted by the starvation wages paid to their artificers, have been enabled to secure most of the orders which formerly came to Munich. This trade is also sharply competed for by the Berlin manufacturers. The employment of prison labour in this branch has also had a most detrimental effect upon the industry. A further reduction in the rate of wages at present paid in Bavaria is quite out of the question, and the female labour hitherto employed in this branch now turns towards other and more profitable employment.

There is considerable over-production; the supply greatly exceeds the demand, and only very cheap goods find a sale at prices which leave no margin for profit on the capital and labour employed.

Toys.

Toys.—The manufacture of toys was a few years back extensively carried on at Nürnberg and Fürth; the articles produced in the former place still find a fair sale in England, but a decrease in the business, especially in the better and more expensive description of toys, is perceptible, owing to the competition of Thuringia and France.

Lithographic productions.

Lithographic productions.—A small number of these were formerly obtained from England, principally on account

* The more experienced workmen of this firm earn from 30 to 40 marks week.

of their artistic excellence, but the demand has now entirely ceased, and Bavaria, as a result of the interest she has bestowed upon art and the development of its industries, now carries on a considerable business in this branch of trade; the exports to Great Britain have been steadily increasing during the last 15 years.

Young men devoted to art and possessing talent of no mean order, but who, failing to reach the higher branches of their profession, now turn their attention in this direction, and have raised the calling to an art industry in the fullest sense of the word. It is from this class that the ranks of skilful artistic lithographers are recruited.

The Bavarian lithographic establishments are fitted exclusively with home-made machinery, and the printing of lithographs, wood-cuts, and letter-press has reached a high degree of excellence, while the development of this industry has undoubtedly greatly added to the prosperity of the country.

Maps, small chromos, &c.—These, from their careful preparation and superior quality, were formerly largely imported from England, but the home trade has increased, and chromos especially are now, owing to increased demand, largely exported. Nevertheless the British trade during the last five years is admitted not to have decreased.

Maps,
chromos, &c.

Pictures, and other works of art.—Since the reign of Louis I. the art of painting has been carefully cultivated in Bavaria, and under the patronage and favour of succeeding sovereigns Munich now occupies a prominent position among the art schools of the world. The trade in pictures and works of art, however, depends in a very great measure upon commercial prosperity, and as a consequence of the general depression the exports have decreased. The same remark applies to sculpture.

Pictures and
works of art.

Paper.—With few exceptions, limited to fancy articles, Bavaria is quite independent of the English manufacturer for paper. The whole trade takes its supply from home or North Germany, which furnish inferior imitations of the English goods formerly imported, but for which the purchaser has nevertheless to pay English prices.

Paper.

Butter.—The rich pastures of the Bavarian Alps, so eminently adapted for the rearing of cattle, coupled to the many improvements which have been effected in the dairy system, and the substitution of machinery for hand labour, have given a remarkable impetus to this trade, which enables the agriculturists of that part of the kingdom to participate in the supply of the English market. This business, however, which promised at first to be a great success, has recently suffered owing to the high freights charged for carriage to England; but the most important cause of the decline is attributed to the peculiar character of the London butter market, where it is said to be a notorious fact that large quantities of Bavarian butter is adulterated, principally by German merchants, in England and is thus offered for sale to the detriment of the Bavarian producer.

Butter.

The markets of central and part of North Germany are principally supplied from Bavaria, and the trade with England is therefore not pursued with much activity, but increasing competition and increased production may lead to a larger export in the future.

Artificial or Margarine butter, an article of some importance in the English market, is also made in Bavaria, but it is not exported. This product is under the strictest official supervision, it may be observed, and makers are bound to offer it for sale under its legitimate name.

Artificial or
margarine
butter.

Cheese is made in all parts of the country, but only the district of Allgäu, near the lake of Constance, has succeeded in establishing a reputation for its production, which is largely exported to England under the name of Swiss cheese (Gruyère). As the business passes through the hands of middlemen the quantity and value cannot be ascertained.

Cheese.

Celluloid.—The institution of this industry in Bavaria, owing to its large supply of timber and unlimited water power, is proving of immense value. The establishments for the pounding of wood-fibre have reached a degree of perfection which has enabled them to compete successfully with Sweden.

Celluloid.

It is worthy of note that the introduction of celluloid enables the Bavarian paper mills to supply the commoner and cheaper descriptions of paper to England, and as soon as this branch of trade is further developed, the manufacturers may look forward to a brilliant future for their export trade.

Hops.—The soil of the Bavarian provinces of Middle Franconia and Lower Bavaria is admirably suited to the culture of the hop, and abundant harvests are obtained.

Hops.

The growth ranks as the best in the market, and large quantities are forwarded to England from Nürnberg, the principal market.

The hop trade is entirely dependent on the pickings in Bavaria, Bohemia, England, America, and Australia, and neither the imports nor exports are affected by commercial crises.

CHEMICALS.

Additional
remarks.
Chemicals.

Notwithstanding the active competition of Bavarian manufacturers, and an extensive export in this branch of trade, British productions are still largely supplied to Germany.

British chemical factories provide immense quantities of crystallised and caustic soda for the manufacturing of soap, which is exported to all parts of the world; nevertheless, the German industry, which requires large quantities of common salt, appears to suffer severely from British competition.

Chloride of lime is extensively shipped from England, and the greater part of the phosphorus for matchmaking is also supplied from Great Britain, to the great detriment of the German chemical works.

Citric, tartaric, and oxalic acids, red-lead, carbonate of ammonia, the raw materials for preparing aniline colours, viz., benzol, tolnol, and anthracene (for artificial alezarine) and naphthaline, and many other chemicals are also exported to Bavaria, while carbolic acid, an indispensable article for surgical uses, manufactured almost exclusively from British coal-tar, is shipped from England in large quantities.

On the other hand, Germany possesses facilities for the cheaper manufacture of several chemicals for which England is a large purchaser, prominent among them being those in the preparation of which alcohol is used in large quantities, such as ether, æther sulphur, which is used not only in medicines, but as a solvent for many resinous substances, and in the preparation of chloroform, iodoform, and chloral, all of which are cheaper in Bavaria than they are in England.

Vinegar, the greater portion of which is made from alcohol, is produced in large quantities in Munich, but as freights are too high to admit of its being transported to any great distance, even in a concentrated form, prices are very low; moreover, the British duty on this article is prohibitive.

Alcohol and ether required for industrial purposes being free from duty, their use in the preparation of many other chemicals employed in medicines and poisons is carried on to greater advantage in Bavaria than in Great Britain, such as in quinine, salts of quinine, morphine, atrophine, strychnine, antonine (a vernifuge), and the alcaoids, kairine and antipyrine, recently discovered by Drs. O. Fisher and L. Knorr.

The manufacture of varnishes and japans in England is much hampered by the high rate of duty on alcohol, whilst these articles are produced in this country at very low prices, the duty on alcohol for scientific being almost nominal.

The preparation of coal tar colours, so remarkable for their brilliant tints, has of late developed to a large extent, and this industry is now of great importance. A large majority of the tints which have been discovered and manufactured by Germans are protected by patents, and high premiums are vested in them. This, combined with the low rate of wages, has caused a great expansion in the trade. Although a tendency to adulteration, almost impossible to repress, is complained of, English chemists do not appear to have paid great attention to the discovery of such dye-stuffs, consequently the trade is not affected to any extent by English competition.

LEATHER.

Leather.

The leather trade is mainly influenced by two considerations, viz., the facility with which the raw material can be procured, and the process of tanning.

With regard to the first, it appears that the successful preparation of certain leathers depends on the kind and quality of the animals which constitute the meat supply of the country. It is generally accepted as a fact that in Great Britain the beef, mutton, and pork are of unexceptional quality, and the skins furnish leather of the best kind, the same may be said of the veal and lamb of Bavaria.

Twenty years ago a large import of English ox-hides took place, but as Germany is now a great beef consuming country, and large improvements in the tanning having been effected, the quality of leather produced, especially the kern leather, or central part of the hide, is now scarcely inferior to that of the English market. Consequently no business, either in export or import, is done with Great Britain.

In regard to the second, Bavaria was for a long time far behind England in the process of tanning, which was effected by soaking the skin for seven to eight months in oak-bark, but the process has been considerably shortened

by the addition of tannic acid, and the tanneries are now equal in all respects to the English.

Up to within the last few years, however, other portions of the hide which could not be used as kern-leather were imported from England, and largely used in Germany, particularly in Bavaria, for use as sole-leather. These consignments were shipped as refuse-leather, and paid 18s. per cwt. duty, but the last advance in the Customs tariff has entirely stopped this trade, and all kinds of ox-hides, without regard to quality, pay 36s. per cwt., thus excluding Great Britain altogether from the German market. For the want of the cheaper sole leather, this trade, which had in consequence of cheap labour assumed important proportions, is now declining, especially in the Palatinate.

An occasional overstocking of either the German or English markets naturally occurs, and small parcels, under the name of job-lots, are thrown upon the one or the other market. At present this is the only trade in leather carried on between the two countries.

Hogs leather.—This importation from Great Britain to Germany has now entirely ceased, and there is no export. Although Bavaria breeds a large number of pigs, it makes no considerable use of the hides. Those of Wurtemberg furnish excellent hides, nearly equal to the English in quality, and the quantity supplied is so large as not only to cover the requirements of Bavaria, but also of other parts of Germany. These hides are tanned in Bavaria.

Calf.—Bavaria supplies a large quantity of this kind of leather, and had until lately only to compete with the neighbouring Austrian provinces in respect to quality. They still take a prominent part in the trade, and export very largely to England, but owing to the great development which has lately taken place in the calf leather trade from Rhenish Prussia, the supply of patent and satin calf from this country has considerably diminished.

Calf-kid tanned with alum was formerly shipped in large quantities from Bavaria, but the shrewd and enterprising Rhineland manufacturers have now entirely possessed themselves of this trade, and at present only small parcels are forwarded to Great Britain.

Russet Calf is sent to England in considerable quantities for the purpose of having a fine finish imparted to it. Bavaria and the neighbouring Austrian districts are, however, principally drawn upon to supply the raw material. Great Britain also exports to Bavaria:—

1. East India goat skins for shoe leather.
2. Skivers, or split sheep skins, for hat lining and book binding.

Both kinds pay a German duty of only M. 3 per cwt. They are imported in most cases for the purpose of being finished, and afterwards are re-exported to England. The extraordinary attention bestowed upon the breeding of sheep in England accounts in a great measure for the excellent quality of the skin, and the export of raw material for the purpose of being finished is important.

The wages of skilled workmen, who are paid by piece work, average from 3s. to 6s., and that of ordinary workmen, with no special knowledge, 2s. 4d.

GLOVES.

The manufacture of gloves, which are principally made from kid leather and lamb skins, is of course entirely dependent upon the supply of raw material, and is closely connected with the leather trade. Sheep are killed for food in Bavaria before they are full grown, and there is therefore an abundance of lamb skins for glove making. Moreover, any scarcity in the supply can be readily met from Northern Italy. The tanning of these skins has been brought to a high degree of perfection, and the quality is said to surpass French productions. Kid skins are rare in Bavaria, and the industry is supplied by Italy and the Tyrol; but the quality of the leather is not so good as that used in Milleau and Grenoble.

The gloves made in Bavaria are of good quality, but they lack elegance of style and finish compared with the French goods. Nevertheless, the export to Great Britain is large and important, and is likely to increase. The small diminution at present noticeable in the trade may be attributed to the prevailing fashion for silk gloves.

The workmen employed in the leather and glove trade are divided into two categories, and for a working week of 6 days, 10 hours, are paid as follows:—

1. First-class men, possessing manual and technical skill, are paid only by piece work, and earn on an average 3s. to 6s. per day, according to skill and assiduity.
2. Ordinary workmen employed in the lower branches of the trade, and possessing no special knowledge or skill, earn 2s. 4d. per day.

APP. D.
Bavaria.

APP. D.
Bavaria,
Glass.

GLASS.

In the extensive forests of the Bavarian mountains, and along the Bohemian frontier (called the Bavarian forest), are to be found considerable establishments for the making of glass, which, aided by the suitability of the soil, produce an abundance of glass of good quality. The success of this industry may be attributed to the fine cutting of the glass, which has no doubt been materially influenced by the universal attention paid to the production of works of art. The English common white glass is nevertheless superior to that made in Bavaria, but improvements are being introduced, which, at no distant date, will considerably improve the quality.

Fifteen years ago the art of glass painting had almost died out in Bavaria, and glass makers could not or did not care to supply either the antique blown glass nor the pressed plate cathedral glass, and consequently orders accompanied by samples of old German glass were forwarded to British manufacturers for execution. The price, however, was found to be exorbitant, and the high prices, as well as the success which attended the introduction of coloured glass, induced the Bavarian makers to endeavour to recover the lost art. The enterprise met with considerable success, and at the present time the works of Southern Bavaria, and of the Bavarian forest produce coloured glass at a much lower price and equal in quality to the English.

This style of glass is much used in modern private dwellings, and, as it can be produced and sold at a very cheap rate, it is extensively exported to America and to Great Britain. The revival of the taste for glass wares of an artistic kind has also contributed to an increase of the trade. These articles are now produced in every variety of form and tint, at exceedingly low prices, while they nearly approach in artistic excellence their Venetian prototype. The export is doubtless inconsiderable, but as the industry is suited to the present taste for interior decoration in the old German style, a ready sale is found. The duty upon the import having been doubled, and England not possessing the same facilities for cheap manufacture, English productions have been driven from the German markets.

A brisk trade is carried on in imitations of the Murano ware. Owing to the cheap rate of labour and other facilities, these glasses can be manufactured and introduced into Italy, and sold with advantage, notwithstanding the high duty imposed upon them. These imitations, though inferior in quality, are re-exported from Venice by unscrupulous vendors as genuine Murano glass.

WOOL.

Large flocks of sheep are bred upon the rich pastures of Bavaria, and a thriving trade in live animals, fattened for the Parisian market, is done with France. The flesh of the dead animals has not so large a sale as that of the calf, and the industry is carried on more for the sake of the wool. The breed of sheep is not of the best, and the wool requires the admixture of African and Australian wool, which is procured almost exclusively in the London market.

The cloth manufactured in the country is not exported; on the contrary, large quantities are imported from England.

In Suabia and Upper Bavaria the industry of felt making is carried on to a large extent; this is the only branch of importance connected with the wool trade. A diminution is noticeable in its production, owing, it is said, to a reduction in prices.

In consequence of the high duty, no felts are imported into the country.

The answers to questions Nos. 1 to 7 are embodied in the preceding paragraphs.

7. It may be remarked, with reference to question No 7, that the working classes of Bavaria are not sufficiently united to be able to carry out organised opposition to the conditions and regulations imposed upon them by the masters. Strikes are rare, and when they do occur they last but a short time. It would be a matter of regret if so thrifty and industrious a people were to be induced by false considerations to turn against their employers.

The number of men withdrawn from industrial pursuits for military service does not affect the labour market, for commanding officers exercise discretionary powers, and generally allow the men to seek employment in the housing of corn, hay, &c. during harvest and other stated times.

8. So long as Bavaria remained almost exclusively an agricultural country, there was a larger supply of capital than was required at that period; consequently the first State loans were effected at par, or at a slight premium,

with interest ranging from 2 to 3½ per cent. Later on, however, when capital became necessary to establish and develop the manufactures, the disposable amount was found to have diminished to such an extent that the average rate of interest rose to 5 and 6 per cent. The rapid development of Bavarian industry, however, proved of immense value, not only to the country itself, but also to enhance the material advantages which Germany derived from the war of 1870-1, and led to a complete change in the financial condition of the country. The interest, for instance, on the whole of the National Debt, and of nearly all the municipal loans issued at 4½ and 5 per cent., could, without difficulty, have been and was reduced to 4 per cent. It may be fairly concluded that at the present moment very little capital is required, and the supply would fully meet any reasonable call.

During the last 20 years there has been an almost incessant request for capital for the creation of banking establishments and industrial undertakings, as also for Government loans for the construction or completion of railway works. All these calls have been freely met, and the demand may now be considered to be below the average.

Up to the close of 1885, the supply of capital being fully equal to the demand, it was difficult to obtain safe and profitable investments for money.

The return on capital employed in agriculture is now below the average of the last 20 years, and owners in Bavaria and the other German States have to be satisfied with a return of 3 per cent. at most.

The rate of interest on Government securities having been reduced from 4½ to 4 per cent. within the last few years, the interest on mortgages and similar loans has likewise been lowered, consequently the return on capital thus employed is decidedly below the average.

On the other hand, money invested in industrial undertakings, especially in breweries, bears a profitable rate of interest, judging by the dividends lately paid by the more important of these establishments, which, with few exceptions, yield from 6 to 12 per cent. upon their capital, and may, under cover of protection, look forward to a still more prosperous future.

The retail trade is seriously affected by the universal system of hawking, and by the practice of direct dealing between manufacturers and private householders. It does not offer a profitable rate of interest; at present, the return on money thus invested is admitted to be far below the average.

9. In consequence of the large number of persons trained in the higher technical schools, wages for skilled labour have lately declined, and are quite out of proportion to the amount of time and mental and personal care devoted to the attainment of a high standard of education.

The wages of farm and ordinary labourers has increased in proportion to the higher prices now paid for the necessities of life, compared with the period when Bavaria first began to give her attention to trade and industry.

The amount and quality of work demanded from skilled artisans has increased, but the ordinary labourer, unless engaged on piece work, finds less employment than heretofore, though his efficiency has improved.

10. The specific rate of wages and the usual hours of labour for the different classes will be found in the following list:

Working Time.	Trades.	Wages.
Hours.		Per day.
10	Farm labourers - (Board and lodging not included.)	1s. 6d. to 2s.
10	Lithographers -	2s. to 3s.
10 Summer. 10-12 Winter. 9-10	Hatters and feltmakers -	3s. to 3s. 6d.
10	Metal workers -	1s. 9d. to 3s. 6d.
10	Miners -	2s. to 2s. 6d.
9-12	Pasteboard workers -	1s. 9d. to 2s. 4d.
10-12	Glass and mirror makers -	2s. to 3s.
10-11	Forest labourers -	1s. to 2s. 3d.
10	Mathematical instrument makers -	2s. 9d. to 3s. 4d.
11	Toy makers -	2s. 6d. to 3s. 3d.
12	Bronze and gold beaters -	3s. to 4s.
12	Paper makers -	1s. 10d. to 2s. 6d.
12	Cotton spinners, male -	2s. 6d.
12	" " female -	1s. 10d.
12	" " buttoners and carders -	1s. 9d.

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Working Time.	Trades.	Wages.
Hours.		Per day.
10	Bricklayers -	3s. 9d.
10	Hodcarriers, male -	2s. 6d.
10	" female -	1s. 9d.
10	Masons -	5s.
10	Slaters -	5s.
10	Carpenters -	3s. 8d.
10	Joiners -	4s. 6d.
Average 10	Railway workmen -*	2s. 7d.
	Locksmiths -	2s. 9d.
	Blacksmiths -	2s. 7d.
	Founders -	2s. 4d.
	Varnishers -	2s. 9d.
	Joiners -	2s. 8d.
	Glaziers -	2s. 8½d.
	Turners -	2s. 8½d.
	Tinmen -	3s. 9d.
	Bricklayers -	3s. 9d.

11. The chief impediments to the extension of commercial relations between Bavaria and Great Britain are, firstly, the high freights charged upon all articles of trade; and, secondly, the increasing duties upon goods imported into Germany, and which duties are unmistakably intended to hamper the introduction of English products.

The former hindrance being caused by the long distance over which Bavarian goods have to be conveyed and the difficulty of transport, no remedy can be suggested, unless it be by a great reduction in the rates of the State railways.

The only adequate measure which can be used to counteract the action of the German Government would be the adoption of the policy it now vigorously carries out, i.e., to extend an adequate amount of protection against the importation of German goods, which, if not checked, bids fair to prove highly prejudicial to British trade.

12. Has already been answered under the head of export and import, but it may be remarked that English goods being invariably superior in workmanship and durability, supposing them to be of equal quality and cost, are preferred to the wares produced in Bavaria. This predilection for English goods, unfortunately, has led to a very large trade in bad imitations, which, though bearing little or no resemblance to the originals, save in price, are gradually driving English goods from German markets.

13. A general reply to this question will likewise be found in the answers to Nos. 1 and 7, but it may be further observed that the development of Bavarian industries has in a great measure rendered the country independent of foreign supplies, especially as regards textile fabrics, iron, steel, and colours, and the trade from Great Britain in these goods has decidedly diminished. This decline cannot be attributed to a reduced capacity for supply on the part of England, but British firms have of late taken less interest in the introduction of new branches of trade, and have, perhaps, also shown themselves less scrupulous in the quality they supply. There are, moreover, a considerable number of Germans who, by a long residence in England or in her Colonies, have acquired not only steady and business-like habits, but also such knowledge and experience of our commercial requirements, which enable them to carry on a large export trade to the British possessions.

14. Taxation has certainly increased rapidly within the last 20 years, and the Imperial Government has further hampered trade and industry in providing for the working class by its laws on insurance against accident, sickness, and age. Commerce and industry are taxed in pretty much the same proportion as agriculture and other pursuits. Taxation weighs most heavily upon house property.

In Bavaria, the municipal or parish rates are calculated at a certain per-centage of the State taxes; the demands, therefore, made upon the local authorities for such purposes as education, provision for the sick, poor, and infirm, election expenses, recruiting and quartering of soldiers, sanitary improvements, and the making of roads, have reached so high a figure as to equal, and in some cases to exceed, the State taxes. An instance may be quoted in the rates levied by the municipal authorities of Munich, which have

been fixed for the year 1886 at 105 per cent. of the direct or State taxes.

The brewery trade of Bavaria occupies a peculiar and distinct position as regards taxation. In addition to the trade tax imposed upon all descriptions of business, a duty of 6s. per hectolitre of malt, prepared on the premises is levied by the State, and a further tax is raised by the town or parish within the precincts of which the brewery is situated. This latter rate is now fixed at 2s. per hectolitre in Munich, and varies according to the financial requirements of the various localities. It must, however, be observed that about 80 per cent. nearly of the State tax and local rate is returned to the brewer as a drawback on all beer exported.* Notwithstanding the fact that the duty on malt presents the heaviest item in the State budget, the brewing trade is but slightly affected by it, and this branch of business, which is in a most prosperous condition, is daily improving.

15. About 25 years since, advances bearing little or no interest were made with the object of assisting various industries, but the attempt bore somewhat of the character of a charity, which soon led to its discontinuance. With the exception of higher schools of technics, the State offers no material aid to trade or industry, not even in the shape of bounties or facilities for transport. Reduced railway freights are in force only for direct international traffic, and raw material pays more per kilometer for carriage within the limits of the kingdom than it does when brought in from adjoining countries or in transit.

In Bavaria, where but a few years ago the nobility, the army, the clergy, the Government officials, the retail traders, and the peasants were the only classes to be met with, the growth of a large number of people prospering upon trade was, and still is, looked upon with disfavour. The nobility treat industrial and commercial enterprise with profound contempt, nor does success in trade appear to harmonise with the official idea of dignity or position, consequently the manufacturers and merchants do not enjoy the same social status that they do in England. This may, perhaps, be the reason why industry and commerce receive so little encouragement from the State.

16. Through the liberality and energy of its manufacturers and merchants, a trade museum has been founded in Nürnberg. The building is accessible to all visitors, and a very small State subvention is now accorded to it.

Some months ago a sample room was established in Munich by commercial corporations and private individuals, by whom it is still supported. This is also open to the public.

There are no agencies for the promotion of the export trade, but a carefully edited journal is published for this purpose.

By order of the Government, chambers of commerce in connexion with the chambers of trade were established 18 years ago in the eight provinces of Bavaria, and the results of their proceedings are published annually. Although called into existence by the State, and frequently appealed to for advice in commercial matters, their influence upon the actions of the Government and their utility in other respects may be doubted. The expenses incurred by their establishment and maintenance are defrayed by rates levied half yearly upon the merchants and tradesmen of the various districts.

17. The prevailing conditions of credit in regard to the wholesale and retail trades may be considered singularly unsatisfactory. By established custom the manufacturers, the wholesale dealers, and the small tradesmen are alike compelled to grant longer credit than is usual in England and other commercial countries. The thriving export trade, no doubt, counteracts this evil to some extent, but it is too deeply rooted to be easily eradicated.

18. The German Imperial law with regard to trade marks is necessarily in force in Bavaria, and has in some degree counteracted the prevailing practice of disposing of spurious goods under fictitious and better names. Notwithstanding this law, however, the imitation of foreign, and especially of English, goods is carried on to a large extent. They are brought into the market in such a form which enables them to evade the law.

This abuse will probably increase and calls for close inquiry.

The foregoing remarks will, I trust, furnish the specific information required by the Royal Commission.

CONCLUDING REMARKS.

Though gradually rising into the position of an industrial State, there is actually no sign of depression in the

* These figures are rather below than above the average rate of wages.
o 22035.

* This is not an export premium, but a return of dues previously levied

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trade of Bavaria; wealth has increased and its industries are sufficiently prosperous. British commerce with this country, and indeed with the rest of Germany, has certainly diminished within the last 10 years, but the cause of this decrease must be attributed less to the quality of the goods exported by England than to the progress made by German manufactures.

The system of education common to all, combined with the encouragement given to the study of science and art, have also greatly contributed to the emancipation of Bavaria as a manufacturing country.

It is barely to be hoped, therefore, that the ground lost by England in its commercial relations with this part of Germany will easily be recovered, the more so as the Imperial Government is evidently legislating with a view to utilising to the utmost the national resources of the country.

The only remedy calculated to counteract the effect of protective duties, foreign competition, and high freights rests in some measure with the British manufacturers themselves.

So long as the standard of excellence for which British goods are noted is maintained they will always find ready access to foreign markets, but any attempt on the part of English producers to cope with their foreign rivals by the production of cheap and inferior articles will affect British trade to an extent from which it may never recover.

I have, &c.

(Signed) H. G. MACDONELL.

The Earl of Rosebery,
&c. &c. &c.

BELGIUM.

REPORT BY MR. FANE, SECRETARY OF H.M. LEGATION
AT BRUSSELS.

The prevalence of serious depression in Belgian trade and industry is a fact beyond dispute.

Agriculture and the great staple industries of coal and iron are the principal sufferers from the depression, but it has also severely affected the textile industries, sugar, building, machinery, paper, leather, and timber. In fact, the only trades which appear to remain fairly remunerative are brewing, printing, and perhaps the manufacture of glass.

History of the Depression.

The depression, although it did not become acute before 1877, is generally described as dating from the year 1874. It made itself felt directly that the effects began to pass away of the great inflation which occurred in consequence of the German-French war. During that struggle, and for a certain period afterwards, the producing power of France and Germany was thrown out of gear, and an extraordinary demand for the commodities normally supplied by them fell into the hands of Belgium.

The "boom" of prosperity that ensued from the war lasted until the end of 1873, and it is held by some that the reaction which naturally followed is sufficient to account for the present depression. But that reaction should surely by this time have spent its force, and it would seem to be an inadequate cause to explain the existence of a distress which, first manifesting itself in 1874, continued in progressive severity during that and the two succeeding years, and in 1877 attained a severity from which there has since been no indication of recovery. It is more reasonable to suppose that depression of trade would have declared itself even sooner in Belgium had not the evil day been deferred through the factitious and transitory prosperity which the country owed to the effects of the conflict between its two great producing neighbours in 1870-1871.

The Symptoms of the Depression.

I should say that the most noticeable symptoms of the depression are:—

1. Its persistent duration, and the absence of any sign that, under the present order of things, it will come to an end.
2. That, while the prices of all commodities continue to fall, the volume of business tends to increase. Values were never so low; production was never so great.*
3. That the distress has, up till quite recently, fallen almost exclusively on capital, that is to say, profits, and hardly at all on labour, that is to say, wages. But that capital is now beginning to call upon labour to content itself with a lower range of wages, in order to contribute thereby towards lessening the cost of production.

That the above form the chief characteristics of the depression might, I think, be shown in the case of almost every important industry in the country; but to attempt to do this would demand more space than can be afforded in a short general report, such as I am instructed to compile. I therefore propose to take a particular trade as a typical example, and, on the principle of *ab uno discere omnes*, to apply the deductions arrived at from this single instance to the condition of trade in general. For this purpose there can be selected no apter article of production than coal, which, from every point of view, is of Belgian staples the most important one.

The condition of the coal industry from 1864 to 1884 in respect to production, profits, wages, and prices, is shown in the table which follows, and this table will be frequently used in the course of this report in order to illustrate the views that may be given as to the general nature of the depression.

Year.	Production.	Net Profit, +, or Clear Loss, —, on Capital invested.	Net Profit, +, or Clear Loss, —, per Ton, on Capital invested.	Persons employed.	Amount of Yearly Wages per Person.	Price per Ton.
	Tons.	Frs.	Frs. cts.	Number.	Frs.	Frs. cts.
1864	11,153,336	+10,690,000	+0 96	79,779	715	9 91
1865	11,840,703	+13,825,000	+1 17	82,368	784	10 46

* But capital is now withdrawing itself from industry, and production, therefore, is beginning to fall off.

Year.	Production.	Net Profit, +, or Clear Loss, —, on Capital invested.	Net Profit, +, or Clear Loss, —, per Ton, on Capital invested.	Persons employed.	Amount of Yearly Wages per Person.	Price per Ton.
	Tons.	Frs.	Frs. cts.	Number.	Frs.	Frs. cts.
1866	12,774,662	+23,152,000	+1 81	86,721	867	11 82
1867	12,755,822	+20,530,000	+1 60	93,339	888	12 40
1868	12,298,589	+9,995,000	+0 81	89,382	804	10 88
1869	12,942,894	+8,034,000	+0 62	89,928	830	10 51
1870	13,697,118	+12,471,000	+0 91	91,993	878	10 86
1871	13,733,176	+14,290,000	+1 04	94,286	864	11 20
1872	15,658,948	+35,520,000	+2 27	98,863	1,047	13 32
1873	15,778,461	+93,405,000	+5 93	107,902	1,353	21 40
1874	14,669,029	+22,962,000	+1 56	109,631	1,184	16 42
1875	15,011,331	+12,896,000	+0 86	110,720	1,163	15 31
1876	14,329,578	+3,758,000	+0 26	108,543	1,031	13 55
1877	13,938,523	—1,107,000	—0 08	101,343	835	10 97
1878	14,899,175	—1,543,000	—0 10	99,032	812	9 92
1879	15,447,292	—174,000	—0 01	97,714	809	9 39
1880	16,886,698	+3,846,000	+0 23	102,390	920	10 06
1881	16,873,951	—1,469,000	—0 09	101,351	931	9 70
1882	17,590,989	+4,776,000	+0 27	103,701	926	10 00
1883	18,177,754	+4,558,000	+0 25	106,252	1,006	10 17
1884	18,051,126	+6,239,000	+0 35	105,582*	914	9 55

The above table will now be analysed.
It will be first noticed that there was a steady condition of profits during the first four years of the period:—

	Profits.
	Frs.
1864	—10,690,000†
1865	—13,825,000
1866	—23,152,000
1867	—20,530,000

In 1868 a great decline of profits sets in, thus:—

	Profits.
	Frs.
1868	—9,995,000
1869	—8,034,000

This decline is for a time arrested by the effects of the German-French war, when profits are seen to revive to the following considerable extent:—

	Profits.
	Frs.
1870	—12,471,000
1871	—14,290,000
1872	—35,520,000

And the artificial prosperity of the trade reaches its climax in—

	Profits.
	Frs.
1873	—93,495,000‡

* The total number (105,582) of persons employed in 1884 are classified thus:—

	Profits.
	Frs.
Under ground—	
Men	—64,354
Women	—5,102
Boys, under 16	—8,660
Girls	—2,154
	80,270
Above ground—	
Men	—16,263
Women	—4,051
Boys, under 16	—2,434
Girls	—2,514
	25,312

† From 7,472,000 francs in 1863.

‡ It is, however, to be remarked that the profitable production of 1873 was partly caused by the great strike in Wales in the beginning of that year.

After 1873 the reaction from the effects of the war declares itself, thus:—

	Profits.
	Frs.
1874	—22,962,000
1875	—12,896,000

And after 1875 the depression, from which there has since been no sensible recovery, fully asserts itself in the following manner:—

	Profits or Losses.
	Frs.
1876	—3,758,000
1877	—1,107,000
1878	—1,543,000
1879	—174,000
1880	—3,846,000
1881	—1,469,000
1882	—4,776,000
1883	—4,558,000
1884	—6,259,000

The figures indicate, in the next place, that the diminution of profits has been accompanied by a large augmentation of production. The following are the averages of the annual production during the profitable period, 1870-1875, and of that during the unprofitable period, 1876-1884:—

Period.	Production.
	Tons.
1870-1875	—14,757,000
1876-1884	—16,242,000†

And the increase of production side by side with the decrease of profits is still more striking if we contrast the first year, namely, 1864, with the last year, namely, 1884, of the 21 years period, thus:—

Year.	Production.	Profits.
	Tons.	Frs.
1864	—11,153,336	—10,690,000
1884	—18,051,126	—6,239,000

Finally, these returns point to the fact that labour has, in comparison with capital, suffered hitherto but little from the depression.

Although the rate of wages rose in 1870 and 1871 from that of the two immediately preceding years, it was not until 1872 that the extraordinary demand occasioned by the French and German deficiency of supply came into full operation. Yearly wages per person then rose from 864 francs in 1871 to 1,047 francs in 1872, and to 1,353 francs in 1873, and they were at 1,184 francs in 1874 and 1,163 francs in 1875. These four years, 1872-1875, were exceptional ones of artificial trade prosperity, and must, therefore, be eliminated from an estimation of the natural condition of the labour market. All the succeeding years, from 1876 to 1884, have been ones of severe trade depression, but, nevertheless, if we compare this period with the one previous to the inflated period it will be seen at a glance that the pitman and his family are even better paid now than they were in the days of normal trade prosperity. To verify this statement the following averages are presented of the annual rate of wages per person during the prosperous period of 1864-1872 and the unprosperous period of 1876-1884:—

Period.	Average Annual Rate of Wages per Person.
	Frs.
1864-1872	—828
1876-1884	—912

But it is to be noticed that wages are now falling. They declined from 1,006 francs in 1883 to 914 francs in 1884, and I understand that the rate of 1885 will be found to be even lower than that of last year. In other words, labour is beginning to feel the effects of the depression.‡

* + signifies net profit, — signifies clear loss, on the total transactions of the year.

† But production falls off in 1884, as compared with 1883.

‡ In a report which I have received from the Chamber of Commerce of Liège respecting the situation of the principal industries of that place during 1884 there occurs the following passage:—
"Il a fallu abaisser encore le 'prix de revient' et l'on n'a pu y arriver cette fois que par une réduction générale des salaires. A-t-on atteint la dernière limite des sacrifices, ou faudra-t-il aller plus loin encore dans cette voie? Telle est la question, et les débuts de 1885 ne paraissent pas devoir la résoudre favorablement."

APPENDIX D.
Belgium

The history and symptoms of the depression having thus been briefly traced, an inquiry will next be made into its "causes and remedies."

Causes and Remedies.

For the purpose of trying to form an opinion upon this part of the matter, I have studied the works of the best Belgian authorities who have written on the subject of the depression, and have likewise consulted several gentlemen at Brussels who are conversant with the question. I have also been favoured with reports on the subject from the principal chambers of commerce in the country.

The subject of "depression of trade" excites such anxious interest in Belgium that it has called into the field of controversy many writers of eminence.

The work which has, perhaps, commanded the greatest amount of attention is a treatise called "La Crise," by his Excellency Monsieur Pirmez. M. Pirmez is, as I hardly need say, one of the foremost statesmen of the country. His Excellency was Minister of the Interior in the last Liberal Government, and it will be remembered that he has quite recently served the country as the representative of Belgium at the Paris Conference for the re-establishment of the Latin Monetary Union. His Excellency is, moreover, President of the National Bank of Belgium, and is reputed one of the best authorities on all questions of finance and trade. M. Pirmez possesses, then, high and special qualifications for forming a judgment as to the significance of the prevailing industrial depression, and no apology seems necessary for reviewing at some length the opinions expressed by him in the treatise to which I have referred.

"La Crise," by Eudore Pirmez, Ministre d'Etat.

M. Pirmez is a thorough optimist in his manner of regarding the depression. He fully admits the intensity of what is called the industrial crisis, but he sees in it cause rather for rejoicing than for misgiving or regret. "It is 'nothing else than an 'economic evolution,' which has been at work already for some time past and has now come to an head. The evolution simply consists in a displacement which is going on of public wealth. This displacement or redistribution of wealth is entirely in favour of the millions who toil, and to the apparent loss of the thousands who, directly or indirectly, are employers of labour. If this theory be the true explanation of the crisis, why deplore a movement which is 'levelling up' millions to the condition of well-being at present enjoyed only by thousands?"

M. Pirmez feels sorry for individuals who still remaining rich or well off are, however, less so now than in former times. But, supposing it be accompanied by an increase in the means of happiness and enjoyment possessed by the very many, a diminishment in the wealth of the very few is not a matter for public lamentation.*

In order to maintain his thesis, namely, that the prevailing depression is merely a displacement of wealth, M. Pirmez works out the question (a) is the wealth of the Belgian nation less now than before the depression announced itself, and (b) if the wealth of the nation be not less, but perhaps even greater, now than before the depression, in what proportion is that wealth being shared as between employers and employed?

As regards the first part of the question, M. Pirmez gives an inventory, as it were, of the national riches, and compares the present with the past wealth of the country. I transcribe some of his Excellency's figures and statements.

* This view of trade depression has recently received very high sanction in our own country. Speaking at West Calder on the 17th of November last, Mr. Gladstone said, "The characteristic of the present 'distress' has been this, that as regards capital there has been a great diminution of the profits, a good deal of stagnation, and a very large amount of suffering in certain branches of industry; but it has been attended with this mitigating circumstance, that there has not been general and severe distress among the working population of the country."

"You must regard this fact, that most of the working population of the country have during the last two or three years been enjoying 'the benefit of access to articles of food and of clothing upon better terms than they ever knew before. There are a great number of people in whose eyes it appears that if capitalists are not quite so well off as they were, the question of the condition of the working classes is secondary. I exactly reverse these two positions. I say that if the mass of the people who are really dependent on their daily labour are relatively not ill off it is a secondary matter to know that 'the accumulation of capital is not going on quite as rapidly as it did.'"

VALUE OF PRODUCTION, in Millions of Francs.

	Year.				
	1850.	1860.	1870.	1880.	1882.
Coal - - - -	46	107	148	169	175
Iron, manufactured - -	12	38	85	78	84
Iron, raw - - - -	11	26	41	37	43
Glass - - - -	8	18	28	36	49
Zinc - - - -	10	24	30	38	41
Steel - - - -	—	1	2	18	23
Millions of Francs -	87	214	334	376	415

IMPORTATIONS OF RAW COTTON and WOOL used in Belgian Manufactures, in Millions of Kilograms.

	Year.				
	1850.	1860.	1870.	1880.	1882.
Cotton - - - -	10	15	16	23	25
Wool - - - -	4	14	42	49	57

RAILWAYS (State). Length, in Hundreds of Kilometres. Transport of Heavy Goods, Value of, in Millions of Francs.

	Year.				
	1850.	1860.	1870.	1880.	1882.
Length - - - -	6	7	9	27	30
Transport - - - -	6	15	22	64	69

STEAM MOTORS. HORSE POWER.

Year.				
1850.	1860.	1870.	1880.	1882.
54,300	157,177	338,304	633,826	724,817

"There are, then, at the present time nearly 15 times as many 'steam horses' in Belgium as there were 30 years ago. In other words, there are as many 'steam horses' as there are families in the country. Imagine what they add to the productive power of the nation."

COMMERCE. IMPORTS and EXPORTS. Value of joint Total Amount, in Millions of Francs.

Period.	Yearly Average of Periods of Three Years.	Period.	Yearly Average of Periods of Three Years.
1850 to 1861 -	953	1871 to 1873 -	2,357
1862 „ 1864 -	1,171	1874 „ 1876 -	2,443
1865 „ 1867 -	1,373	1877 „ 1879 -	2,603
1868 „ 1870 -	1,576	1880 „ 1882 -	2,922

Houses.—M. Pirmez says, "The increase of house property grows every year. Building* goes on in a progression faster than that of the population, notwithstanding 'a marked check of recent date. Every year now there are built more houses than in the most prosperous periods formerly. It is a fact beyond all dispute that the Belgian people generally were never housed with an average of comfort equal to that of the present day.' Nor even as to agriculture does M. Pirmez admit that there has been any falling off of production:—

"Nos forces agricoles" he says "sont restées entières."

The conclusion which M. Pirmez derives from these statistics is that the wealth of the nation, so far from its being less than in the days of trade prosperity, has increased prodigiously during these late years of "depression." This increase of public wealth has outstripped by

* And yet of all Belgian trades building is perhaps the most depressed.

hundredfolds the relative growth of the population,* which increases yearly at the rate only of about 1·11 per cent.

Who then, M. Pirmez proceeds to inquire, gets the advantage of this vast increment of good things? Clearly not, his Excellency replies, the richer class, for otherwise there would not be heard among them the present general lamentation. But the good things are certainly not burnt nor thrown into the sea. Neither do they go abroad, for, as M. Pirmez points out, the Belgian imports exceed the exports by 380 millions of francs a year, so that the national riches are swollen still further by this large amount of foreign tribute, minus, of course, freight, commission, and insurance charges. There remains, then, no doubt that the Belgian labouring class alone benefits by these superabundant fruits of Belgian production.

In order to clench his argument, viz., that the depression is merely a displacement, in the direction which is stated above, of public wealth, M. Pirmez then contrasts the relative position to-day of the richer and poorer classes as compared with that of former times.

Among the "well-to-do" people there is one wail of suffering: "Les sources des revenus sont partout taries." "Agriculture is in a lamentable condition (that is to say, 'as to prices obtainable for produce')." "Les industries 'sont toutes dans le marasme.'" "Coal and metallurgy 'return no profits,' &c., &c."

But from those people who have to work for their daily bread there is heard but little complaint. Anyone who is middle-aged may have noticed how infinitely better housed, clad, and fed the poor are at present than was the case a generation ago. Not alone are they able to procure the necessities and comforts of life on far easier terms than formerly, but they enjoy a degree even of luxury, which 30 years ago was not known even by the middle classes. Nor is it only that (thanks to the astounding productiveness of industry) the purchasing power of wages is vastly augmented, but the wages themselves have risen absolutely and in a proportion quite remarkable. In support of this statement, Mr. Pirmez quotes a calculation made by M. Sabatier, a well-known authority on the subject, and by which it appears, that in the year 1840 the wages throughout Belgium amounted to 500 millions of francs. The population then was 70 per cent. of what it is at present, and if wages had remained at the same level they would by this time have reached the amount only of 700 millions, whereas (so M. Sabatier affirms) they have attained no less an amount than 1,625 millions of francs.

From the foregoing inquiry it results (1) that instead of a diminishment a wonderful increase is going on in the wealth of Belgium, and (2) that this progressing increase of wealth is benefitting solely the working class.

"It may be concluded that the industrial crisis through which, from some years back, we are passing consists, not in the impoverishment of the nation, but merely in the repartition of the public income, of which a progressively larger share is falling to labour, and a progressively smaller share is falling to property and capital."

The first and principal cause of the "depression of trade" is, then, the disproportionate share in the profits which is taken by labour.

But there is another important—although, perhaps, a less direct—cause, and that is the extraordinary abundance of capital, and M. Pirmez proceeds to demonstrate this in the following manner:—

The complaint of "bad times" proceeds, as has already been said, solely from the rich, or, to speak more accurately, from those who require in one shape or another investment for their capital. Now capital is the result total of accumulated savings, or, in other words, it represents the surplus of past production. As fast as these savings are realised they demand to be utilised, and they can be utilised in one way only, viz., for the purposes of fresh production.† But

* This, however, I should mention is my own calculation, and it is based on the following figures:—

BELGIAN POPULATION on the 31st of December.

Year.					
Thousands of Inhabitants.					
1856.	1866.	1876.	1880.	1881.	1881.
4,520	4,828	5,336	5,520	5,586	5,785

† As Mr. Pirmez's description of the meaning of the word "capital" may be wrongly paraphrased in the above passage, it is better to give his Excellency's exact definition of the term:—"Tout ce qui, n'étant pas fourni par la nature, sert à la production de la richesse; les usines, les chemins de fer, les navires, les matières premières, les machines, les puits et galeries des mines, en un mot tout ce que nous avons créé et qui nous sert à obtenir de nouveaux produits."

since the discovery of steam power, and especially since within quite recent times, the perfecting of that mighty appliance, the power of production has multiplied itself to such an extent that the turnover of savings goes on at a rate far surpassing that at which population, i.e., the mass of consumers, increases. The growth of production has outstripped the growth of consumption.*

And this is how it has come about that capital, i.e., the embodiment of past savings, becomes daily more abundant. Being more abundant it is offered more freely. And being more offered it is, as a natural consequence, less demanded, or, to speak more correctly, less is paid for the use of it. The working man pays it less in labour; investments pay it less in interest.

It has already been shown how the cost of labour in the form of wages has increased. And, in passing, I will note an observation made by M. Pirmez, namely, that from whatever reason the better a labourer is paid the less energetic he becomes, the result being that less work is given in return for higher wages.

As to investments, M. Pirmez describes the difficulty which prevails of "placing" money. He gives a list of securities which have "gone up," and are still rising beyond any price ever known before. He shows that British Consols—not many years ago at 90—are now beyond par, and would probably rise to a decided premium but for the fear of conversion.‡ And in Belgium no first rate securities, such as first mortgages, Government or municipal stock, or railway preference shares, can be bought so as to pay even 4 per cent., whereas but a short time since they returned an easy interest of 5 per cent. The same condition of the investment market prevails in all other prosperous countries. And here M. Pirmez remarks that the richer a country is the smaller is the average rate of interest which obtains in that country, the reason being that the exuberance of wealth, i.e., of production, causes a superabundance of capital which seeks employment. The return on capital is enormous in poor countries, where everything has still to be done, and the resources for doing it are deficient.‡ His Excellency lays down the axiom, "Le revenu des capitaux est en raison inverse de 'la richesse d'une nation.'"

Thus, then, the greater the mass of capital, i.e., the realised surplus of past production, the smaller must become the relative return to be obtained by it. And, unless, indeed, the world were to become less populous, production is bound to go on, and that in a progressive ratio. And, therefore, capital is always growing, and capital can be used only for creating fresh products. And this order of things holds truer in proportion as a country is richer. The only way to stop this double current of economic forces would be either by enforcing idleness on the workers or else by periodically destroying a sufficient quantity of the commodities which are produced in order to bring the overflow of production within the old river-bed of consumption.

But it may be said capital will soon withdraw itself altogether in disgust at the meagreness of the returns which it gets. But how can that happen unless capital were to wrap itself up in a napkin? No; capital will continue to seek employment as long as it receives any return whatsoever.

Hence, so far from there being any likelihood of trade depression (i.e., smallness of profits) passing away, we must be prepared to see it intensified.

Profits and interest will continue to sink, while wages, on the other hand, will tend to advance. "It will become 'every year more difficult to live—and especially to live 'luxuriously—without working.'"

For this approaching state of things we, who are "well off," must prepare ourselves. Our consolation for the uncomfortable change must consist in the reflection that the

* That is to say, "consumption" in the sense of its being profitable to producers.

† Taking 1874 as the first year of the depression, our consols have risen from that year as follows:—

PRICE OF BRITISH 3 per cent. CONSOLS.

Average for the Year.									
1874.	1875.	1876.	1877.	1878.	1879.	1880.	1881.	1882.	1883.
92½	93½	95	95½	95½	97½	98½	100	100½	101½

‡ The soundness of M. Pirmez's remark will perhaps be admitted by those who are acquainted with the United States. In the unsettled regions of the Far West, where much remains to be done and the demand for capital is great, 10 per cent. is considered a moderate rate of interest, while in the long-settled States on the Atlantic seaboard it is difficult to obtain any longer more than a safe 4 per cent.

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community, as a whole, will be daily growing in wealth, and in that happiness—moral as well as material—which flows from wealth. There is only one remedy wherewith we are to meet the crisis which confronts us, and that is to learn for ourselves, and especially to teach our children, the necessity for work. The *fruges consumere nati* are viewed by M. Pirmez as a dwindling caste doomed to extinction.

His Excellency sums up his ideas respecting the tendency of this "economic revolution" in the following terms:—

"La valeur et le revenu des choses fléchissent."

"La valeur et le gain de l'homme augmentent."

To recapitulate the conclusions come to by M. Pirmez:—The critical condition of industry is caused by (a) appreciation of labour, and (b) depreciation of capital; and since the growth of population (i.e., of those who supply labour) is far slower than the growth of capital, the position of those who offer labour (the working class) will progressively improve, whilst the position of those who only offer capital will progressively deteriorate.

"This progression in the share taken by labour in the production of wealth will not have its term until the labouring class shall have attained such a degree of material well-being that they will prefer to substitute for a portion of the fruits of their labour a certain amount of leisure, which is merely another form of well-being." M. Pirmez says, however, that this progression, although sure to continue, will be slower in the future than it has been in the immediate past, and for this there are many natural reasons; for instance, we can hardly expect to witness again such rapid strides as those brought about by the discovery of steam power. Again, the accumulation of savings by the upper classes will tend to diminish in proportion as the incentive to save is weakened by the smallness of the returns obtainable on capital. In this way a check will be caused to that growth of capital which is essential to the growth of production. Also, the lower classes, whose share in the products of industry is becoming larger and larger, are less disposed to economize than the classes above them, and will thus of themselves slacken the progressive increase of that very capital on which depends the growth of their prosperity.

The evolution which has been described took its birth with the impulse given to production by the discovery of steam power and the invention of machinery, and, in a chapter full of interest, Mr. Pirmez shows how the introduction of these labour-saving appliances has improved the condition of the labouring classes. He demonstrates that machinery has had the effect of increasing wages, reducing the hours of labour, and vastly diminishing the cost of staple commodities.

And here I venture to quote the following passages from the invaluable work of Mr. Edward Atkinson, of Brookline, Massachusetts, "What makes the rate of wages," and to take the opportunity of earnestly recommending that work to those who are studying this question of "Trade Depression."

"The general high rate of wages, expressed in terms of money, in the United States, is the necessary result of the generally low labour cost of production, that is, of the smaller quantity of labour by which the production is assured; which less quantity of labour suffices because of the application of the most effective machinery, i.e. of capital, to the work."

"It follows that the nation which has diminished the quantity of human labour in greatest measure by the application of machinery produces goods at the lowest cost, and by exchange with the hand-working nations, who still constitute the majority of the people of the world, is, by way of such exchange, enabled to pay the highest rate of wages in money, because her goods are made at the lowest labour cost."

"This is the secret of English commerce. The rate of wages is higher in England than in any country with which she makes large exchanges, except the United States."

To resume, M. Pirmez proceeds to contrast the condition of the labouring classes in the pre-mechanical times with that of the present day. In the first quarter of this century, says his Excellency, economists were alarmed, lest the growth of population should outstrip the growth of production, and lest masses of men might thus become subjected to positive destitution. And, indeed, those fears were to some extent justifiable, for the misery of the labouring class only 50 years ago must have been frightful to contemplate, and the condition of their existence (as our fathers or grandfathers will have described to many of us) did, doubtless, frequently border on actual starvation.

It was the doctrine of Malthus that population was tending to increase "geometrically" whereas the production

of the necessities for supporting life and the accumulation of capital were increasing only "arithmetically." But the fears of the Malthusian school have been gloriously dispelled by the discovery of steam power and the general application of machinery to the creation of produce, and the terms of the proposition might now be almost reversed; it is rather production and capital which now-a-days increase geometrically whilst population does so only arithmetically, and we actually find ourselves perplexed by a surfeit of commodities (which we are pleased to call "over-production," because we have not yet learnt how to economically distribute or interchange those commodities among the people who need them).

It is not only that since the introduction of machinery, wages (as said before) have doubled, whilst the cost of living has been reduced and toil wonderfully lessened, but machinery, moreover, has given such a development to industry that the demand for operatives will become constantly keener and the certainty of employment constantly more secure.

This great instrumentality of production called machinery is thus evolving surely, and by no means slowly, the welfare of the masses, but let us take heed lest we allow the quackeries of philanthropists, politicians, protectionists, and "socialists," to stop the free play of those forces, which, under a natural law, are now working out the redemption of mankind from toil and misery. Let us remember that capital is the force—the one and only force—which, combined with labour, sets machinery and all other powers of production into operation.

To check the growth of capital is tantamount to stopping machinery, on which our people depend not only for their progress but even for their very subsistence.

M. Pirmez's theory has not escaped criticism. It is objected that he generalises too freely, and that he leaves out of account a number of influences which have contributed towards causing the prevailing depression of trade. Most serious elements of disturbance are, for instance, to be found in the unsettled state of the currency question. Again, speculation being aided now-a-days by the telegraph unsettles, more than formerly, the course of regular trade. Again, as M. Georges de Laveleye,* the well-known Belgian writer on economic subjects, has, in an admirable pamphlet on the subject of "depression of trade," suggested, a principal cause of the present crisis may be the inactivity which has succeeded on that activity which was created in the middle of this century by the necessity of providing the world with plant and machinery adapted to the discovery of steam power. "L'activité industrielle," he says, "commerciale, financière, et spéculative du milieu de ce siècle a eu pour base et pour but 'l'outillage économique' du monde—et cet outillage est bien près d'être terminé." Everything had to be done (after the discovery of the motor power of steam). Workshops, factories, railways, steamships, alpine tunnels, submarine cables, land telegraphs were constructed, and capital and labour were fully occupied. But now the industrial equipment of the world is completed, and hence, in great measure, it is that capital is standing idle or is forced to rest contented with comparatively unremunerative investment.

Then, again, notwithstanding that it sounds preposterous, when there are so many among us who are in want, to complain of a superabundance of public wealth, "over-production" is, nevertheless, a reality, in so far as it expresses a congestion of good things which economic science (or, at least, economic practice) has not learnt yet how to relieve by proper distribution. The American writer from whom I have already quoted, Mr. Atkinson, says most justly, as I humbly think, on this point: "The production of what constitutes wealth or welfare is no longer at issue. Modern science and modern instrumentalities of production are adequate to produce what would suffice for a good subsistence for every man, woman, and child in any and all countries. The whole question at issue is the distribution of this substance after it has been produced."

What waste do we see in our mode of distribution. As regards our domestic distribution, this waste is apparent in the case of almost every important article of subsistence, such, for instance, as bread, meat, fish, milk. To take the example of bread, in a letter written to "The Times" on December 12th, 1885, the late Lord Borthwick said—"A quarter of wheat, now at 33s., can be baked into 133 quarter loaves of bread, which, at the present

I take this opportunity to gratefully acknowledge my obligations to M. G. de Laveleye, and also to his distinguished relative, M. Auguste de Laveleye, for the valuable information they have supplied me with respecting the condition of Belgian industry.

"retail price of 6d., comes to 66s. 6d. for the converted quarter of wheat. We use about 28,000,000 quarters, and even supposing one third is consumed in other forms than bakers' bread, this still leaves 30,150,000l. to be accounted for between miller and baker for expense of grinding, baking, and distributing the wheat in question in shape of quarter loaves." The fact seems to be that the multiplication of middlemen between the producer and the consumer discourages consumption, and is one of the principal causes for that congestion of commodities which is termed "over-production," but which might be equally well termed "under consumption."

Again, speaking of protectionism, M. Pirmez, although he denounces that delusion as causing to humanity more loss than that occasioned by "war, fire, water, storm, and tempest," nevertheless, will not allow that it lies in any way at the root of the present industrial crisis. "La révolution," he says, "qui s'accomplit est plus profonde: elle est dans l'abondance des capitaux et l'élévation de la main d'œuvre." And yet, seeing that the "distribution" is not less important than the "production" of public wealth, surely a policy which obstructs international distribution (the interchange of commodities among the peoples of the world) is a fundamental cause of trade distress, and one too which becomes more serious in proportion as the power of production grows greater. Can it be doubted that "over-production" (or "under consumption") is in great measure caused by the current of international supply and demand being turned awry by protective tariffs?

Although, perhaps, it is hardly in place to do so, I cannot resist mentioning here the explanation given by M. Pirmez of why it is that people of perfectly sound sense on other matters are found who gravely maintain the principles of protection. His Excellency says that there are two causes for "this strange aberration." The first of these is that protective measures are often able to remove promptly an evil which is felt by individuals or by an individual class. Agricultural rents sink or the profits of the sugar business fall, owing to the importation of grain or of sugar. What more simple than to improve rents or to ensure good profits on sugar? Impose an import duty on grain or on sugar and the desired result is at once effected. This result we easily "see," but behind this result which we see there are results which we do not as easily see. First of all, there is a tax placed on all who eat bread or consume sugar, and, then, there is a positive interdiction to do so laid on those who wish to manufacture goods to be exported in exchange for imported grain or sugar. The operation has been like that of a quack remedy which removes an eruption on the skin but in doing so produces a serious internal disorder. But the patient sees the direct and immediate good which has been effected; the indirect evil which will follow he does not see.* The second cause for the success of the delusion is that "the direct effect of protection benefits a small body of people, whilst the indirect ill-effect is distributed (diluted as it were) over the mass of the nation. Now, an interest is infinitely more powerful when it is concentrated on a few heads than when it is broken up and divided fractionally among a number of people. Its force is very great in the first case; in the second case it becomes a nullity, with no more power of resistance than particles of dust."

To resume, in the interesting and very able report drawn up by Her Majesty's Consul General at Antwerp, the causes assigned by leading business men in that commercial capital for depression of trade will be found fully described, and I notice that Mr. Grattan alludes markedly to what M. Pirmez also considers as the most striking symptoms of the present condition of things, viz., the appreciation of labour side by side with the depreciation of capital. Among the many causes given by the Consul-General to account for the depression, I am particularly struck by that one which refers it to the consequences of State socialism. That execrable system by which Government interferes with the free play of supply and demand, with the relations between labour and employment, upsets trade by fostering it in one place and discouraging it in another, and, above all, by lessening individual responsibility and exertion. It is a growing evil, which may bring society some day into terrible tribulation; meanwhile, it may be reasonably numbered among the disturbances which have led to the present distress. Another prominent cause for depression of trade in Belgium lies undoubtedly in the collapse of her agriculture. In the valuable report by Mr. Pro-Consul Jeffes,

this, indeed, is assigned as the principal cause for the distress. "The depression," Mr. Jeffes says, "is chiefly owing to that falling off in consumption caused by the want of means to purchase on the part of the agricultural class." Even in England, where farming being there conducted on scientific principles and assisted by the use of machinery—barely a seventh part of the population is required for the purposes of agriculture, the reduced means of expenditure of the agricultural community is considered by some as being one of the reasons for the badness of general trade. But in Belgium, owing to the multiplication of small properties, two fifths of the people are hopelessly attached to the land, which for purposes of grain growing has become so profitless that (as Consul-General Grattan observes) people who are possessed of other resources allow their arable land to remain uncultivated. Now that the transport service with America and India has become perfected, corn land in Belgium, being only hand-worked, cannot be cultivated with profit in face of the foreign competition. It is not to be wondered at if the poor adscripts of the soil, not being able to free themselves from their properties, should be crying out for protection against the importation of foreign food, and indeed it is puzzling to say what other remedy can be found for them except that of protection. Meanwhile, we see that this immense class of the Belgian people is reduced to a condition so necessitous that they are forced to retrench their expenditure in every direction, and are thus prevented from relieving the over-production which is so much complained of. See Appendix.

Seeing then that there are so many various causes which may have led to "depression of trade," it certainly seems somewhat unsafe to accept a generalization by which it is referred to the sole and single one of "cheap money and dear labour," or, to use M. Pirmez's exact expression, "Abundance of capital and the elevation of labour." Nevertheless, from my examination into the condition of Belgian industry, I am inclined to think that, if not the sole, at all events the main or principal cause for the depression of trade (and in comparison with which all other causes may perhaps be termed subordinate) is the one given by M. Pirmez, viz., the existence of serious disturbance in the relations between capital and labour, and my reasons for forming this opinion will be presently shown. As to the exact nature, however, of that disturbance, I humbly question whether M. Pirmez's definition be altogether exact.

From the following passage in his admirable work, "The Distribution of Products,"* Mr. Atkinson, the American writer, would appear to go so far with M. Pirmez as to consider that the prevailing trade disturbance is mainly due to a re-adjustment of the relations between capital and labour:

"It must be very clear, even to the most superficial observer, that the present conditions of an apparent excess of production and want of market, in all the nations which have applied machinery in the largest measure to the work, whatever their fiscal or financial policy may have been, must have been caused by forces over which Statutes can have little or no effect."

"May it not be that the complete revolution in the methods of commerce, which has been brought about during the last 20 years by the railway, the steamship, and the telegraph, as well as by the application of science and machinery to agriculture, has now come to what might be called a culminating point, after which the benefits heretofore enjoyed mainly by the producers and distributors of the staple products necessary to life are now in process of wide distribution among all consumers. In other words, may it not be that under the beneficent law of diminishing profits and increasing wages a lower plane of prices on a gold basis has been reached, which is of a permanent character. This change has, for the time being, disturbed all the existing relations of labour and capital, and is destroying many great fortunes, while bringing many to whom the struggle of life seemed to be ended again to the necessity of arduous work; but will not the end be greater abundance to the labourers who constitute the great mass of the people, shorter hours of labour, and less arduous conditions of life?"

Mr. Atkinson is, then, also of opinion that the main cause of the "depression" is a "disturbance in the relations between labour and capital," and that, in comparison with this one, all other causes may be considered as being of a very secondary sort. He is also at one with M. Pirmez (and indeed with all the great continental economists who have written on the subject) in insisting that the inevitable consequence of the immense productive

* As his Excellency reminds his readers, Bastiat refers persistence in economic error generally to "shortsightedness." Few men look beyond immediate or direct results.

* "The Distribution of Products," by Edward Atkinson. (Stanford, Charing Cross.)

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power which has now been reached will be to constantly raise the condition of the working class and to lower (relatively, that is to say) the condition of the monied class. But it is essential (as he points out in another part of his work) that we should not for a moment lose sight of the all important fact that the mighty instrumentalities of production which we have now at our command are simply an outcome of capital, and that in proportion as capital lends itself to or withdraws itself from production, so will the movement in favour of the working class (the "evolution," which is so truly and attractively described by M. Pirmez) either advance or retard. It follows, then, that although depression of trade affects both of the industrial classes, I mean the employers and the employed, it affects the latter vastly more than it does the former. That is why the subject is one of such immense importance, for (as M. Pirmez justly says) if "depression of trade" merely signified that while the rich were becoming less rich the poor were getting less poor, the matter would be one much more of congratulation than of regret. But the fact is that capital cannot possibly suffer without labour suffering still more, and that, conversely, capital cannot thrive without labour thriving still more. This will be demonstrated presently on the great authority of Bastiat, and it is, I conceive, of the first importance that the working class should clearly understand that the accumulation of capital (that heaping up of riches, which is so often denounced) is the only means by which their condition can be bettered. Capital is the working man's best friend. When capital (it may be repeated) lends itself freely to industry the capitalist gains, but the working man gains in a still greater degree, and *vice versa*, when capital is too timid to put itself out to use, then, although the capitalist loses, the working man loses in a still greater degree.

The actual condition of capital is then the crucial point of the present inquiry, and it is on this point that the critics appear to join issue most fairly with M. Pirmez. His Excellency lays down that it is the "abundance of capital" which is the chief cause for what we call depression of trade. But is it not the misapplication of capital, or, still more, its holding itself back, its shyness to lend itself to industrial enterprise, rather than the abundance of capital, which occasions the present trouble? M. de Laveleye explained to me the condition of capital in Belgium in one sentence: "Capital is abundant, but distrustful" ("abondant mais méfiant"), and it is exactly this "méfiance"—not the abundance—of capital which I am led to think creates much of the prevailing distress. If, instead of crouching behind 3 per cent. securities, capital lent itself as freely now as it did 10 or 12 years ago, everything would go well, for it is the employment of capital in conjunction with labour which creates—which alone can create—public wealth, and the more capital is employed (the oftener it is "turned over"), the greater becomes the increase of that wealth. And, in the division of that increase of wealth, although it is true, as M. Pirmez says, that the relative share falling to capitalists will diminish, it is not less true that their absolute share will augment; whilst, as regards the working men, the share falling to them will increase both absolutely and relatively.

The pith of practical political economy would seem to be contained in Bastiat's memorable maxim: "In proportion to the increase of capital, the absolute share (of a given product) falling to capital is augmented, but the relative share is diminished; on the other hand, the share falling to labour is increased both absolutely and relatively."† And, indeed, so comprehensive is the truth conveyed in it, that I am tempted to suggest whether not only the chief cause, but perhaps even the best chance of cure for industrial distress may not be discovered in a right appreciation of that maxim. For, if Bastiat be right (and who can doubt that he is right?), all that seems needed for the revival of trade is that capital, admittedly abundant, should be induced to lend itself freely and judiciously. Let this be done, and what follows? The trader's aggregate profit will be augmented; and, as regards the wage of labour, it will be increased, not only in an absolute but also in a relative sense.

It does, indeed, seem important that our working people should clearly comprehend (a) that the more capital is tempted to lend itself to industry, the more capital grows; and (b) that the more capital grows, the greater becomes (under the law of competition, *i.e.*, the competition of capital with capital) not only the absolute gain of the

working class, but also their progressive gain relatively to the moneyed class. If Bastiat had lived far enough into the mechanical age to witness the revolution, as M. Pirmez justly calls it, which is being effected by machinery, *i.e.*, by capital in its most effective form, he might have been tempted to employ Malthus's exaggerated expression, and to say that "in proportion to the increase of capital the share of the total product falling to capital is augmented 'arithmetically,' whilst the share falling to labour is augmented 'geometrically.'"

More than probable it is that if the growth and the application to industry of capital were not constantly impeded by the barbarous practice of "strikes," and by the interference of protectionism and the many other forms of State socialism, the evolution described by M. Pirmez as tending gradually to equalise classes would, under the economic law defined by Bastiat, already have become a visible reality, so manifest to everyone as to reduce the worst socialists to silence.

The fact seems to be that M. Pirmez's theory—although it leads to the same conclusion—is a less desirable one than the theory (or, rather, the blessed truth) enunciated by Bastiat.* M. Pirmez makes little account of the "absolute" gain which falls to the capitalist when capital is freely employed; but without that gain where would be the inducement to capital to risk itself? Bastiat, on the contrary, shows us that the capitalist gains positively on his venture, although at the same time the working man gains both absolutely and relatively. This is not only the true doctrine, but also the better doctrine, for under its teaching a sufficient inducement is held out to capital to lend itself to production. And capital is as indispensable as labour is to the carrying on the work of production. They are co-ordinate forces, and it is essential to the prosperity of industry that they should work harmoniously together. But the working man should also bear in mind that of the two forces it is capital which is the initiative one, without which the machine of industry cannot be "started." Also, that "while capital is a force which is to be applied to the increase of production, and which promotes abundance in the greatest measure, it is not a substance that can be divided, or on the division of which the wages of the labourers depend."†

Capital is to be regarded, so to speak, as the seed necessary for the crop of production. The greater and the more judicious the sowing of that seed, the greater will be the harvest, of which the main share will fall to the labourers, whilst the residue will remain with the capitalist and serve as fresh seed for the next crop.

Thus, then, when capital is abundant and is freely put out to use, although the gain to the capitalist is great, the gain to the working man is infinitely greater. Conversely, when capital, owing to insufficient profits or to trade disputes, or to threats of spoliation, is lying idle, although the loss to the capitalist is great, the loss to the working man is infinitely greater. Unemployed capital means curtailment of production, that is to say, that there will be available a less quantity of food, clothing, fuel, and shelter to be divided among the mass of consumers. Surely it should be easy to understand that the greater the bulk is of production, the greater must be the disposable quantity of commodities, and that those commodities, since the producers can turn them to no other use, must be distributed (in return for their labour) among the masses of the people. Whence it is that with the increased application to production of capital (notably in the form of machinery) the condition of the working class constantly improves; there is created a greater and greater bulk of commodities, which have to be disposed of on easier and easier terms to the general consumer; in other words, the working man has to pay for what he wants

* Substantially, however, "la Crise" may be described as being a brilliant exposition of Bastiat's law. The author only diverges from this law to the extent that he seems to leave too much in the shade that absolute gain which accrues to the capitalist when capital is abundantly applied to production.

† Atkinson. Basing his statement on the most careful statistical calculation, he says:—

"Fixed capital," that is to say, railways, machinery, workshops, steamships, roads, telegraphs, &c., &c., may be likened to the boiler and engine, and "quick capital" to the fuel with which the boiler is supplied; the one is very slowly, the other very quickly, consumed; yet neither works directly to the subsistence of men, but indirectly both work to the vast increase of the actual substances with which men are fed, clothed, and sheltered. These substances constitute the annual product which is divided among them. The term *annual* fits the case, because the year represents the course of the four seasons and the succession of crops. A small part of each year's annual product, commonly called 'quick' or 'active capital,' must be carried over to start the next year's work upon, as a small part of last year's product had been brought over to start this year's work upon; one proportion balancing the other. The fixed capital seldom exceeds in value two years' production. It therefore follows that all profits, all wages, all taxes, in fact all consumption whereby existence is maintained, must be substantially drawn from each year's product; it is therefore in the division of these substances produced within the year that true profits and real wages are to be found."

* This view was first suggested to me by a critique on M. Pirmez's theory which appeared in the French "Journal des Economistes" last February.

† "A mesure, que les capitaux s'accroissent, la part absolue des capitalistes dans les produits totaux augmente, et leur part relative diminue. Au contraire, les travailleurs voient augmenter leur part dans les deux sens."—Bastiat's "Harmonies économiques."

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with less and less labour, which means that he gets more and more in return for his labour. Or, to put it in another way, capital, if not tormented, increases at a much quicker rate of progression than population does; hence the competition of capital with capital grows constantly keener, and, as a necessary sequence, that of labour with labour constantly slacker; the result is that in the division of that total production which is created by the joint instrumentality of labour and capital, the share falling to labour increases in a ratio vastly more progressive than that in which the share falling to capital increases. Or, to use Cobden's familiar saying, when capital is abundantly employed "we see two masters running after one workman," and it is the workman who then imposes his own terms "and wages"; but when capital is holding back, "we see two workmen running after one master, and it is then the master who imposes his own terms." I have quoted Mr. Cobden because his words explain in the simplest way that law of competition under which the more capital can be tempted to lend itself to the purposes of production, the more must the labouring man prosper. But Mr. Cobden's saying falls immensely short of expressing the full advantage which the working class derive from the free play of capital. The fulness of that advantage is explained by Bastiat, M. Pirmez, M. Leroy-Beaulieu,* and many other great Continental writers on political economy; it lies in the progressiveness of the working man's gain as compared with the gain of the capitalist.

Mr. Atkinson uses Bastiat's great maxim as the text of his essay, "What makes the rate of wages?" and exemplifies the truth of that maxim in respect to almost every branch of American industry.† He maintains (and indeed proves in case after case) that "the more the capitalist increases his wealth and applies it to reproduction, the more the welfare of the labourer is assured. The competition of capital with capital tends constantly to a decrease in the ratio of the profit of capital to the total production, and of necessity tends also to a constant increase in the rate of wages of the labourer, thereby more than counteracting the tendency of the competition of labourer with labourer to diminish wages."

"Profits, taxes, and wages," he says, "are alike derived from the sale of the joint product of capital and labour." "Unless one branch of industry yields the average of all branches, due regard being given to the greater or less risk of each as compared with the other, it will not be undertaken, or, if undertaken, it will not long continue to be pursued. Wages, therefore, are deferred to profits, but, on the other hand, wages constitute all that there is left, and under the inexorable law of competition of capital with capital, the profits of capital are constantly tending to a minimum, while the rate and purchasing power of wages are both constantly tending to a maximum. Capital is always ready to take the risk and to become the guaranty or insurance fund for the recovery from sales of goods of higher and higher wages for any kind of skilled labour which is capable of increasing the product of any given quantity of machinery. From the sale of this increased product, in the first instance, capital gains. More of the same machinery is then added, and, as it becomes greater in quantity and more effective in use, the rate of profits diminishes, although the aggregate increases; in other words, capital secures a less and less proportion of the constantly increasing result, while labour receives all that there is left over. That is, the remainder over is constantly becoming a larger and larger proportion of an increasing product. There are, of course, temporary fluctuations, but both observation and experience, combined with statistics, confirm this rule both in the United States and in England. In other words, the rule laid down by Bastiat is sustained by experience; the aggregate profit of capital

"is augmented, but its relative profit is diminished, while the wage of labour is increased both absolutely and relatively. I had been engaged in this examination and compilation before I even knew that Mr. Robert Giffen was engaged in the same work. His results and my own, covering a period of 50 years, are identical."

It appears, then, that prosperity of trade in the truest sense (that is to say, as regards the interests of the working man even more than those of the monied man) depends mainly upon capital being induced to lend itself boldly and freely to industrial enterprise; and, *per contra*, that depression of trade could not exist if capital showed itself eager to engage itself in the work of production. It must always be remembered that of the two productive forces, capital and labour, it is (as said before) capital which is the initiative one, and that, therefore, labour must "wait upon" capital in order that the industrial machine may be set in motion, and be kept in motion. It becomes, therefore, vastly important (and, indeed, to the working class vitally important) to "fix" the reasons why capital is at present shy and distrustful. There may be many reasons for this shyness of capital. For instance, I will quote the views on the point held by that great economist M. Leroy-Beaulieu:—

"La nouvelle situation économique du monde se caractérise par les traits suivants: l'épargne est plus grande que jamais, mais elle ne sait comment s'employer; elle ne trouve plus à l'intérieur de placement fructueux; elle se défie de toute entreprise au dehors, tellement elle a éprouvé de mécomptes dans ses excursions à l'étranger; la production des objets manufacturés est énorme, mais la consommation en diminue, du moins pour les objets qui, comme le fer, sont destinés en partie au renouvellement de l'outillage industriel des peuples."*

It will be noticed that this eminent writer agrees with M. de Laveleye in thinking that the power of consumption (as regards such products as iron) has been greatly reduced, owing to the renewal of the industrial plant of the world (which was necessitated by the discovery of steam power) having now been brought pretty well to a conclusion. He further thinks that the reason why capital hangs back from employing itself is, that whilst it fears, from sad experience, to venture itself in half-settled countries, it can find at home no investment of an industrial sort which promises fair remuneration.

But why is it impossible for capital to find remunerative investment ("un placement fructueux," as M. Leroy-Beaulieu says,) in home industry? It is, I conceive, principally because of that disturbance in the relations between capital and labour which M. Pirmez terms the "elevation of labour." By this I mean that in the division between labour and capital of the wealth jointly produced by them, an unduly large share has for some time past been enjoyed by labour, whilst the smaller share falling to capital has not sufficed to admit of legitimate profits. And by "legitimate profits" I mean nothing more than a remuneration sufficient to induce capitalists to carry on business. The danger is that an hour may come when capitalists will find that it is no longer worth their while to conduct business, and that we shall in consequence find ourselves face to face with the appalling problem of how to support the large masses of men who will then be thrown out of employment. Is it not, then, a matter of pressing moment, that heart should be put into capital, and that any necessary adjustment in its relations with labour should be effected without delay? The longer such adjustment is delayed the harder will be the recovery from the present depression, and the greater will be the sufferings of the working class.

Many causes have apparently operated towards displacing the just proportion in which the results of production should be divided between capital and labour.

A succession of great wars has, at various times within the last quarter of a century, produced a feverish and factitious prosperity, with the effect of raising for the time the rate both of profits and wages, and on the termination of those hostilities, though profits necessarily sank, wages have tended to remain at the level to which they then rose.

Then, in the period when trade advanced by leaps and by bounds, owing to the demand throughout the world for industrial plant suited to modern inventions, again, both profits and wages rose; and, again, whilst profits have necessarily fallen, wages have remained at the level which they then attained.

* In the work from which this passage is quoted, M. Leroy-Beaulieu makes the interesting remark that agriculture having been the first interest to suffer, so it may, perhaps, be the first to recover from the prevailing depression; the reason being that in proportion as capital is more and more perplexed how to find profitable investment in industrial enterprise, the more it will turn its attention to agriculture.

* See his work, "De la répartition des richesses."

† I have not space enough to show more than one example instanced by Mr. Atkinson in illustration of Bastiat's law; the American industry selected being standard cotton sheetings. The following per-centages show the absolute and relative profit to the working man, and the absolute gain but the relative loss to the capitalist, arrived at in the period 1883-1885, since the year 1810, that is to say, since the application to the industry of machinery, *i.e.*, of capital in the most effective form:—

208 per cent.	increased efficiency of labour, growing out of improvements in capital, <i>i.e.</i> , machinery.
186	increase of machinery.
122	increased value of products.
114½	increase of wages measured in standard sheetings.
89	increased wages per hour measured in money.
54½	increased wages measured in money.
94	increased number of operatives.
17½	decrease in hours of labour per day.
25	decrease in price of cloth.
70	decrease in proportion of products secured by capital in yards.
80	decrease in proportion of products assigned to profit at 10 per cent., 1840-1883, and at 6 per cent. in 1883-1885.

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Lastly, there is one most important commodity, the production of which has not kept pace with the prodigiously increased production of all other commodities, and that commodity is gold. The value of gold is, therefore, constantly on the increase as compared with the value of all other commodities. Yet, notwithstanding its enhanced value, as much gold as ever (for all wages are in reality everywhere paid on the basis of a gold standard of value) is given to the working man in acknowledgment of his labour. That is to say, he receives, under the name of money wages, as much as ever of a particular commodity which, by way of exchange, commands a progressively greater quantity than it formerly did of general commodities. And this, I presume, reduces *pro tanto* the quantity of those commodities which remains over for the share of the capitalist. I am entirely incompetent even to touch on such an intricate subject as the currency question, but I humbly suggest that one of the results of the appreciation of gold may be that wages at present are being paid at a, so to speak, *premium* rate; and from this point of view appreciation of gold and appreciation of labour would seem in some sense to be convertible terms.

Whatever the causes for the fact may be, it seems clear that we should not hear complaints from the capitalists of depression of trade, unless a fact it were that in the division of products a smaller share is assigned to profits than formerly, and this can only mean that a greater share than formerly is being assigned to wages. Such a state of things would be in the highest degree satisfactory if it could last, for, as said before, it would merely mean that the masses of the people were profiting at the cost of the comparatively small class of capitalists. But, my humble contention is that the whole significance of depression of trade lies in the danger that capital will not consent to go on working unless it be reasonably remunerated, and that with the gradual withdrawal of capital from business industry will become more and more stagnant, or, in other words, depression of trade will become more and more severe.

And, now, in order that an idea may be formed of the extent to which, in Belgium at least, profits are at the present time swallowed up in wages, the following remarkable statistics are presented showing the proportions in which the proceeds of the Belgian coal mines are shared as between labour and capital. These statistics are of an official character, and I should recall the fact, already stated in this report, that from every point of view the coal industry is by far the most important one in the country (excepting of course agriculture), and that it may be fairly taken as a typical one in forming an opinion as to the general condition of Belgian trade.

The table which is subjoined shows the share taken respectively by labour and capital in the proceeds of every ton of coal raised in Belgium during the year 1884.

	Division of proceeds.		Proceeds per ton.	
	Frs.	Cents.	Frs.	Cents.
To labour	5	32	9	55
To other working expenses	3	88		
To dividends paid to the owners of the mines.	0	35		
	9	55		

To put the sum in another way; the total value of the coal raised in Belgium in the year 1884 was 172,250,000 francs, which was divided thus:—

	Francs.
To labour	97,000,000
To other working expenses	69,000,000
To interest on capital	6,250,000
	172,250,000

But, as is shown by the main table presented in the commencement of this report, 1884 was a more profitable year to the mine owners than any other one since 1876. If we take the yearly average since the depression became acute (*i.e.*, from 1877 to 1884) it will be found, by reference to the main table, that the total amount of proceeds available for the division between labour and capital averaged 93,396,000 francs, which amount was shared thus:—

	Francs.
Wages	91,503,000
Profits	1,893,000
	93,396,000

In other words, of the total amount of proceeds that was divided between labour and capital, 98 per cent. went to labour and only two per cent. fell to the share of capital! It is not an extreme paradox to say that these coal mines are, save in name, the complete property of the pitmen, and that the "owners" are merely so in title, inasmuch as all the latter receive from the concern is barely two per cent. of the net proceeds, which per-centage cannot be held to represent more than an indifferent commission for the risk and trouble incurred by them.

Do not the statistics given above furnish a startling example of how in the present times profits are swamped by wages?

They have by no means escaped the notice of M. Pirmez, who uses them in illustration of his theory, *viz.*; that, under the natural law of competition, the value of labour is constantly advancing, whilst the value of capital is constantly receding. And seeing that coal is the greatest industry in Belgium, and that Belgium may be considered as the first industrial country of the continent, these statistics strike me as being so important and instructive that I will proceed to show how much they have also impressed such a high authority as M. Pirmez.

I should observe, however, that his Excellency limits himself to the returns for the province of Hainault.* Statistics embracing the whole kingdom, and up to a later date, were available for this report, and have therefore been used, but I also append M. Pirmez's very valuable table, which covers the period from 1860 to 1883. Referring, then, to these coal returns, M. Pirmez writes as follows:—

"Is it possible that figures could be more significant than these? Some years ago many honest enthusiasts, given, however, more to impulsive philanthropy than to the hard study of economic facts, advocated the abolition of wages, and proposed to substitute in place thereof a system of co-operation between masters and workmen, under which profits should be divided on a pre-arranged scale. What a cruel delusion ('immense déception') those philanthropists would have prepared for the working men! Supposing a co-operative association of the sort proposed had been formed. The cost of production would then no longer have included wages; it would have been composed merely of other working expenses; those working expenses would have had to be deducted from the proceeds realized by the sale of the product, the remainder over constituting the available amount to be divided between workmen and masters. What share in the division could, under those circumstances, have approached the share actually realized by labour? Under the natural law of competition, the statistics prove that for a number of years past (from 1877 to 1883) the workmen have taken 97 per cent. of the net proceeds, whilst only three per cent. has remained for the owners of the mines."†

"What," exclaims M. Pirmez, "are the clamours of the socialists in presence of such facts as these? A figure reduces them to nothing ('un chiffre les réduit à néant')."‡

"Let us suppose," his Excellency says, "that by the most dishonest of spoliations the owners of these mines had been robbed of every centime of the immense capital sunk by them in the concern; that in this way the wildest schemes of the most advanced radicals had been realised to the fullest; what would the workmen have gained? Over the seven years (from 1877 to 1883) they would have gained an annual sum each of 25 francs, about 1s. 6d. a month. That sum of 25 francs a year represents the exact amount that each of them leaves at the present time to those without whose capital there would be neither employment nor wages."

Having given an idea of the share of production falling respectively to labour and capital in Belgium, I will show also what that share is in the United States. According to a most careful estimate framed by Mr. Atkinson, and which has been checked by the Chief of the Bureau of Statistics at Washington, it appears that the total value of the annual product of the United States is 9,000,000,000†

* Which comprises, however, about four fifths of all the coal measures of Belgium.

† If the returns for the whole Kingdom, and during the period from 1877 to 1885, be taken, it will be found, as I have above stated, that the proportion was:—

	Per cent.
Workmen	98
Owners	2
	100

‡ After deducting "domestic production," *i.e.*, what is produced and consumed by families in their own homes, and which, therefore, is not exchanged, and does not come into the commercial product.

of dollars, and that this amount is distributed as follows:—

	Millions of Dollars.
Taxes	700
Savings of all classes of the people	450
Dividends paid to capitalists	450
Remainder paid to labour	7,400
	9,000

So that the shares in the total product taken respectively by labour and capital are—

	Per Cent.
Labour	82½
Capital	5

It has already been shown that if the whole of the share of the Belgian coal production falling to capital were given up to the pitmen, it would add only 1l. (25 francs) a year to each man's earnings. And as regards the total production of the United States, Mr. Atkinson demonstrates that it would need an addition thereto of no less than 1,050,000,000 dollars in order to add 5 cents (2½d.) to each person's daily income (the population being estimated at 58,000,000). Therefore, seeing that capital gets only 450,000,000 dollars in the annual division of the American nation's production, the whole share falling to capital, if it were sequestered and divided among the people, would make an addition of but little over 1d. a day, or 1l. 10s. 5d. a year to each person's income; and this trifle would have been secured by the abolition of that capital which is the initiative force of production, and without which industry would come to a standstill.*

A faithful picture drawn from unimpeachable statistics has been given above of how public wealth is at present divided as between the two forces which produce it, between labour and capital. It shows that labour takes at least 95 per cent. of all that there is to divide. Is what remains over for capital sufficient to enable it to carry on—much less to develop—the business of industry?

It would seem that after a sufficiency of what is termed "active" or "quick" capital has been devoted to the purpose of keeping up what is called "fixed" capital (*i.e.*, machinery, railways, steamships, factories, &c., &c., which require constant renewing and repairing), but little, under the actual state of things, can remain available for the purposes of fresh industrial enterprise. And even that little shrinks from engaging itself in ventures, almost the whole proceeds of which would surely be absorbed in wages. Hence arises "depression," or, rather, "stagnation" of trade. It is on the working class that the effects of this stagnation must principally fall. Their interest in the prosperity of trade is out of all proportion greater than that of the capitalist class. And yet what is the present attitude of labour towards capital? In Belgium, in Great Britain, in the United States, in France we hear general complaints of the shrinkage of profits; we see industrial concerns closed; in England the significant phenomenon has presented itself of capitalists transferring their business bodily to foreign parts where capital is more "appreciated"; and at length the cry of the unemployed is beginning to make itself heard amongst us. But notwithstanding these signs of the times, no sooner does capital attempt to put life into business by an adjustment of wages and profits, than strikes become the order of the day, and the adjustment, which is inevitable before trade prosperity can be restored, is deferred, to the loss, doubtless, of the capitalist, but to the infinitely more serious loss of the working man.

* The theory of the socialists is that the "State" should take the place of capital in organising and directing labour. The State is to allot to each man an equal share of work, and to see that he does it, and the State is to give to each person an equal portion of what is produced by the joint labour of the weak and the strong, the lazy and the industrious, the stupid and the clever. But even allowing that the taskmaster appointed by the State could, under fear of the lash, compel the lazy to do their proper share of the work, what taskmaster could force those few among us who have "natural talents" to exert their superior gifts of mind for the benefit of the vast majority of us who do not possess natural talents? And yet the wealth of the civilised world is won much more by the mind than by the muscles of man. It is mind not muscles which invents, improves, and manages machinery, thanks to which the product of a Manchester mechanic equals that of 50 Chinese coolies. Take away the right to save (that is to say, a man's right to improve his condition), and there will no longer be any motive for the exercise of man's thought, which has produced all labour-saving appliances from the spade to the steam engine. If the socialists had their way, mankind would become reduced to the miserable condition of slaves working for bare existence under the lash of the "State," and be hopelessly condemned for ever to that condition of hard toil from which capital the result really of mental effort—is now gradually lifting them.

The causes of trade depression in Belgium having been inquired into, the remedies recommended for meeting it will now be briefly considered.

The chambers of commerce recommend that all remaining import duties on raw materials should be at once removed.

Also that fresh efforts should be made to induce Germany, France, and Holland to join with Belgium in abolishing the system of granting bounties on exported sugar, a system which promotes over-production in this important industry, and benefits only the foreign consumer.* They advise a re-adjustment of taxation, in order to relieve, as far as possible in this way, the mass of consumers, so as to increase their spending power. And no doubt indirect taxation in Belgium is higher in proportion to direct taxation than it should be, and it might possibly afford some trifling relief to the working class if a part of that indirect taxation could be replaced, as in England, by an income tax. But it is to be remembered that it is capital, rather than labour, which requires relief at the present moment, and that to place such a heavy burthen on it as is implied by an income tax, might retard the revival of industrial prosperity. Then the Government is called on to urge—not less by example than by exhortation—a policy of free exchange on protective governments, so that Belgium may be allowed to trade with those neighbouring nations with whom at present she can neither buy nor sell. And, indeed, if Belgium is suffering from "over-production," this is no doubt mainly because she and her two great neighbours are forbidden by the "State" to sell to one another, or to buy from one another. But the expedient of all others to overcome depression of trade, the one which I find recommended by the chambers of commerce, by the principal economists, and by all business men with whom I have conversed, lies in "reducing to a minimum the cost of production." This expedient I find supported also by the highest official authority. The Prime Minister of Belgium in a report to the King advising His Majesty to ennobel M. Sadoine, the well known Director-General of the great Cockerill Iron Works at Seraing, wrote last November thus: "Sire: L'industrie nationale a à lutter depuis quelques années avec des difficultés de tout genre et sans cesse croissantes."

"Elle a su se montrer à la hauteur de sa tâche, 'en perfectionnant toujours ses procédés et en réduisant les 'prix de revient à leur minimum,' &c. &c."

Although factitious production—such as that of the sugar industry—is deprecated, the idea meets with no favour in Belgium that the old range of prices can be restored by arbitrarily restricting natural production. On the contrary, it is believed that to curtail legitimate production by artificial hindrances would only result in augmenting the existing distress, and in the end prove itself as mischievous as proceeding as that of stimulating industrial activity by protectionism or by any other unnatural means. The policy of this great industrial nation lies in the opposite direction, that, namely, of augmenting production and at the same time striving to confront low market prices by reducing cost prices to such an extent as, on the total transaction, shall admit of profits being at least as large on the present greater as they were on the former smaller volume of business. How to effect a larger production at the same cost as the smaller production of former years is, then, the problem. It can be solved in one way only, and that is by perfecting the processes of production and by developing to the highest point machinery and all other labour-saving appliances, in a word, "by reducing the cost of production to a minimum."

But for the purpose of carrying out this policy it is necessary that money should be induced to lend itself freely to the work, and this will never happen so long as the present civil war continues between capital and labour. The future is in the hands of the working class. Let them

* Everybody in Belgium, except those directly interested in the sugar trade, wishes to see these bounties done away with. The difficulty is that Belgium would at once lose her share in the British market (which is the one great market for foreign sugar) if she abolished the bounty system separately, and before other producing countries did the same thing. In the case of the Belgian sugar industry, we see an instance of the evils caused by protection. Belgium cannot naturally compete with Germany in sugar production. But the industry was started some 30 years ago under the *Egis* of the "State," and has now become a "vested interest," in which are concerned not only capitalists, but also an army of workmen, as well as a number of agriculturists engaged in the cultivation of the beet root. In order to maintain this artificially created industry, import duties have to be imposed sufficient to protect it against the German article. The consequence is that not only the Belgian people have to pay vastly more than they need (which means that they have to work much more than they need) in order to obtain their sugar, but also their output is curtailed of those goods (such as iron wares) which they, or their side, naturally produce better than can be done by the Germans, and which they would, in the natural course of things, export in exchange for sugar, which is more naturally and better produced in Germany than it is in Belgium. This unhappy result of State protection is now perfectly understood in Belgium, but the mischief has been done, and the puzzle is how to undo it without ruining a host of people towards whom the State has more or less pledged itself.

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show themselves willing to take their share in the difficulties of the present hard times and those hard times will soon pass away. Capital will begin to take heart, production will resume its mighty progress, and in the constantly increasing wealth that will ensue the working man will, nay, must, obtain a greater and greater share. Strikes for higher wages were certainly never more out of season than they are at the present moment. And, indeed, it is questionable whether they ever are in season. They appear to be not only a clumsy weapon (most apt to wound those who use it), but also an unnecessary weapon. For, under the natural law of competition, a master must give the fullest wage compatible with average profits, otherwise another master would quickly offer that wage. On the other hand, a master cannot pay his men more than the market value of labour, otherwise he would at once be undersold. Combinations of labour against capital would seem to be only warranted when there is suspected to exist a combination of masters against the labourers. But this can hardly ever happen now-a-days, for the tendency of modern times is that capital should compete for labour much more keenly than labour competes for employment.

To conclude, what seems needed for a revival of trade is that labour should allow to capital a somewhat larger share in the division of the production. Capital will then be encouraged to embark itself boldly in industrial enterprise, and the consequence will be that the working class will receive a constantly increasing share in a constantly increasing product. All that is required to ensure the prosperity of the industrial classes is that capital should be plentiful and be plentifully employed. Bastiat's golden maxim should be written up in the council room of every trades union. There would be an end to trade disputes if its grand and simple truth were fully comprehended. "In proportion to the increase of capital, the absolute share, of the total product, falling to the capitalist is augmented, although his relative share is diminished; while, on the other hand, the share falling to the working man is increased both absolutely and relatively."

ANTWERP.

REPORT BY CONSUL GENERAL GRATAN.

In order to form an opinion respecting the present condition of Belgian trade and industry, it will be necessary to revert briefly to a few points connected with the commercial history of the past few years.

In the year 1880, M. E. De Laveleye, the eminent Professor of Political Economy at the University of Liège, in a lecture delivered on the subject of the approaching meeting for the discussion of the monetary question in Paris, was understood to express an opinion that Belgium was at that time passing through a crisis. The crisis could hardly be said to be a financial one, money being sufficiently abundant, but the industry of the country was stated to be labouring under a serious depression, which had re-acted upon the commercial interests.

From this period may perhaps be dated the still existing crisis, inasmuch as complaints respecting the unsatisfactory condition of trade in general have been unceasing since that time.

The Franco-German War, 1870-71, exercised a great influence upon the development of trade and navigation in Belgium.

It cannot be doubted that the neutral position occupied by this country and Holland during the war in question diverted to their ports (especially to Antwerp) a large portion of the shipping which would otherwise have found its way to French and German ports.

Antwerp, although unprepared for the sudden influx of shipping and goods which then took place, became at once one of the principal entrepôts for Central and Northern Europe, and the origin of the ambitious maritime projects to which this unexpected turn of fortune gave rise, and which have since been in part so brilliantly realised, dates from that epoch.

The new openings of which the mercantile community so energetically availed themselves have greatly enlarged the sphere of their operations. But the period of exceptional commercial prosperity arising out of the Franco-German war, to which allusion has just been made, was not destined to be of long duration.

A period of depression intervened dating from about 1875, followed again by a temporary revival about the years 1878-79.

In the reports of the period last named are to be found statements, such as the following, in which reference is made to the commercial and financial depression, which seemed to have arisen in the United States, under which business in general had for some time languished.

"This unsatisfactory condition of affairs has led to much comment, and by many the depressed condition of both commerce and industry has been attributed to excessive competition, combined with over-production. As regards the leading branches of the import trade it may be observed that new sources of supply have been daily springing up. For instance, the grain market—that unfailing barometer of commerce, the variations of which affect more or less every other branch of trade—in addition to the large supplies habitually furnished by the Black Sea and the Baltic, has been inundated, one may say, with the produce of various other parts of the world; the consequence must be a fall in prices and a competition against which Western Europe will be almost powerless to contend. Hence arises the depreciation of all agricultural produce as well as of landed property in general, a depreciation perhaps less apparent in Belgium than it has been elsewhere, but which is nevertheless an appreciable fact.

"Rents have fallen, and the interest on capital invested in land has diminished."

These remarks apply with equal force to the present situation of things, and in order to convey an idea of the opinion prevailing amongst a large class of persons engaged in commercial and industrial pursuits in this country, it may be interesting to transcribe the following passage derived from the recently published report of the "Société commerciale, industrielle et maritime" of Antwerp, in which the uneasiness (*malaise*) which has affected business circles for the last few years is thus characterised:

"This state of things may be attributed to the economical changes which have been in progress around us for several years past. This revolution has been brought about mainly by the displacement of public wealth and by the facilities of inter-communication, and has led to a diminution in the productive value of capital, whilst labour has for many years past been gradually becoming more and more remunerative.

"The successive conversions of the Public Debt in the United States, in France, in Great Britain, in Belgium, in Austria-Hungary, and in Germany, prove that the interest on invested capital has diminished; the profits on industrial undertakings have also fallen off.

"During the period extending from 1877 to 1880, France, Germany, Austria-Hungary, and Italy allowed their old commercial treaties to drop, at the same time, thanks to what may be called 'State socialism,' frequent loans, bounties on shipping, &c., an artificial stimulus has been imparted to trade, the result of which has been that a state of uneasiness has been developed into a crisis."

The report dwells further upon various points tending to elucidate, from a rather advanced point of view, the present situation of trade, such as the effects of protection, the struggle between large and small manufacturers, the increase of production, the improved means of transport, the causes which have led to the reduction in freights, &c., which it may not be necessary to dwell upon in detail.

The society having been obliging enough to promise me written replies to some of the leading questions specified in the printed list transmitted to me by your Excellency, the wishes of the Royal Commission will, I think, be best attained by my incorporating in the present report the answers which I hope to receive from the society and from other sources of information.

Meanwhile some reference to the official trade returns of Belgium for 1884, recently published by the Minister of Finance, may not be out of place.

There was an increase in the aggregate results of trade during the year 1884 over those of the preceding twelve-month.

The combined imports and exports reached five milliards 450 millions 200 thousand francs (218,008,000*l.*) in value, an increase of one per cent. over 1883, whereas the special commerce (meaning by that term foreign goods imported for consumption in Belgium and Belgian produce exported abroad) was 5 per cent. less in 1884.

The imports showed a diminution of one per cent. in comparison with those of 1883, while the exports, consisting of both Belgian and foreign goods, showed an increase of 3 per cent. over those of the previous year.

"These results," says the report, "appear to be more satisfactory than those which have been recorded in

* Many farms in Belgium, even in the best situated localities, are now unlet. The proprietors having tried, without success, to farm their own land, find it more advantageous to leave it altogether uncultivated for the present.

England and France. Both the imports and exports were lower in France and England during the past year."

The total value of foreign merchandize consumed in this country was 8 per cent. less, and that of Belgian products less by 5 millions of francs (200,000*l.*), in 1884 than in 1883.

A comparison of the total united imports and exports between the present time and 10 years ago shows an increase of 20 per cent. during that period.

The imports into Belgium in 1884, classed in the order of their importance, were as follows:

Grain.
Textile products.
Raw hides.
Cattle.
Oil seeds.
Resin and bituminous substances.
Timber.
Chemical products.
Minerals.
Coffee.
Flour, bran, &c.
Wines, &c.

The chief Belgian products exported, ranged in the order of their values, were—

Raw textile products.
Grain.
Stone, hewn and sawn.
Flax yarn.
Coals.
Tools and machinery.
Woollen yarn.
Hides.
Glass.
Zinc and other metals.

The participation of European countries in the trade of Belgium during the past year amounted to 82.6 per cent., whereas the business transacted with countries out of Europe represented 17.4 per cent. of the whole.

This large preponderance of European trade is diminishing, it would appear, every year, whilst that with countries out of Europe is, according to the following table, on the increase.

Years.	European Countries.	Countries out of Europe.	Years.	European Countries.	Countries out of Europe.
	per cent.	per cent.		per cent.	per cent.
1875	89.4	10.6	1880	83.7	16.3
1876	87.6	12.4	1881	83.9	16.1
1877	86.7	13.3	1882	83.9	16.1
1878	84.8	15.2	1883	83.4	16.6
1879	83.9	16.1	1884	82.6	17.4

The diminution, as respects the European trade, is by many attributed to the protectionist policy now prevalent in so many parts of Europe, and the remedy, according, I think, to the opinion of the chief industrial centres in Belgium, would consist in the abolition of all duties upon raw materials, especially timber for building purposes, and cotton and woollen yarns, so as to enable goods to be cheaply manufactured and sold cheap.

As regards the trade of Belgium with the United Kingdom, the value of the imports into Belgium amounted during the year 1884 to 184,900,000 francs=(7,396,000*l.*), and that of Belgian goods exported to the United Kingdom amounted to 252,100,000 francs=(10,084,000*l.*).

The exports exceeded the imports by 67,200,000 francs=(2,688,000*l.*), or 36 per cent.

The imports from Great Britain diminished to the extent of 13,000,000, equivalent to 7 per cent., in comparison with the year 1883.

The following goods showed an increase:—

Raw textile materials (silks).
Bread stuffs (flour, bran, bread, biscuits, &c.).
Fish.
Flax and cotton yarns.

A falling off, on the other hand, was noticeable in the following, viz.:—

Chemical products.
Metals (cast iron, copper, &c.).
Machinery and tools.
Raw sugars.
Ships and boats.
Woollen fabrics.

The exports to the United Kingdom showed a falling off to the extent of 21,000,000 (or 8 per cent.) in comparison with 1883.

An increase was noticed in the following, viz.:—

Raw textile products (flax and silk).
Alimentary products (meat).
Zinc (unmanufactured).
Rags.
Drugs.
Paper.
Vegetables.
Hops.
Machinery and tools.
Fabrics of flax, hemp, and jute,

but a decrease as regards the following products:—

Raw and refined sugars.
Glass.
Cotton and woollen fabrics.
Woollen yarn.
Cattle and hides.
Vegetables, butter, flour, fruit, &c.
Manufactured tobacco.

Thus it appears that the trade with the United Kingdom, both as to imports and exports, showed a falling off during the year 1884 as compared with the previous year. The data are as yet wanting to establish the results of the trade between the two countries during the year 1885.

As regards navigation, the increase of British shipping in Belgian ports for many years past has been marked and rapid.

In order to show what this progress has been, I beg to subjoin the following tabular statement instituting a comparison between the returns of the Port of Antwerp for the years 1863 and 1883.

1863.				
Vessels entered.	Tons.	Average Tonnage.	Proportion of British Tonnage.	
Total -	2,553	600,353	238.68	per cent.
British -	919	236,758	258.18	.39.8
1883.				
Total -	4,362	3,788,095	868.43	
British -	2,408	2,176,501	903.90	57.4

The tonnage of British ships at this port has therefore increased more than nine fold in 20 years; but the augmented amount of shipping does not necessarily show an increase in profits to the shipowner.

The complaints as to low freights and small returns are heard almost everywhere, and it may be said, in regard to nearly every branch of trade, that business is abundant, but that profits have been reduced.

As the price of labour in this country has, as a rule, increased rather than diminished, it is to be inferred that the losses arising out of the depressed state of industry and commerce have fallen mainly upon capital, and not upon the working classes.

I now beg to offer the information I have collected in reply to the questions forwarded to me by your Excellency.

ANSWERS TO QUESTIONS.

I.

The list of articles which constitute the trade carried on between the United Kingdom and Belgium is varied and numerous. Amongst the imports from the United Kingdom the following may be particularly specified:—

Machinery and tools.
Agricultural implements.
Fabrics of cotton, wool, and flax.
Cotton.
Wool.
Grain.
Palm oil.
Cutlery.
Rock salt.
Coffee,

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Flour.
Chemical products.
Rice.
Hides.
Pottery.
Iron and steel.
Coals.
Fish.
Cotton, woollen, and flax yarn.

Amongst the leading exports from Belgium are the following:—

Glass, window, plate, &c.
Machinery.
Manufactures of iron and steel.
Metals.
Wool, flax.
Woollen and cotton yarn.
Fabrics of wool, cotton, and flax.
Manures.
Eggs.
Rabbits.
Fruit, garden produce, &c.
Firearms.
Coals.
Grease.
Paper.
Hides.
Dyes and colours.

II.

In my introductory remarks I have referred to the returns of trade for the years 1883-84. With a view to comparison I beg to subjoin the aggregate results of the trade between the two countries during the year 1871, as set forth in the report of the Minister of Finance for that year.

The value of imports from the United Kingdom into Belgium amounted to 252.9 millions of francs (about 10,120,000*l.*); the value of Belgian products exported to the United Kingdom during the same period being 193.5 millions of francs (about 7,740,000*l.*).

The totals for the year 1884 having been respectively, imports 184.9 millions of francs (about 7,396,000*l.*), and exports 252.1 millions of francs (about 10,084,000*l.*), it will be seen that a falling off has taken place in the value of British goods imported, although the value of Belgian produce exported to the United Kingdom has increased.

This diminished return of imports need not excite surprise, as the official reports referred to indicate values only, and prices having considerably fallen, there is no reason to doubt that the branch of trade in question has really increased, as is it believed, in point of volume or quantity.

It is probable, however, that the consumption of English manufactured goods has decreased in consequence of the improvement which has taken place of late years in the native fabrics.

This matter is further referred to in reply to Question XIII.

III.

The following is the reply with which I have been favoured by the "Société commerciale, industrielle, et maritime" on this point:

"The trade of Belgium has considerably increased during the last 20 years, as well with the United Kingdom as with other countries; its progress has been uninterrupted, but profits have been sensibly reduced for some time past.

"After the war of 1870, production increased in an extraordinary degree. It became necessary to realise outstanding stocks, and the competition which ensued led to a considerable diminution in profits. It may, however, be remarked that in 1879 prices were higher than they are now, and yet at that time manufacturers were selling at a loss, while at the present time, in consequence of the improvements brought to bear upon machinery and processes of manufacture generally, a small profit is generally realised. This ameliorated situation is evidently due to the relative liberty of trade enjoyed by Belgium, which compels manufacturers in this country to keep themselves up to the level of the most recent improvements.

"It must also be observed that previous to 1880-81 Europe had suffered from a succession of bad harvests, whereas in the United States the harvests were abundant. The Americans then hastened to complete their railway communications with the Far West, which caused a demand for material and a new market for metallurgical products.

"It cannot be denied that we are passing through a crisis brought about mainly by a reaction noticeable since

1878, and which led on the one hand to an increase of production, and on the other to a temporary increase in the price of manufactured goods; whence arose a falling off in consumption in consequence of enhanced prices.

"The proper course under the circumstances would have been to have improved the condition of the lower classes, and thus have increased consumption, instead of which new workshops were constructed, a larger amount of goods was turned out, and consumption was relatively diminished.

"To countries which have pursued this reactionary policy the future prospect is very gloomy, for they will be unable to compete in neutral markets. Those countries only in which free trade principles have been adopted will be able to dispose of their surplus stocks."

As regards British trade in particular, it may be considered as being in all its branches "depressed," notwithstanding the actual amount of business transacted and the great increase of British shipping during the last few years.

An interesting remark on this subject reaches me from Verviers:—

"Notwithstanding the unfavourable condition of trade," says the Chamber of Commerce of that important manufacturing and agricultural district, "business in woollen yarns—the leading article of commerce between us and England—has been steadily increasing, and the cause of this constant progression is this: The amount of production has been developed in consequence of the improvements in machinery and in the general conditions of labour. Competition has become keener, and prices have been reduced to their lowest point. This observation applies also to most other branches of industry. The return on capital is less than it was formerly."

IV.

A period of depression was entered, as far as it is possible to establish a date, in about the year 1875. It became more intense towards the year 1880, and, I think, from accounts generally received, it has now reached about its lowest point.

Its most prominent symptoms seem to be a general feeling of uneasiness and discouragement. Profits, in consequence of the pressure of competition, do not correspond with the business done.

A valuable communication, which throws a certain light upon this subject generally, is furnished to me from Hainaut with reference to some of the leading industries of that province.

The following tabular statement specifies the fluctuations of the coal market during the last 10 years:—

Years.	Produce in tons.	Value of Produce.	Total Expenses.	Total Profits.
		Francs.	Francs.	Francs.
1875	-	10,368,175	173,281,035	163,133,168
1876	-	10,486,600	145,170,404	141,747,770
1877	-	10,259,374	115,271,929	114,475,104
1878	-	11,003,423	111,841,182	110,996,182
1879	-	11,448,531	109,208,091	108,564,507
1880	-	12,548,507	127,363,540	124,504,640
1881	-	12,554,506	122,952,801	123,234,414
1882	-	13,131,342	132,798,005	128,130,785
1883	-	13,497,113	138,503,575	134,633,675
1884	-	13,510,996	129,626,938	124,895,448

EXPORTS AND IMPORTS OF COAL AND COKE.

EXPORTS IN TONS.

Coal.				
Countries to which exported.	18	1884.	Increase.	Decrease.
France	-	4,144,418	4,331,210	156,792
Netherlands	-	119,199	120,033	834
Other countries	-	168,353	157,360	10,993
Coke.				
France	-	874,538	772,926	101,612
Grand Duchy of Luxembourg.	-	117,170	73,051	44,119
Other countries	-	4,934	3,529	1,404

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It is well known that Belgium, being one of the countries which had retained the double standard, both of gold and silver, until the silver coinage was stopped in consequence of an understanding between the parties to the monetary convention of Paris (1865), is much interested in this question.

VI.

"All trades and industries," says the "Société commerciale," "are so closely bound together that the general condition of commerce reacts upon all its branches." A confirmation of the foregoing opinion has reached me from other sources.

It may, however, be observed that the cotton trade (at Ghent mainly), the sugar-refining interest, the silk trade, and the diamond trade (at Antwerp) have been particularly affected. A protracted strike at Ghent has only very recently been settled by a compromise between the mill-owners and the operatives.

It may be remarked also, in this connexion, that iron has been more affected than steel, as new, cheap processes are tending to increase the employment of steel in preference to iron.

Window-glass also is more affected than plate-glass, owing to important improvements made in the manufacture of the latter.

VII.

I should say that generally the different trades and industries have been uniformly affected in point of time and in point of intensity.

Manufactured goods have been, as a rule, perhaps more liable to fluctuations, owing to the uncertainty of sales and to the speculative character of the export trade with distant countries.

VIII.

Opinions respecting the question as to whether the demand for capital has increased or diminished during the last 20 years, are somewhat conflicting. I am inclined to think that neither the demand for, nor the supply of, capital has materially increased of late years.

The general opinion is that the return on capital is decidedly below the average of the last 20 years.

It is to be remarked of Antwerp—by far the most important commercial town in the kingdom—that although business during the last few years, and especially during the last three years, has been less remunerative, the stability of the mercantile community in general has not been seriously affected. It may probably be estimated that the profits on commercial business have undergone on the average a diminution of about 2 per cent. during the last few years, yet the prosperity of this commercial centre has not hitherto been shaken. Various circumstances have brought about the retirement or liquidation within that period of four very important commercial houses, leading to the withdrawal of a large amount of capital, but this circumstance, although unfavourable, need not cause any serious discouragement. A matter which, however, might endanger the future development of trade in this country lies in another direction—the reactionary protective policy of France and Germany. Should this policy continue to prevail it cannot but seriously affect the export trade and the prospects of the Belgian manufacturers.

IX. and X.

The opinion of the "Société commerciale" on the subject of wages is as follows:—"We think we may say that wages, which for some years past have been gradually on the increase, have undergone a slight diminution during the last two years. On the other hand, the price of food and clothing for the working classes has become considerably cheaper."

The following are the rates prevailing in the principal trades:

WAGES IN ANTWERP.

Nations.—This is a term applied to certain corporations or associations of workmen whose business is the loading and unloading of ships, cartage, and the storage of goods, &c. Of these there are about 40, and the workmen employed number about 25,000. All these workmen are employed by the day, and their wages during the last 15 or 20 years have considerably increased.

The hours of work are longer in summer than in winter, but the wages are the same at all seasons of the year.

Women have been lately employed for cleaning and salting hides, &c. They earn from 1 fr. 70 c. to 1 fr. 80 c. per day.

IMPORTS IN TONS.

Whence derived.	Coal.		Coke.	
	1883.	1884.	1883.	1884.
From England	297,781	298,284	—	—
" France	114,428	78,548	10,622	10,984
" Netherlands	373,099	406,227	—	—
" Germany	472,220	438,578	27,375	19,343
" Other countries.	262	39	256	2,571
Totals	1,257,790	1,221,676	38,453	32,898

IRON INDUSTRY.

Years.	Number of Blast Furnaces at work.	Cast Iron produced.	Value of Cast Iron produced.
		Tons.	Francs.
1880	-	20	347,885
1881	-	19	356,954
1882	-	20	402,138
1883	-	19	424,873
1884	-	18	394,300

GENERAL MANUFACTURES OF IRON.

Years.	Produce in tons.	Value in francs.
1882	-	343,757
1883	-	326,316
1884	-	314,379

From which it will be seen, especially as respects the coal trade, the most important industry in the province, that the amount produced, while greater than it was 10 years ago, has diminished in value by over one half. This state of things may be attributed mainly to the competition of German coal, which is sold in Belgium at an extremely low price.

V.

I should say that the depression has been in a great measure uniform. A slight improvement is looked forward to in certain branches, but it does not appear that any immediate change is likely to occur generally. The prospects of trade, on the contrary, are considered far from encouraging. According to certain authorities, who attribute much of the existing depression in trade to the monetary question, the situation of affairs in Belgium has been partly caused by the crisis which occurred in Paris in 1881. Some reference to a communication derived from a competent source on this subject, and which seems to foreshadow a solution of some of the questions which exercise at the present time so disturbing an effect on commerce and industry, may not be considered irrelevant to the present inquiry. "The crisis in Paris," says the writer, "exercised a great influence on Belgian capital, which at all times has taken an important share in French enterprises, and there is no doubt that both in France and in this country we are still suffering from the consequences of this event. The Parisian crisis was quickly followed by a very sharp fall of American railroad shares, and it is well known that farmers in the United States who lost money on stocks were compelled to realise their wheat earlier than usual, thus leading to a fall in prices. The increased production of wool, wheat, and coffee, helped this downward tendency, added to which the elevation of their Customs tariffs introduced by France and Germany have all tended to produce the widespread depression now existing. As to the future, I think that the ill-effect of these disturbing causes will give place to a period of calm, and gradually bring about an improved condition of commerce and industry.

"I am afraid only of one most important point which may check or delay the return of prosperity, and that is the depreciation of silver."

APPENDIX D.
Belgium.

Certain kinds of work, such as storing grain, is done by the job, especially since hydraulic lifts have been introduced, by which means 80 kilogrammes of grain may be raised to upper floors of the warehouses in a few seconds. Under the old system workmen were compelled to carry these heavy weights up ladders, and for this fatiguing work they received from 8 to 10 centimes per sack, which amounted to from 15 to 20 francs a week.

By means of the lifts a considerable saving of labour is effected. The workman receives 5 to 6 centimes per sack, and can earn from 5 to 6 francs for 10 hours' work.

If their former wages, say, in 1865, are compared with those now prevalent, the increase may be estimated at from 30 to 35 per cent.

Shipwrights, Stonecutters, and other Labourers.

The ordinary wages for work done under contract for the town is, on the average, 35 centimes (3½d.) per hour.

Stonecutters, carpenters, and a few others receive 35 centimes for ordinary work, 28 centimes for unskilled, and 45 centimes for skilled labour.

Sugar Refineries.—This branch of industry has been depressed for many years past in consequence of protective duties imposed in other countries. Some of the principal refineries have been closed, others have removed to the Dutch frontier.

About 20 establishments, employing from 700 to 800 operatives, are working short hours.

The wages from 1865 to 1870 were 2 francs per day, whereas in 1885 they had risen to 3 francs per day.

Printing and Lithographic Establishments.

This trade has made considerable progress during the last few years. Work is sometimes done under a special agreement between the employer and workmen, who number about 1,000 in the town of Antwerp. Wages, which averaged, 15 years ago, 2 to 3 francs a day, have risen, I understand, to from 4 to 6 francs per diem.

Diamond Trade.—This trade has been declining rapidly since about 1880, owing, it is said, to the unsettled state of affairs in the East.

During the most flourishing period from 1870 to 1880 polishers earned from 100 to 150 francs a week, and in some cases as much as 500 or 1,000 francs per week.

Wages have since considerably decreased in consequence of the depressed state of the trade.

Blacksmiths, Locksmiths, &c.—In 1870 these trades worked 12 hours a day at the rate of 2.50 francs per day or 15 francs a week. At present the work is generally done by the hour or by the piece. Under the present system the working hours are reduced to 10 or 11, and the weekly wages have increased by about 25 to 30 per cent.

Marble Cutters.—The same remark may be made as to this class of workmen. Before 1870 the current wages were 22 centimes per hour for 12 hours' work.

Working hours are now reduced to 11, and the wages are from 33 centimes to 35 centimes an hour, according to capacity.

Jewellery.—This branch of business has increased, notwithstanding the competition of Paris and Germany, both of which produce *articles doubles*, as they are termed, in other words cheap jewellery, in which only a slight coating of gold is employed.

Formerly these workmen earned from 3 to 3.50 francs per day, but at present their wages average from 4 to 4.50 francs, in many cases even 5 to 6 francs, and under exceptional circumstances as much as from 8 to 9 francs per day.

Masons, Carpenters, Plumbers, Painters, Glaziers, &c. are paid according to ability and skill, about from 25 centimes to 50 centimes an hour. A custom is gaining ground which consists in workmen combining together to execute a job or contract. As their wages in this case are paid fortnightly, it is difficult to say exactly what they receive by the hour or day.

Cigar Trade.—The rate of wages paid to these workmen is above the average of the last 20 years, for whereas at the last-named period the wages did not exceed from 8 to 15 francs per 1,000, the progressive increase of late years has brought them up to a good average of from 15 to 20 francs a day. Employers are compelled to pay 13, 14, 15, and 16 francs per 1,000 for the qualities for which, in December 1884, 12, 13, 14, and 15 francs per 1,000 were paid—a notable increase in less than one year.

There are no trades unions recognised by law in Belgium or framed as the trades unions are in England, yet protective associations formed of operatives in certain trades exist, and have, in some cases, acquired a considerable influence.

The cigar trade, amongst others, possesses a union of this kind, called in the Flemish language *bund*. This

bund has exerted so strong a pressure upon the master that the apprentices, who were formerly invariably employed in the cigar trade as assistants, are now, it appears, almost entirely excluded, and the highest rates of wages are insisted upon.

One of the leading manufacturers states that the condition of the workmen is but little improved by the increase in their wages.

The week's work consists nominally of 60 hours, *i.e.*, 5 days of 12 hours each, but little work is done on Mondays, and not over one third of the men in his employ do a regular week's work.

WAGES IN GHENT.

The principal industries of Ghent consist in spinning and weaving. The improvements in machinery have led to a considerable increase of production, and to an improvement in the methods of manufacture.

The wages of the cotton, flax, and hemp spinners are unaltered. The wages of the weavers have diminished in consequence of competition on the part of those who work at home or in recently established workshops in the country, as also by the pressure occasioned by competition with foreign products.

The ordinary scale of wages is as follows:—

Spinners from 20 to 25 francs, sometimes even 30 francs per week.

Assistants from 5 to 12 francs per week.

Weavers from 10 to 18 francs per week.

Various skilled workmen from 28 to 40 centimes per hour.

Carpenters, masons, &c. from 25 to 32 centimes per hour.

Labourers, gardeners, &c. from 20 to 30 centimes per hour.

The day's work consists of 11 hours.

As a rule the wages of skilled workmen have rather increased; there is a tendency to remunerate work more in proportion to the quantity and quality produced.

The wages of bleachers and dyers remain about the same.

WAGES IN MONS.

The average yearly wages of miners employed in the Hainaut collieries have been as follows during the past 10 years:—

	Francs.	£	s.	d.
In 1875	1,079.00	43	3	3
" 1876	1,035.00	41	8	0
" 1877	833.00	33	6	5
" 1878	836.00	33	8	10
" 1879	805.00	32	4	0
" 1880	917.00	36	13	8
" 1881	926.00	37	0	10
" 1882	960.00	38	8	0
" 1883	1,007.00	40	5	8
" 1884	911.00	36	8	10

Plate Glass Factories.—Average wages 40 centimes (4d.) per hour.

Window Glass Factories.—A very skilful glass blower may earn from 1,000 to 1,200 francs (40*l.* to 48*l.*) per month; an average glass blower from 400 to 500 (16*l.* to 20*l.*) francs per month; a cutter about 150 francs (6*l.*) per month; and a packer from 4 to 5 francs (3*s.* 2½*d.* to 4*s.*) a day.

WAGES AT SERAING.

The following information relates to the important establishment of the Cockerill Company at Seraing (Province of Liège):—

Wages are at present from 8 to 10 per cent. lower than the average of the last 20 years in respect of workmen employed, under cover and with the aid of machinery, in forging, boiler-making, turning, adjusting, &c.

This reduction of wages is accounted for by the far better accommodation provided for the workmen, improved tools, &c., which enable a mechanic to produce better work than formerly in the same space of time.

As regards unskilled labourers, such as smelters and workmen employed in the manufacture of iron and steel, the causes above mentioned have weighed still more heavily upon them. The wages of this class of operatives have been reduced in comparison with the average of the last 20 years by about 15 per cent.

Wages of common labourers, miners, &c. have undergone a diminution of about 10 per cent., and the amount of work produced at this rate of wages has been considerably increased. The quality of the work turned out is necessarily the best, in consequence of the pressure of competition.

The scale of wages of the different descriptions of workmen for 10 hours' work for miners and 12 for all others (less 1½ hours allowed for meals) is as follows:—

	Francs.	s.	d.
Miners	3.50	2	10
Moulders	3.80	3	0½
Puddlers	4.50	3	8
Hammerers	5.80	4	8
Flatters	5.50	4	5
Steel smelters	4.80	3	10
Blacksmiths	4.00	3	2½
Turners	4.40	3	6½
Borers	4.00	3	2½
Lime burners	3.50	2	10

WAGES AT VERRIERS.

The rate of wages in the woollen factories has rather diminished during the last few years, and, moreover, unfortunately for the operatives, work has been more frequently interrupted. The hours of labour have been also reduced, the day's work at the mills being about 11 hours, and the average wages about 30 centimes (3d.) an hour.

The ordinary rates of wages for skilled workmen have undergone a diminution of from 10 to 15 per cent. and for miners, masons, and stonecutters from 8 to 10 per cent.

FISHERIES.

In the fisheries the assistants are paid by a share in the profits. In the best Antwerp fishing boats the crew consists of the master, eight seamen, and three boys—12 in all. Eight per cent. is deducted, in the first instance, to cover expenses, and the remainder is then divided into 192 parts, of which—

	parts.
The master receives	14
Each of the eight seamen, 12 =	96
The three boys together	10
And the owner	72
	192

This industry, as far as the port of Antwerp is concerned, is rapidly declining.

Reviewing, as a whole, the labour market of Belgium, it may be said that wages in the large establishments and factories have been of late reduced, whereas they have been maintained in the various trades in towns, as well as in the rural districts.

At Antwerp the situation of the working classes is undoubtedly favourable. There is, as it were, no pauperism. The great drawback to a state of remarkable prosperity is the propensity to drink so general amongst the working population.

XI.

I am not aware of any special impediments to the extension of trade between Great Britain and Belgium, although a revision of the Belgian Customs tariff and a reduction of the duties now levied upon British manufactured goods would, no doubt, tend to promote commercial intercourse between the two countries. These duties amount on the average to about 10 per cent. *ad valorem*.

The adoption of a more liberal tariff would certainly coincide with the recorded opinions of the majority of the former official chambers of commerce, some of which went so far as to advocate the entire abolition of Customs duties; and the continuance of the present voluminous and complicated tariff has probably been mainly due to fiscal considerations and to the difficulty which would attend the substitution of direct in lieu of indirect taxation to compensate for a diminished receipt from Customs. But instead of reform in this direction, the present critical condition of trade, industry, and agriculture seems rather to point to an opposite policy, in proof of which it may be observed that a Bill has recently been introduced in the Chamber of Representatives at Brussels by M. Dumont, Member for Nivelles, for the purpose of imposing a Customs duty upon the importation into Belgium of cattle and meat.

The scale of duties, as proposed, is as follows:—

	Francs.
Oxen	30.00 per head.
Cows and bulls	12.00 "
Steers and heifers	6.00 "
Calves	3.00 "
Sheep	2.50 "
Lambs	1.00 "
Pigs	6.00 "

	Francs.
Sucking Pigs	1.00 per head.
Meat, fresh and salted	6.00 per 100 kilogrammes.
Do: smoked or dried	8.00 "

The Bill is to be taken into consideration by the Committee of the House (*section*), to which it has been referred, on the 20th instant. In the meantime it is being vehemently discussed in the country generally, and an association has been formed, irrespective of party, under the designation of "*Ligue Nationale pour la Liberté Commerciale*," for the purpose of combating the measure.

XII.

The gradual progress made by native manufacture in most branches of industry, some of which had hitherto been supplied principally by England, is a fact of considerable importance in connexion with this inquiry.

The progress referred to applies especially to certain kinds of machinery and iron manufactures, as also to manufactures of wool and yarn, certain descriptions of which are now in a position to compete with British products in our own markets. The frequent strikes which have occurred of late years in Great Britain have been the means of encouraging foreign competition; quite independently of this, however, the progress of continental commerce and industry tends to displace ours in the Belgian as well as in other markets.

British manufactures, however, still maintain their supremacy in some particular branches, such as woollen fabrics, cutlery, agricultural implements, sanitary engineering products, paper, and various qualities of hardware and pottery, all of which command a higher price than the corresponding Belgian products.

Should it appear, however, that the trade in British commodities shows a tendency to decline, it is satisfactory to note that a direct trade has been springing up of late between Belgium and various British colonies.

So marked has been this movement that some of the principal steamship companies have found it to their interest to send their large ocean steamers to Antwerp to compete for Belgian and other continental produce for export, chiefly to the East.

The regular intercourse between the United Kingdom and Belgium is carried on by different lines of steamers, embracing at least 52 departures a week, thus distributed:—

boats from	to
6 boats from Harwich	to Antwerp.
3 " London	" "
2 " Liverpool	" "
1 " Goole	" "
1 " Leith	" "
1 " Glasgow	" "
2 " Grimsby	" "
1 " Newcastle	" "
1 " Bristol	" "
1 " Dublin	" "
2 " Hull	" "
4 " Goole	" Ghent.
1 " Leith	" "
3 " London	" "
1 " Liverpool	" "
1 " Newcastle	" "
2 " Hull	" "
1 " London	" Bruges.
14 " Dover	" Ostend.
2 " London	" "
2 " "	" Brussels.
52	

XIII.

With the exception of the establishments of the Imperial Gas Company and of the Antwerp Waterworks Company, and a certain number of agencies of English Fire and Marine Insurance Companies, I do not think that much British capital has been employed lately in industrial undertakings in Belgium.

In former years, Mr. John Cockerill, Mr. Wilson, Mr. William Wood, and Mr. Wilford, who were all British subjects, laid the foundation of some of the most important manufacturing establishments in Belgium, at Seraing, Brussels, Antwerp, and Tamise respectively.

These various establishments, which have contributed much to the development of industry in this country, are

* An unsuccessful attempt was made last summer to introduce a Bill in the same sense, but including an import duty upon wheat.

still carried on under the management of the descendants or of the successors of these remarkable men.

XIV.

Taking Antwerp as an example, it may be stated that the increase of local taxation has not been such as to have exerted any considerable influence upon the commercial and industrial depression at present existing.

The increase in the municipal taxes in this city has amounted to about 600,000 francs annually, distributed over a population of 200,000 inhabitants. It has chiefly fallen upon real estate.

The addition on a house of a letting value of 1,000 francs has been from 8 to 10 francs a year. The tax on licenses and on dogs has been increased. As respects indirect taxation, the duty on coffee, tobacco, and spirituous liquors has been augmented.

XV.

No bounties are given by the State, but a drawback equal to the Excise duty is allowed upon the exportation of certain products, such as beer, spirituous liquors, and sugar.

Certain lines of steamers, as an equivalent for the service they render in carrying Belgian mails, are granted the privilege of a return of pilotage and light dues, under what are termed mail contracts.

Special railway tariffs are in some cases conceded to particular lines engaged in regular traffic. These concessions are generally made in cases where there is much competition between rival railway companies. They can hardly be considered in the light of State aid.

XVI.

There is a Commercial museum in Brussels and one at Antwerp. The former is under Government control, the latter is connected with the "Institut supérieur de Commerce" of Antwerp, and was established mainly for educational purposes. Both collections are interesting, and they are accessible to the public.

Importance is attached to these institutions, and the interest excited by the collection of samples, drawings, prices current, maps, albums, monographs, &c. which formed part of Class 81 (9th Group) at the Antwerp Exhibition last year has given rise to the project of establishing an additional museum at Antwerp, under the immediate direction of the municipal authorities, with a view of affording further facilities, not only to manufacturers in the country who might wish to extend their knowledge of foreign products, but also to such foreigners as might be interested in Belgian industry and might desire to acquire an insight into the resources of the country.

The preliminary arrangements connected with the establishment of this museum have been entrusted to a committee of the Royal Geographical Society of Antwerp.

Certain financial institutions, such as the "Société Générale pour favoriser l'Industrie Nationale," the "Banque de Belgique," the "Banque de Bruxelles," the "Banque Belge du Commerce et de l'Industrie," contribute essentially to the promotion of trade and industry.

The most important of these establishments, the "Société Générale," is a "société anonyme" (joint stock company, limited). It was chartered by Arrêté Royal, dated August 28th, 1822, with a capital of 30 millions of francs. It has its seat at Brussels, with branches at Antwerp, Liège, Ghent, Mons, Bruges, Namur, Tournai, Louvain, Hasselt, Charleroi, and Paris. The society, besides the transactions of discounting and other ordinary banking business, assists industrial and commercial societies by taking a certain number of their shares or bonds. The balance sheet of the society for 1883 showed that they held at that time over 100 millions' worth of stocks of various trading or manufacturing companies.

The "Banque de Belgique" founded in 1835 with a capital of 30 millions, the "Banque de Bruxelles" with a capital of 50 millions, and the "Banque Belge du Commerce et de l'Industrie" founded in 1872 with a capital of 60 millions, since reduced to 20 millions, are all "sociétés anonymes," joint stock companies with limited liability, and make advances to industrial undertakings.

Chambers of commerce and other commercial and industrial associations are established in all the principal towns of Belgium.

XVII.

Goods such as wheat, tobacco, cotton, coffee, and petroleum are generally imported in the wholesale trade against drafts at two or three months' date, the acceptance of drafts being given upon the receipt of the document.

In the wool, hide, and tallow trade the importers generally give their own acceptances, while in regard to other merchandise credits on bankers are more usual.

Cash payments are usual in the sugar and rice trades. In the retail trade two or three months' credit is generally given. In some districts, in consequence of bad times, renewals and facilities are granted for periods ranging from four to six months.

XVIII.

The regulations concerning trade marks are contained in the Belgian law of April 1st, 1879, in the International agreement signed in Paris on March 20th, 1883, and in the subsequent Belgian law of July 5th, 1884.

This question has been so fully answered in the report from the Vice-Consulate at Brussels that it may, not be necessary to enter into any further details in regard to it here.

As far as I am able to ascertain, the regulations in force have proved in every respect effective.

It would be ungracious to conclude without offering my acknowledgments to the "Société commerciale, industrielle, et maritime" of Antwerp; the Chamber of Commerce of Verviers; M. Albert Du Bois, Vice-Consul of Spain at Mons; M. Max Suremont, Vice-President of the *Conseil des Prudhommes* at Antwerp; Baron Sadoine, Director-in-Chief of the Cockerill establishments at Seraing; Mr. John P. Best, Mr. Albert Mayer, Mr. J. W. Hunter, Consul-General of the Dominican Republic at Antwerp, and other gentlemen, to whom I am indebted for valuable aid most obligingly afforded to me in the prosecution of my inquiries.

(Signed) E. A. GRATTAN.

Antwerp, January 20, 1886.

SUPPLEMENTARY QUESTIONS SUGGESTED IN CIRCULAR
DESPATCH OF 19th NOVEMBER 1885.

QUESTIONS respecting the progress of railways abroad.

ANSWER.

The greater part of the Belgian railways have been constructed by the Government, or with a certain amount of assistance from the Government, a minimum of interest having in some instances been guaranteed by the State.

Government aid is still afforded for the purpose of promoting what are termed *chemins de fer vicinaux*, rural railways connecting main lines with the interior.

The Government has purchased some of the principal private railways, such as the *Luxembourg, Bassins Houilliers, Anvers-Rotterdam*, and other lines.

A considerable number of reports and special works relating to the progress of railway industry have been, or are, published in Belgium. Among these are the following:—

- 1st. Annual report on the working of the railways, published by the Department of Public Works;
- 2nd. *Album du développement progressif des chemins de fer de 1830-80*;
- 3rd. *Revue commerciale et juridique des chemins de fer*;
- 4th. *Annuaire spécial des chemins de fer Belges, par Loisel*;
- 5th. *Coup d'œil statistique sur la question des chemins de fer, par Duwivier*;
- 6th. *Législation de la police des chemins de fer Belges, des Postes, et des Télégraphes, par L'Hoest*;
- 7th. *La question des chemins de fer vicinaux et industriels, par Frédéric*;
- 8th. *Mémorial administratif publié par le Département des Travaux Publics*;
- 9th. *Revue commerciale, diplomatique, et consulaire*.

QUESTION respecting Limited Liability Companies in Germany and Belgium.

ANSWER.

Amongst the best known limited liability companies in Germany, recently established, are, I understand:

The "Deutscher Colonial Verein" of Frankfort, instituted for the purpose of encouraging commerce in general as well as emigration, with branches in almost every town in Germany;

The "Ost-Africanische-Gesellschaft."

Joint stock companies with limited liability (*sociétés anonymes*) have also become very common in Belgium.

Notwithstanding the advantages connected with this mode of facilitating the growth and spread of enterprise,

it is thought by many that the principle on which the *sociétés anonymes* are founded is so far injurious that it has tended, by lessening personal responsibility, to encourage projects of a speculative character which otherwise would probably not have been undertaken.

QUESTIONS respecting rates of wages in certain special trades, &c.

ANSWER.

These questions have been partly answered in the replies to questions 9 and 10.

Plate Glass.—There exists a plate glass syndicate, which decides all questions as to prices, &c.

Special tariffs abound, and show many anomalies in the rates of transport. For instance, wool is carried, I understand, at present in transit from Antwerp to Aix la Chapelle (Germany) for 8'80 francs per thousand kilogrammes, whereas from Antwerp to Verviers (Belgium) the rate is 17'00 francs per thousand kilogrammes.

A considerable reduction is made on window glass exported per consignment of not less 7,000 kilogrammes.

The rate from Antwerp for Boston (U.S.) for steel blooms (employed for making rails) is 8s. per ton. The rate would be about the same to Liverpool and much more to Manchester, perhaps running as high as 15s.

Certain particular goods, say cotton piece goods, from Antwerp to Manchester may be sent at cheaper rates.

The question of freights is governed in a great measure by competition, and the rates vary according to circumstances.

REPORT by Mr. JEFFES on the Brussels Vice-Consular
District.

1. The district of Brussels being neither a manufacturing nor industrial one, and the port of Brussels small and unimportant (on account of its inland position and the very limited size of the vessels which can pass through the canal), as regards the import and export trade of the country, the branches of British trade connected with this district are consequently limited.

The imports from Great Britain principally consist of articles of local use and consumption, amongst which are beer, biscuits, oil, preserves, linoleum, floor cloth, matting, cloth, hardware, india-rubber, shellac, ink, leather, tanned hides, rabbit skins, varnish, plumbago, signal material, earthenware drain-pipes, cement, tin plates, and china clay.

Some of the principal exports to Great Britain are cast iron, iron girders, zinc, marble, phosphate, crystal, plate and window glass, paper, salted hides, hats, gloves, candles, stearine, paste-board, and sugar.

I cannot further particularise the commodities imported and exported to and from this district and Great Britain as there is no special return made for this district or port.

2. Increase in volume. Decrease in value.

3. Trade in this district is generally depressed, but I have no reason to think that British trade is more so than any other.

4. About the years 1874-5. It is just now at its lowest point. I know of no particular prominent symptom; it appears to have constantly and gradually increased in severity, and to have affected most branches of trade alike.

5. Uniform. I am not in the position to give a personal opinion upon the immediate future, but it is the unanimous opinion of the several business and commercial men with whom I have conversed on the subject that trade must still further suffer and prices decline before any permanent improvement can take place. They consider the depression due to over-production generally and to the consequently overstocked state of the markets, and to the falling off in the consumption of many articles owing to the want of means to purchase caused by the great decrease in the incomes of many through the agricultural crisis, and consequent depreciation in the value of landed and house property and mortgage securities. And they see no chance of any improvement until the accumulated stocks are disposed of, and the relative position of demand and supply again adjusted, all which must be a matter of time.

6. It extends to all. Some, however, suffer more than others. The building trade at the present time in this district is, perhaps, more severely affected than any other, owing to the amount of overbuilding which has taken place during the last 10 or 12 years.

7. I should say Yes.

8. (a.) The demand for capital is just now below the average for speculative purposes, such as large works, railways, or commercial companies. The demand, however, is above the average in the medium and lower strata of business, as almost all classes of tradesmen require help.

(b.) There does not appear to be any marked difference during the last 10 years (beyond this period I cannot go) in the amount of supply, judging from the deposits lying at the different banks, but bankers here are not disposed to give long credits, as they are obliged to support their colliery and ironwork clients, with whom they have a great deal of capital locked up, and who are in a very depressed and precarious condition, and they are limiting the credit very considerably usually allowed to tradesmen.

(c.) The return on capital is, according to the most recent bank returns, considerably below the average.

9. The information I have received on this subject is very conflicting, for it would appear that in some branches of trade the rates of wages have steadily risen during the last 20 years, and more especially so in the case of skilled labour, while in others they would appear to have undergone but little change. I think it would be correct to say that wages generally are equal or above the average of 20 years, but below the average of the last 10 years. And there is at the present time a marked downward tendency in most classes of labour and a great deal of unemployed labour in most branches of industry and trade.

10. I have prepared, from information given me by a few of the principal employers of labour in this district, tables of wages as now paid in the building, calico printing and weaving, furniture manufacturing, glove manufacturing, and coachbuilding establishments; these tables, which are annexed hereto, will show rates of wages and number of hours worked.

11. There are no special impediments that I am aware of.

12. A few years since there was imported from England to this district a considerable quantity of iron piping and tubes, but this branch of trade appears now to be almost entirely in the hands of the Germans. This district is also now very largely supplied by Germany with felt hats, which at one time was exclusively an English import. The amount of boots and shoes and uppers, which a few years since were imported in a considerable quantity from England, has considerably fallen off, and the trade in this branch seems to have passed into French hands; a great many are also now manufactured here. Germany seems to be competing closely with most English imports, as well as with the productions of this country, and it is complained that Germany is ruining many Belgian industries.

13. None that I am aware of.

14. Both local and general taxation have very considerably increased in this district during the last few years, but it does not, that I am aware of, directly affect trade and industry more than private interests. There is no difference in assessing taxes as between those engaged in productive industries and the rest of the community, beyond that everyone exercising a trade or profession is subject to a tax called "droit de patente," the amount of which in each case is fixed according to the style and apparent importance of his business.

15. State aid, in the shape of drawback, is accorded on exportation in respect of the following industries (viz.):—

Home distilled "Eaux de vie," 64 francs per hectolitre at 50° G.L. at the temperature of 15° on a minimum of 5 hectolitres.

Beer, 2 francs 50 cents. per hectolitre on a minimum quantity of 5 hectolitres in cask and 2 hectolitres in bottle.

Vinegar, 2 francs 50 cents. per hectolitre on a minimum quantity of 40 hectolitres.

Sugar, raw, not moist:—

Nos. 8 to 11 inclusive, 40 francs 91 cents. per 100 kilogrammes;

No. 11 and upwards, 45 francs per 100 kilogrammes.

Refined dry, hard, and transparent candy, 1st class,

60 francs 33 cents. per 100 kilogrammes.

Do., 2nd class, 54 francs 70 cents. per 100 kilogrammes.

Loaf sugar, crystallised, hard and dry, 51 francs 13 cents. per 100 kilogrammes.

Soft sugar (vergeoises) below No. 7, 34 francs 26 cents. per 100 kilogrammes.

Do. from Nos. 7 to 10 exclusive, 40 francs 91 cents. per 100 kilogrammes.

Do. from Nos. 10 to 15 exclusive, 45 cents. per 100 kilogrammes.

Do. No. 15 and upwards, 48 francs 07 cents. per 100 kilogrammes.

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APPENDIX D.
Belgium.

On minimum quantities as follows:—

Raw beetroot sugar, 200 kilogrammes.
Candy sugar, 100 kilogrammes.
All other refined sugar, 200 kilogrammes.

Facilities of transport.—There are about 400 different kinds of goods which are the subject of special reduced railway tariffs when destined for a Belgian port for exportation by sea, and there are seven special rate tariffs, each one comprising different classes of goods, the rates being fixed according to a scale, having regard to both weight and distance. To ascertain the advantages of these special tariffs over the ordinary ones one must compare the one with the other, and in order that this may be done I have annexed (1) a print of the ordinary rates as applicable to goods conveyed by rail from one Belgian station to another (not for export); (2) a print of the special rates applicable to goods carried to a Belgian port for exportation by sea. Pages 3 to 13 of No. 1 (ordinary tariff) contain an alphabetical list of goods transported on the Belgian railways, and pages 28 to 35 contain a scale of rates divided into four classes, and the class to which each article belongs is indicated by a No. appearing opposite in a column headed "Classes." By taking the class No. appearing opposite any one article and referring to the tariff on page 38 the ordinary rates for all weights and distances will be readily ascertained. Print No. 2 contains, on pages 258 to 277, inclusive, the seven special tariffs of export railway rates, with schedules of the various goods to which these special tariffs are respectively applicable, and the minimum quantities of different goods which must be conveyed in order to secure the advantages.

Certain imported goods, also, about 200 in number, receive like advantages in conveyance from the port of entry to home destination. Schedules of these goods, with their respective special tariffs, will be found in print No. 2, sub-Nos. 8 and 9, on pages 278 to 289 inclusive and sub-Nos. 22 and 24 on pages 299 and 300 respectively.

Most of the railways are the property of the State, but there are some few lines in the hands of and worked by private companies, and these have now all accepted the State tariffs.

16. There is at Brussels a commercial museum which was established in 1881 by the Belgian Government, and is under the direction of the Minister of Foreign Affairs. It was founded for the purpose of permanently exhibiting a collection of samples and patterns of foreign goods and products to Belgian importers and manufacturers, and providing the necessary information to enable them to procure the materials of manufacture direct from the place of production, and giving the manufacturer information as to the goods in use in foreign countries. The samples and patterns are periodically furnished by Belgian consuls abroad, and each sample and pattern is marked with a number corresponding with that in the catalogue, and this publication contains particulars about all the chief articles, as to the quantities used in the country from whence the specimens came, and what proportion made there and elsewhere. The classification of the specimens is by general groups, which are again divided into classes. There is a reading room available to the public where the chief commercial journals of all countries, technical dictionaries, and business directories are to be found.

The building in which it is established was purchased in 1881 by the Government for 10,000*l.*; a further sum of 3,000*l.* was laid out in furniture and fittings. The annual cost of its maintenance is approximately as follows:—

Ground rent to the town of Brussels	-	420
Salaries of officials, fuel, lighting, about	-	800
Sum devoted (and annually voted by the Chamber) to the purchase of patterns, samples, &c.	-	1,000
Total	-	2,220

The museum is open to the public, and should prove of great value and assistance to the trade and commerce of this district, but I am not able to say the amount of benefit actually derived therefrom up to the present.

Annexed to it (although under a distinct administration, namely, the Minister of Railways, Posts, and Telegraphs) are two special offices, the one for affording information to the public on questions relating to transport, freights by land and by sea, &c., and the other is available for information as to tenders invited by all the Belgian public departments, and those notified by Belgian representatives abroad.

There is also in Brussels the "Musée Royal de l'Industrie," which comprises: 1. An industrial school; 2. A physical and chemical laboratory; 3. A technical library, and a library of industrial arts; 4. A geological collection, containing solely such mineral substances as may be of use in industry; 5. An exhibition room for fresh products and

for experimenting improved apparatus; and 6. A technical review called "Bulletin de l'Industrie de Belgique."

It has up to the present been under the administration of the Minister of Agriculture, Industry, and Public Works, but will shortly pass over to the town of Brussels. This museum is subsidised by the State, the province, and the town. The annual amount of State contribution is—

Salaries of officials	-	26,100
Laboratory, library, fuel, lighting, &c.	-	18,300
Total	-	44,400

but I have been unable to obtain the total cost of its maintenance. I annex hereto two printed pamphlets showing the constitution and objects of this institution.

With regard to chambers of commerce, these have ceased to exist in this district under that name since 1875. Almost every branch of trade supports an institution called "Chambre Syndicale," which is formed for its own special protection, and is regulated by a managing body chosen from amongst its own members, and is self-maintaining. These are again centralised in what is called the "Union Syndicale," which was established at Brussels on the 6th August 1875 with the following objects in view: 1. The moral and material progress of commerce and industry, and that of arts and sciences in connexion therewith. 2. The protection and defence of the general and special interests of the various branches of trade represented in the "Union."

This institution has its "local" at the "Bourse," and the meetings of the central committee and also of the "Chambres Syndicales" are held there. It is in no way connected with Government, but is entirely self-supporting. I annex hereto print of the statutes and rules of the institution in question.

17. Wholesale—usually one month with 2 per cent. discount, or 90 days without discount. In a few branches of trade longer credit is given, but bankers refuse to discount bills beyond 90 days. Retail—there is no fixed rule, some establishments give longer credit than others, some for cash.

18. The present law on trade marks is dated the 1st of April 1879, and came into operation on the 1st of October of the same year.

Are considered as trade marks any signs capable of causing certain products of manufacture or of commerce to be distinguished from others, consequently names under a distinctive form, denominations, emblems, prints, stamps, seals, cuts, illustrations, reliefs, letters, figures, envelopes, &c., may be registered in a distinctive form as trade marks.

Trade marks are applicable to any industrial products or articles of commerce in the widest acceptance of the terms, thus they may be applied to agricultural products (grain, fruit, cattle, &c.), or to saleable mineral products, such as mineral waters, &c.

For the protection of a trade mark, the law requires foreigners, i.e., British subjects and other aliens, who, in virtue of an international treaty, can register their trade marks in Belgium to effect such registration in Brussels at the "Greffé" of the Tribunal of Commerce. This formality gives them full protection. The tax, including registration, stamps, and other fees, amounts to about 1*l.* 4*s.* A registered trade mark may be transferred only with the establishment of which it serves to distinguish the articles of manufacture or commerce.

Any one infringing a registered trade mark, or using a counterfeit trade mark, or any one fraudulently imitating by additions or alterations thereto the mark of another, or any one selling goods having upon them counterfeit or fraudulent trade marks, is subject to a term of imprisonment of from a week to six months, and a fine of from 26 to 2,000 francs, and should he commit a similar offence within five years of a first condemnation he is liable to one year's imprisonment and a fine of 4,000 francs.

The products or articles upon which a counterfeit trade mark has been placed, as well as the instruments and utensils used in committing the offence, may be confiscated if they belong to the party infringing the trade mark. Every registration of a trade mark is published within six months of the transmission of the documents to the Home Office in a special publication, and a central office is established at Brussels, where, free of cost, the register of trade marks may be examined and every information afforded.

The present Belgian law of trade marks was much needed, for the previous laws, dating chiefly from the time of the first French Republic, were defective throughout, inasmuch that in most cases actions for infringement of such marks had to be founded upon "concurrence déloyale" or unfair competition, rather than upon positive rights derived from the registration of the marks, for where the party sued for

infringement could show that the counterfeit mark in cause was not identically similar to the registered mark he generally escaped condemnation.

The present law, which is to a certain extent an imitation of the French law of 27 June 1857, is found very effective in protecting the rights of Belgians as well as foreigners, and has not the complications of the English law, which requires special registration for different classes of goods, and which demands additional fees and formalities if the same mark be applicable to several classes of merchandise. The formalities in Belgium are simple, and the means afforded to the public for ascertaining what marks have been registered are ample; at the same time, the courts regard with severity all cases of infringement brought before them, having every facility of forming a correct opinion on the points submitted to them.

ANNEXES.

Rates of Wages and Hours of Labour.
BUILDING, &c.

Designation.	Wages.	Hours of Labour.	
		Summer.	Winter.
Diggers	cs. cs. 35 to 40 per hr.	12 hours a day, 8 hours towards the end of the year.	Cannot work.
Bricklayers	30 „ 40 „	„ „	„ „
(Assistants)	20 „ 30 „	„ „	„ „
Carpenters	40 „ 50 „	12 hours a day	Cannot work, but sometimes work in winter (8 hours per day) in laying floors, beams, &c.
Tilers	40 „ 45 „	„ „	Work 8 hours at least towards winter time.
(Assistants)	20 „ 30 „	„ „	„ „
Joiners	35 „ 45 „	„ „	8 hours in winter.
Plasterers	32 „ 40 „	„ „	„ „
(Assistants)	20 „ 25 „	„ „	„ „
Painters	35 „ 45 „	„ „	„ „
Decorators	45 „ 55 „	„ „	„ „
Plumbers	35 „ 45 „	„ „	„ „
(Assistants)	20 „ 30 „	„ „	„ „
Marble polishers.	35 „ 40 „	„ „	„ „
Stone cutters	35 „ 40 „	„ „	Cannot work (work in quarries in winter generally).

Private people are charged 50 centimes per hour for work, excepting decorators, who charge 60 centimes per hour.

CALICO PRINTING AND WEAVING WORKS.

Designation of Men.	Wages.	Hours of Labour.
Printers	6 fr. per day	11 hours per day.
Engineers	6 fr. do.	Do. do.
Weavers	3 fr. do.	Do. do.
Carpenters	4 fr. 25 c. do.	Do. do.
Dyers	4 fr. 75 c. do.	Do. do.
Dressers	3 fr. 50 c. do.	Do. do.
Engravers	7 fr. do.	Do. do.
General men	2 fr. 60 c. do.	Do. do.

FURNITURE MANUFACTURERS.

Designation of Men.	Wages.	Hours of Labour.
Cabinet makers	55 c. per hour	12 hours per day (summer and winter).
Wood carvers	52 c. do.	Do. do.
Chair makers	52 c. do.	Do. do.
Upholsterers	70 c. to 80 c. do.	Do. do.
Do. who work at customers' houses.	50 c. to 55 c. do.	Do. do.

GLOVE MANUFACTORY.

Designation of People.	Wages.	Hours of Labour.
Skin dressers	5 fr. to 6 fr. per day	10 hours per day in summer. 9 hours per day in winter.
Dyers	Do. do.	Do. do.
Cutters	Piecework, 4 fr. per doz. for gloves of 4 buttons, can be regularly cut 10 doz. per week.	Do. do.
Ordinary workmen who know no special part of the trade.	2½ fr. to 3 fr. per day	Do. do.
Seamstresses. These work principally in the country per piece, and can by working 10 hours a day earn 1 fr. 25 c. per day.	1 fr. 25 c. per day	Do. do.
Girls employed on the premises.	About 2 fr. 50 c. per day	Do. do.

COACH BUILDERS.

Designation of Men.	Wages.	Hours of Labour.
Bodymakers	50 c. per hour	10 hours per day, maximum 12 hours.
Smiths	40 c. to 65 c. do.	Do. do.
„ assistants	25 c. do.	Do. do.
Trimmers	50 c. do.	Do. do.
Carriage saddlers	50 c. do.	Do. do.
Wheelwrights	50 c. do.	Do. do.
Painters	45 c. do.	Do. do.
Do. (assistants)	20 c. do.	Do. do.

CHINA.

My LORD, Peking, February 22, 1886.
In reply to Lord Salisbury's Circular Despatches of the 6th October and 18th November, I have the honour to transmit herewith to your Lordship a report carefully drawn up by Mr. Stronge, 2nd Secretary in Her Majesty's Legation, with respect to British trade in China.

This report is founded chiefly on the Consular reports, herewith enclosed, from Tientsin, Shanghai, Foochow, Swatow, Taiwan, Kiukiang, Chinkiang, and Hankow, which have been furnished in reply to the Foreign Office instructions, and peculiar attention has been given to matters connected with the relative position of British as compared with foreign trade.

From the accompanying reports your Lordship will perceive that there does not appear to have been any serious depression of foreign trade with China during the last few years, but that the present heavy fall in the value of silver threatens more serious difficulties to foreign trade than any that have occurred of late years.

I have, &c.
(Signed) N. R. O'CONNOR.

The Earl of Roseberry,
&c. &c. &c.
Foreign Office.

REPORT on the ALLEGED DEPRESSION of TRADE in CHINA.

As reports on the subject of the depression of trade have now been received from most of the principal treaty ports, and as the state of trade at Shanghai reflects its general condition throughout the country, it is unnecessary to await information from all the more distant consulates.

The reports hitherto received show that Her Majesty's Consuls are unanimously of opinion that neither foreign trade in general nor British trade in particular can be said to be depressed in their respective districts, and their views are borne out by the customs returns.

Considerable fluctuations in the import trade occur from year to year, the highest annual value having been attained in 1881, but if longer periods are compared it would appear that there is, on the whole, an increase of volume, while the value has remained nearly stationary.

APPENDIX D.
China.

With regard to exports, although there has recently been a marked decline in the price of three principal articles, viz., tea, silk, and sugar, the volume of the trade has not hitherto been much affected.

The unsettled state of relations with France naturally exercised an unfavourable influence on trade in the years 1883, 1884, and the beginning of 1885, but its ill effects were never so great as might have been anticipated and seem now almost to have disappeared.

The main branches of trade remain, with one or two exceptions, almost exclusively in the hands of British firms, and the trade of foreign countries is relatively most important in the lesser articles of commerce. Although the large profits of former years, when a few firms held a virtual monopoly, are now no longer obtainable, this is less the effect of foreign competition than of the altered conditions of trade produced by regular steam and telegraphic communication with Europe. It must, however, be noticed that the mean annual per-centage of imports from the continent of Europe and the United States, as compared with those from Great Britain, has increased from 16.9 in the period from 1877 to 1880 to 27.5 from 1881 to 1884. These figures do not comprise trade passing through Hongkong, of which no similar statistics are available, but there is no reason to think that if included the proportion would be materially altered.

Putting aside the opium trade the principal imports of China are cotton goods, woollen goods, and metals.

Although cotton is extensively cultivated in China a steady increase has taken place of late years in the import of yarn and thread, which, as well as the native product, is manufactured by the peasants into cotton cloth. This home-made fabric is dearer than the foreign import, but it is more durable, and is preferred by consumers as being in the long run more economical. If British merchants were to supply as serviceable an article at a lower price it would, no doubt, be quickly appreciated, and would find a more extended sale than any other western manufacture.

The trade in drills and sheetings, which, although bearing but a small proportion to the whole cotton trade, is yet of considerable importance, has to a great extent passed from English to American firms. Efforts are, however, being made to regain lost ground, and Mr. Jamieson reports from Kiukiang that our manufacturers are now producing a substantial fabric in imitation of the American article and at a lower price.

The import of woollen goods and of metals does not call for any special remark; in neither has there been any notable diversion, extension, or falling off of British trade in the last few years.

The case is different with the arms' trade and with the trade in the various articles classed as sundries in the customs returns, and it is here that foreign competition is most noticeable. Mr. Alabaster in his report from Shanghai calls special attention to the success of Germany in the former branch, and in the latter German needles and matches (although of inferior quality), as well as aniline dyes, patent medicines, lamps, &c. are mentioned as competing with the English manufactures. It must be admitted also that the German merchants show more enterprise than our own in importing new articles and suiting their wares to the tastes and requirements of the Chinese. The readiness with which western commodities are sometimes taken into use is shown by the rapid increase in the consumption of American kerosine oil, and it seems not improbable that the Germans by their persistence in plying their customers with every description of goods likely to prove acceptable may lay the foundations of an important commerce.

The retail and distribution of goods is passing more and more into the hands of Chinese, who obtain them direct from Shanghai. These middlemen are stated to be unwilling to purchase articles to which they are not already accustomed, and it is largely with them and not the consumers that the merchant has to deal.

The best means of overcoming this obstacle to the introduction of new imports would probably be the adoption of a suggestion frequently made by Her Majesty's Consuls that importers should employ energetic and intelligent commercial travellers who should push the sale of their goods in the interior. The establishment of commercial museums both in England and at the chief ports in China, where specimens of the implements, &c. used by the Chinese should be exhibited, is also recommended, and would doubtless be useful in enabling merchants to ascertain the articles in which they could undersell or surpass the native manufacture.

It is unnecessary to say much on the subject of exports. Although the proportion sent direct to foreign countries has somewhat increased the trade is still, as it has always been, mainly in British hands.

The most noticeable features of the tea trade have been

the increase of Indian competition and the growth of the Russian trade in the so-called brick tea consumed in Siberia. There has also been an increase in the overland trade to European Russia, as well as in the shipments direct to Odessa and via the Amur.

Low prices have ruled in the silk market, and are attributed partly to change of fashion and partly to improvements in the methods of manufacture in Europe. The export of sugar has been injuriously affected by the bounty system of foreign countries. On the other hand, the trades in hides and straw braiding have largely increased of late years.

The two chief impediments to the development of trade in China are the want of communications and the pressure of local taxation.

Railway construction has yet to be begun in China, and roads, in the European sense, can hardly be said to exist. The water-ways form the principal channels of communication, and even these are not yet fully available for foreign trade. It is not surprising, therefore, that the western and south-western provinces are imperfectly supplied with foreign goods, and that even in the less distant portions of the empire their price is frequently so increased by the cost of transport as to put them beyond the reach of the bulk of the population.

The energy displayed by the Chinese Government in extending telegraph lines to every part of the country has encouraged the hope that railway construction, if once undertaken, would be pushed forward with similar vigour. In any case, however, some time must elapse before railways are sufficiently advanced to supersede many of the existing routes, and the introduction or extension of steam navigation on the various rivers continues to be of the highest importance as a means of opening the country to foreign enterprise.

The local taxation of China is raised on all goods in transit, whether native or foreign, and has greatly increased of late years; it is uncertain in amount, and abuses are rife in its collection. Foreign goods have this advantage over native products, that they can be forwarded into the interior accompanied by a transit pass, which is obtainable at the treaty port, on payment of a tax equal to half the import duty. They should then be free of further taxation. This privilege has, however, proved to be an insufficient protection against vexatious exactions; as a heavy tax, not levied on other goods, is frequently imposed at the place of destination. For this reason merchants do not always avail themselves of the transit pass system, and it must be added that, owing to the opposition of the local authorities, it is only now being introduced into the southern provinces of Kwangsi and Kwangtung. A reform of local taxation as applied to foreign imports is perhaps the most pressing want of the China trade, and it can hardly be doubted that it would be followed by a greatly increased consumption of western manufactures.

This report should not close without allusion to the depreciation of silver. The uncertainty of the exchange is specially referred to in the report from Swatow as deterring merchants from introducing new articles which might probably remain some time on hand, and it of course to some extent interferes with the general import trade; but it is difficult, if not impossible, to arrive at any trustworthy estimate of its effect on the total commerce of the country.

(Signed) FRANCIS STRONGE.

Peking, February 21, 1886.

TIENTSIN.

1. The chief branches of British trade which are connected with this district are the importation of cotton and woollen textiles, lead, manufactured iron, and machinery; the exportation of straw braid, hides, skin rugs, camels hair and wool; the transport of goods by steamer coast-wise.

2. There has been an increase in volume, but on the whole a decrease in the value of the articles.

3. Neither can the condition of trade generally nor of British trade in particular be said to be depressed in this district.

8. In this district capital can scarcely be said to be employed at all in British trade. Imports from Great Britain are never paid for by the merchant but by bankers who discount bills for the amount in England, or who follow the goods to their destination and receive the proceeds when sold; and similarly native produce is paid for by the bank which collects the proceeds of sale in England. The demand for this capital naturally follows the fluctuations of trade the supply appears to be unlimited, but there are

no data obtainable in this place which would throw light on the return obtained. Practically, the trade of China generally, including this place, is financed by the Hongkong and Shanghai Banking Corporation, and the return on capital may be inferred from the dividends earned by that institution, which are extremely high.

11. There is no impediment but ignorance and the absence of roads. English manufacturers are quite ignorant of the requirements of the Chinese, and take no rational means of informing themselves. The Chinese who have no initiative are still more ignorant of what European industry could do for them. To remove this great barrier to the extension of trade it is necessary that properly educated agents of manufacturers should visit the country and make special study of the life of the people and learn their wants. Greater efforts need to be made to introduce new articles in the retail trade and to stimulate their sale. The importation of British fabrics is mostly in the hands of Chinese dealers, and these are wanting in enterprise; they merely concern themselves to satisfy existing wants without venturing to create a demand for new articles. The kind of information required by British manufacturers cannot be supplied by consuls or merchants, still less by missionaries; it requires a technical eye.

12. The available statistics do not show that any such transfer has as yet taken place to any serious extent although it is slowly progressing. The proportion which the exports to and imports from the continent bore to those to and from Great Britain for all China have been as follows:—

During	1877	-	-	-	per cent.
"	1878	-	-	-	15
"	1879	-	-	-	21
"	1880	-	-	-	24
"	1881	-	-	-	28
"	1882	-	-	-	26
"	1883	-	-	-	27
"	1884	-	-	-	24
"	1885	-	-	-	33

These figures are not conclusive, because they do not include a large amount of trade both from Great Britain and the continent which passes through Hongkong without record and which may vary greatly year by year.

13. A noticeable feature in the import trade in recent years has been the importation of cotton yarn, chiefly of Bombay manufacture. The amount is rapidly increasing, as the following tables will show:—

1882	-	-	-	4,467 piculs of 133½ lbs.
1883	-	-	-	7,972 " "
1884	-	-	-	11,629 " "
1885	-	-	-	30,000 " "

This yarn is distributed over the province, and is woven by the peasantry into cotton piece goods. To this extent it may be said that native industry is now producing an article formerly imported by Great Britain, and is one instance of our manufacturers having failed to produce the exact article required by the Chinese peasantry.

14. There is no local taxation on foreign trade, as such and the general taxation is regulated by the treaties and remains unchanged.

15. Trade and industry receive no encouragement from the State. Home trade is at a disadvantage *vis à vis* foreign trade, in so far that the inland taxation of foreign imports or of native exports destined for a foreign market is regulated by the treaties, whereas purely home trade is liable to such taxation as the provincial authorities choose to impose.

GENERAL REMARKS.

The Tientsin trade is too small and too local to afford any data by which to assist the inquiry of the Royal Commission. It must be considered in connexion with the general trade of China, for its dependence on the great *entrepôt* of Shanghai would make local statistics misleading.

Taking the whole trade of China as it comes under the cognizance of foreigners the main features of depression are the comparative decay of the tea and silk industry owing to the keen and intelligent competition of other countries which are leaving the Chinese with their stagnant ideas behind.

If an opinion may be formed from observation of such a small field as this port affords, the indication that the competition of the continent of Europe will become more and more formidable to England can hardly be mistaken. Our great competitors are the Germans, and it must be owned that they bring an amount of energy and earnestness to bear on their business which are generally wanting in the English merchants. The Germans commence their business life vastly better furnished in the way of practical education

than Englishmen, and the consciousness of having their battles yet to win stimulates them to increased exertion.

The effects of continental competition in depressing trade can never be exhibited in a tabulated form, because although actually retaining the trade, the sacrifices made to retain it may be entailing heavy burdens on the English manufacturers.

BYRON BRENNAN.

SHANGHAI.

1. The chief branches of trade at Shanghai are, as regards imports,—

The trade in Manchester goods, metals, woollens, opium;

And as regards exports,—

The trade in tea, silk, hides, needles, lucifer matches, wool, straw braid.

There is also a large shipping business and a large general business embracing the import and export of nearly every conceivable article.

2. Trade has increased both in volume and value.

3. I am not of opinion that the condition of trade and industry and of British trade in particular can be fairly described as depressed.

4. The conditions of trade have changed, but I see no real depression in the trade generally. Tea is not so profitable as it used to be from the competition of Indian teas, and the reckless speculation on the part of the buyers, and opium is somewhat affected by heavy taxation and increased consumption of native drug, but the trade of the port is increasing.

5. At different times different branches of trade have been depressed consequent on over-speculation, but necessarily irregularly.

6. Specially I should except engineering, the trade in arms, and what the Americans would call the trade in "notions," which have considerably increased.

7. In neither.

8. The demand for capital, I should say, is below the average. The supply above the average. The return considerably below the average.

9. The rate of wages for skilled labour is below, for unskilled labour slightly above, the average for the past 20 years.

10. Captains of vessels get about 200 to 250 dollars per month. Foreign seamen, 3*l.* to 3*l.* 10*s.* Native seamen, 12 dollars. Engineers, 70, 100, and 150 dollars per mensem. Clerks get on an average very much less than some years ago; 100 taels a month salary and about 60 dollars mess allowance being considered fair for the average mercantile assistant. Native labour is rather better paid, coolies wages being higher.

Office hours are generally 10 a.m. to 4 p.m., but are not strictly adhered to, and among Chinese indoor labour never ceases, and outdoor lasts from sunrise to sunset.

11. No; but I am of opinion that the establishment of energetic commercial travellers might considerably push business in the interior, and I should also recommend the establishment of commercial museums at some of the leading ports.

12. India has obtained a large share in the tea trade, and a considerable quantity of tea formerly shipped to London and thence to Russia is now purchased by the Russian merchants in China, and shipped by them direct either via Odessa or the Amur, or sent overland via Kiackta.

Native opium is competing largely with Indian opium, and with considerable success, due to unequal taxation.

A large and increasing trade in hides, wool, and straw braid has sprung up of late years; but we have lost a certain portion of the arms trade, which has gone to Germany, and Norwegian, Japanese, and locally made matches are injuriously affecting the English import.

13. Numerous attempts have been made of late years to start local manufactures, but not with any marked success. A papermill started by native capital has been successful, but the same cannot be said of a tannery started with foreign capital. Glass works have been started with native capital, but are not yet working, and a cotton mill started with native capital has come to a standstill. Native foundries are flourishing, and there is a disposition to adopt the foreign system of manufacture, and to introduce foreign machinery for the purpose generally manifested.

There has been considerable increase of late years in the pressure of local taxation on the trade of the district, new duties having been imposed under the name of *lekin*, or war tax, on nearly every article of commerce. The taxes on individuals and on industries remain the same.

15. To no extent.

APPENDIX D.
China.

466 THIRD REPORT OF THE ROYAL COMMISSION ON DEPRESSION OF TRADE AND INDUSTRY:

APPENDIX D.
China.

16. There are no commercial museums beyond that of the Chinese Polytechnic, which contains a few antiquated musters forwarded by firms at home some years back. The various merchants, of course, keep samples of their goods in their offices accessible to their customers, but there are no establishments of the nature I understand to be referred to in the question. There is a Foreign Chamber of Commerce organised in 1865 for the discussion of trade questions, the fixing uniform charges, and the compilation of a general circular. It is maintained by annual subscriptions and the profits from the sale of the circular. Each firm belonging to the chamber contributes 50 taels annually. Its total income last year was about 2,500 taels, and its expenses for rent, secretary's salary, and printing about 3,000 taels.

17. The conditions of credit vary. In piece goods five days' credit is allowed. In opium a month's credit is given, payment being made in what are technically known as bankers' orders, having 30 days to run. In tea, payment is made on shipment unless by arrangement. Chinese freight is allowed frequently to run three, six, or even 12 months.

In retail trade the credit varies, but cash payment among foreigners is extremely unusual. Tradesmen's accounts are generally rendered monthly.

18. There are no special regulations in force with regard to trade marks, though attempts are made from time to time to prosecute the forgers of those of foreign origin when detected at Shanghai itself, and the influence of the guilds prevents any large falsification of native chops.

(Signed) CHAS. ALABASTER,
Acting Consul General.

Her Majesty's Consulate General,
Shanghai,
January 16, 1886.

FOOCHOW.

REPORT in reply to the QUESTIONS from the ROYAL COMMISSION on the DEPRESSION of TRADE.

The depression of trade with which European States have been afflicted has not extended to Foochow. The trade from this treaty port to foreign countries is confined to the export of tea, the chief production of the surrounding districts; this trade is almost altogether in the hands of English commission agents, and is maintained by English capital in London in the execution of orders from the home market.

Of the 28 firms engaged in this trade, two are German, three Russian, and two American, the remainder being British.

The Russian firms occupy themselves mainly in the manufacture and the export, for Siberia, of brick tea made from tea dust.

Where there are losses in the tea trade they arise, as in most trades, from overtrading. Bad harvests at home, rather than the depression of industry, would affect this trade by lessening the consumption of tea; the average export for the last few years to Europe (chiefly London) and the Australian colonies may be put down at 75,000,000 lbs. per annum, the only increase of late years being the export of tea to the colonies, it reaching this year close on 22,000,000 lbs.

Tea then being the only export from this port to foreign countries, the remaining exports, such as timber, paper, dried fruits, bamboo shoots, bamboo ware, &c., &c., belong to Chinese traders and constitute the coasting trade. This species of local trade was for a time interrupted by the French proceedings in this river in the summer of 1884; it has, however, revived since then.

As for imports, there is not much to say on that head.

With the exception of opium, lead, and a small quantity of shirtings and T-cloths, the imports, such as beans, beancake, dried fish, nankeens, &c., &c., are Chinese cargoes shipped to native consignees in Foochow, with this description of trade the English merchant has no concern.

In opium, about six English firms are concerned, of which two are Parsee and one Jewish, of Bombay.

The import of opium, averaging some 4,000 chests per annum, is less by half what it used to be 18 years ago, before the lekin tax was put on, and since it has been raised to its present high figure, as compared with the more moderate charge at other treaty ports.

Lead is used for the linings of tea chests. It is illegal for natives to import it. Lead is sometimes taken in barter for tea at prices varying between six and seven dollars per picul.

Cotton goods of English manufacture are brought chiefly to market by Chinese retail dealers, who supply themselves either at Hongkong or Shanghai from the large and varied assortments at those depôts. Attempts have from time to time been made by resident British firms to engage in this trade and import goods of this class; the long-credit system of three months, coupled with the uncertainty of payment at the end of that time, has caused the British importer to withdraw from this trade; it remains, therefore, a local Chinese business, along with Chinese goods imported coastwise.

I believe the foregoing remarks will fully supply answers to the questions set forth in the printed letter of the Royal Commission on the Depression of Trade, dated the 1st of October 1885.

(Signed) CHARLES A. SINCLAIR,
Foochow, Consul.
18th December 1885.

SWATOW.

H.B.M. Consulate, Swatow,
January 8, 1886.

SIR,

I HAVE the honour to acknowledge receipt of your Circular Despatch of the 30th November last, enclosing a copy of a letter from the Royal Commission on the Depression of Trade to Mr. Bourke, Under Secretary of State for Foreign Affairs, requesting to be furnished with a report from Her Majesty's representatives and consular officers in foreign countries.

On receipt of your circular, I at once called upon the leading British merchants of the port, and furnished them with a copy of the enclosure you forwarded to me, and asked them to give me their views upon the trade of this port.

Mr. Bois, agent of Messrs. Butterfield and Swire, has handed me a report, in which he says:—

"The trade generally of Swatow has exhibited no depression during the last few years, and, so far as British trade is concerned, there appears to have been a steady increase in most branches. The chief items of British trade are the imports of cotton and woollen piece goods, cotton yarn and opium, almost entirely from Hongkong. Four fifths of the shipping trade is British. The import of piece goods shows a steady though not a very large increase, but that of cotton yarn has augmented rapidly. The value of the import of the latter in 1884 being 2,000,000 taels; about 70 per cent. of this is of Indian manufacture, the balance English. The import of opium has fallen off during the last few years, but this is owing to the trade being diverted to Amoy where the likin (local) tax is much lighter.

"In shipping there is a large increase in British tonnage. This is the only branch of trade where competition with other countries comes in. Germany is beginning to cut in, but at present the proportion of their tonnage to British is as 1 to 10, and there appears little reason to fear that this will increase, although steamers under that flag are run very cheaply as regards crew's wages.

"One item of British trade which used to figure largely has almost entirely ceased. This is the export of sugar to the United Kingdom. This is entirely owing to the great depression in European sugar markets of late years caused by the action of the bounty system.

"With regard to Enclosure 2, I beg to give the following answers to the questions set forth therein:—

"1. The chief branches of British trade connected with this district are the import of piece goods, yarn, and opium, and the carrying trade.

"2. Except opium all show an increase in volume, but a falling off in comparative value.

"In reply to Questions 3, 4, 5, 6, and 7 no depression of trade exists here, nor, as far as I can learn, has ever existed. Since the opening of the port its increase of trade has been steady and regular.

"8. With regard to capital employed, it is entirely Chinese, and it is difficult to say what the position is, but there is no reason to suppose that there has been any change in the last few years.

"9. There has been no change in the rate of wages during the past 20 years.

"10. The wages for labourers and coolies 5 dollars to 8 dollars per month; the hours of work are from 6 a.m. to 5 p.m.

"11. There are no special impediments to the extension of trade between Great Britain and this district.

"12. No transfer of any particular branch of trade has taken place at this port from British to other foreign hands.

"13. During the past 10 years there has been no noticeable establishment or increase of industries for the production of articles formerly imported from the United Kingdom.

"14. Taxation was increased during the war with France.

"15-18. There is nothing of the kind."

Mr. Hill, a partner in the firm of Bradley & Co., a much older resident in the port than Mr. Bois, writes:—

"Foreign trade as compared with British is of the most trifling description, consisting of matches and trifling articles of a fancy description. There is a small import of American jeans and drills, but it is scarcely worth mentioning, and Manchester seems successfully to imitate and in cheapness surpass shirtings of so-called American finish. Kerosine, of course, comes from America, but that for obvious reasons attempts to introduce foreign machinery have so far met with little or no success.

"There is a bean-crushing and oil-extracting mill owned by Chinese, and a sugar refinery under British management. Broadly speaking, British trade is not here specially depressed, and we certainly as British merchants have by far the largest share of the business of the port."

The above remarks, coming as they do from merchants whose business in the aggregate covers every branch of the Swatow trade, leaves little for me to add.

There is one point, however, which appears to me worthy of mention. There is no doubt that the trade of Swatow is in a flourishing state, and that British shipping and British manufactures are holding their own against all competitors. The steady decline of the value of silver, however, places a most serious obstacle in the way of enterprise. For instance, a merchant imports a consignment of goods in some new line, say, agricultural machinery, and pays for it at the exchange of 3s. 8d. to the Mexican dollar. Wishing to push his wares, he offers them at the lowest rate compatible with the cost of laying down, and naturally also finds at the outset considerable difficulty in finding purchasers. As time goes on exchange falls to, say, 3s. 3½d., the present rate, and he finds himself obliged to raise the price of his goods or to sell at a loss. I have no hesitation in saying that, but for this obstacle, British merchants in China would largely increase their endeavours to open new branches of trade.

I have, &c.

(Signed) GEO. PHILLIPS.

N. R. O'Connor, Esq.,
H.B.M. Chargé d'Affaires,
&c. &c. &c.
Peking.

TAIWAN.

In the following answers I exclude Indian trade from the term "British" used in the questions of the Commission.

1. (a.) Shipping.

(b.) Cotton piece goods.

2. Both increased i. volume and value, but as the port was only opened in 1864 the question is not pertinent.

3. No.

4-7. No answer required.

8. Below; but there is still plenty of employment for money for short periods at a rate of interest varying from 16 to 18 per cent. per annum.

9. (a.) and (b.) Both above average of last 20 years.

10. The working day for out-door labour in China is from sunrise to sunset, but labourers in Formosa do not work more than nine hours per day. There are no Sundays and no holidays. Wages of out-door labourers 200 cash per day (8d.). Masons, blacksmiths, carpenters get 300 cash a day (13d.). Skilled labour in doors is either piece-work, with never ending hours of labour, or for a day of nine hours 13d.

11. Yes. The misgovernment of the island by the Chinese Government and the lack of roads. The formation of a railway from Takow to Taiwan, the dredging of the Takow bar and harbour, the opening of mines, and the making of roads would promote the sale of the products of British industry.

There is less prospect now of these works being undertaken than some years ago.

12. No.

13. No. More pretty articles of German origin are imported than formerly, mostly window glass, cheap soaps, patent medicines, pacotille, and shoddy of all kinds.

14. None. No industry is taxed except agriculture until its products are *in transitu*. Except those engaged

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in production there is no class of Chinese in Formosa of any importance from the point of view of trade and taxation. Every product of industry is taxed the moment it is moved either from the place of production to a market or from one market to another.

15. None.

16. None.

17. Retail trade, one to four months' credit; wholesale trade, piece goods, three months; opium, four weeks, rice, cash; sugar, advanced against.

18. None.

(Signed) W. DONALD SPENCE,
Acting Consul.

Takow,
January 5, 1886.

KIUKIANG.

H.B.M. Consulate, Kiukiang,
December 23, 1885.

SIR,

I HAVE the honour to reply to your circular of 30th ultimo, calling for a short report on the points suggested by the Royal Commission on the Depression of Trade in England.

The demand for British manufactures in this district has remained nearly constant for the past five years. In 1883 and 1884 it rather receded, but will probably recover this year. In the course of the 15 years anterior to 1880 the demand showed a steady growth. There has undoubtedly been a certain stagnation in native trade since 1883, which has checked the import of British manufactures, but it has been brought about solely by local and temporary causes, loss of capital by over speculation, failure of joint stock enterprises among the Chinese, the French troubles, &c., &c., causes which there is now reason to believe have exhausted themselves. The competition on the part of American manufacturers to supply the Chinese market with certain classes of heavy cotton goods, such as drills and sheetings, still continues in a mild form. Of the total import of these two classes into this port 42 per cent. was American in 1881, 33 per cent. in 1884, and about 62 per cent. for this current year. But the amount of these American imports form, after all, but a mere fraction of the total piece goods import, and cannot in any case be regarded as seriously threatening our trade. I am informed, moreover, that the American competition, such as it is, has been positively beneficial to our trade, inasmuch as it has stimulated our manufacturers to produce a substantial fabric in imitation of the American article, and at a less price. It has also driven out of the market a quantity of heavily sized goods, which, though no fraud upon the original native buyer, undoubtedly did impose upon the retail purchaser, and created a prejudice against foreign cloth to the advantage of home-made fabrics.

One result of the French trouble has been, I regret to say, the imposition of heavier likin taxes in this district, a step which cannot but re-act prejudicially upon our trade. It is principally owing to these taxes, I believe, that native industry has made so little headway for the last 20 years in the Yangtze provinces. It is only as the country generally rises in wealth that any great development of the demand for foreign manufactures can be expected, and whatever retards the former must necessarily retard the latter. Our cotton and woollen fabrics have, so far, reached only a very small proportion of the well-to-do classes. The mass of the peasantry and labourers use only home-woven cottons, for the simple reason that, taking the wear that can be got out of them into account, they are cheaper in the long run. The struggle for existence is so hard that these people cannot afford to sacrifice thrift to appearances, but if, by any means, such as the abolition of internal taxes, or the cheapening of transit, or the opening up of new industries a more general diffusion of wealth could be brought about, our trade would soon increase tenfold.

I have, &c.

N. R. O'Connor, Esq., (Signed) G. JAMIESON,
H.M. Chargé d'Affaires, Consul.
&c. &c. &c.
Peking.

APPENDIX D.
China.

HANKOW.

1. The chief branches of British products consumed in the Hankow consular district are cotton and woollen fabrics, and metals or manufactures of metals.
2. The consumption of cotton textiles has been as follows:—

Year.	English. Number of Pieces.	American. Number of Pieces.	Dutch. Number of Pieces.	Italian. Number of Pieces.
1865 -	600,658	Nil.	1,000	Nil.
1866 -	805,030	"	8,760	"
1867 -	1,119,647	17,378	31,525	"
1868 -	1,653,840	83,984	25,101	"
1869 -	1,840,720	23,102	92,675	"
1870 -	2,271,353	12,458	85,375	"
1871 -	2,864,521	9,080	101,677	"
1872 -	2,665,735	3,730	82,156	"
1873 -	2,391,692	3,790	81,480	"
1874 -	2,176,941	2,400	26,580	"
1875 -	2,086,301	Nil.	3,040	"
1876 -	2,435,083	3,425	3,160	"
1877 -	2,029,331	8,949	234	"
1878 -	1,731,354	46,102	234	"
1879 -	2,633,645	84,094	1,770	"
1880 -	2,878,639	81,589	6,360	814
1881 -	3,298,242	105,315	4,630	1,769
1882 -	2,537,955	55,297	750	8,538
1883 -	2,446,519	60,266	3,340	13,567
1884 -	2,221,669	52,819	1,095	24,613

The average consumption per year, value and volume, has been as follows:—

Period 1865 to 1879, 15 years.		
	Pieces.	Value.
British	1,951,722	£ 1,228,277
American	16,571	15,484
Dutch	36,342	34,040
Italian	Nil.	Nil.
Period 1880 to 1884.		
	Pieces.	Value.
British	2,676,365	£ 1,363,578
American	70,857	53,864
Dutch	3,195	2,446
Italian	9,258	15,930

The year 1885 was a particularly prosperous year for cotton textiles, but as yet the returns differentiating the various nationalities have not yet been made out. In cotton textiles there cannot be said to have been a depression in British trade in this consular district; and further, as yet the competition of foreign countries has not seriously affected us, though in drills the Americans seem driving us out of the field; the imports in drills have been as follows:—

	1880.	1881.	1882.	1883.	1884.
British	187,875	165,070	83,536	59,400	37,066
American	37,649	50,935	33,532	35,715	42,742

It is also observable that Italian cottons first imported here in 1880 have yearly increased.

The consumption of woollen fabrics has been as follows:—

Year.	English. Pieces.	Rus- sian. Pieces.	Dutch. Pieces.	Year.	English. Pieces.	Rus- sian. Pieces.	Dutch. Pieces.
1865	226,250	600	50	1875	207,596	4,415	250
1866	245,205	2,284	250	1876	167,633	8,069	280
1867	251,001	5,436	178	1877	183,980	6,716	371
1868	241,949	3,177	120	1878	181,776	10,789	280
1869	266,820	7,452	338	1879	239,383	14,502	120
1870	285,577	8,187	347	1880	205,253	14,627	108
1871	221,701	2,032	280	1881	278,500	16,724	250
1872	203,960	3,584	380	1882	211,300	11,330	320
1873	224,188	2,349	529	1883	228,074	13,238	520
1874	190,515	3,460	250	1884	206,410	8,532	50

The average consumption per year has been as follows:—

Period 1865 to 1879.		
	Volume.	Value.
British	222,503	£ 601,638
Russian	5,537	48,334
Dutch	268	1,632
Period 1880 to 1884.		
	Volume.	Value.
British	220,520	£ 604,783
Russian	14,850	106,426
Dutch	268	904

With regard to metals, minerals, and manufactures of them the returns here do not differentiate the nationality of the trade product, but there is a general belief that German needles and buttons and Japanese matches are driving the British from the field.

3. The condition of British trade cannot be fairly described now as depressed in this consular district.

The most serious impediment to the extension of British trade has been the depreciation in the value of silver; all articles of British manufacture being sold here in silver. The improvement in machinery whereby a saving has been effected in coal, which has been so marked a feature of the last 20 years, has not quite counterbalanced that disadvantage; at the same time it must be remarked that the depreciation in the value of silver has enabled our artisans to obtain tea and silk produced here, and indeed all the commodities of life (except rent) far cheaper now than hitherto.

There are only two means whereby I think British trade might be extended in this district. The first is that there should be sent to our trade centres all the articles in common use among the Chinese here, with the wholesale price here so that our manufacturers might try and produce them of as good or better quality at a cheaper rate. Drills identical with the American drills, clothes identical with the Russian broad cloth, the article, in fact, the Chinese here like. Sundry brass ware, made in the form of the implements and ornaments Chinese are accustomed to, might, I think, be produced in larger quantities at home, if our manufacturers would take more pains to study the tastes and the habits of the people, and with this object I think it would be well if our chambers of commerce would direct some one on the spot here to forward home specimens of all the articles in daily use among the Chinese here, with a ticket stating the price of each.

Another means whereby our trade might be increased has often struck me when I have taken trips into the interior, and that is a system of packmen who could familiarise the native general retail dealers in the villages and small towns with our wares. European needles and thread, for instance, are universally known and used in the villages of Shantung and Liaotung, replacing the clumsy and expensive native articles, but in the villages of Hupei they seem unknown. Our cotton fabrics too are not as

widely known in the remoter villages as they might be. A great need, often Chinese have, is a cheap, light, durable fabric for the sail of the innumerable tiny craft which ply on the navigable streams of this province; American drills are too heavy, English drills, otherwise suitable, rot too rapidly, Chinese clothes are too coarse in texture, and do not hold the wind, our shirtings are too thin, and tear too easily.

I think there would be an advantage in combining the trade of packman with that of Bible colporteurs and missionary, as, to the desire of gain, would be added, proselytizing zeal, and the missionary would get a far more attentive audience could he get into friendly trading relations with the people.

If our manufacturers and traders would have the enterprise to risk a certain amount of money in creating a market for our goods I think it probable that the increased demand would repay their outlay.

Newspapers are not read in the villages, and the art of advertising on walls is in a very primitive stage, consequently the system of commercial travellers and pedlars is, I think, the most practical way of bringing our goods to the notice of our possible customers.

(Signed) CHRIS. GARDNER,
British Consulate, Hankow, H.B.M. Consul.
9th January 1886.

CHINKIANG.

ANSWERS TO QUESTIONS ON THE DEPRESSION OF TRADE.

1. The chief branches of British trade here are in opium, cotton goods, woollens, railroad iron, old iron, steel, lead, matches, dye stuffs in bottles, needles, window glass. Also in Straits produce, such as pepper, various kinds of hard wood, sandal wood, spices, &c.

The chief exports here are lily flowers, and rice or grain. The origin of all the above imports is British, but five eighths of the trade is in the hands of Chinese. The transport is, however, mainly British.

2. During the period 1880-85 the average annual import of grey shirtings has been 717,000 pieces, and of other cotton goods 455,000 pieces. Of woollens, 58,000 pieces; of nail-rod iron, 39,000 peculs; of matches, 89,000 gross; of needles, 44,000 mille; of dye stuffs, 89,000 bottles; of window glass, 208,000 square feet; of opium, 10,500 chests.

During the period 1865 to 1867 trade was very slight here, owing to the devastations caused by the Taiping Rebellion. In 1868, however, a start was made, and the improvement continued till 1872, when trade at Chinkeang reached its culminating point, no less than 1,028,000 pieces of grey shirtings and 589,000 of other cottons arriving. From 1873 to 1877 trade slightly declined, but in 1878 there was an improvement, which has been steadily maintained since; and, as far as can be judged from the three quarters of 1885, the imports will all, with the exception of opium, be above the average.

In exports, lily flowers have been increasing every year, the largest export having occurred in 1884. The rice or grain export, began in 1874, culminated in 1881, when 2,773,000 peculs were sent away, and in 1884 was only 201,000 peculs. The decrease is, however, only a transfer to a neighbouring port, nearer the rice-producing districts. Both these exports go to Hongkong and the South of China, but the conveying steamers are British.

The opium import averaged 5,500 chests per annum up to 1870. Since then it has averaged 10,000 chests per annum.

There is no direct trade here with Great Britain. The rise and fall of trade depends almost entirely on local conditions, such as the recovery of the country from the Rebellion, the transit pass system, the goodness of the local harvests, the absence of floods, &c.

2. (b.) As to value, all foreign goods are much cheaper than 20 years ago. In cotton goods, cloth, and iron, buyers now pay 2 dollars where 3 dollars used to be required. Matches and needles are half the price they were, and the same may be said of woollens. Opium is, too, 100 taels a chest cheaper than formerly. Window glass alone remains much the same price.

3. Neither (a) trade and industry generally, nor (b) British trade, can be described as depressed; profits are not so large, but the volume of trade increases on the whole year by year, and the troubles with France had a less depressing effect than was expected.

4. Trade was lowest here in 1865, owing, as has been explained, to local causes. Since 1870 there has been a steady improvement.

5, 6, and 7 require no answer, as there is no depression.

8. (a.) There is a fair demand for capital, chiefly for the current requirements of the wholesale and retail trade. The troubles with France interfered with trade, and the demand for money is less than formerly. When the rice export flourished here capital was in greater demand than has been the case since the port was opened. No manufactures of any magnitude requiring capital exist here.

8. (b.) During 1883 and 1884 money was tight and difficult to procure; but, as a rule, the supply of capital suffices for the small requirements of the place. Some 15 cash shops exist, with an average capital each of 12,000 taels. Interest on money lent for trading purposes is 1 tael per cent. per month, when it used to be 1.3. Loans are granted at 2 per cent. per month instead of at three as formerly.

8. (c.) The return on capital is decreasing every year owing to the action of the telegraph in reducing all profits to a lower level. On the other hand, losses are fewer. The return on capital some 20 years ago was often 100 per cent.; as trade and population increased so did competition, and profits gradually fell to 20 per cent., and the telegraph is still further reducing the rate of profit. The above remarks apply to Chinese; foreigners here are mostly commission agents, who obtain a certain commission as per-centage on the goods sold.

9. (a.) The rate of wages has fallen here considerably compared with what it used to be 20 years ago, when the population was scant and work intermittent. Wages are, it is estimated, 50 per cent. less than they used to be 20 years ago, and 20 per cent. less than 10 years ago. Labour is now much more abundant, but work is also more regular.

9. (b.) Wages for skilled labour remain much as they were 20 years ago.

10. (a.) Agricultural labourers receive 50 to 80 cash (2½d. to 4d.) a day, food provided by the employer; or 120 cash (6d.) a day without food.

Coolies carrying bags of rice get 3 cash a bag. Servants receive one dollar a month, with food provided.

Shopmen receive 4 dollars a month.

Weavers of silk-piece goods receive some 200 cash a day, and some are paid by piece-work. Apprentices get only their food.

Workers in tin and in glass are paid by the piece generally; some get 200 cash a day.

Chair coolies receive 200 to 300 cash a day, according to the reputed wealth or station of the hirer.

Foreigners pay outdoor servants 5 dollars a month; indoor servants 8, 9, and 10 dollars per month without food. Bricklayers get 150 to 200 cash a day.

10. (b.) The hours of labour are from 7 a.m. till dusk, but with several interludes for gossip, tea, food, smoking, and sleeping.

11. The Jeking, or octroi, is a great impediment to trade in this district. Taxation barriers are placed all the chief great trade routes; and, though foreign imports pass free, native production is thereby much hampered.

Agriculturists grow only just sufficient for their immediate wants, and much uncultivated ground is left barren which, in the absence of taxation, would be occupied. The peasantry are thereby kept poor, and have less money in hand to invest in purchases.

At present these barriers are very numerous, and as a preliminary step to their total abolition their number should be reduced. A printed tariff of dues should also be displayed for the benefit of the public, as barrier officials levy dues at what rate they please, and often delay boats days, and even weeks, if the owners displease them.

12. American drills and American sheetings are coming into favour here, but their imports remain less than that of English goods of the same kind.

In matches, Germany, Norway, and Japan share the trade with Bryant and May's English goods of the same kind.

No figures are obtainable giving the relative proportions, but the English matches retain their popularity as being more trustworthy. Japanese matches are a failure, they will not stand wet weather.

A considerable portion of the nail-rod iron imported comes from Belgium.

Kerosine oil, the import of which in 1884 was 800,000 gallons, comes wholly from the United States; it is comparatively a new trade, and a very increasing one.

13. A few lamp glasses and inferior mirrors are made here. The tin used in making packing cases, and old kerosine oil cans, are made up into various things, such as cheap lamps, boxes, cases, &c. These are all carried out by native firms with native capital, but do not appreciably interfere with British imports.

Silk piece goods are also made here, and dyes to colour the silk, both with native capital.

APP. D.
Japan.

and 1880, there was a large increase, the average value of imports rising to 33,747,000 dollars (6,367,358*l.*) per annum. For the next period, 1881, 1882, and 1883, there is a great falling off, the average being only 29,313,000 dollars (5,530,756*l.*), and for 1884 the figures are still lower, viz., 28,821,000 dollars (5,437,924*l.*).

The years 1878-80 were times of inflation and, to some extent, of fictitious prosperity, following upon the large issues of paper money to defray the expenses of the suppression of the Satsuma rebellion. The producing classes received large sums in payment for their rice, tea, silk, and other commodities, and spent freely in purchases of foreign goods of all kinds, which had not then lost the charm of novelty.

In 1881 came the inevitable reaction. Pressure of taxation increased with the growing needs of the Government. Prices of silk and tea declined, and the farmers, who in 1878-80 had spent largely, found themselves more or less impoverished. The Government also made efforts from time to time, by contraction and otherwise, to raise the value of the paper currency, which at one time fell to yen 180 per 100 dollars. This unsettled prices, made business uncertain and unremunerative, and added greatly to the prevailing depression, while operations were rendered more unprofitable still by declining values in the places of production and manufacture in Europe of the goods imported into Japan; so that goods bought here from foreign merchants, say, in one month, and not immediately disposed of, were the next in competition with later imported articles costing less money. This uncertainty destroyed by degrees the little enterprising and speculative spirit amongst Japanese dealers, who have, in consequence, for a long time past only bought goods sufficient for the requirements of the moment. An additional cause for depression of trade is to be noted in the active interference of the Japanese Government in commercial and industrial affairs. Large sums are believed to have been advanced by the Finance Department and others to men who had official influence, but little knowledge and experience of trade or manufactures; and the Government has itself, probably owing to the general absence of energy, self-reliance, and enterprising spirit on the part of the people of Japan, as well as to their lack of capital, started paper mills, cloth, sugar, glass, and other manufactories at great expense and in most cases eventual heavy loss, besides working iron, coal, and gold mines. Private enterprise has thus been subjected to unfair competition and has often been prevented from asserting itself at all. I am also inclined to believe that a great deal of the so-called depression as regards the foreign trade is due to keener competition, brought about by the greater facilities afforded by the banks, by the telegraph, and by the Suez Canal enabling goods to be laid down much quicker than in the old days of sailing ships and postal communication only.

The depression is most noticeable in imports; in cotton and woollen goods and metals in particular. In 1880 the import value of cotton manufactures into Japan was 13,667,235 dollars (2,578,723*l.*), and in 1884 only 8,200,745 dollars (1,547,310*l.*). Woollens: import value in 1880, 6,182,528 dollars (1,166,513*l.*). In 1884, 3,501,017 dollars (665,069*l.*). Miscellaneous imports dropped from 8,399,360 dollars (1,584,785*l.*) in 1880 to 5,650,658 dollars (1,066,123*l.*) in 1884, while the total foreign import trade was 36,176,084 dollars (6,826,789*l.*) in 1880 and only 28,821,024 dollars (5,437,924*l.*) in 1884.

There is a falling off according to the Customs statistics in British imports to Japan from 16,364,000 dollars (3,087,547*l.*) in 1881 to 12,730,000 dollars (2,401,867*l.*) in 1884, or nearly 25 per cent. These figures cannot, however, be altogether relied on, for goods coming originally from France, Germany, &c., &c., which years ago were shipped via England and then appeared as English, now reach Japan in vessels loaded at Havre, Hamburg, &c., &c., and therefore appear under their proper designation. According to the Board of Trade returns the amount of cotton yarn exported from Great Britain to Japan for the 11 months ended November 30, 1883, was 19,450,600 lbs., and for the same period in 1885 only 10,764,900 lbs., and worsted fabrics and cotton manufactures also show a slight falling off, though an improvement on 1884, when depression in this country was, as regards the import trade, approaching its worst. It must, however, be remembered that in addition to the above import from Great Britain there is a considerable import of yarns from Bombay.

There has also been for several years past a determined and energetic effort to push German trade all over the East, by shipping cheaper imitations of English goods. In woollens this is specially noticeable. Belgium, also, has successfully competed as regards iron, a large proportion of Japan's importations of that metal being now of Belgian make, though I understand that the pigs from which the

iron is refined are usually English, shipped from the eastern coast to Belgium, and there worked up, as the sea freight from England to Antwerp is very low and the scale of wages prevailing in Belgium considerably under that in England. Pig iron can be shipped in this way from England, and after having been manufactured in Belgium ultimately exported at a lower cost than similar manufactures can from England direct. I hear, however, from a trustworthy source that a mutual arrangement has been recently concluded between the leading iron and steel manufacturers in England, Germany, and Belgium by which ruinous competition between them will in future be avoided, and a pro rata distribution secured between them of all Eastern business in those staples. The terms of the arrangement are, I understand, that all orders from eastern countries shall be divided, irrespective of the nationality of the manufacturer to whom they are given in the first instance, between the three countries I have mentioned in the proportion of five tenths to England, three tenths to Germany, and two tenths to Belgium.

As to the causes of the falling off of British trade, it must be borne in mind that London has ceased to be the distributing centre of the silk trade; that the continent of Europe is supplying itself direct with various productions of this country, instead of buying in London; that Belgian iron can undersell English, and that Bombay and India generally is competing for the trade in yarns. Germany and France also now share with England Japan's ship building orders, while the former supplies nearly all her war material. The business of furnishing Japan with rails and rolling stock of railways, previously transacted by England alone, has likewise been in part transferred to Germany, and the same is true of many other manufactured goods. In addition to this competition, Japan is gradually manufacturing for herself cotton yarn to a small extent, and various piece goods.

Manufacturers in England are accustomed to large orders, to established markets, and to no very marked change in the tastes of consumers. German manufacturers, on the other hand, do not disregard small orders; they are eager to meet the tastes of the market and adapt themselves with greater readiness to the varying capricious needs of the Japanese for manufactured cottons and woollens, &c., &c., than do the mill owners of Great Britain, who rather despise a small trade, and will not alter their productions to suit a demand that does not offer a certainty of extensive future business. In this way British manufacturers have lost some trade that would otherwise have gone to them, as, for instance, mousselines de laine. These goods are made entirely of wool, which may be considered specially an English staple article, yet until the last three years almost all the mousselines sold in Japan were of French manufacture, and now they are divided between France and Germany, the latter country making the cheaper, inferior kind. Hardly a piece comes from Great Britain.

In considering the various causes that have been at work to depress or decrease trade in Japan, the conditions under which business is now pursued in this country should not be overlooked, and, indeed, should be contrasted with the conditions that attended the opening of Japan to foreign trade. Banking facilities were then not very great, that is during the first few years that followed on the opening of the ports; business houses were mostly agencies of well-established leading mercantile firms in China, the command of capital was limited in a great degree to these, and there was but little competition. As years went on several of the older firms dropped off, the parent firms equally disappearing in China. Banking facilities became greater, younger men started in business with little capital, and British merchants, who originally very largely controlled the import trade, gradually found active competition in men of other nationalities, who only required experience in Eastern trade to enable them to compete, in many cases, successfully.

As far back as 1872 Sir Thomas Brassey, in his book on "Work and Wages," warned us that the competition of the continental manufacturers would demand our close attention, and that our manufacturers must exercise their best commercial administrative and inventive faculties to maintain their position. As regards catering to the tastes of consumers in Japan this warning has passed unheeded.

English manufacturers will, undoubtedly, have to give in the future a closer attention to the wants of the smaller foreign countries in order to retain the position they have hitherto occupied, against the competition of continental Europe, and England will also, before many years, have to meet a new competition in China and Japan, due to the investment of European capital in various manufacturing directions in Asia, and she will likewise have to bear in mind that labour both in China and Japan is very cheap;

Falling off
of British
trade.Labour
questions.

that the price of coal in many places is low, and that there seems no reason why many articles of large consumption hitherto imported from abroad should not be made in Japan.

British merchants had, some months ago, some reason to complain of official influence being brought to bear to promote German commercial interests in Japan. Government contracts were given to German firms, and there can be no doubt that there have been cases where this class of business has been influenced to the detriment of the British merchant.

On the whole, however, British merchants have not much to complain of on this score; they have probably enjoyed a fair share of these favours in the past, and if they take the same amount of trouble as the Germans do they may likewise secure them in the future.

To obtain Government business and contracts necessitates, however, much activity. It requires frequent intercourse with the Japanese, and demands great forbearance and the exercise of much patience and good temper.

There are individual Englishmen in Yokohama who are not one whit behind the merchants of other nationalities in the exercise of these qualities, but many are content to work on the old lines, and do not seem to keep up with all the progressive movements in Japan, and thus find themselves at a disadvantage in business transactions with Japanese.

As regards the means of extending British trade with this country, no great extension of our trade can be looked for till the whole of Japan is thrown open to foreigners, and foreign capital is brought to bear on industries, mines, and manufactures.

The next specific point which the Commissioners desire to see brought out in this report is the state of the labour market, with special reference to the rates of wages, hours of work, trades unions, and the effect of the withdrawal of large numbers of men from industrial pursuits. This being a question that could only be properly treated by a person long resident in the country and well acquainted with the subject, I thought it better to apply to Mr. Consul Robertson, who has kindly furnished me with most of the information required.

As regards rates of wages, a recently published table gives the following as the average daily rates prevailing in Tokyo:

Carpenters	40 to 60 cents.	(1 <i>s.</i> 4½ <i>d.</i> to 2 <i>s.</i> 0½ <i>d.</i>)
Plasterers	45 " 55 "	(1 <i>s.</i> 6½ <i>d.</i> " 1 <i>s.</i> 10½ <i>d.</i>)
Roofers	65 " 75 "	(2 <i>s.</i> 2½ <i>d.</i> " 2 <i>s.</i> 6½ <i>d.</i>)
Cartmen	35 " 45 "	(1 <i>s.</i> 2½ <i>d.</i> " 1 <i>s.</i> 6½ <i>d.</i>)
Wood cutters	50 " 70 "	(1 <i>s.</i> 8½ <i>d.</i> " 2 <i>s.</i> 4½ <i>d.</i>)
Paper hangers	30 " 60 "	(1 <i>s.</i> 0 <i>d.</i> " 2 <i>s.</i> 0½ <i>d.</i>)
Stonecutters	60 " 70 "	(2 <i>s.</i> 0½ <i>d.</i> " 2 <i>s.</i> 4½ <i>d.</i>)
Blacksmiths	40 " 50 "	(1 <i>s.</i> 4½ <i>d.</i> " 1 <i>s.</i> 8½ <i>d.</i>)
Painters	25 " 35 "	(10 <i>d.</i> " 1 <i>s.</i> 2½ <i>d.</i>)
Coolies	20 " 30 "	(8 <i>d.</i> " 1 <i>s.</i>)
Gardeners	25 " 50 "	(10 <i>d.</i> " 1 <i>s.</i> 8½ <i>d.</i>)

Up-country unskilled labour is obtainable at from 5 to 10 cents. (2*d.* to 4*d.*) a day, in Yokohama from 10 to 15 cents. (4*d.* to 6*d.*) Artizans obtain from 20 to 30 cents. (8*d.* to 1*s.*) a day up-country, and 30 to 45 cents. (1*s.* to 1*s.* 6½*d.*) in Yokohama. The usual hours of labour are from 7 a.m. to 6 p.m. in summer and from 7 a.m. to 5 p.m. in winter, but at least three hours a day may be deducted for meals and rest, the actual working hours being reduced to 8 hours a day in summer and 7 in winter.

On the general subject of the labour market Mr. Russell Robertson says:

"The labour market in Japan, though opening up an interesting subject on general grounds, would present no features of particular interest to the Commission, as there is little demand for European labour in Japan. The labour market is always met by native labourers and artisans, who work at a cheaper rate of wages and support life in a far more economical way than the European. Agricultural labour in Japan would certainly not tempt an European, and the same may be said of most industrial labour. A peculiarity of Japanese labour has been that, until lately, it has rarely been combined under any one particular management for the production of any one particular industry; there are few factories or large land holdings where craftsmen on the one hand, and labourers on the other, are employed on a large scale. Most of the industries are followed by individuals or by members of a family who work under their own roof, disposing of their wares to dealers, to whom they are frequently under contract to supply their products at fixed periods of time. Combinations or guilds are common amongst men pursuing the same craft, but they differ in many essentials from trades unions abroad. In many cases these combinations

are effected by Government regulation, in order to ensure care in the preparation of staple commodities and to retrieve a particular industry from the bad name which may have attached to it by reason of fraudulent practices in the making up of goods. On the other hand, combinations amongst men pursuing the same industry, and having for their object the keeping up of a particular rate of wage, are by no means unknown in Japan, as many foreigners have experienced to their cost, and coercion has often been resorted to by the members of a guild to deter Japanese from accepting a lower rate of wage than the members may have fixed, but the Japanese authorities, when appealed to for redress in the case of any such attempted coercion, have of late, I think, endeavoured, when their law and procedure have admitted, to give relief to the foreign applicant."

What might happen as regards the employment of foreign labour in the future, when other conditions than those at present existing might govern foreign trade, it is difficult to say, nor is it necessary to attempt to forecast what might follow on altered conditions, such as the entire throwing open of the country and the right of residence in the interior.

There is, of course, even now a certain demand in Japan for foreign skilled labour, and I could point to many industrial undertakings, started with Government aid, that have had to employ foreign skilled labour, but it should be borne in mind that such labour is generally arranged for prior to the starting of the particular industry, and is obtained through responsible channels, the contract, too, for its supply is generally for a fixed period of time, rarely exceeding three or five years, and on its expiration Japanese skilled labour is ready, under the tuition of the foreigner, to take the place of that hitherto occupied by the latter.

Touching taxation, local and imperial, and its incidence on trade and industries, I am indebted to Mr. Gubbins, Acting Assistant Japanese Secretary, who in 1883 wrote an able report on "Land Tenure and Taxation in Japan," for the following information on the subject:—"Although domestic trade and industries are affected to a considerable extent by many of the taxes levied by the Japanese Government, there are only four taxes which can be regarded as in any way affecting the trade of Japan with foreign countries. These are the tobacco tax, revised and levied for the first time in its present form in December 1882; the tax on patent medicines, established in October of the same year; and the taxes on shoyu (soy) and confectionery, introduced in May 1885. All four taxes come under the head of imperial taxation."

"The tax on tobacco may have a tendency to decrease the export of this article to foreign countries. Tobacco is not, however, one of the principal articles of trade, the amount exported from Japan to foreign countries in the year 1884 representing a value of only 240,000 dollars, or about 47,190*l.* It is said the Government would have made the tobacco imports heavier, had they not been restrained by the fear that their inability to deal as they liked with the taxation of foreign tobacco would stimulate the importation of tobacco from abroad to the detriment of the home industry."

"The tax on patent medicines, which is not the only tax levied on druggists in Japan, is levied in the form of a stamp duty on prepared medicines. Before any such medicines can be sold, stamps amounting in value to one tenth of the selling price of each medicine must be affixed."

"The effect on foreign trade of the soy tax is more in the nature of encouragement than otherwise, for by a special provision in the regulations on this subject the amount paid by a soy manufacturer as manufacturing tax on soy which has been exported for foreign consumption is refunded to him by the Government on the production by him, at the place of export, of satisfactory proof that such soy has been exported to a foreign country."

"The tax on confectionery, the incidence of which is unusually severe, is calculated, by its operation on an industry which cannot bear a heavy impost, to cause a serious falling off in the import of foreign sugars, and is likely, therefore, to injuriously affect the sugar trade of China and our own sugar refining industries at Hong Kong."

As regards the general question of taxation in Japan, what most concerns us is whether such taxation presses hardly or unduly on British trade. The Customs tariff on imports and exports in force since the Convention of 1865, to which Great Britain was a party, and any contemplated tariff to supersede the existing one, are matters apart from taxation that may affect the consumption of British goods in this country when they have passed the Customs and been distributed at the ports.

APP. D.
Japan.Local and
general
taxation.Import
trade.British
imports.Foreign
competition.

APP. D.
Japan.

Undoubtedly taxation is beginning to press hardly on the British imports mentioned above, namely, sugars from China and from the British colony of Hong Kong, and drugs, the trade in certain drugs and medicines having been killed by the imposition of recent burdens.

In regard to local rates, an imperial proclamation, issued August 15, 1885, notifies that the land rate for urban and rural districts is not, from the 1st of January 1886, to exceed one seventh of the land tax.

State aid to
trade and
industry.

As regards the extent of State aid afforded to trade and industry, all native enterprises of any magnitude are supported by the Government. The Japan Steamship Company (Nippon Yusen Kaisha) has a capital of yen 11,000,000 (1,833,333*l.*), divided into 220,000 shares of yen 50 (8*l.* 6*s.* 8*d.*), each of which 52,000 are held by the Government. The Company has a charter for 30 years, for the first half of which period the Japanese Government guarantee a dividend of 8 per cent. on the whole amount of the capital. The Government likewise guarantees 8 per cent. on the paid up capital of the Japan Railway Company. National banks all, more or less, received Government aid, and the Government have afforded support to other native banks, somewhat to the detriment of foreign banks at Yokohama. For some time past the Government have also been credited with the intention of forming an industrial bank on a large scale for the purpose of promoting national industries. It is rumoured that the capital of this bank is to be fixed at yen 50,000,000 (8,333,333*l.*), this sum to be raised on debentures of yen 50 (8*l.* 6*s.* 8*d.*) and yen 100 (16*l.* 13*s.* 4*d.*), bearing 6 per cent. interest. Nothing, however, is yet known of this matter on official authority.

State aid may indeed be said to permeate the policy of the country in its internal administration. Almost all industries are started with the aid of Government capital, the Government practically investing as shareholders, but probably the more general direction of State aid is the advancing of money to foster particular industries on which advances, at comparatively low rates of interest, are asked.

Trade
marks.

On the subject of trade marks there is little to be said. The Trade Marks Regulations, issued by the Japanese Government in 1884, a memorandum on which accompanies Mr. Consul Esnlie's report, do not enable foreigners to register their trade marks. When application for such registration has been made by foreigners it has been invariably refused. The extension of this privilege is not likely to be granted to foreigners till the regulations can be enforced, not only on Japanese, but also for all foreigners residing and trading in Japan. Foreign trade marks are frequently counterfeited by Japanese. The only remedy open to a foreigner lies in an appeal to his diplomatic representative, and the Japanese Government, when approached through this channel, use their best endeavours to stop such counterfeiting, though they have not the power, under the present penal code, to punish the guilty parties.

Railways.

Another point on which the Commission desire information is in regard to the progress of railways abroad.

The first railway in Japan was constructed in 1872 to connect Tokio with Yokohama; at the present date there are 332 miles of railway open in Japan, 357 (including the Nakasendo Railway) in course of construction, and 145 in contemplation, but further extensions are also spoken of, notably one from Sendai to Awomori, a port in the extreme north.

The capital so far expended on the construction of railways in Japan amounts to about yen 20,500,000, or nearly 3,416,670*l.*, but a considerable further outlay is still necessary on many of the lines for the construction of permanent bridges of iron, with brick and stone foundations. A loan of yen 20,000,000 (3,333,333*l.*) for the construction of the Nakasendo Railway was raised by the Government in 1883. Foreigners may buy, sell, and hold bonds of this loan in every respect on an equality with Japanese. The authorised capital of the Nippon Tetsudo Kaisha (Japan Railway Company) is yen 20,000,000 (3,333,333*l.*), and is likely to be increased. The Japanese Government guarantees 8 per cent. interest on the paid up capital of this company.

All the railways are the property of the Government, with the exception of the lines belonging to the Japan Railway Company (which were constructed by the Government and sold to the company) and the short local line between Osaka and Sakai, which is owned by a private company. Railways are not at present liable to any Government tax. Since the issue of the Nakasendo Railway Bonds in 1883 the Government has decided not to favour railway enterprise on a large scale by private companies, but rather to encourage the construction of short local lines and steam tramways.

Materials used in the construction of railways in Japan have, with the exception of those for the line in Yezo, which came from America, and those for the Osaka-Sakai line, which were got from Germany, been imported from England. Recently, however, some rails were imported from Germany. All locomotives have, so far, except those for the Yezo line, which came from America, been imported from England. The rolling stock is now made in Japan, but ironwork, such as wheels, axles, buffers, &c., is still imported from England.

I have stated at the beginning of this report that the depression in trade has been most noticeable in imports, and that the import trade has steadily fallen off since 1881. In spite, however, of the existence of great depression throughout Japan, there has been a steady increase in the export trade, as the following figures show:—

		Dols.	£
1878	-	25,524,567	(4,815,954)
1879	-	27,388,958	(5,167,728)
1880	-	27,413,157	(5,172,293)
1881	-	30,219,441	(5,701,781)
1882	-	37,235,774	(7,025,618)
1883	-	35,693,519	(6,734,626)
1884	-	33,016,248	(5,229,480)

Increase in
export trade
from Japan.

There is a dropping tendency in 1883 and 1884, but, judging by the recent large increase in the export of silk, this is likely to be compensated for by the figures of 1885. My object in referring to this is to draw attention to the point (already alluded to by Mr. Crowe in his evidence before the Royal Commission) that a large export trade may still be coexistent with a very general depression in imports and in many industries. In this respect Japan, it will be seen, is in the same position as Germany, where an increase of exports does not appear to have excluded depression.

The question of the ratio of silver to gold is one needing too lengthy a discussion for the compass of this report, but there is little doubt that the great fall in the value of silver has also much to say to the increase of the exports from Japan and to the decrease of the imports from Europe.

Deprecia-
tion of
silver.

In explanation of the recent large increase in the export of silk from this country, I should here mention that a syndicate of Italian bankers has been lately formed with the object of buying up large quantities of raw silk in Italy. Italy, possessing cheaper labour than France, has now become the great silk producing country of the continent. Lyons, on the other hand, is the great manufacturing centre, and the tendency of speculators in that city has been to "bear" down the price of raw silk, the result being that Italian silk had fallen so low in price as to leave no margin of profit to the producer. The Italian Government, seeing great disaster impending over this industry, instigated the starting of the syndicate, and their mode of operation was to be thus: The syndicate was to send agents to the great producing centres in Italy and there simultaneously buy up large quantities of raw silk, the object of the banks being to hold the silk and thus force a rise of the market. The manufacturers in France took alarm, and as there are always hundreds of speculators, in addition to men *bona fide* in the trade, large orders were sent for China and Japan silk. The Italian banks, by judicious and moderate sales of the stock they had purchased, have of course realized a profit, but they have at the same time attained their chief object in relieving the poor producing class of Italy, who now find their staple industry meeting a rising instead of, as hitherto, a falling market. The effect has been to withdraw a great deal of silk from Japanese consumption, and add it to the already swelling export list.

Silk trade.

As to the general question of depression, the opinion of competent judges out here is that over-production is the chief cause of the depression in trade which has of late years prevailed all over the world. In support of this opinion they cite a few instances: The mills of Lancashire were capable of turning out all the yarn the world required; now we have immense production in India, and the consequence is the demand for all yarns of a certain class are supplied from this source instead of from England. The increase in cotton manufacturing in the Southern States of America has, it is true, hardly affected our trade, but Japan is already a small producer of yarns, and will doubtless in the near future supply all her wants in that respect. France and Germany are competing successfully for the trade in mousselines, and Belgium does a large trade in iron, to the detriment of the British manufacturer. The supply of silk seems likely to become greater than the demand. In a word, the consuming power of the world is not equal to the production.

General
observations
on the de-
pression.

There are, however, various indications that the most

serious depression of Japan trade is coming to an end, and that improvement, though likely to be slow, will in all probability set in in the course of the present year. Currency has, with much difficulty and at a cost of great distress to the people, been brought to par with silver. Silk has improved in value 15 to 20 per cent. during the last three months and has sold very freely, thus placing large sums of money in the hands of producers. The tea export is larger than last year, and the prices have been good. Stocks of manufactured goods up country are light, and an excellent rice crop was harvested in November last. Railway extension is making steady progress, and will soon open up districts now backward from want of communication. The country is free from serious political difficulties, and the pressure of increased taxation is gradually forcing people to work harder and waste less time than hitherto. On the whole, prospects are more hopeful than for many years past, and with the opening up of the country to foreigners and the introduction of foreign capital, which is much needed, there would undoubtedly be a considerable general increase of prosperity throughout Japan.

In conclusion, I would mention that in the preparation of this report Mr. Consul Robertson has afforded me great assistance by supplying much valuable information bearing on the general question of trade depression, and I have also to express my thanks to two of the leading British merchants in Yokohama for favouring me with their views on this all important subject.

(Signed) P. LE POER TRENCH,
British Legation, Tokyo, Secretary of Legation.
February 5, 1886.

KANAGAWA.

British Consulate, Kanagawa,
December 23, 1885.

SIR,

I HAVE the honour to acknowledge receipt of your Despatch of the 1st instant requiring information on the depression, if such exists, of trade and industry in this district, in order that the information so obtained may be submitted to the Royal Commission on the Depression of Trade and Industry which has already begun its labours in London.

I now beg to enclose written replies to the queries set out in Enclosure 2 of your Despatch, and these replies will, I trust, furnish the desired information so far as this consulate is concerned.

I have, &c.
(Signed) RUSSELL ROBERTSON.
The Hon. F. R. Plunkett,
&c. &c. &c.

1. Cotton manufactures, such as yarns, shirtings (grey, white, and dyed), prints, drills, velvets, lawns, turkey reds, and T. cloths, &c.

Woollen and mixed cotton and woollen manufactures, as blankets, Italian cloths, mousseline de laine, cloth, &c.

Metals, as iron, pig, bar, rod, nail, plate and sheet, and rail, also rails tea-lead, &c.

Drugs and chemicals, dyes, paints, wines and spirits.
2. It is difficult to make such a comparison as is asked for by reason that the Customs returns prior to 1875 are not to be relied on.

The years 1878, 1879, 1880 were years of fictitious prosperity and inflation, when Japanese bought and foreigners imported larger quantities of goods than the actual yearly wants of the country required.

Paper money was plentiful, the farming classes possessed it in abundance as proceeds of sales of silk, tea, and rice. They disbursed it freely in the purchase of clothing and foreign luxuries of all kinds, which, too, at the time, were attractive from their comparative novelty. Then came a reaction. Paper money has been forced by contraction from 80 per cent. discount to par; there has been increased taxation, with low ruling prices for tea, silk, and rice. The producing classes have suffered in consequence, they have found themselves with no surplus cash, and many are heavily indebted owing to former extravagance.

3. Trade in general is unremunerative, and there has been a tendency to decrease in volume during the past three years. It is unremunerative owing to the long continued fall in prices at the places of production, and to the increase of competition now that Japan is in constant com-

munication with Europe by steamers via Suez, and with America by steamer and rail to New York.

Telegraphic extension and the great increase of banking facilities have reduced profits to a minimum.

Capital and experience are not considered here as essential before embarking in trade, and many have entered on the field of commerce who would have been better and more profitably employed in other occupations.

4. It began in 1881 and reached its worst, probably, in the spring of this year, 1885.

The prominent symptoms were a decreased demand for all goods, low prices, and frequent long delay in taking delivery of purchases made by Japanese dealers.

Many failures have also taken place amongst Japanese, and the depression has been further aggravated by the fall in exchange between sterling and silver.

5. The depression has been fairly uniform from bad to worse until the autumn and winter of this year, 1885, when, following upon an excellent rice harvest and improved prices for the staple export, silk, prospects of the import trade of 1886 look brighter.

There has already during this autumn been more demand for imports.

6. The depression has been most marked in imports.

7. The depression in imports as marked from 1880. In that year, from a return published by the chamber of commerce, the import value of cotton manufactures into Japan was

In 1881	-	12,834,096	"
" 1882	-	11,295,486	"
" 1883	-	9,218,013	"
" 1884	-	8,200,745	"

In woollens the import value in 1880 was 6,182,528 dollars, while in 1884 it amounted to 3,501,017 dollars only.

Miscellaneous imports dropped from 8,399,360 dollars in 1880 to 5,650,658 dollars in 1884; and to go into total values, while the foreign import with Japan amounted in 1880 to 36,176,084 dollars, it dropped in 1884 to 28,321,024 dollars.

8. Very much below, so much so that the return has, in most cases, been a loss. The consequence is that many Japanese with capital have abandoned business, and invested their means in Government bonds.

9. The district of Yokohama is no criterion of the rest of Japan. The rate of wages here is an artificial one, depending on certain trades, such as tea-firing, waste silk picking, &c.; and the cost of living in Yokohama being higher than elsewhere in Japan, wages are dearer than in other ports.

In Japan, generally, wages have declined considerably during the last 12 months, partly owing to appreciation of the paper currency and partly to trade depression.

10. Up country unskilled labour is obtainable now at from 5 to 10 cents a day, in Yokohama 10 to 15 cents. Artizans obtain from 20 to 30 cents a day up country, 30 to 45 cents in Yokohama.

A recently published table gives the following rates of wages as the average daily rates prevailing in Tokio:—

Carpenters	-	40 to 60	"
Plasterers	-	45 to 55	"
Roofers	-	65 to 75	"
Cartmen	-	35 to 45	"
Woodcutters	-	50 to 70	"
Paperhangers	-	30 to 60	"
Stonecutters	-	60 to 70	"
Blacksmiths	-	40 to 50	"
Painters	-	25 to 35	"
Coolies	-	20 to 30	"
Gardeners	-	25 to 50	"

The usual hours of labour are from 7 a.m. to 6 p.m. in summer, and from 7 a.m. to 5 p.m. in winter, but three hours a day may fairly be deducted for meals and rest, the working hours thus being reduced to eight hours a day in summer and seven in winter.

11. The special impediments are interference by Government in all classes of industry from time to time; the existence of guilds amongst the Japanese established in Yokohama, who force all transactions to be undertaken only through their intermediary.

Extension of trade might be brought about by the throwing open of the whole of Japan to foreign residence and trade, and the bringing of foreign capital to bear on industries, mines, and manufactures.

12. A certain proportion of British trade has been diverted during the past six years to Germany, and also the United States.

13. Paper mills, glass works, and cotton mills have been established in Japan within the last few years, it may be said in all cases with Government aid, which has taken the

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shape either of direct Government control or of pecuniary aid to Japanese undertaking the operations.

Under the condition of extraterritoriality which govern the transactions of foreign merchants in Japan partnerships with Japanese do not ostensibly exist. In cases where they do exist they do not receive Government sanction, and foreign capital, if embarked at all, is employed with great risk. Japanese exhibit a marked tendency to manufacture for themselves articles upon the importation of which from abroad they have hitherto relied and will have to rely for some time to come. The native bazaars and exhibitions that are held from time to time in the capital and principal Japanese towns show how active Japanese are in the direction of producing for themselves many articles that figure in the list of imports from foreign countries.

14. Yes; taxation has considerably increased and is growing in order to meet increased Government expenditure. Local rates, too, are high, but as the people have a voice in local expenditure through their representatives at the Prefectural Assemblies, and as the money so raised is spent, in a great measure, in local improvements, there is little room for discontent so far as rating is concerned. Taxation, however, presses very heavily, the more so that it takes the shape, not only of a tax on many articles of daily consumption, but, in addition, heavy license fees for the pursuit of retail trades are imposed, thus adding further burdens to an already overburdened people.

15. It is difficult to say with accuracy to what extent trade and industry in this district may be assisted by State aid; bounties, as understood in Europe, do not, I think, exist, but Government money for the promotion of a particular trade or industry is readily forthcoming, and at a low rate of interest, particularly if the trade or industry is one that competes with the foreigner.

Facilities of transport are limited in this district to the high road known as the Tokaido, which, it should be noted, becomes impassable for carts at the Hakoné Pass, a distance of 35 miles from this, and to the railway between this and Tokyo, 18 miles. In answering this question, it is proper to note that the word "district" is scarcely applicable; where this consulate district begins and where it ends has never been defined in the way that consular districts are mapped out in Europe. It might be said to correspond with the Japanese prefectural district of Kanagawa, but, on the other hand, I might be called upon to render assistance as consul, or to deal with matters far outside the limits of this prefecture, and therefore, in speaking of the transport facilities of this district, the existence of the railway from Tokyo to Maebashi, 68 miles, and now rapidly advancing from that point, the Utsunomiya Railway, 50 miles, the Shinagawa and Kawaguchi Railway, 13 miles, should not be overlooked. Rates of freight on these lines are, however, still too high to admit of a proper use being made of these lines for goods transport.

When it is sought to distribute goods other than by the railway lines and by well known highways, they are divided into small parcels for transport in the interior, and are carried on pack horses.

16. Two chambers of commerce exist in Yokohama, one supported by foreign merchants, the other (Japanese) was established by Government order and with State aid.

The foreign chamber issues a trade circular for the outgoing mail, giving particulars of business of all kinds transacted in the interval from the issue of the previous circular; prices are shown, as also the state of the markets.

The chamber also compiles annual trade statistics.

17. The foreign banks here give almost unlimited credit to traders, with the result that there has frequently been an over supply of imports, and an excessive price has been paid for exports.

Very little credit is given to Japanese even now, and until a comparatively recent date it was usual to receive bargain money on all transactions with Japanese, goods being paid for on delivery within a specified time. The payment of bargain money is now seldom required, but none the less is payment always demanded for goods on delivery.

18. Trade mark regulations were issued by the Japanese Government on the 7th of June 1884, and came into force on the 1st of October of that year; they are, however, binding only on Japanese.

Foreign trade marks are frequently counterfeited by Japanese, but in those cases where the registered owner of the trade mark has a foreign agent here, steps are usually taken by such agent to suppress the fraud. This can only be done in the existing state of Japanese law by diplomatic intervention, and the Japanese Government use praiseworthy endeavours to stop any counterfeiting of foreign trade marks on a case being made out to their satisfaction.

(Signed) RUSSELL ROBERTSON.

HYOGO.

British Consulate, Hyogo and Osaka,
Hyogo, December 28, 1885.

SIR,

In compliance with the instruction contained in your Despatch of the 1st instant, I have the honour to transmit to you a series of answers to some of the questions propounded by the Royal Commission on the Depression of Trade. These answers contain such information as I am able to furnish on the points raised by the Commission as far as concerns this consular district.

I may say that on receipt of your Despatch I addressed to 12 British firms here a series of questions based on those formulated by the Commission, and from six of those houses I received replies, bearing specially on the branches of business in which the individual firms are engaged. Several of the largest British houses here, being engaged almost exclusively in the tea trade with the United States and Canada, are, naturally, not in a position to give special information on the subject of British trade proper, if by such is to be understood trade with the United Kingdom. On the answers which I received, checked by information derived from the published consular reports, or within my own knowledge, my replies have been based.

I have found it impossible to present the relative growth of British trade and that of other foreign countries with this place in the form of figures, no reliable or complete statistics being available on this subject.

I have, &c.

(Signed) JAMES TROUP.

The Hon. F. R. Plunkett,
&c. &c. &c.

1. Imports from Great Britain, cotton and woollen manufactures (yarns, &c.), metals (iron, &c.). From India (Bombay), yarns. Exports to Great Britain, copper, tobacco, rice, antimony, screens, fans, bamboo-ware, porcelain and earthenware, lacquerware, &c., &c. To India, copper. To the Colonies (Canada), tea. The chief part of the carrying trade between this port and other parts of the world is in British vessels. British capital is largely employed in the trade in tea, &c., with the United States.

2. There has been, generally, an increase in all branches of British trade at this port during the past five years, as compared with the previous years since the port was opened to foreign trade in 1868. In the import trade this is partially owing to a transfer of the trade from Yokohama to this port, and does not imply an increase in the consumption of British manufactures in this consular district.

3. As compared with the previous 18 years since the port was opened to foreign trade, I am not of opinion that the present time exhibits depression in the general foreign trade of the port, or in British trade in particular. Such depression as exists is limited to certain branches of the import trade. The returns for the present year have not yet been made up, and it is not improbable that they may be found to compare unfavourably with the previous three or four years. British trade generally has not suffered depression as compared with that of other nationalities.

I do not remark on "industry" at all, as neither British nor other foreign capital can be invested in industries in this country, except to quite an insignificant extent.

4. The partial depression in the import trade began two or three years ago, but has been more severely felt since 1884, and has continued to the present year. Its symptoms may be said to be that buyers of imports limit themselves to immediate wants, and are indisposed to purchase on speculation.

Its causes are, doubtless, partly local and partly general. Of local causes the great fluctuation in the value of the Japanese paper currency from 1881 to 1884 was a principal, and later, the contraction of the Japanese currency in general circulation. Of general causes, the decline in the price of silver is probably the one most affecting the import trade from England, Bombay yarn being paid for in silver; this import has, on the contrary, probably received a forward impetus from the same cause.

5. Its progress previous to 1884 was irregular, but has been more regular since. Probably an improvement is near at hand, provided the Japanese currency remains steady.

6. Depression has not extended to the export trade generally nor to the carrying trade. In the import trade in manufactures, depression has been more felt in "fancy" articles than in staples, such as yarns and shirtings. The trade in Indian yarns has, on the other hand, grown. This trade is in the hands of British firms.

The tendency in the import trade, both in manufactures and metals, is towards consumption more of raw or partly prepared material, and less of entirely finished material.

12. Probably some transfer has taken place to German and French steamers of the carrying trade between this port and the Continent of Europe, but I am not of opinion that this will be found to have resulted in a diminution of the total of the British carrying trade.

In imports, under metals, I remarked in my trade report of last year that the import of English nail rod iron had been to some extent supplanted by the importation of French and Belgian made nails. This must be looked upon as an exception to the general tendency mentioned in answer to question 6, towards the consumption of raw or partially prepared material. Further, a transfer has, undoubtedly, taken place from British to German firms in the importation of iron, machinery, and plant, on Government orders; and, as a consequence of that, partly also of private business in these articles. The articles imported remain mostly of English origin, only the intermediary being different.

No other transfer has taken place that I am aware of, unless that from English to Bombay yarns is to be considered such.

There is constantly some new article coming into vogue under the heading of miscellaneous exports.

13. The establishment of a cotton yarn mill in Osaka was noticed in my trade report of last year, but this has not as yet sensibly affected the import of yarns. Paper, of European sorts, is now manufactured almost to the exclusion of the imported article. Metal sheathing may also be mentioned, and soap.

The above enterprises (with the exception of one paper-mill at this port which is carried on by an American firm) have been engaged in with native capital, and where they are of any magnitude have been so under the fostering care of the Government.

15. The chief native steamship company, which trades on the coast and to Shanghai, is supported by the Government. The Government has constructed and maintains the railways, telegraphs, and postal communication.

Few native enterprises of any magnitude are entered on without Government support in some way, but it would be impossible to define the extent of this support.

16. Exhibitions of local industrial products are frequently held in this neighbourhood, but there are no standing commercial museums of any importance, and no pattern or sample rooms.

There is a chamber of commerce at this port, composed of British and other foreign merchants. The chamber is supported by the subscriptions of members and non-members receiving the published statistics. Monthly and annual price lists, and statistics of exports and deliveries of imports, and of exchange and shipping, are compiled and published by the chamber. The chamber also advises in commercial matters, with a view to facilitate trade.

Native chambers of commerce exist more or less under Government care. It is understood that one of their objects is to foster trade by native merchants with foreign countries.

17. In the wholesale import trade the terms are cash on delivery of the goods.

18. There are no regulations in force as to trade marks, and the trade marks of British manufacturers are frequently counterfeited by native imitators. The latter remark, however, does not apply, so far as I am aware, to yarns or piece goods.

(Signed) JAMES TROUP,
Consul.

Hyogo, 28th December 1885.

NAGASAKI.

British Consulate, Nagasaki,
December 24, 1885.

SIR,

In compliance with the instructions conveyed to me in your Circular Despatch, of the 7th instant, I now have the honour to forward to you my replies to the questions proposed by the Royal Commission on the Depression of Trade and Industry.

Owing to the very short time allowed for compiling these replies I have only been able to write in a general way, as to go into precise details would require study and the preparation of statistics, which in the end would probably be

as deceptive or misleading as they usually are, unless the sources whence they are derived are thoroughly reliable.

I have, &c.

(Signed) J. J. ENSLIE.

The Hon. F. R. Plunkett,
&c. &c. &c.

ANSWERS to QUERIES on the Depression of Trade sent
by the Royal Commission.

1 and 2. There are no direct imports at the port of Nagasaki from Great Britain.

Tea was largely exported to Great Britain in former years, but this export has entirely ceased since 1880.

Exported to England, May 1876—May 1877, 731,356 pounds.

Exported to America, May 1876—May 1877, 397,564 pounds.

Exported to England, May 1877—May 1878, 144,799 pounds.

Exported to America, May 1877—May 1878, 750,422 pounds.

Exported to England, May 1878—May 1879, 30,876 pounds.

Exported to America, May 1878—May 1879, 462,535 pounds.

Exported to England, May 1879—December 1879, 6,884 pounds.

Exported to America, May 1879—December 1879, 545,467 pounds.

Tobacco, camphor, and wax continue to be exported in small quantities.

3. The condition of trade and industries generally, and particularly the trade with Great Britain, may be deemed to have been depressed during the last 18 years.

4. The decadence dates from the commencement of 1868, caused by—

1st. The opening of the ports of Hyogo and Osaka.
2nd. The centralization of the government at Tokyo under the Mikado, whereby the daimios or feudal lords in this district sacrificed their independence.

The most prominent symptoms, or rather evidences, of the depression are that, whereas at one time the whole settlement set aside for foreign residence at Nagasaki was occupied by Europeans and Americans, nearly half the lots have been given up and are now vacant or tenanted by Chinese; and, further, that the trade with London and America, which was formerly carried on by four or five firms with large tea preparing establishments, is now reduced to one. The trade in this article is now entirely with America, shipments to Great Britain having entirely ceased.

A further evidence of the shrinkage in trade and industries is to be found in the reduction in population of the native town, computed in 1860 at about 60,000 against 33,000 at present.

5. There has been a steady falling off in the trade of British manufactures, and direct importations may now be said to have ceased, with the exception of small orders for machinery, and material for engine and boiler works, repairs to ships, and coal mining, to which may be added some cotton goods for re-export to Korea. The local consumption of foreign woollen and cotton manufactures is supplied from Hyogo and Shanghai.

There are no grounds for anticipating any material change.

6. The depression extends to most branches of trade and industries, but in exports may be excepted tobacco, camphor, and notably coal, the mining of which latter during the past 10 or 15 years has rapidly increased until this export has attained its present dimensions, giving employment to a large amount of tonnage (principally British bottoms) for its conveyance.

7. Cannot say.

8. Should say that at present the demand for the supply of, and the return on capital generally in this district is below the average of the last 20 years.

9. Wages generally have increased in this district during the last 20 years, but the cost of living has increased proportionally.

10. Carpenters, plasterers, tile layers, stone masons, and wood sawyers 16d. per day, farmers 10d. (men), 8d. (women), servants (men) 8s. 4d., (women) 4s. per month and board; average hours of labour per day 10.

11. Beyond the natural law of supply and demand there does not appear to be any special obstruction to the extension of trade between Great Britain and this district, further than that applicable to the whole of Japan, viz., the uncertainty of an inconvertible paper currency, which during the past has fluctuated between 80 per cent. discount and

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par, as compared with silver dollars. The rate is now about par, and as the Government have announced that at the beginning of the coming year there will be issued a new currency convertible into silver, this drawback to trade may be considered as in course of removal. On the other hand, there has to be considered the late steady depreciation of silver as compared with gold, which reduces the returns for goods invoiced in gold.

There does not appear to be any favourable prospect for the extension of British trade in this district, as dealers and producers prefer to supply their wants and sell their produce (when the cost of freight is not prohibitive) at the larger markets of Hyogo and Yokohama, where selection is larger and competition greater.

12. There is no doubt that a large portion of the produce, which 15 years ago or less went first to London and was thence distributed, has since been shipped in increased quantities direct to ports on the continent of Europe and more recently to America. In this connexion I may mention having been informed that the heavy dock charges to which goods are subjected in London as compared with America and continental ports makes it very disadvantageous to merchants to ship to the former.

It appears that in America these charges are between 3 and 4 per cent. less than in England.

Until quite recently freights to England were 47s. 6d. per ton, whereas to America only 30s.

13. No. With the exception of matches, for some years past largely manufactured throughout Japan.

14. There has been an increase in local and general taxation throughout the Nagasaki district during the last 10 years.

Taxes on produce are somewhat high, and the general prosperity of this district is therefore injuriously affected.

15. There is no State aid by bounties, facilities of transport, or other means in this district.

16. There is a chamber of commerce in this district, but, as it is entirely Japanese, I am unable, at present, to furnish any details as to working expenditure, &c.

17. The conditions of trade here, as between Japanese and foreigners, are on a prompt cash basis, as there are few native dealers with capital, and in case of default redress through the native courts is both tedious and unsatisfactory.

Purchases by foreigners from Japanese are also usually made for cash on delivery or within a few days.

18. It is impossible to treat the subject of trade marks regulations satisfactorily in the short time allowed for these replies. I, however, enclose a translation of the regulations for trade marks, and a memorandum on that subject by Mr. Assistant Chalmers.

MEMORANDUM.

Trade Marks.

The first trade mark regulations were issued on 7th June 1884, to take effect from the 1st of October of the same year.

By these regulations a person wishing to have a trade mark registered may do so by sending an application to the Department of Agriculture and Commerce, through the kencho of the district in which is his house of business, accompanied by samples of the article in question and a detailed description, together with the fee.

Registry is not granted at once, but the application is put on record, and if within two months no other person applies for a trade mark on the same identical article, or such as is likely to deceive, then registration shall be accorded to the first application.

The regulation (Article 3) says that should further applicants appear during the two months after the date of the first application, all applicants after the first shall be dismissed. This is not very clearly stated in the regulations, but is thus explained in a footnote. It is difficult, however, to see the reason for postponing registration two months, when after all priority of date of application is to settle the right to the trade mark, particularly as the recognised owner is unable to claim protection for two months. The trade mark regulations in force in Great Britain provide in detail for objections to registration of a trade mark, and for counter statements by the person registered.

The footnote to Article 3 further explains that if two or more applicants for conflicting trade marks appear upon the same day they shall all be dismissed. No provision seems to be made for the settlement of claims to registration, nor as to the registrar's power to enforce such settlement at law, an article (No. 8) of the rules for registering trade marks only providing that no application shall be dismissed without a reason assigned,

In these as in other particulars the regulations appear defective, and if claims are equitably disposed of the court must hold powers as regards trade marks that are not mentioned in this Act.

Were trade marks more in vogue than they are, regulations so incomplete could hardly work satisfactorily, and I hear indirectly that the Nagasaki Kencho authorities have had to refer certain of the articles to Tokyo for explanation already.

Among the people, however, the very existence of the trade mark regulations is almost unknown, and the advantage that should be derived from them is quite unrecognised.

The very small fee charged by the Japanese Government for the registration of a trade mark almost proves the little faith they have in the trade mark system becoming at once popular, the registration fee of one trade mark for 15 years being only 10 yen. (A trade mark registered in England costs the owner 150l. in the course of 14 years.)

Up to June last about 150 or 200 trade marks were registered at the Department for Agriculture and Commerce, of which nearly all emanated from Tokyo, Osaka, and Kyoto, and are in connexion with the silk and cotton trades, medicines (plaisters, cod-liver oil, &c.), soy, sake, &c., &c.

The following trade marks only have emanated from Nagasaki:—

Shoyu (soy), registered June 11, 1885.

Paper, registered November 4, 1885.

Pomatum, applied for but not yet registered.

A complete book of specimens of all the trade marks registered at the Department of Agriculture and Commerce is kept at the office of the permanent bazaar at Nagasaki, and might perhaps be obtained from the above department on application.

Some of these specimens are very elaborate and artistic, but few people in the country, and even in Nagasaki itself, are acquainted with trade mark distinctions, and know how to be guided by them.

No applications by foreigners for registration of trade marks have ever been made at the Nagasaki Kencho, and the authorities say there is no provision for registering such trade marks were application made.

(Signed) A. M. CHALMERS,
Nagasaki Consulate, Acting Second Assistant.
December 24, 1885.

HAKODATE.

British Consulate, Hakodate,
24th December 1885.

SIR,

I HAVE the honour to acknowledge receipt of your Circular Despatch of the 1st inst., enclosing papers showing the nature of the information which the Royal Commission on the Depression of Trade and Industry desire to obtain with respect to trade in foreign countries, and you instruct me to furnish you with a report on these matters in so far as concerns my consular district.

I have accordingly answered the various questions, in so far as I have been able to gather information, in the order in which they are placed.

Specific points mentioned in Enclosure 1.

1. Depression of trade or industry exists generally, and affects generally all branches of commerce.

2. The paper currency of the country, owing to enormous issues caused by the requirements of the Government during the civil war, suffered a heavy depreciation. The paper currency was originally issued at par, and fell to 182 yen satsu for 100 dollars. This inflation and depreciation of the currency reacted on prices of all goods, and caused a corresponding advance in quotations with a very considerable increase in the volume of trade. This continued till a contraction of the currency commenced, when trade here at once suffered a decrease in volume, and this decrease continued as currency was further contracted, till now, when the paper currency has again reached its par value, trade of all kinds is in a more depressed condition than it has ever been on this island before. The price of rice regulates in a great measure the price of marine produce, the principal consumers being farmers, and as rice advanced to a very high rate, notwithstanding good crops, as a consequence the prices of all produce of this island, which are principally marine, viz., salmon, salmon-trout, dried herrings,

fish-manure, seaweed, &c., and which are consumed principally on the southern mainland, advanced enormously.

3. All native trades and industries have been affected more or less.

4. British trade has not been affected.

5. British trade in imports has been entirely diverted into the hands of Japanese merchants, owing to quick and frequent steam communication with Yokohama. When this port was first opened to foreign trade, as there was little or no communication with Yokohama, all piece goods, such as shirtings, Turkey reds, camlets, flannel cloth, &c., were imported principally by English firms from Shanghai. This business, from the cause already stated, and also from the fact that native merchants could as a rule lay down their goods purchased as required in Yokohama cheaper than foreign firms could procure them from Shanghai, has caused the diversion of the trade mentioned above. I am of opinion that the demand for such English goods has grown; however, under the conditions in which the trade is now conducted, it is extremely difficult to arrive at approximate figures. The import business will in all probability remain in the hands of native merchants till the trade is sufficiently large to induce direct shipments from producing countries.

6. British trade can only extend by the growth of the population of this island and that of the northern mainland. There are no impediments to trade.

7. The labour market is very limited. A large proportion of the working community consists of hired labour from the northern portion of the mainland, who come over here in the spring of the year either in search of employ, or engaged to proceed to the different fishing districts on the coast.

The average price of labourers here at present is 40 cents. per day; during the inflation of business, owing to the depreciation of paper currency, wages rose to an average of 60 Mexican cents. per day. This for a full day's work, from sunrise to sunset, summer and winter. There are no specified hours of work, and no trades unions exist. There are few, if any, industrial pursuits carried on in this island.

8. The local and imperial taxation on trade and industry is very heavy, more especially on marine produce, the average tax on which is estimated at 20 per cent., with a further 4 per cent. local customs duty if exported from the island to southern ports of Japan by native merchants. On shipments to foreign countries exporters pay an Imperial tax of 5 per cent. duty.

9. All undertakings of any importance, such as the manufacture of sugar from beetroot at Mombetsu, the experimental farms at Nanaye and Sapporo, &c., are entirely maintained by State aid, and from time to time, during bad seasons, State aid, in the shape of advances against the produce, is given to lessees of the seaweed and other fishing districts.

Formerly, under the Tokugawa régime, the fishing districts were in a great measure leased to men of ample means, or who could command capital; the duty then averaged about 5 per cent. only, but since the Restoration, when the affairs of this island were placed under the control of the Colonization Department, the different fishing districts have, as a rule, with a view to further developing the industry, been leased out to fishermen of no standing, and with little or no capital. At the time, this apparently had the effect of increasing the produce; bad seasons, and the inability of the lessees to procure capital on easy terms, in addition to the heavy duty of over 20 per cent. then imposed, have, however, stopped all development. The duty imposed appears to be crushing out all enterprise, as the fishermen find that the paying of this duty swamps all possible profit. When they get into debt they cannot obtain the means from merchants to properly work the districts, and they are therefore obliged from time to time to petition the Government for advances.

ANSWERS TO QUESTIONS in Enclosure 2.

1 and 2. There is no direct British trade with Hakodate. As stated above, the direct British trade has been diverted into the hands of native merchants, who purchase their supplies from Yokohama.

3. The local trade and industry generally is greatly depressed, and is said to be more so now than at any period during the last 20 years.

4. The depression began about three years ago, when the paper currency began to appreciate, and the lowest point reached has been during this year.

5. The depression has been uniform with the appreciation of paper currency, and if the par value of currency is fairly maintained in the future, thus enabling merchants, both native and foreign, to enter into contracts with a reasonable amount of confidence, I apprehend that the course of business will gradually improve.

6 and 7. The depression extends to all classes of trade and industry, without exception, in this district, and I am informed that they have been uniformly affected.

8. (a) The demand for (b) the supply of, and (c) the return on, capital is said to be below the average of the last 20 years.

9 and 10. About 20 years ago, two and a half silver but were equivalent in exchange to one Mexican dollar, and contained about 66 tempo. The average wages for a carpenter were then 6 tempo, or, in other words, 11 men could be hired for one dollar. The rate of wages gradually rose, till previous to the depreciation of the currency carpenters were paid 40 cents. a day. During the inflated period these wages rose to 60 sen a day, but have since been again lowered to 40 cents. a day. Sawyers receive 60 cents. a day. Blacksmiths and iron and brass founders formerly charged about 18 tempo a day, or three and a half men for one dollar. Their wages have now risen to 60 cents. a day.

The wages of paperhangers and workmen of that class have risen in like proportion, and they now receive 40 cents. a day. Stonemasons and plasterers cost 20 years ago from 12 to 14 tempo a day, and their wages have also gradually risen, for stonemasons to 60 cents. per day, and for plasterers 50 cents. per day. They received as much as 75 sen per day while the paper currency was low. Brick-laying was first commenced in this island about 12 years ago, and the workmen were then paid an average of 37 cents. per day, laying not more than 250 bricks; now bricklayers are paid 55 cents. and can lay from 450 to 475 bricks per day. For unskilled labour 20 years ago the wages were only 5 tempo a day, or about 13 men for one dollar, while they cannot now be obtained for less than 40 cents. a day, except in the case of very light work, when less able-bodied men can be hired for 30 cents. Carpenters' work has not in any way improved; if anything, the work is done more carelessly now than formerly, but iron and brass workers have greatly improved with the introduction of foreign machinery and tools. The working hours are about 12 in summer and 8 in winter.

11. Unanswered.

12. No transfer has taken place from Great Britain to other countries of the trade, or of any particular branches of the trade, between this district and Great Britain.

The export of sulphur (seconds) to San Francisco, New York, and Australia has sprung up since 1873, and if prices fall still further it is expected the trade will develop. The tendency was, owing to an increase of price here, for the trade to remain stationary till the last three years; since then, owing to a fall in prices, trade in the article shows a tendency to increase. Prices are, however, still too high to permit of a direct trade between this port and Great Britain.

13. There has been no establishment nor increase of industries for the production of articles formerly imported from Great Britain.

14. With the exception that no increase in taxation has taken place during the last few years, I am unable to answer this question.

15. Cannot answer.

16. In this district there are no commercial museums, pattern or sample rooms, export agencies, or other institutions to promote trade. There is no chamber of commerce here.

17. In the wholesale trade, where money is advanced, security is generally taken, either in goods in warehouse, or else the personal security of some one of means and of good repute.

Interest on money varies here from 15 per cent. to 30 per cent. per annum.

18. Unanswered.

I regret that owing to the short time at my disposal, and the limited means of information at my command, I have not been able to answer the various questions more fully, but I trust that what I have been able to communicate may prove to be what is desired.

I have, &c.
(Signed) JOHN J. QUIN.

APPENDIX D.
Japan.

480 THIRD REPORT OF THE ROYAL COMMISSION ON DEPRESSION OF TRADE AND INDUSTRY:

APPENDIX D.
Persia.

PERSIA.

MY LORD, Tehran, February 6, 1886.
With reference to your Lordship's Circular Despatch of 6th October last, I have the honour to enclose a clear and concise report by Mr. Arthur Herbert, second secretary in this legation, who has been at much pains to collect accurate information, a difficult task in this country, on the points raised by the Royal Commission on the Depression of Trade, and also copies of Despatches from Colonel Ross and Mr. Abbott, transmitting replies to the queries forwarded in your Lordship's above-mentioned circular.

I have, &c.
(Signed) A. NICOLSON.
The Marquis of Salisbury, K.G.
&c. &c. &c.

TEHRAN.

1. Imports are the same as at Tabreez or Bushire, but a few articles of British manufacture are at Tehran, on account of its proximity to Russia, replaced by Russian goods, viz., candles, sugar, ironmongery, which at Bushire is entirely English is at Tehran mostly Russian.

Matches and cloth at Tehran are imported from Austria, and hardware, except samovars, comes from Germany. Buttons come from France exclusively.

Cotton prints and chintzes in the Tehran bazaar are mostly of English make, i.e., of 10 bales 8 are English.

English chintzes are sold at from 14 to 30 shais, 5½d. to 1s., and cretonnes, 30 shais to 3 krans, 1s. to 3s. The Russian make of these goods is narrower than the English by 3 inches. The Moscow merchants have of course a certain advantage in having a shorter, and consequently cheaper, land carriage, but so far their influence has not been much felt, as their imports for 1885 only amounted to about 500 bales, but probably with improved roads their imports would increase and thus seriously affect British trade.

Grey shirtings, tea cloths, &c. are exclusively English.

2. In Tehran there are no official statistics available.

The custom house returns show that the imports and exports have remained stationary for the last five or six years. The number of krans actually received by the custom house in 1884-85 is greatly in excess of those received in 1880-81, but in the latter year 27 krans = 17. sterling, whereas in 1884-85, 31 krans = 17. sterling, therefore the value of imports and exports are about the same for both periods.

3. (a.) Native Persian trade is on the decrease, because articles of European manufacture arrive so cheaply in the country as to undersell native produce. Moreover, according to treaty, Persia cannot put any protective duty on foreign manufactures.

(b.) In Khorassan nearly the whole trade has passed into the hands of the Russians, owing to improved communications, &c., and this is true only in a lesser degree for Asterabad, Mazandaran, and Ghilan. In the rest of Persia British trade is stationary, with the exception of the export of carpets, which command a ready sale and are in great demand in Europe.

Up to six years ago no goods reached Tehran from the south, but with low freights the Bushire route has taken a great deal of the transit trade from Trebizond.

(The questions 4, 5, 6, 7, do not apply to Persia.)

8. The demand for capital has increased, whereas the supply has decreased, consequently the return on capital has increased.

Money is very scarce, so that of late trade has been a system of barter, or exchange of goods, viz., opium for silk. The reasons are: 1. The mint does not work, because with the exchange now at 32 krans for 17. sterling silver cannot be imported. 2. Of late much silver has been exported to Russia and Afghanistan. 3. Confidence, on account of failures in business, has decreased, and people who put their money out in the bazaar have now withdrawn it.

9. The rate of wages has risen all round since the famine in 1871, because since then the price of provisions has so considerably increased.

Beef then was worth 16 shais a batman (6½ lbs.), now is worth 28 shais.

Mutton then 22 shais, now 32 shais.

Barley	15	28
Straw	6	12
Barley	5	10
Bread	6	12

These, being articles of native produce, would not be much affected by the rate of exchange.

10. Ordinary labourers 1 kran to 1½ a day.

Masons, 2-2½ krans a day.

Carpenters, 2½-5 krans a day.

Tailors, 3-4 krans a day.

Shoemakers, 2-5 krans a day.

The general hours of labour are from sunrise to sunset, with one hour's rest in winter, and from one to two hours in summer.

11. Entire want of roads is the chief impediment, combined with the difficulty of recovering debts.

Mule carriage from Bushire or Trebizond is from 10-12 tomans a load, i.e., 37. 6s. to 47. for 240 lbs.

(The questions 12, 13, 14, 15 may all be answered in the negative.)

16. There are no museums, &c.

Chambers of commerce exist, composed of the principal merchants, who give their opinion on the case before them, and the Minister of Commerce passes judgment. The latter personage is supposed to settle disputes between merchants, as well as to settle claims against them or against each other, and to settle bankruptcies, &c. He has an agent in each of the principal towns in the country, whose duty is the same. The judgments of the Minister of Commerce are generally a dead letter, as the litigants intrigue with other Ministers or influential persons, and thus tend to render his decisions abortive.

17. The general custom in regard to wholesale trade is that the seller gives a long credit of from 30 to 40 months, charging interest, but the money is usually paid after three or four months, the bills being discounted at 12 per cent. There are practically no cash payments made, except in the case of sugar and woollen clothes, because too great a discount is asked.

In the retail trade credit is very seldom given.

18. None.

British Legation, Tehran,
February 4, 1886.

ARTHUR HERBERT.

BUSHIRE.

British Residency and Consulate General,
Bushire, January 12, 1886.

SIR,

I HAVE the honour to acknowledge receipt of your Despatch, dated 30th November last, and to enclose answers to the questions put by the Royal Commission on Trade.

2. It will be observed that there has been no depression of trade in South Persia of the nature to which the questions refer, but the contrary. It is, however, to be remarked that there is often extreme dullness in certain classes of articles. For instance, for the last six or eight months all descriptions of Manchester goods have been difficult to sell, owing to over-stocked markets and rising exchange. Such temporary depressions, if frequently occurring and increasing in duration, would undoubtedly lead to a decrease of imports from Great Britain.

I have, &c.

(Signed) E. C. ROSS, Colonel,
Political Resident, Persian Gulf.

1. The chief branches are—Imports: Manchester goods, especially white and grey shirtings, tea cloths, and chintz prints. Metals: chiefly copper in sheets, copper bottoms, iron bars. Exports: wheat, opium, small quantities of poppy seed, carpets.

2. There has been a steady increase of trade in all the articles mentioned under No. 1 during the last 15 years, both in value and in volume, with the exception of wheat and poppy seed, shipments of which are on a comparatively small scale, but they have never been of much importance compared to other countries.

3. Seeing the steady increase (as mentioned under No. 2), the condition of trade cannot be fairly described as "depressed," although at times the Persian markets are over-stocked, goods difficult of sale and hardly realising cost price.

NOTE.—There is an impression in certain quarters that decrease of profits of competing merchants and traders constitutes "depression" of trade.

4, 5, 6, 7. No answer required.

8. The demand and supply of capital is above the average of the last 20 years, but the return on the same is below.

9. The rates of wages are slightly better than they used to be.

10. Ordinary labourers or porters, ¾ to 2 krans per day; bricklayers or masons, 2 to 3 krans per day; carpenters, 1½ to 2 krans per day.

(b.) The usual hours of labour are from sunrise till sunset, with one hour in winter and two hours in summer for meals or rest.

11. There are no special impediments. The improvements of communications would be the surest way to promote further extension of trade.

12. A trifling transfer of refined sugar from Great Britain. A new trade in sugar has sprung up with France.

13. No industries of any importance for the production of articles referred to have been established in Southern Persia during the past 10 years.

14. No such increase has taken place in this district.

15. No State aid is afforded.

16. None.

17. Short credits only as a rule.

18. None exist.

TABREEZ.

1. Manchester cotton goods, consisting of prints, tea-cloths, shirtings, mulls, cambrics, nainsooks, &c. The principal trade is that in prints.

Bradford goods, consisting of woollens, such as black and coloured Italians, shots, grenadines, &c. Sheffield cutlery.

2. The trade with England for this province was reduced by about 40 or 50 per cent. in the periods 1880-85, as compared with the preceding 15 years. The value of the imports in 1860 was 2,000,000l. sterling and odd, and in 1885, 1,000,000l. sterling and odd.

3. Most decidedly. The trade can be fairly described as greatly depressed.

4. The depression began in 1878. It reached its lowest point in 1885, and is likely to go on declining.

5. It has continued steadily to decline, and its course will ultimately be that this province will only import for its own consumption, as Tabreez is no longer the entrepôt of Persian trade.

6. To all branches.

7. Yes, they have been uniformly affected.

8. Decidedly below the average.

9. The rate of wages is about the same, but the money is depreciated in value about 30 per cent., as compared to 20 years ago.

10. A master mason receives 2s. 3d., a carpenter 1s. 6d., and a labourer 9d. a day. Domestic servants usually receive 17. a month. The usual hours of labour are from sunrise to sunset.

11. The principal impediments are the tightness of the money market, the continual fluctuations in gains on specie caused by petty bankers, the absence of good faith amongst merchants, who repudiate their debts, the weakness of the local government, the corruption of the sources of justice, and, above all, the want of carriageable roads. It is difficult to suggest remedies for the permanent removal of these evils, but the adoption of Government measures for the uniform rate of specie, the punishment of fraudulent bankrupts, the purification of the courts of justice, the enforcement of honesty in commercial dealings, especially as regards bill transactions, and the construction of roads, that between Tabreez and the Turkish frontier being of paramount importance, are points deserving of attention under this head.

12. Yes, the trade has in a great measure been transferred to the South of Persia. No new trade has sprung up.

13. No.

14. No such increase has taken place. The system of local and general taxation is favourable to those engaged in productive industries, inasmuch as foreigners only pay a 5 per cent. nominal duty, which is reduced to 3 per cent., whilst natives are taxed 2 per cent. nominal duty, which comes up to 2½ or 3 per cent. on imports and exports.

15. No such assistance exists in this district and the facilities of transport are very defective, owing to the want of roads.

16. Nothing of the kind exists in this province.

17. The conditions of credit are unsatisfactory in the extreme. A merchant who wishes to do a large trade must not only give very long credits, extending over a year, but they must also be for a very considerable amount. It is a common occurrence to credit a native merchant whose capital does not exceed 400l. with 5,000l. at a time, and

the same practice applies to retail trade in smaller proportions.

18. No such regulations exist in this province.

WILLIAM V. ABBOTT,
Tabreez, December 17, 1885. Consul General.

RUSSIA.

MY LORD, Taganrog, April 17, 1886.
With the view of amplifying my late report on the depression of trade and industry, I have drawn up further notes treating more particularly the existing agricultural depression in this consular district, and herewith I have the honour to transmit them to your Lordship.

I have, &c.
(Signed) W. G. WAGSTAFF.
The Right Hon. the Earl of Rosebery,
&c. &c. &c.
Foreign Office.

FURTHER NOTES by CONSUL WAGSTAFF on the AGRICULTURAL DEPRESSION existing in the GOVERNMENT OF EKATERINOSLAV.

This consular district, and, indeed, all South Russia, is devoted almost exclusively to agriculture, and the whole trade of the country depends on the result of the crops and their sale abroad.

Previous to the Crimean war the export of cereals from Rostoff and Taganrog was very limited. From 1849 to 1853 the yearly average quantity was 728,338 quarters, against 3,444,683 quarters for the past five years, or nearly quintupled.

The population being extremely spare in this part of the empire, the surplus stocks formerly found ready markets abroad, mostly at remunerative prices; but after the emancipation of the serfs (1861) the cost of production seriously increased, as everything else has done in the country, while the harvest returns have comparatively diminished.

The effect of the Emancipation Act took away from proprietors their serfs, implements, and credit, and their debts were turned over to the new land banks which soon afterwards came into operation. Unfortunately the inexperienced proprietors were unable to profit by the altered conditions of credit, which were made so easy that they enticed them to attempt to recoup former losses by a more extensive cultivation.

To show to what extent capital was recklessly distributed in 13 years (1872 to 1885), 11 joint stock land banks issued loans to the amount of 44,067,900l.

Partly to supply the place of field labourers, who annually come from the central provinces, machinery was imported, principally from England, though its use was little understood; and the difficulty of effecting repairs in a country where skilled labour was so scarce, constrained many persons to abandon machinery, the more so as the peasants were then hostile to its introduction.

Bad harvests followed from the year 1871, more money was borrowed from the banks, but the returns, on the whole, continued to be unsatisfactory. A few years later other grain-producing countries began to compete with Russia until she gradually lost the position she held as the granary of Europe. Thus by degrees agriculturists were unable to meet their liabilities, and the result was disastrous to them.

The position of the former class of landowners—the nobility and gentry—is indeed critical, and, at the personal wish of His Imperial Majesty, a special land bank has been founded for their benefit. It is feared, however, that this measure has come too late to rescue them, as more than half of the land that belonged nearly exclusively to the nobles before the emancipation of the serfs has changed hands.

Deprived of means of cultivating their land, the proprietors began to let a portion of it to the neighbouring peasants, whose allotments were too small to enable them to subsist. These, however, in their turn imitated their former masters by cultivating beyond their means. Quantity is aimed at, and not quality. They are, however, able to maintain their position for the following reasons: their mode of living is extremely simple; no outlay is made for good agricultural machinery, and although the wages some pay to farm labourers are occasionally high, the labour they and their family bestow on farming is not taken into consideration, and therefore the cost of production, on the whole, is cheaper.

Besides, it must be stated that the present low value of the rouble is favourable to the bulk of South Russian trade

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Russia.

exports. Whereas a large sum of roubles has to be sent abroad to pay for imports, the same exchange enables shippers to pay producers higher prices for their grain, *e.g.*, were the actual value of the £ sterling, 10 roubles, reduced to the rate, 7 Rs. 50 c., current previous to the Russo-Turkish war, instead of farmers getting, at present, 9 roubles per tchetwert, they would only receive 6 Rs. 75 c., which is far below the cost of production. Against this there would be a partial set-off, as with the improvement of the rouble many articles would be reduced in price, but this would little affect the mass of small agriculturists, peasants, &c., as their limited wants are manufactured in the country.

Save certain exceptions, the condition of the peasantry in this consular district has improved, whereas that of richer agriculturists have declined. The same elements are at work in this part of Russia as are visible all over the world; the lower classes are getting richer at the expense of those above them. It is simply a displacement of capital. Within the last three years, since the establishment of peasants' land banks, large quantities of land have been bought by village communes. A growing greed for land is apparent amongst the peasantry, in the hope that "God will give them good crops," and that they will soon become rich.

This fact does not promise any improvement, as the culture of grain will probably become worse for a time, and the improvements introduced by the late landowners since 1860 will be abandoned.

The last great exhibitions have already shown that the quality of Russian wheats and corn in general has degenerated, and it is only owing to the chemical composition, *i.e.*, its richness in gluten, that Russian wheat can maintain the struggle to a certain degree with America, India, Africa, and Australia in the European markets; a struggle which may soon end in defeat unless the Imperial Government speedily set to work to furnish cheaper means of transport and increased facilities for shipment of produce.

In conclusion it must be stated that, when the stages of transition through which agricultural Russia is passing have assumed a more definite form, and the coming generation of peasants feel their footing, there is every reason to believe that they will take deeper interest in the land that will then belong to them, and cultivate it on more enlightened principles. Even to-day there are signs that they are beginning to recognise the mistake of too extended wheat raising, as more attention is being given to sheep farming and to the sowing of other cereals—barley and rye—which give more profitable returns. Therefore, with time, when other countries have less bountiful wheat harvests, the balance between demand and supply will adjust itself, prices will improve, and trade will again assume a healthy character at the ports of the Sea of Azoff and throughout South Russia.

(Signed) WM. GEO. WAGSTAFF.
Taganrog, April 17, 1886.

SIAM.

MY LORD, Bangkok, February 7, 1886.
In obedience to your Lordship's circular of October 6, 1885, directing that a report should be drawn up in regard to the trade of this country, for the information of the Royal Commission on the Depression of Trade and Industry, I have the honour to forward a report which I have drawn up.

I have, &c.
The Most Noble (Signed) E. H. FRENCH.
The Marquis of Salisbury, K.G.,
Her Majesty's Principal Secretary of State
for Foreign Affairs.

BANGKOK.

1. The principal branches of British trade with Siam are—
Firstly, the business in British imports to Siam;
Secondly, that in exports from Siam to Great Britain and her colonies;
Thirdly, in shipping under the British flag.
The imports are chiefly manufactured goods, machinery, and coal.
The exports to Great Britain are teak, rice, and pepper.

As regards the shipping interest there is a line of British steamers running regularly to Hong Kong, and to Singapore there are four British steamers, belonging to different owners, trading.

2. All these branches of trade have, with the exception of that in coal, increased during the period from 1880–85 as compared with the preceding 15 years in regard to both volume and value.

There are no means here of ascertaining the country of origin of the manufactured goods given in the custom-house annual returns of imports, so that it is impossible to say with any accuracy how the trade increases or decreases in respect to the different countries.

In the year 1865 the total import of all articles was valued at 2,495,018 dollars, and in 1884 at 6,247,893 dollars. British trade has of course participated in this increase, but whether in due proportion it is impossible to say.

In the shipping interest, however, it appears certain that British trade has secured for itself far more than its due share in the increase, for in the year 1865 the total British tonnage that entered this port was 9,279 tons, which had been augmented in 1884 to 148,051 tons, while for all tonnage of other nationalities the figures were in 1865, 50,916 tons, against 89,438 tons in 1884.

3. The condition of trade and industry generally, and of British trade in particular, cannot, as regards Siam, be fairly described as depressed at the present time as compared with the last 20 years. During the year which has just closed it so happened that the two principal branches of trade here, in the export of rice and teak, suffered on account of the deficient rainfall of the season. It was not that the market for both these products was not remunerative, for the demand for rice remained steady and the prices obtained were such as should give large profits to the cultivators, and as regards teak the favourable estimation in which the business is held is shown by the increasing number of persons now venturing their capital and industry in that branch of trade.

The depression in these two branches of trade has not of course been without an effect upon other business, importers especially complaining that the demand in their trade is very dull, as the cultivators, not having secured an abundant harvest, have less money than usual to spend in the bazaars.

Another important branch of business also suffered. For some unknown reason the shoals of platy, a similar fish to the herring, failed to visit the gulf in their usual numbers in the autumns of both 1884 and 1885, and the export trade in this fish also suffered severely.

The only statistics relating to trade which are available here are the tables of exports and imports, and of shipping.

Two circumstances materially tend to invalidate the correctness of these returns. In the first instance, the duty upon imports being fixed by treaty at three per cent., many importers systematically undervalue their goods and succeed to a considerable extent in evading the payment of the full duty, and the goods imported appear in the custom-house returns at an unfairly reduced value.

In the second instance, it appears to be an almost universal practice for the Chinese merchants exporting rice to put more rice into the steamers than they inform the agents of the steamers of, thus paying less freight and duty. Everyone appears to be fully aware of the practice. The owners of steamers are of course great sufferers by this custom.

The quantity of land under cultivation is quite unknown. Statistics showing the amount of land cultivated and the annual increase would be very valuable, for as the wealth of the country is almost entirely agricultural, such a return would afford a measure by which to estimate the increasing prosperity of the kingdom.

The number of Siamese sailing vessels has for some years past been steadily diminishing. Only a very few new vessels have been built or purchased to replace those lost at sea or worn out and laid up. But this is not on account of any depression of trade, but because sailing vessels cannot in this trade compete with steamers. Thus, during the year 1874, 179 Siamese vessels of 58,141 tons entered, against, in 1884, 76 vessels of 29,227 tons, a decrease in the tonnage during the 10 years of nearly 50 per cent.

Trade here is perhaps suffering in some of its branches to a certain extent under the reaction which has now set in after a system of giving credit freely which had previously prevailed. Many exporters of rice and retail sellers of goods were allowed to obtain a credit which was far beyond what was legitimate. The usual results followed, and now mill owners and wholesale importers,

taught by experience, are much more cautious in giving credit.

The business of importers has also suffered much of late on account of the continuous fall in the value of silver, though on the other hand this very circumstance has been much to the advantage of those persons exporting produce.

8. The demand for capital has beyond doubt increased considerably of late years, and the supply also has been augmented.

But little capital from other countries is employed here. Most of the increase of capital arises from the savings of the traders, and from the wealth of some among the official class, which has resulted from the increased revenues of the country following upon its opening to trade under the treaties made with foreign nations in 1856. The increase of capital is, however, perhaps less than might have been looked for, having regard to the undoubted natural wealth of the country, but unless the condition of the country improve more quickly as regards the government, more rapid progress cannot be looked for.

It, however appears, probable than more foreign capital will be employed before long, especially in the teak business.

9. Labour here draws its supply from two sources, the Siamese and the Chinese. Constant immigration from China, and the natural increase of the Chinese population here, supply the demand for Chinese labour.

With regard to Chinese labour, the rate of wages for both skilled and unskilled workmen does not appear to have varied much here during the last 20 years, the immigration from China being sufficient to supply all requirements, and thus check any increase in the rate of wages that would no doubt have taken place if there had been no such source of supply ready at hand.

If the increase in the price of food and the fall in the value of silver, in which medium wages are paid here, are taken into consideration, it would even appear that the rate of wages has, as regards Chinese labour, fallen to some extent during the last 20 years, for no corresponding augmentation of wages has followed the fall in silver and rise in the price of food. There has, however, been a fall in the price of clothing. If the Chinese were to enjoy fuller protection of life and property, it is probable that the immigration of Chinese into the country would assume larger proportions, if it were desired.

The rate of wages as regards the Siamese has increased. Twenty years ago Siamese labour obtained less than half the wages the Chinese could then secure, but of late the rates given have tended to approximate more nearly.

Perhaps the chief cause tending to raise the cost of Siamese labour is the rise that has occurred of late years in the price of slaves. This is due to two causes, to the greater number of persons able to compete in the purchase of slaves, and to the diminution in the supply caused by the action of the laws made in the commencement of this reign to provide for the gradual abolition of the system of debt-slavery. The price of a slave has thus been about doubled during the last 20 years. As the Chinese but very rarely sell themselves into slavery, the immigration from China has no effect upon the prices of the slave-market.

That the rates of wages here prevailing should be so much higher than those in other countries of the East is partly to be accounted for by the smallness of the population in comparison with the extent of the country, and by the state of the country not being such as to tempt a larger immigration from other countries.

10. Ordinary Chinese coolies, employed in such occupations as carrying rice in mills, digging ditches, watering roads, and other employments not requiring the exercise of any skill, are paid at the rate of from 9d. to 1s. a day. For this class of labour the usual hours of work are nine a day. Very often the Chinese coolies are paid according to the amount of work performed, and in this case their earnings often amount to double the other rates. As a rule, taking into consideration the heat of the climate, Chinese coolies perform a fair day's labour, provided the supervision exercised over them is good.

Field labour. In general but little hired labour is employed in agricultural operations. Most work of this nature is either performed by the farmers and gardeners themselves with the assistance of their slaves, should they possess any. Not many of the agricultural class possess slaves, perhaps not 5 per cent., but of persons owning gardens about 50 per cent. hold slaves. The amount of work performed by a slave is not perhaps half that a free man would do, but, on the other hand, the price of such labour is small. Where hired field labour is employed, 6d. to 9d. a day is the usual rate paid. Carpenters, if Siamese,

o 22035.

receive about 1s. a day; if Chinese, double that rate, the latter being by far the better skilled workmen. Chinese bricklayers earn about 2s. a day; bricklayers' labourers about half that rate. Engine drivers in steam launches are paid 2l. a month; firemen 1l. a month, and boatmen the same. Policemen receive about 18s. a month.

11. It cannot be said that there are any special impediments to trade, other than those usually to be met with in a country circumstanced with regard to its Government as Siam is. Every measure tending towards the improvement of the Government of the country will promote the further extension of trade. One advantage trade possesses here is in the moderate duty levied upon imports, 3 per cent., payable at the option of the importer either in kind or in money, and calculated upon the market value of the goods.

The taxation of the country is perhaps heavier than it should be, having regard to the backward state of commerce and agriculture. The whole system of taxation would well repay careful revision, both in reference to the mode of collection and to the nature of the taxes collected. The system of farming out the collection of taxes to the highest bidders is employed. Many of the taxes are most vexatious in their character, and hamper trade and industry greatly, while yielding but a small return. The constant aim of the farmers is to exact as much as they can from the people, who, after being in ignorance of the extent of the farmers' powers, pay them much more than the amounts legally leviable.

12. The trade in piece goods has to some extent been transferred to India and to Switzerland. In the case of the Indian piece goods a particular pattern of cloth of a very cheap make was manufactured to suit the native dress, and to a great extent it took the place of cloth previously brought from England. In the case of the Swiss cloth it would seem that its cheapness secured it a market.

It appears to be a mistake to suppose that in the Eastern markets cloth is objected to solely on account of any inferiority in the quality arising from excessive sizing, for, as a fact, cheapness is the most important consideration; quality is only of secondary importance. No doubt many articles manufactured on the continent have supplanted those of British manufacture entirely because of their greater cheapness. The market is quite content with the inferior article, and as yet desires no better; at some future day the better article will perhaps be appreciated and bought.

Australian and Japanese coals have to a considerable extent replaced coal from England. These coals, though inferior in quality, being much cheaper than the English.

Machinery from the continent of Europe has also to some extent replaced that formerly obtained from England.

It is to be feared that British manufacturers do not adapt their goods as much as some foreign manufacturers do to the requirements of the native market. It would probably well repay the expense if English firms doing a large business with the East were to send out experienced men, who could study the requirements of the market upon the spot and form an opinion as to the form of article most likely to sell well.

14. With a few exceptions, no special increase in the pressure of general taxation in Siam has taken place of late years. In the Northern Provinces certain taxes similar to those collected in Southern Siam have of late been imposed.

Taxation in Siam is sometimes collected in kind, sometimes in money. In the cases where the taxes are collected in kind at a certain fixed rate, the fall in the value of silver has of course made no difference in the amount of the tax, but in the instances where the tax is collected in money the fall in the value of silver has greatly tended to diminish the tax. For instance, a fixed tax of one tical, which now equals 2s., is levied on every picul of pepper (133½ lbs.). 12 years ago, when the tical was worth 2s. 6d., pepper was only worth, for the white 18 ticals, and the black 15 ticals, and it is now worth 52 ticals for the one kind and 35 the other; so that in the 12 years the tax has been diminished by the fall in silver 20 per cent., and pepper has considerably more than doubled in price.

A tax upon shops, rented houses, floating houses, moored boats, was some years ago imposed in the capital upon Siamese subjects to an amount equalling one month's rent.

15. With the exception of cutting a few canals, laying down a few lines of telegraph, and instituting a postal service in the capital and the neighbourhood, the State in Siam has as yet done but little to assist trade and industry.

16. In Siam there are no commercial museums, institutions to promote trade, or other organizations, such as chambers of commerce.

17. The conditions of credit in regard to wholesale and

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Siam.

retail trade have changed considerably of late. The wholesale import trade is now carried on upon cash payments, or, in some instances, a system of short credit. So many retail traders, when credit was recklessly given, availed themselves of the opportunity to cheat and defraud the wholesale importers that much loss was incurred by the latter.

The export trade to Europe is usually managed on the system of shipping on receipt of a letter of credit from the consignee.

To Singapore or China the export trade is now carried on upon a cash system, no credit being given, or else the exporter ships upon his own account.

18. There are no regulations in force in this country with regard to trade marks, a state of things which is sometimes taken advantage of by unscrupulous persons. Bangkok, February 5th, 1886. E. H. FRENCH.
H.M. Acting Consul.

Turkey.

TURKEY.

REPLIES from Her Majesty's Consul General at Baghdad to a series of questions put, with Despatch dated 24th October 1885, from Embassy, Constantinople.

BAGHDAD.

1. Exports.

Wool, mohair, grain, galls, gums, carpets, fruit, wheat, and seeds.

Imports.

Piece goods, copper, iron, hardware, earthenware from England, chiefly Manchester goods of every description; sugar from France; coffee, pepper, indigo, gunny cloth from India.

2. One experienced Baghdad merchant answers this question as follows:—

"Imports have not decreased in volume, but considerably in value; exports have decreased in volume, but not so much in value";

while another answers as follows:—

"Volume greatly increased; value also greatly increased, but probably not to same extent."

3. One experienced Baghdad merchant answers this question as follows:—

"Yes, trade and industry is very much depressed";

while another answers as follows:—

"Trade and industry generally good, but imports of cotton manufactures may be said to be depressed, profitable sales being nearly impossible, and stocks always in excess of demand."

4. As to this, one Baghdad merchant merely observes:—
"Depression in cotton manufactures begun about 1880";

while another, a Swiss gentleman, who has been engaged in commercial, agricultural, and pastoral pursuits here for more than 20 years past, has favoured me with the following statement of his views:—

"Depression has reached its lowest at present, but began many years ago, in fact since the opening of the Suez Canal. Trade with Great Britain has now entirely gone out of the hands of Europeans and passed into those of a hundred small native merchants, particularly Jews, who, no matter how small their capital, can get goods direct from Europe, owing to the regular line of steamers. Before the opening of the Canal these native merchants were the buyers of goods brought out by the European firms in their own sailing vessels round the Cape. A second cause of the depression is the want of confidence owing to the large amount of failures which have taken place among the native merchants during the last four or five years; and a third cause (which affects not only British, but trade in general, and every branch of industry) is the want of money, owing to the Turkish Government sending all their own gold liras and medjities away to Constantinople, and preventing foreign money, Indian and Persian, from coming into the country. The prominent symptom is the difficulty of realising profit on anything owing to the large competition."

5. Difficult to arrive at conclusions about. Author of remarks immediately preceding (under question 4) notes as follows:—

"Depression gradually increasing, and there is nothing to prevent it from making further progress in immediate future."

6. To some extent it would appear to do so; but it is chiefly (says one local authority) in Manchester manufactures that the depression is noticeable.

7. Few Europeans (except Turks) are engaged, strictly speaking, in trade or industries in Baghdad, and labourers are drawn chiefly from the indigenous Arab and Kurdish population. Capital is mostly in the hands of the Jews, and statistics in regard to it are not to be obtained in any form that could be relied on.

8, 9, and 10. *Vide* reply to question No. 7.

11. On this point the experienced manager of Messrs. Lynch & Co., Baghdad, notes as follows:—

"The constant establishment of quarantine, and its fees on merchandise, is a great impediment to trade; so also is the way the Customs Department is administered, especially since the expiration of the treaty, as all goods now pay an 8 per cent. *ad valorem* duty, from which a discount of 10 per cent. is supposed to be allowed; but in arranging values the Customs usually put them 10 per cent. higher than their real price, so that the discount is in reality forestalled. Another great difficulty is the drawback regulations. Goods exported to Persia receive a return of 7 per cent. of the duty, and natives manage to get the necessary export documents for goods which have never left the country, thus competing very unfairly with Englishmen. It would be much more beneficial to us and require far less officials if an universal duty of 4 or 5 per cent. was levied and no drawback allowed. The embargo on importation of foreign silver, too, would naturally tend to impede trade, since the Turkish money is hardly sufficient for the requirements of the Customs and other Government departments; but the prohibition is so far avoided by smuggling as to make it practically useless."

12. The trade of the country is apparently much as it has been for some years. I do not know of any particular addition, or otherwise.

13. *Vide* reply to question No. 12.

14. Nothing but the constant drain on the population for the army and the ever-growing zeal of the tax collectors. All classes are supposed to be taxed alike, but influence has much to do with the actual result.

15. None whatever.

16. None.

17. These are entirely a matter of arrangement. The usual mode of payment being two or three instalments of three or four months each.

18. None.

(Signed) W. TWEEDIE, Colonel,
H.B.M. Consul General, Baghdad.
British Consulate General, Baghdad,
1st February 1886.

MOSUL.

1. Calico (of various qualities), sewing cotton, muslin, tanjibs (species of coloured headkerchiefs), iron (bar, sheet, and wrought), copper, block tin, oil of vitriol.

2. From 1880-85, as compared with the preceding 15 years, there has been an increase of 40 per cent. in volume and a decrease of 20 to 30 per cent. in value as regards these articles; but then it should be stated that in former days there was a very large transit trade through Mosul with Baghdad, Persia, and Kurdistan, which has almost ceased to exist.

3. Yes, certainly.

4. The depression began about 20 years ago, but became intensified since the opening of the Suez Canal, and continues still. There has been a fall of nearly 50 per cent. in the prices of sewing cotton, calico (of all qualities), and cotton fabrics generally. The iron and copper trades have also suffered, but not to the same extent.

5. The progress hitherto has been, roughly speaking, uniform. During the American Civil War there was an increase of 70 per cent. in the price of cotton goods. In all probability the depression will continue.

6. Yes, as regards all goods imported from Europe. Native skilled labour has a better market than it had formerly, whilst unskilled labour is very much better paid than it was 20 years ago.

7. In point of time the depression has been general as regards all imported articles, also with regard to the export trade generally, but more especially in the chintz and cotton fabrics import trade than in the iron, copper, block tin, &c. trades.

8. The demand for capital is more extensive than heretofore. The supply has been less, while the return on capital is considerably less.

This may be attributed largely to the influence of the new laws relating to debt, promulgated six years since, which, owing to their being extremely complicated, make it a much more difficult matter now than formerly to obtain payment from a recalcitrant debtor.

9. The rate of wages for skilled labour is from 20 to 30 per cent. above the average of the last 20 years, while that for unskilled labour is nearly 50 per cent. above the average of the same period. The probable causes are the advance of popular education and the growth of the population.

10. Men employed in the goldsmith trade earn on average from 3 to 5 piastres per day (6d. to 10d.); weavers about 5 piastres (10d.); tailors from 3 to 5 piastres (6d. to 10d.), women being paid by the piece; carpenters from 3 to 8 piastres (6d. to 1s. 4d.) per day, the master carpenter earning as much as 15 piastres (2s. 6d.) per day; marble cutters from 4 to 7 piastres (8d. to 1s. 2d.) per day, a master workman receiving 12 piastres (2s.) per diem; bricklayers from 2 to 8 piastres (4d. to 1s. 4d.) per day, the master bricklayer receiving from 10 to 15 piastres (1s. 8d. to 2s. 6d.); blacksmiths from 3 to 5 piastres (6d. to 10d.) per day, &c. In winter 8 hours a day; in spring, summer, and early autumn 12 hours a day.

11. Trade is languishing, owing to a total absence of all means of rapid transport. The greater part of goods imported from Europe are three months en route from the coast only (Alexandretta), the beasts of burden being generally camels. Leaving railroads out of the question, until the existing roads are very much improved, so as to make wheel traffic, which at present does not exist in this district, general, and until many more bridges than those at present existing are made, there is very little chance of improvement in the state of trade.

12. No. About 20 years ago there was a direct import trade from Great Britain to Mosul of nearly all the articles enumerated in answer No. 1, but this has entirely ceased within the last 5 years, owing to the unprofitableness of such transactions. These articles are now bought in the markets of Aleppo and Baghdad, and with better results. Before the opening of the Suez Canal such export articles as wool, gall nuts, linen, mohair, &c. were sent to Aleppo to be sold, whereas now they are exported direct to Europe via Baghdad.

13. The only industry established here of late years is the weaving of coloured headkerchiefs, which formerly were imported entirely from Great Britain, although there is still a small import trade in these articles.

(a.) The cause in this case is the discovery that a fair profit may be thus made.

(b.) Native firms.

(c.) Native capital.

The native manufacture of chintzes has been almost entirely superseded by the British imported article, which is preferred on account of its superiority of colour and texture and inferiority of cost.

14. There is no such taxation.

15. There is no State aid.

16. There is a chamber of commerce at Mosul, recently established, consisting of 12 members, including the president, of whom seven are Moslems and five Non-Moslems. This chamber has recently issued an order to the effect that all merchants in this city will be called upon to pay an impost ranging from £T.2½ to £T.½, each according to his means and to the class in which he is placed, as follows:—

	£T.
1st class to pay -	2½
2nd " -	1½
3rd " -	1
4th " -	0½

This order, however, has hitherto not been complied with, the merchants having unanimously protested against the measure. The chamber of commerce has no special building of its own, a room in the municipality offices being assigned to it. A salary is given to the president and secretarial staff, all expenses, however, being covered by an annual sum of £T.100. So far the chamber of commerce here has not been a success.

17. The credit of wholesale traders is worth from 2 to 3 per cent. more than that of retail traders. This, however, applies only to the best names in the wholesale market. For the rest, the conditions of credit are the same as for retail traders.

18. The existing Ottoman regulations with regard to trade marks are wholly inoperative here. Some of the native weavers use a roughly-made wooden stamp to distinguish their goods from those of others destined for the same market.

(Signed) W. S. RICHARDS,
Mosul, December 29, 1885. Vice-Consul.

APPENDIX D.
Turkey.

BUSSORAH.

1. Exports.

Wheat, barley, sorghum, rice, sesame, dates, wool, gall nuts, carpets, hides and skins, gum, tobacco, ghee.

Imports.

Piece goods, chintz, sugar, coal, iron, copper, wood, nails, paraffin machinery.

2. (a.) Volume immensely increased.

(b.) Total value of trade done greatly increased; price of goods exported generally dearer, except wool, which is cheaper.

3. (a.) The condition of trade and industry generally in the Bussorah district cannot be said to be depressed, as compared with the last 20 years, as there is much more activity.

(b.) British trade has greatly increased and is increasing, but owing to the "depression" in the English markets and the greater local competition, arising principally from the establishment of several new European firms, it is more difficult to realise a profit on any article of export (excepting dates, for the supply of which no country can be said to really compete with Bussorah); there is, however, much business done, but merchants have to be content with a smaller per-centage of profit in their capital. Any "depression" of British trade in Bussorah is solely dependent on the English market.

4. Answered in reply to question 3.

5. Answered in reply to question 3.

6. Answered in reply to question 3.

7. Answered in reply to question 3.

8. (a.) The demand for capital more.

(b.) The supply of capital is much more.

(c.) The return on capital is less.

9. (a.) and (b.) The rate of wages for both skilled and unskilled native labour is higher than the average of the last 20 years, but there is no British labour in the Bussorah market.

10. As this evidently refers to wages paid for British labour, the question has already been answered in reply to question 9.

11. The withholding of permission by the Turkish Government to run more than two British steamers on the river between Bussorah and Baghdad.

The withholding of permission by the Persian Government to run any steamers on the River Karoon.

The difficulty in getting work done at the Custom House without daily increasing douceurs to the officials.

The embargo on the exportation of horses.

12. Some dates are now simply transhipped in London for America which formerly were landed in London. The large grain trade may be said to have sprung up within the last few years.

13. None.

14. None.

15. None at all.

16. None.

17. There is no system of credit as regards dealings of British merchants with natives.

18. None.

(Signed) E. MUCKLER,
Lieut.-Colonel,
H.B.M. Consul at Bussorah.

H.B.M. Consulate, Bussorah,
27th January 1886.

TREBIZOND.

ANSWERS to the QUESTIONS of the Royal Commission on the Depression of Trade and Industry.

1. The following are the chief branches of British trade connected directly, and by transit, with the port of Trebizond.

APPENDIX D.
Turkey.

Imports.

Cotton and woollen goods, tea, coffee, hardware, crockery, glassware, spirits, rice, and spices.

Exports.

Mohair, tobacco, grebe skins, hazelnuts, Indian corn, guns, galls, wool, walnut wood, boxwood, wheat, copper ore, porpoise oil, goat skins, and haricot beans.

2. How they have been affected during the period from 1880-85 as compared with the preceding 15 years in regard to volume and value, see the following table:

	British Trade.		Foreign Trade.	
	Increase.	Decrease.	Increase.	Decrease.
Imports to Anatolia	£ 129,615	—	£ 428,397	—
Imports to Persia	—	£ 239,638	—	£ 40,403
Exports from Anatolia	—	£ 151,777	—	£ 223,813
Exports from Persia	—	£ 54,889	—	£ 202,402
Totals	£ 424,142	£ 151,777	£ 468,890	£ 426,215
Increase in last 15 years	—	£ 272,365	—	£ 42,675
	£	£ 424,142	£	£ 468,890

3 and 4. That the condition of trade generally, and British trade in particular, cannot be described as depressed at the present time as compared with the last 20 years is evident from figures given in Table III.

5. The progress of trade may be considered as uniform as regards imports, and irregular as regards exports; unless the latter ameliorates, it is doubtful whether the former will continue so, affected, as it is likely to be, by the penurious condition of the inhabitants.

6 and 7. There are no industries in the district worthy of mention so far as trade is concerned; but the following remarks on the articles of commerce supply information as to how its chief branches have been affected in point of time, intensity, &c.

Imports.

Cotton and woollen goods are the most important of British imports. The average weight of the bales is 8 cwt. for the local markets, and 2 cwt. for the Central Anatolian and Persian. An important increase is perceptible in these goods, the quality of which for Turkey is inferior to that for Persia.

Metals show latterly a considerable increase in volume and value, though formerly the import was of a superior quality.

Tea decreased greatly of late years, contraband through Kars and Ardahan having been stopped by Russia. That imported to Persia, which is of a superior quality, showing an increase, occasioned probably by its being smuggled into Russia.

Coffee is gradually decreasing, and since 1881 it has quite disappeared as a direct importation from England.

Hardware is slightly decreasing for Anatolia, but is increasing for Persia.

Crockery and glassware are decreasing, owing to their importation from other countries.

Spirits are being superseded by those of America, Russia, Austria, and France.

Rice and spices show an increase in volume and value, and a reduction in prices.

The foreign countries taking a share in the imports to Anatolia are:—

- 1st. Austria and Germany for woollen goods, red caps, sugar, rum, beer, glassware, matches, metals, stationery, &c.
- 2nd. Turkey for provisions, flour, land products, tobacco, native cotton goods, soap, &c.
- 3rd. France for coffee, sugar, spirits, wines, sacks, fancy goods, nails, chemicals, leather, &c.
- 4th. Russia for hides, flour, spirits, petroleum, &c.
- 5th. Italy and Switzerland for silk stuffs, linen goods, yarns, &c.

The foreign countries which have an import trade with Persia are:—

- 1st. Austria and Germany for cotton and woollen goods, glassware, hardware, sugar, &c.
- 2nd. France for soap, sugar, silk stuffs, fancy goods, &c.
- 3rd. Italy and Switzerland for silk stuffs, linen goods, &c.

Exports.

Mohair, a principal Central Anatolian export to Great Britain, decreased considerably in 1878, Alexandretta having been preferred as a port of shipment, owing to the dampness of this climate; but as it is now found to suffer from dryness, it is gradually reverting to Trebizond.

Grebe skins were formerly an important branch of trade, which began to disappear in 1878, the birds having been almost exterminated. The demand being no longer great, the last shipment to England, which took place in 1880, still remains unsold.

Tobacco is a native export on the decline, owing to, bad crops and a lack of demand in Europe.

Hazel-nuts increase and decrease according to the year's crop, which is alternately good or bad.

Indian corn is an export from the Caucasus, brought by sailing vessels and transhipped here for England and other countries. It shows an increase in the last few years.

Gums and galls are a Central Anatolian and Persian export figuring as an increase to a small extent.

Wool, formerly an important export, which has decreased considerably since 1876, owing to its no longer fetching remunerative prices in England.

Boxwood is a native export which has decreased, owing to the destruction of the trees and to the contestation by Government of the ownership of several forests.

Walnut wood has only become an article of export since 1876, as its commercial importance was unknown before by the natives.

Wheat from the interior was exported only in 1875 and 1876, and ceased, as transport facilities were found wanting.

Copper ore from the Diabekir district has not been exported since 1876, the mines having stopped working.

Carpets, the most important of Persian exports, show a considerable increase, due partly to a greater demand in England, and chiefly to the establishment of a manufactory in Persia for the supply of cheaper and inferior carpets.

Cotton was also formerly an important article of Persian export, which, since 1876, has completely disappeared from the market.

8. The demand for capital is great, its supply is small, and the return on it being about 5 per cent., the average is below that of the last 20 years. This is due to the exports being insignificant, and to the imports leaving only small profits to importers.

9. The rate of wages for skilled and unskilled labour is above the average of the last 20 years, owing to an emigratory movement among the inhabitants.

10. The rate of wages in towns is from 1s. 6d. to 2s. per day, and at villages 1s., in addition to 2½ lbs. of bread. The usual hours of labour are from sunrise to sunset.

11. There are no special impediments to the extension of trade between Great Britain and this district. To promote its further extension the establishment of a more direct and regular steamship communication between this port and Liverpool or London is necessary, as well as the establishment of import agencies, holding for show patterns and samples of British goods.

12. The following transfer of formerly British imports is taking place:—English steel, silk stuffs and velveteens, are superseded by Austrian and Italian; coffee and sugar by French and Austrian; spirits by American, Austrian, French, and Russian; crockery and glass ware by Austrian and German.

The principal new imports from Great Britain is rough cloth (Caba Bez), which seems to be replacing grey goods.

13. No establishments or increase of industries in the district is noticeable for the production of articles formerly imported from the United Kingdom.

14. An increase has not taken place in the pressure of local or general taxation on the trade and industry of the district, and the system of local and general taxation is not less favourable to those engaged in productive industries, as compared with the rest of the community.

15. To no extent is the trade and industry of the district assisted by State aid.

16. There are no establishments or institutions to promote trade accessible to merchants and manufacturers, nor are there any organizations for the promotion of trade.

17. The condition of credit is cash terms only in regard to wholesale trade.

18. No regulations are in force with regard to trade marks.

(Signed) H. Z. LONGWORTH.

Trebizond, December 23, 1885.

WESTERN PACIFIC ISLANDS.

Government House, Suva, Fiji,
January 21, 1886.

MY LORD,

As it is not improbable that consular officers with whom I am in communication may meet with delay in forwarding the information required by Mr. Currie's Circular Commercial of the 6th October last for the Royal Commission on the Depression of Trade and Industry, I beg leave to forward a memorandum dealing in general terms with the trade of the Western Pacific, prepared by Mr. Wilfred Collet, the Secretary to the Western Pacific High Commission.

In the absence of any regular returns it has been impossible for Mr. Collet to furnish those details which the Royal Commission would doubtless wish, but I trust that the enclosed paper, though intended as a sketch only, may not be devoid of interest.

I have, &c.

The Most Hon. (Signed) JOHN B. CHURSTON.
The Marquess of Salisbury, K.G.
&c. &c.
Secretary of State for Foreign Affairs.

SAMOA.

MEMORANDUM ON BRITISH TRADE IN THE WESTERN PACIFIC.

The Western Pacific may be treated under five heads: 1. Tonga. 2. Samoa. 3. New Hebrides. 4. Solomons and Santa Cruz. 5. Gilbert and Ellice Groups.

1. TONGA.

From all accounts British trade is resuming its former position and English goods are to a large extent replacing those of other nationalities. A large proportion of English goods purchased in Europe and the Australasian colonies is imported in German vessels.

2. British planting interests are small and likely to remain so. German cotton plantations exist to some extent, but are, it is said, not worked profitably. The principal trade in Tonga is the sale to natives of European manufactures, principally drapery and hardware, and the purchase of Tongan produce, which consists of copra and a little coffee. The gross trade amounts to about 200,000l. per annum.

3. The small English trader is at a disadvantage, owing to the difficulty of forwarding produce to a good market. Nearly all the vessels leaving the group are owned by the large firms (two German and one English), which do not encourage independent trading.

4. He is also at a disadvantage owing to the legal currency of a debased coin, the Chilian dollar, which, while intrinsically worth only 3s. 1d., is in Tonga held to be worth 4s. (English). The English trader therefore pays for his goods in English money, while in exchange he receives payment in Chilian dollars, which he can only get quit of at an exorbitant discount. The Chilian coin is at present imported solely by the two large German houses, but if the Tongan currency laws are not repealed, or some other means devised for neutralising the special advantages accorded to Germans, the one large English firm may probably import the Chilian dollar also.

5. The small British trader has, however, one advantage over the small trader of other nationality. Being under the jurisdiction of the High Commissioner's Court he can more easily obtain credit than one who, while nominally under the jurisdiction of the native courts, is really under no jurisdiction whatever.

6. The Union Steamship Company of New Zealand have been invited to run a small steamer between Fiji and Tonga. The effect of such intercommunication would be that the small trader (who is nearly always British), instead of changing his Chilian dollars into bills of exchange to the profit of the German firms, would turn them into copra to be sold in Fiji, where there is a far better market than in Tonga, and where also he can buy the goods he wants usually cheaper than elsewhere, thereby saving exchange altogether. This course of trade would not only to a great extent take away the profit on the importation of dollars, but would throw a larger proportion of the copra trade into British hands. The price given in Fiji for small quantities of copra is nearly twice that given in Tonga, and the small trader wanting English goods will certainly not sell his copra to German firms, unless he receives for it in bills or

money an equivalent to that which he would receive by consigning it to Fiji.

7. There will also result an increase in the amount of British goods imported in English vessels. Experience very recently gained by the despatch of a small sailing vessel from Fiji to Tonga has proved that Fiji merchants can supply Australasian produce cheaper than Australasian exporters. This was especially exemplified by New Zealand meals and Adelaide flour being sold cheaper than New Zealand meat and New Zealand flour imported direct.

8. It may be doubted by some whether this state of things is permanent, but it probably is. Fiji is the natural entrepôt of Polynesian trade, and the whole business of a Fiji merchant is such as to enable him to buy at first cost goods suited to Tongan and insular trade generally. He gives this business the whole of his attention. With an Australasian merchant such a trade is and will be but a portion, and usually but a small portion, of his business, and one over which he can exercise but little supervision.

9. The position in Samoa is very similar to that in Tonga, but the outlook is not so good. Owing to chronic internal dissensions, trade has never assumed the dimensions it would under a fixed Government. At the present moment trade to some extent suffers by the deplorable condition of Samoan affairs, but before the recent disturbances, though capable of expansion, it could not be said to be depressed. The Union Steamship Company contemplate running a steamer there from Fiji, but the line to Tonga will probably be the first established; the one to Samoa is likely to be deferred during the present unsettled state of affairs in that country. In the meantime British trade may be expected to hold its own, and it has the sympathies of the natives.

NEW HEBRIDES.

10. Considerable trade is being opened up in the New Hebrides. The greater part is done with the French Colony of New Caledonia. The goods imported are, however, principally of British manufacture. The principal trading establishment is the French New Hebrides Company of New Caledonia, the managers of which are British by birth, but French by naturalization. The employees are principally British. The Company is reported to deal largely in firearms. This trade, it is also said, is carried on by vessels actually owned by British subjects, but nominally transferred to others with the object of enabling them to fly some foreign flag. It is considered a great advantage to be able to sell firearms.

11. The presence of a Deputy Commissioner and Vice-Consul, supported by occasional visits of Her Majesty's ships, would reduce the traffic in firearms and alcohol in these islands, as the employees of the French Company, being chiefly British subjects, are amenable to the regulations of the High Commission, and the concealment of the nationality of a British vessel would be rendered more difficult if there were a resident official in the group.

12. Such an appointment would tend to place legitimate British commerce on a par with that of the New Hebrides Company, which at present enjoys an advantage, not only unfair, but dangerous to the peace of the islands. No falling off in trade would be likely to ensue, even temporarily, from such a measure, while it would certainly be beneficial to future trade.

13. The appointment of a Deputy Commissioner and Vice-Consul would also probably increase the number of smaller British traders, whose credit would no doubt increase on the establishment of a court exercising jurisdiction over them.

SOLOMONS and SANTA CRUZ.

14. The trade here is comparatively small, but is likely to increase as emigration to the plantations of Europeans is discontinued. In all probability it will be advisable at no distant date to appoint a resident Deputy Commissioner to reside in St. Christovals.

GILBERT and ELLICE GROUPS.

15. Trade may on an average be said to keep and be likely to remain at the same point. The islands are individually small, but extend over a large area of ocean, and their trade is hardly sufficient to warrant the expense of the establishment of a resident Deputy Commissioner,

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though much benefit would be derived from an annual visit of such an officer. If a proper control were exercised over foreign recruiting vessels, or, better still, if the traffic were stopped, an increase might be expected in trade, of which British subjects would probably secure the largest share.

16. The foregoing are the only groups respecting which a definite opinion upon their trade can be given. British trade exists to some extent in the Marshalls, north of the Equator, and to some considerable extent at Pellew and Yap, but there is very little information concerning it in this office. There is also some slight trade recently esta-

blished in New Britain and New Ireland, and some trade with New Guinea and the islands to the south-east.

17. British trade, though subject to occasional fluctuations, can scarcely be said to have suffered any depression in the Pacific, while in some localities it is reported to be increasing.

18. There is very little information about the guano export, but probably the expenses are rather heavier than they used to be, owing to increased difficulty of getting labourers.

WILFRED COLLET.

January 20, 1886.

APPENDIX E.

- I. ANSWERS RECEIVED FROM THE AGRICULTURAL ENGINEERS' ASSOCIATION TO THE QUESTIONS ENCLOSED IN THE CIRCULAR OF SEPTEMBER 7, 1885. (See FIRST REPORT, p. 114.)
- II. ANSWERS RECEIVED FROM THE BLEACHERS', FINISHERS', AND DYERS' ASSOCIATION OF LANCASHIRE, TO THE QUESTIONS ENCLOSED IN THE CIRCULAR OF OCTOBER 23, 1885. (See FIRST REPORT, p. 227.)

APPENDIX E.

- I. ANSWERS to QUESTIONS contained in Circular of September 7, 1885. (See First Report, p. 114.)

AGRICULTURAL ENGINEERS' ASSOCIATION.

1. Specially interested in the manufacture of portable and fixed steam engines, road locomotives, agricultural and general engineering, agricultural and other machinery.
2. Approximately two fifths in the home market and three fifths abroad and in the Colonies, in European countries, especially Austria, Hungary, Russia, Germany, Italy and France, South America, the Australian and South African Colonies and India.
- In North America, i.e., in the United States and Canada, the markets are practically closed to our machinery in consequence of prohibitory tariffs, averaging from 40 per cent. and upwards, *ad valorem*.
- Large quantities of American agricultural machinery are imported into this country duty free.
3. (a. and b.) From 1865 to 1870, increasing.
" 1870 to 1875, rapidly increasing.
" 1875 to 1880, normal.
Since 1880, gradually decreasing.
" 1885, rapidly declining.
- (c.) Net profit of first period, normal.
" " second " good.
" " third " normal.
Since 1880 net profit decreasing and at present almost nil.
- (d.) Gradually increasing to 1875. 1875 to 1880, normal. From 1880, declining.
- (e.) Labour employed rose up to 1875. Normal to 1880; rapidly declined since. Now a large number of men are unemployed and the remainder making short time.
4. (a.) From 1875 to 1880.
(b.) " 1871 to 1874.
(c.) " 1880 to 1885, and rapidly becoming worse.
5. Decidedly depressed.
6. In 1879; acute in 1885; the lowest point does not appear to be reached. Diminution in demand at home and abroad, at unremunerative profits, difficulty in obtaining payment.
7. A little irregular until the last three years, and the future seems likely to go from bad to worse, as the continental markets are being one by one almost closed against us, by restrictive tariffs, cheaper labour and longer working hours.
8. (1.) The low value of agricultural produce of (now) nearly every kind through foreign competition.
(2.) The increase of foreign tariffs before alluded to.
(3.) To some, and an appreciable extent to high railway rates upon agricultural produce and machinery. Some of the continental railways have a lower tariff for home than for foreign productions, whilst the reverse is the case in this country.
9. (a.) Less.
(b.) About the same or greater.
(c.) Decidedly below.

10. (a.) For skilled labour, above.
(b.) For unskilled labour, considerably above the average.
11. By legislation—
- (1.) In the imposition of retaliatory duties upon the manufactured productions of countries which have large and increasing tariffs against our manufactures. Possibly by the negotiation of treaties of commerce upon an equitable basis, which may lead to the reduction of these adverse tariffs.
- (2.) By the discontinuance of preferential railway rates for foreign produce and manufactures, and by the abolition of terminal charges.
- (3.) By the exemption of all kinds of machinery from liability to rating and by a clear definition of the law upon this important subject.
- (4.) By instructions to our diplomatic agents abroad, for a regular and systematic return, and publication at short intervals of information connected with the demand for, and supply of, our manufactures.
12. (a.) To some extent; less work being done, as a rule, for higher wages.
(b.) To a considerable extent, giving advantages to foreign competitors where longer hours are the rule.
(c.) To no appreciable extent.
(d.) The appreciation in the standard of value caused by the demonetisation of silver abroad appears to have had a serious effect upon trade generally.
(e.) No reply.
(f.) Restriction of credit reducing sales.
(g.) Over-production is almost general in consequence of a diminishing demand caused by general depression in trade and want of confidence; also to an unwillingness to restrict production by the discharge of valuable and skilled workmen.
(h.) Undoubtedly a great and palpable cause of depression both in the trade and in the agriculture of the country.
(k.) Foreign tariffs and bounties act prejudicially both to the trade and agriculture of the country.
(l.) The rating of machinery is a great tax upon manufacturers.
(m.) Excessive railway rates and shipping rings.
(n.) No reply.
(o.) Recent legislation affecting land in Ireland has created a profound distrust and feeling of uncertainty here, and is adding to the general depression.

(Signed) JAMES HORNSBY,
President.
W. T. PRINGLE,
Secretary.

April, 22, 1886.

APPENDIX E.

II. ANSWERS to QUESTIONS contained in Circular of October 23rd, 1885. (See First Report, p. 227.)

BLEACHERS', FINISHERS', AND DYERS' ASSOCIATION.

BOLTON, LANCASHIRE.

WILLIAM TAYLOR, 97 Mason Street, Bolton, Secretary.

1. Bleachers', Finishers', and Dyers' Association.
2. Bolton, Bury, Stockport, Salford, Rochdale, Radcliffe, Ramsbottom, Chorley, and Horwich.

3. (a.) Skilled	-	-	3,741
Unskilled	-	-	935
(b.) Female adults	-	-	1,254
(c.) Males under 18	-	-	1,194
Females under 18	-	-	566
(d.) Children under 13	-	-	265
Sundries, these include clerks, carters, mechanics, labourers, and of which about one half are unskilled	-	-	962

4. No means of ascertaining.
5. We feel we may confidently assert that from 1865 to 1870 trade good; from 1870 to 1875 better; 1875 to 1880 fluctuating; from 1880 to 1882 a decided decline, but not of so serious a nature as during the four succeeding years.
6. Yes, undoubtedly, as we consider the depression now existing is more acute than at any period since the "cotton famine."
7. As before stated, in 1880; it has reached its lowest point at the present time; over-production, over-stocked markets, and more especially the falling of the Indian and Chinese markets are the most prominent.
8. Not uniform; we anticipate it will still decline on account of foreign competition, which already runs us such a tight race. We have also an ever-increasing population, together with an increase of works, causing over-production, and unless we can have fresh markets opened for our class of goods there are but faint hopes of improvement.
9. Yes, without doubt.
- (a. and b.) No; we find by careful inquiry that we have suffered in a much greater degree than any other trade in our district.
10. Increased speed of machinery; of producing power; new inventions, which have greatly facilitated the finishing processes. We think, therefore, that if trade is to become more uniform the hours of labour must be shortened.
11. (a.) 1865 to 1870.
- (b.) 1870 to 1875.
- (c.) 1880 to the present time.
12. No change as regards adults, but as regards women and young persons an important change; these hours of

employment being (as you are aware) regulated by Act of Parliament.

13. Paid by the piece, as a rule, the exceptions being yarn bleachers and dyers, whose earnings vary from 18s. to 24s. per week.

We have also a gross system of having our goods stocked until such time as the merchant may desire to receive them. In the meantime we are compelled to remain without that which we have honestly worked for, the consequence being that a man falling sick may not receive his share of the money paid for stock, through not being at work on that particular day on which the stock money is paid.

14. For the former 15 years a slight increase, but during the last five years a falling off to the extent of 7½ per cent.

(a.) For piece work strictly in accordance with the above.

(b.) Little if any change.

15. Above.

16. From 15 to 20 per cent.

17. It is unquestionably of a superior quality than at any other time since bleaching commenced, as mark the extra quality of our finishes, the more uniform width of cloth, and the extra care that is now absolutely required in regard to the exact weight of goods.

18. The youths are in general put to plaiting down in the bleaching department, or pelting (that is, straightening the folds in the drying department), and afterwards removed forward to mangling, calendering, beetling, drying, making up, pressing, and stamping and packing to assist the man and learn one or other of the processes, irrespective of the above. There are yarn bleaching and dyeing processes in which a similar mode is adopted.

(a.) No system of apprenticeship.

(b.) From 24 to 26 years of age.

(d.) A somewhat increased number are employed in consequence of a larger number of works than formerly. This, but not to the extent the increased number of works would imply, through the using of patent machinery. As regards payment there is an improvement of from 10 to 15 per cent. The application to work is, however, more severe.

20. It is our conviction that the over-filling of goods has, to a great extent, militated against us. Goods coming at one time a certain weight in the grey afterwards coming to represent the same quality considerably lighter, being (for example) 8 lbs. in the first instance and then coming 7 lbs., but must still leave the works the same weight as before. Thus, you see, there must be considerable filling of one kind or another infused into the cloth, as china, clay, flour, farina, grease, &c.

April 17, 1886

ANALYSIS OF THE EVIDENCE.

SIR JOSEPH C. LEE:

Is senior partner in the firm of Tootal, Broadhurst, & Co., manufacturers, spinners, calico printers, and merchants, owner of the Rosendale Printing Co., and a director of the British Alizarine Co., 7961.

His trade with the West is depressed, the Eastern trade is not depressed, 7962, 7963. The Zanzibar trade, 8133-36.

Over-production and changes of fashion are the causes of the depression, 7964-72, 8031-33, 8223-41.

Foreign competition in the home market, 7973-76, exists principally in silk goods and the finer cotton goods, 7977, 7978. The French and Germans can compete with us apart from their protective tariffs, 8242-52, but not on their own lines in neutral markets, 8256, 8257.

Foreign competition in goods produced by hand labour, 8258-62.

Foreign workmen superior in technical knowledge and in artistic power, 7979, 7988, 7989. Difficulty of obtaining educated labour in this country, 7980, 8030.

Textile museums wanted in connexion with schools of art and design, 7981. The teaching of design rather than of art wanted, 7982-87. The State should do more, 8038. Technical schools in Manchester, 8137-58.

Injurious effect of trade combinations, 7990-98, 8040-49, 8197-204, 8209-22. The old English guild of masters and men was a better institution, 7999. Combinations of working men put restrictions on the way work is to be done, and encourage medium rather than superior class labour, 8001-8, 8079-83. Sources of his opinions on these questions, 8054-66. Strikes, 7995-98, 8072-76. Death or out-of-work pay, 8077, 8078.

Relative cost of labour in England and France, 8323-30.

Higher wages are paid than 20 years ago, 8009, 8010, 8067-71.

Effect of the Factory Acts, 8096, 8097, 8191-96, 8207, 8208; occasional relaxation of Factory Acts suggested, 8098-100. Hours of labour, 8263-77, 8331-36.

Unlimited liability companies have been very prejudicial, and create an unnatural competition, 8011-16, 8169-75, 8322. Amendments in the law suggested, 8051-53, 8101-4. Examination of prospectuses, 8123-32, 8183-85.

Trade has suffered from the destruction of commission houses in Manchester, consequent on the decision in *Williamson v. Barbour*, 8017-19, 8159-68, 8176-82, 8205, 8206, 8319-21.

A better knowledge of foreign markets necessary, 8020-22.

English and German consular assistance, 8337, 8338. Chambers of commerce to be officially recognised and constituted on a different basis, 8023-29, 8289-301.

A re-arrangement of taxation as between the manufacturer of English goods and the seller of foreign goods would be of no permanent benefit to trade, 8034-37, 8208-13. A duty upon foreign manufactures would increase the cost of our own productions, 8278-88. Negotiation of commercial treaties, 8302-7.

Pressure of railway charges, 8084-95, 8105-18, 8186-91, 8314-18. Is unable to give information as to certain special charges of which he is aware, 8089-91, 8119-22.

Fraudulent under-declarations of value in the United States, 8252-56.

The North-west African Company and the Government, 8339-50.

Trading charters, 8351-54.

MR. MURROUGH O'BRIEN:

Is superintendent of the Land Sales Department of the Irish Land Commission, and has directed his attention to agriculture in Ireland since 1867, 8355-57.

The present condition of farmers in Ireland is one of very great depression, 8358; particularly in the case of small farmers, 8558-65, 8416, 8417. Position of small farmers farming for subsistence, 8450-54, 8457-59, 8517-27. Comparative condition of English and Irish farmers, 8547-49, 8646-48.

o. 22035.

MR. MURROUGH O'BRIEN—cont.

Statistics as to prices and yield of cereal and other crops, 8502-5, 8606, 8607, 8624.

Statistics as to the distribution of farms in Ireland, 8359-64, 8625. Comparative prices and number of cattle and sheep, 8481-98, 8624, 8625.

General statistics of the loss sustained by the classes connected with the land, 8367, 8368, 8370-72. Effect of the loss upon rent, 8373-75, 8469-80, 8515, 8516. Statement showing reductions of rent, 8532, 8533. Comparison of English and Irish rents, 8560, 8561. Reduction of rent below judicial rent, 8576-78. Are judicial rents fair rents? 8577-80. Arrears of rent, 8612, 8613.

Untrustworthy character of the agricultural returns, 8369, 8499-501.

Changes in the system of agriculture, 8376. Land thrown out of cultivation, 8377, 8556.

Prospects of recovery of prices, 8378-86; of cattle, 8440.

The butter industry, 8378-81, 8387-90, 8398-402, 8439, 8441-43.

Cultivation of flax, 8391-97, 8434, 8435, 8455, 8456, 8462, 8463.

The woollen industry, 8456, 8460, 8461, 8464-68.

Swiss land banks, 8403, 8588-91. Possibility of similar institutions in Ireland, 8405-11, 8418-25, 8432, 8433.

Greater fixity of tenure requisite, 8406, 8407, 8438, 8444, 8506-14, 8530, 8531, 8581-83.

Light railways, 8412-15.

Local taxation, 8383, 8384, 8546, 8594-604, 8608-11, 8653, 8654.

Imperial taxation in Ireland, 8634-41.

Position of tenants who bought their lands from the Church Commission, 8426-28.

Sale of tenant right interests, 8528, 8529, 8614-22. Purchase clauses of the Land Act of 1881, 8429-31.

Demand for agricultural implements, 8436, 8437. Price of agricultural labour, 8550-53, 8649-51. Migratory labourers, 8573-75.

Foreign competition, 8445-54.

Extent and scope of the operations of the Land Commission, 8534-45.

Remittances from America and the colonies to Ireland, 8551, 8554.

Investment of capital in improvements by the tenants, 8555, 8623, 8644, 8645. Causes preventing the accumulation of capital in the hands of agriculturists, 8557-59, 8584-87, 8643.

Effect of agricultural depression on other industries in Ireland, 8562-66.

Comparison between the distribution of land in Connaught and in Berne in Switzerland, 8567-73, 8628-33, 8652.

Remedies for the agricultural depression in Ireland are lower rents, a better form of tenure, land to be more easily marketable, &c., 8592-94, 8626. The causes of the depression are to some extent removable, 8605.

Agricultural education, 8594, 8626, 8627.

MR. GEORGE REA:

Is a tenant farmer farming about 15,000 acres in Northumberland, 8655-61.

Agriculture in his part of the country has been very much the reverse of prosperous, 8662.

Estimate of the loss sustained by landowners and farmers, 8663-66.

The great cause of the depression is the extreme lowering of the prices, 8667-73. Bad seasons not so much so, 8674-80. Prospect of recovery in prices, 8686. Prices of stock and of butcher's meat, 8712-29; of barley, 8787-92.

Effect of the depression on rents, 8681-83, 8741-46, 8793-813; on the system of agriculture, 8684, 8685; on the profits of farmers, 8794-813. Rent, profit, and wages, 8826-54, 8858-75. Payment of rent out of capital, 8858-75.

MR. GEORGE REA—cont.

As to alterations in the rate of wages, 8687, 8688. Amount of hand and machine labour and number of men employed, 8689, 8690. Relations between masters and men, 8710, 8711. Style of living of English and foreign workmen, 8759-63.

Small and large holdings, 8691-96. Mode of distributing farm produce, 8697-702. Advances to farmers in difficulties, 8703-708. Light railways, 8709. Railway communication and charges, 8731-40. Effect of agricultural depression on the home trade, 8747-54, 8770-76.

Protection suggested as leading to the better employment of our population, 8755-58, 8763-66. Does not advocate a protective duty on food, 8778, 8779.

Local taxation, 8767. Assessment of farmers to income tax, 8767, 8820-25. Repair of roads, 8767-69.

Foreign competition in grain and cattle, 8700, 8701, 8777, 8780-86, 8855-57.

Sale of stock by live weight, 8814-19. Out-door relief, 8845-51.

MR. JOSEPH MARTIN:

Is a tenant farmer in the Isle of Ely, 8876-83. His evidence would apply generally to the fen country, 8919-21.

Illustrations of the severity of the present depression, 8884-88, 8890, 8891, 8922-24. Has no remedy to offer, 8904, 8905.

Advances to farmers in difficulties, 8945-47.

The depression due more to low prices than anything else, 8889. Prices of dairy produce, 8898-903; of wheat, 8925-28.

Effect of agricultural depression on trade, 8892-94.

Effect of the depression on rent, 8922-24, 8949-66.

Payment of rent out of capital, 8975-8181.

Changes in the system of agriculture, 8895-97.

Cultivation of the sugar beet, 8967-71.

Does not advocate a duty on foreign produce, 8906.

Large and small holdings, 8907.

Rate of wages, 8908-10, 8929-31. Supply of labour, 8911-13. Quality of labour, 8948.

Local taxation, 8914. Income tax, 8938-41, 8981-90.

Railway charges and accommodation, 8915-18, 8942-44.

Mode of calculating tithe averages, 8932, 8933.

System of markets, 8934-37.

Sale of cattle by live weight, 8972-74.

MR. JOHN COLEMAN:

Has large experience as land agent and practical farmer, chiefly in Yorkshire, and has also visited America, 8991-93.

Opinion as to the loss sustained in recent years by landowners and farmers in the northern counties, 8994, 8996, 9051-55.

Increase in the use of nitrate of soda, 8995-9000.

Small stock and dairy farmers have suffered least, 9000-3.

Cost of working an arable farm in the North Riding, 9003-6.

Improvement in class of persons taking farms, 9007.

Amount of capital required per acre, 9008-10.

Amount of the reduction in the average value of produce per acre, 9011-16.

Proportions in which reduction has been due to fall of prices and bad seasons respectively, 9017.

Information as to the diminished purchasing power of the agricultural community, 9018-45, 9050.

Reduction in the cost of living, 9047-50.

Reduction in rents in recent years, 9056-61.

As to the possibilities of profit in agriculture, 9062-70, 9076, 9077.

Cost of producing the principal agricultural products, 9071-75.

Cost of labour, 9073-75, 9106-9.

Changes in system of agriculture, 9078.

System of distributing agricultural produce leaves a large margin to the middleman, 9079, 9100-4.

Burden of taxation on agriculture, 9080, 9085-89, 9098, 9099.

Tendency towards smaller holdings, 9081, 9082.

Conclusions of the Duke of Richmond's Commission, 9083.

Depression in agriculture closely connected with the general depression of trade, 9062-64, 9084.

Railway facilities and charges, 9090-93.

Want of facilities for obtaining capital by farmers, 9094-97.

MR. S. B. L. DRUCE:

Is a barrister and secretary of the Farmers' Club, formerly an assistant commissioner under the Duke of Richmond's Commission, 9110-12.

Estimate of loss sustained by the agricultural interest in recent years, 9113-35.

Average reduction of value of agricultural produce per acre, 9136, 9137.

Agricultural depression due in first instance to bad seasons, and latterly to fall in prices, 9138, 9139.

Diminution of the purchasing power of the community owing to agricultural depression, 9140, 9141, 9216.

Doubts if the cultivation of land can be made remunerative at present prices, 9143-48, 9201-5.

Cost of producing wheat, 9149-63, 9217-23.

Suggestions as to improved methods of distribution, 9164, 9165.

Management of land in the hands of corporate bodies, 9166-73.

Extent of the burden of taxation on the agricultural industry, 9174-89, 9206.

Charges of railway transport, 9190-95.

General style of living among farmers, 9196-9200.

Development of railways in agricultural districts, 9208-13, 9224-26.

MR. S. ROWLANDSON:

Is a farmer near Darlington, and has paid attention to the question of railway charges, 9227-31.

Character and extent of the agricultural depression in his district, 9232-47, 9340-46, 9376-81.

Average land cannot now be farmed at a profit, even without paying rent, 9347-61, 9366-71.

Fall in agricultural wages in recent years, 9091-94.

Extent of land laid down in grass, 9395-98.

Complaint of preference given by the railways to foreign produce, 9248-58, 9362-65; gives example of rates charged on home and foreign cattle at Newcastle, 9252-58, 9265-69, 9305-33; also hay and corn, 9270-80, 9334-39.

Is in favour of equalisation of rates, 9262, 9263, 9372-75, 9382-85; preferential rates in favour of foreign produce should be made illegal, 9292.

Does not think that the present low prices would encourage persons to embark in farming now, 9283-90.

Opinion as to whether any further development of the railway system is required for agriculture, 9297-9304.

The home producer is at a disadvantage compared with the foreigner in not having the same amount of competition for the carriage of his produce, 9399-9406.

MR. JOHN FOX:

Is a feather, horse-hair, and bedding manufacturer in Cork, 9413, 9414.

Complaint of differential rates between Ireland and places in England, 9416-22, 9458, 9459, 9532-73.

Is in favour of State control over railways, 9425-27, 9441-45, 9458-67.

Present system of rates is in favour of the foreign producer, 9427, 9436, 9547, 9548.

Opinion as regards the Bill now before Parliament, 9432, 9433.

Hours of labour in this and other countries, 9434-40, 9468-70, 9504-14.

Nature of the depression in his trade, 9415, 9472-78, 9515.

Labour questions, 9438-40, 9475-9501, 9525-31.

MR. WILLIAM J. HARRIS:

Is a farmer in Devonshire and largely engaged in the grain trade, 8577, 8578.

Serious depression in agriculture, 9893, 9894, 9917, 9918. Farmers were prosperous from 1855 to 1870, 9674. Prices of grain and farm produce and cost of production, 9701-7, 9833-40, 9861-72. Payment of rent out of capital, 9904-9, 9914-18. Prospects of improved prices for corn and meat, 9579, 9708-11, 9841-48.

Deterioration of land consequent on loss of farming capital, 9670, 9849-56, 9895, 9896.

Prospects of the British farmer, 9580-85, 9568, 9669, 9672, 9673. Probable changes in system of agriculture, 9824-32.

Productive worth of average quality land, 9581, 9314-23.

Result of farms lying idle, 9581-87.

Value of British agricultural produce under existing and probable future conditions, 9588-90.

Effect on trade of decreased value of agricultural produce, 9591, 9592, 9807-9.

MR. WILLIAM J. HARRIS—cont.

Effect of the imposition of an import duty on foreign corn and meat, 9593, 9600, 9739-52.

Future colonial and Indian imports, 9593-99, 9712-14, 9747-50. Development of Indian railways, 9593-99, 9675-77. American and colonial competition, 9608-10. American flour, 9655. Premium on rotation farming to be given, 9601-7, 9640, 9875-79, 9919.

Burdens on agricultural land, 9611-22, 9678-82, 9787-89, 9693-98, 9880-90, 9900-3. The income tax, 9910-13. Cost of carriage of foreign wheat, 9623-29. Freight of wheat and flour, 9656, 9657. Relative increase of imports of wheat and flour, 9715-22, 9736-38.

Improvement of transport facilities in this country, 9630. Light railways, 9683-88, 9791, 9792.

English railway rates, 9696, 9697.

Effect of cessation of tillage farming on employment of labour, 9631-37, 9671, 9773.

Displacement of labour in other industries, 9774-86. The ensilage system, 9638, 9723-26, 9858-60.

Import duties on foreign manufactures suggested, 9641-48, 9765-72, 9790, 9799-813, 9926-36. Possibility and effect of a tariff war, 9659, 9760-64. Difficulties of collection, 9667.

Depression of trade in other countries, 9649-51, 9660-62, 9753-59.

Hours, wages, and efficiency of labour, 9652-55, 9689-95, 9698-700, 9729-35, 9891, 9892.

Volume and value of exports as tests of prosperity, 9663-66, 9808-10.

Effect of disease amongst stock, 9873, 9874.

Large and small holdings, 9920-25.

MR. JOSEPH FLINN:

Is a maltster at Bishop Stortford and other places, 9937-40.

Favouritism is shown to foreign as against British produce in the matter of railway charges, 9941-44. Examples, 9945-51, 9962-10,058. Effect on traders and farmers, 9956.

Objections to an appeal to the Railway Commissioners, 9952-55.

Terminal charges, 10,028-49.

The Railway Rates Bill, 9957, 9958.

Cause of unequal preferential rates, 9960, 9961. Such rates are detrimental to agriculture, 9961-67; and to some of the ports, 10,059, 10,060.

MR. W. R. PRICE:

Is a shipowner carrying on business in London, 10,061-63.

No diminution in quantity of goods carried, 10,064; but the carrying trade is unprofitable owing to the large amount of tonnage built in recent years, 10,065-68, 10,152-54. General character of the depression in the shipping trade, 10,207-26.

British shipping still retains its share of the carrying trade, 10,069-71; but foreign countries are drawing their supplies less through us than formerly, 10,072; this is caused partly by the opening of the Suez Canal and partly by the growth of some foreign ports, Antwerp, Hamburg, &c., 10,074, 10,097-99, 10,169-71.

Opinion with regard to "freight rings," 10,075-86, 10,095-97, 10,134-37, 10,160-66, 10,184-99, 10,251-60, 10,266-69.

Bounties given by foreign countries on shipping, 10,087, 10,105-23, 10,172-75.

Substitution of steam for sailing vessels, and change in character of vessels, 10,088-91, 10,139-42, 10,167, 10,168.

Effect of the Suez Canal on British shipping trade, 10,091-94, 10,209, 10,228-34, 10,261-65.

Construction of harbours of refuge, 10,100-4, 10,176, 10,177.

Foreign shipping should be subject to the same regulations as British, 10,123, 10,143-51, 10,178-81, 10,204-6, 10,248-50. Observations with regard to the Board of Trade regulations, 10,200-3, 10,235-47.

Advantages possessed by the foreign shipowner, 10,108-133.

Limited liability as applied to shipowning, 10,154-59.

MR. T. L. DEVITT:

Is a shipowner in London engaged chiefly in the Australian trade, 10,270-73.

Nature of depression in the shipping trade, 10,274-82, 10,309, 10,323-28, 10,427.

Falling off in the entrepôt trade, 10,283-89, 10,376-99.

22035.

MR. T. L. DEVITT—cont.

Effects of the opening of the Suez Canal, 10,290-96.

Freight rings, 10,297-304, 10,312-20, 10,329-70, 10,400-26.

Comparative use of steam and sailing vessels, 10,305-8.

Bounties and subventions of foreign countries, 10,321-23.

Limited liability in shipowning, 10,371-74, 10,408-32.

MR. JOHN BURKE:

Is a shipbroker in Belfast, 10,433.

Thinks there is no falling off in quantity of goods carried, 10,436, 10,509.

Absence of profit in the shipping trade at present due to competition and over-production, 10,437-39, 10,462-65, 10,475, 10,543, 10,560-64.

Competition of foreign and colonial shipping, 10,439-45, 10,455-61, 10,485-94, 10,497-99, 10,566-69, 10,595-602.

Effect of foreign bounties, 10,448, 10,570-75, 10,603-10, 10,613, 10,614.

Entrepôt trade and the opening of the Suez Canal, 10,446, 10,449-52, 10,471, 10,472, 10,545-50.

Effect of substitution of steam for sailing vessels, 10,453, 10,454, 10,466, 10,528-32.

Limited liability as applied to shipowning, 10,477-83.

State of the shipbuilding trade in Belfast, 10,467-70, 10,500-3, 10,521-23, 10,576-80.

Employment and wages of British and foreign seamen, 10,495, 10,496, 10,504-8, 10,513-19, 10,551-59, 10,565.

Relations of shipowners and brokers, 10,581-93.

General condition of trade in Belfast, 10,535-40, 10,615-47.

MR. C. E. COLLYER:

Is a produce broker in London, 10,648, 10,649.

No decrease in volume of trade, 10,652-55.

Recent changes in the course of trade, 10,657-60.

Complaint of Luton Chamber of Commerce with regard to preference given to foreign ports by shipowners, 10,660-62, 10,673.

Differential freights in the China trade maintained by associations of shipowners, 10,663-735.

Transfer of some branches of trade from England to the continent, 10,736-61.

Too great facilities given by bankers to shippers, 10,762-77.

MR. A. SCHOLEFIELD, MR. D. STEPHENS, MR. G. RENWICK

Are shipowners at Newcastle, and represent the North of England Steam Shipowners Association, 10,778, 10,779.

No falling off apparent in quantity of goods carried, 10,781-87.

Depression in shipping trade attributable to over-production, especially of steam tonnage, 10,782, 10,789, 10,827, 10,849-51, 10,909-11.

Limited liability and single-ship companies, 10,790, 10,791, 10,928-34.

Amount of shipbuilding on the continent, 10,793-99.

Light dues, 10,800-5, 10,888.

Opinion as to shipping legislation and Board of Trade regulations with regard to overloading, &c., 10,806-26, 10,831, 10,840-42, 10,854-63.

Quarantine regulations, 10,829.

Legislation of foreign countries affecting British shipping by means of bounties of, 10,831, 10,837-39, 10,891-99.

Very little foreign competition in the coasting trade, 10,832-36, 10,877-82.

Substitution of steam for sailing vessels, 10,843-46.

English entrepôt trade and the opening of the Suez Canal, 10,847, 10,848.

Number of foreign seamen employed in British ships, 10,849-51, 10,872-76.

Improvements in construction of ships, 10,864-71.

Advantages of registering under a foreign flag, 10,900-8, 10,913-24.

Freights tend to encourage import trade rather than export, 10,924-27.

MR. JOHN PRICE:

Is general manager of the Palmer Shipbuilding Co. at Jarrow, 10,935.

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Mr. JOHN WILLIAMSON:

Is a merchant and shipowner at Liverpool, 11,175.
Has prepared tables showing the volume of our foreign trade since 1869, 11,177, 11,178, 11,241-47.
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Mr. RICHARD CATTARNS, JUNIOR:

Is the general manager of the General Steam Navigation Co., 11,295, 11,296.
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Mr. GEORGE BAKER FORSTER:

Represents the Northumberland Coal Trade Association, 11,652-54; and is principally connected with steam coal, 11,655-58.
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Mr. JOHN SCOTT:

Is a shipbuilder and marine engineer at Greenock, 11,863.
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Mr. ALFRED HEWLETT:

Is managing director of the Wigan Coal and Iron Co., and connected with the S. Lancashire and Cheshire Coal Association, 12,075, 12,076.
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Mr. J. B. SIMPSON:

Represents the Durham Coal Trade Association, 12,297.
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Mr. ALFRED HICKMAN:

Is largely interested in the South Staffordshire coal and iron trade, 12,500, 12,501.
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Mr. MARSHALL STEVENS:

Is the provisional manager of the Manchester Ship Canal Co., and has had considerable experience of the carrying business, 12,633, 12,634.
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SIR GEORGE CHAMBERS, Mr. JOHN E. TINNE:

Represent the West India Committee and the West India Association of Liverpool, 12,897-99.
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Mr. GEORGE MARTINEAU:

Is secretary to the British Sugar Refiners' Committee, 13,154.
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Mr. JAMES DUNCAN:

Gives information as to growing beet in this country, 13,278-318.
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Mr. T. O. EASTON:

Represents the Lancashire Sugar Refiners' Association. Concurs generally in Mr. Martineau's evidence, especially as to the small gain which the bounty causes to the consumer, 13,325.

Mr. THOMAS NEILL:

Represents the sugar refiners on the Clyde, where the industry is in a very depressed condition, 13,326.
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Mr. EDWARD JOHN LLOYD:

Is engineer and manager of the Warwick and Birmingham Canal, 13,565-67.
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