

certain parts of your country now, in the way of disease, destruction, and death, to form a small idea of what will happen here if matters are not speedily corrected.

The way to effect this correction is not to grant concessions which will make speculative monopolies of sewerage and municipal water supplying. These matters, above all things, must be conducted honestly and faithfully for the public good, and not as speculations. You never will bring mining to a reasonably low figure of cost until you have a cheap and abundant city water supply for all purposes. This matter of water rates is, the world over, an index to industrial conditions. It will be here, and you cannot prevent it. Dear water, dear living, dear mining; it is always the case.

To relieve this water supply and sewerage situation there are enough earnest people interested on the Rand to supply the capital out of hand, to place first-class works at the disposal of the city of Johannesburg at lowest possible cost price, with lowest rates of interest. And I venture to say that such an arrangement could be made if your Government would do its part and enable public-spirited capital to accomplish such an end without having to meet the demands of Government concessionaires.

From the standpoint of industrial economy the granting of exclusive concessions is a bad feature of Transvaal affairs. It finds no counterpart in the United States, and never did. Although it may have been necessary here in the past, it certainly is not so now. This country is at a stage where open competition on republican principles can make it great for the burghers; but it is also at a stage where a failure to recognise the principle, "Let the best man win," may ruin it for them through the working of natural laws in industrial development.

While the crucial question, as directly affecting the mines, is, in my judgment, the labour question, there goes with it the problem of agricultural development. This is an agricultural country, some of it as good as any in the world. If the Government would actively and earnestly take steps to advance agriculture, in the light of best examples and practice the world over, and in a way suited to the people and the country itself, the longest possible step would be taken to permanently settle the problem of cheap mining by settling the problem of cheap living.

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ice. MR. WILLIAM HOSKEN called, said :

I am a merchant resident in Johannesburg since 1889, and represent the Chamber of Commerce. I affirm that the statement of Mr. Pistorius is true. The Chamber of Commerce requested me to attend to give further evidence, especially with regard to railway questions. When this Industrial Commission was appointed, the representatives of the Chamber of Commerce and Mercantile Association held special meetings to consider the position and formulate a statement affirming that the causes of the present depression were effected as follows :—(a) The Netherlands Railway administration. Such as the differential and excessive rates, and lack of capable administration. (b) The excessive cost of dynamite. (c) Excessive taxation. (d) The industrial and trading monopolies, such as are being used for the development of industrial enterprise. (e) As shown by the insecurity evidenced by the withdrawal of capital by investors from the Transvaal, and the difficulty of arranging financial transactions and the want of firm legal measures to suppress gambling, especially in the form of sweeps.

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try. I will endeavour in my evidence to avoid going over the same ground traversed by previous witnesses. Before taking up the definite points referred to, I shall draw the attention of the Commission to the industrial and economic fact that South Africa

is a mining country, and all other industries are dependent on the mining industry, not excepting agriculture. In proof of this, I have a table which shows that in 1896 the imports through the Cape and Natal amounted in value to £23,372,000, and the exports totalled £17,878,000. Of the minerals, gold showed a value of £8,355,000; diamonds, £4,640,000. Agricultural products exported include grain, flowers, grass (to the extent from the Cape of £20,000), spirits, wine, bark, oathay, feathers, wool, hides, skins, hair, and horns, totalling in all about £4,166,000. For other agricultural products the markets are found in this country through the mining industry. The markets are the mining towns, and the places through which the traffic for the mines passes. I don't wish to minimise the value and importance of the primary industry—namely, agriculture—but in this country the mining industry is pre-eminently the backbone and support of the whole country. The crops I have referred to are sold in the mining towns, and at the ports where the traffic for the mines passes through. The economic question outlined by these figures has in the past not received sufficient attention by even the people or the Governments in South Africa. I wish to put forward as a practical proposition to the Commission: If an acre of ground is cultivated for minerals, it should produce say £10,000 during a certain period. Is it not an equal advantage to the State and community to make the production through the mineral kingdom, as it would be for the same return to be made through the vegetable kingdom. The experience gained in other countries also assures us that the successful working of the mining industry brings success for all other industries with it, and especially success for agriculture. For examples, we can look to California, and Australia, and New Zealand. These countries were, in the first instance, exploited for minerals, and success in mineral work has enabled them to become foremost in agriculture. Therefore, the true policy for South Africa, and especially for the Transvaal, is to aid the mining industry in every possible way. I will now proceed to give definite evidence regarding the various points that the Chamber of Commerce considered so important. In the first place, there is the Netherlands Railway. In this connection the Chamber of Commerce wishes me to make some remarks on Mr. Middelberg's statement, laid before this Commission. Mr. Middelberg commences by correctly stating the accusation made against the Netherlands Railway, that it is taking an undue share of the transport dues from the ports to Johannesburg. He then proceeds to illustrate and defend his action in exacting this undue share by the analogy of a tenant with a house having to pay certain rent to the two or more joint-owners. Mr. Middelberg says it would be a matter of indifference to the tenant as to how the rent was divided amongst the owners. We accept the illustration as showing the position we are in as regards the South African railways. But Mr. Middelberg overlooks a most important point. He assumes that a tenant is satisfied with the rent. We are not satisfied. That entirely alters the proposition put forward by Mr. Middelberg. In pursuing the analogy further: Say the house consists of six rooms, all equally essential to the comfort and well-being of the tenant. The rent is £4 18s. 4d. per month—I take that sum as it represents the rough goods' rate per ton from Durban to Johannesburg. The tenant learns that the joint proprietors own the property in rooms, and that four rooms belong to one of the owners, and two to the other, but that the owner of the two rooms claims half the rent for his share. The tenant wants his rent reduced, and first calls on the owner of the two rooms to reduce his rent to the same standard as that of the owner of four rooms. Having secured that reduction, the tenant will proceed to press both owners for a further reduction. That is the position in the Transvaal to-day. The owner of the four rooms can be likened to Natal, which has 309 miles of railway on the line we have under consideration, and the two rooms the Netherlands, who have 178 miles.

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The total rate is £4 18s. 4d. Natal gets £2 10s. and the Netherlands get £2 8s. 4d. We, therefore, think that, taking Mr. Middelberg's own analogy, it is a most definite proof of our case for a demand for a reduction. I then follow some special pleadings by Mr. Middelberg that are even more fallacious than the house analogy, until we come to the statement that people have distorted the share rates of the Netherlands Railway, and made them appear as tariffs, and compared them with those in other countries in the world. The amount shared by the Netherlands is not a share of the through-rate, but a definite tariff charged for that portion of the line under the Netherlands administration. The Cape and Free State sections show in all their tariff and railway debits separate entries for their portions of the line to Mid-Vaal River. I hope I have made this clear to the Commission. Mr. Middelberg made a strong point of this through-rate from the port to Johannesburg, and said that we are only interested in the through-rate, and that we are not interested in the question of how that rate was apportioned by the different owners, and pointed out that the through-rate had been arranged for, with the help and assistance of the Netherlands Railway, on a low basis. My endeavour will be to show that whatever benefits we get in the way of a low rate, are not due in any measure to the Netherlands Railway, but have come, in fact, in spite of it, and that the rates as quoted by the different administrations are rates to the border, and the Netherlands Railway have levelled the different rates up to the point that suits their idea of what they should be.

Chairman.

You are now quoting something which has been fully discussed by Mr. Middelberg and the members of the Commission, and it has been argued over and over again. The Commission does not want to go over the same ground again, and we cannot call Mr. Middelberg to reply to you. The cross-examination was of the same tenour as your statement, and if you follow Mr. Middelberg's examination, you will see that the same questions which you are now touching upon were gone into.—The figures I wanted to put in could not have been before you.

Mr. Smit.

The Commission don't want you to come and plead your cause. We want evidence and not argument, especially so in the absence of a former witness.—But statements have been made and not controverted.

Chairman.

If you read the evidence of Mr. Middelberg, you will see it has been controverted in cross-examination.

Mr. Smit.

You do not contradict; you simply argue and plead your case like an advocate. I wanted to explain my position up to the point—or how can I otherwise make clear my standing in the matter? Mr. Middelberg, for instance, has repudiated a telegram which was filed here by Mr. Goldmann, regarding a change in the price of cement. The telegram was sent to the Chamber of Commerce, and put in evidence by Mr. Goldmann, from the general manager of the Cape Railways, saying that in consequence of representations made by the Netherlands Railway, the rate on cement had been raised. Mr. Middelberg referred to this previous evidence and repudiated it. Now on behalf of the Chamber of Commerce, I will, if you will permit me, and I am to give proper evidence, put in the letter, dated the 6th August, 1895. It is from the Johannesburg Chamber of Commerce to Mr. Middelberg, and quotes this same telegram

in the body of the letter, which charges the Netherlands Railway with having raised the rates; and we ask for an explanation as to whether the Netherlands Railway have raised the rates. I have, further a copy of the telegram from Mr. Elliott to Mr. Middelberg, which, if I am to give evidence, I must read, saying that, "in consequence of the conversation we had in Pretoria last Monday, I have issued a notice that the rate on cement will be advanced one month hence." I have, further, a copy of a letter from the general manager of railways, Capetown, to the East London Chamber of Commerce, making the same statement, all about the same date. I think the only use of my evidence about railways would be to traverse some of the statements made by Mr. Middelberg, so I leave it to the Commission to say whether I shall go on.

Chairman.

I don't want to hear any further arguments about it. We have got complete evidence about the high tariff charged by the railway, and against this we have got the evidence of Mr. Middelberg, and I find enough in all that evidence for the purpose of my report. If you have got any special grievances against the railway, or any new evidence, I shall be pleased to hear it.

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Mr. Smit.

I want to add, if you can prove there is anything wrong or misleading in Mr. Middelberg's statement, then the Commission will hear it.—The committee of the Chamber of Commerce examined this statement of Mr. Middelberg's critically, with a view to offering rebutting evidence.

Mr. Middel
evidence

Mr. de Beer.

We don't want criticisms. Of course, we will hear with pleasure any facts. The members of the Commission, as well as the Chamber of Commerce can use their discretion in criticising Mr. Middelberg's statement.—Of course if the statistical comparative reports that have been prepared with great care are not wanted, we must simply leave that and go on.

We want you to say where you differ from Mr. Middelberg and produce the proof.—That is what I wish to do. I would point out the fallacy of that table produced by Mr. Middelberg. Then there is another table which we say is entirely wrong—it is the tabulated statement of comparisons of tariffs. Mr. Middelberg endeavours to show that the Netherlands local rates are below the Natal rates. With one exception that is entirely wrong. Natal has a tariff for under 25 miles, which is above the Netherlands rate; but when we come to 50 miles the Natal rate works out as follows:—For the three classes 4·50d., as against the Netherlands 6d.; 3·70d as against Netherlands 4·50d, and 3·10d as against 3d. Practically the whole traffic in the Transvaal is for more than 50 miles, therefore the only reasonable comparison to make is for 50 miles and upwards. Taking it for 100 miles for the three classes, the comparison is: Natal, 4·50d; Netherlands, 6d; Natal, 3·25d, Netherlands, 4·50d; Natal, 2·75d; Netherlands, 3d. At the Railway Congress in Capetown two years ago, at which each of the Chambers of Commerce in South Africa, from Capetown to Pretoria, and right away to Bulawayo, were represented, the representatives from Bloemfontein raised this question of railway rates, and in the opinion of the members present, it was agreed that it was unreasonable that the tonnage of traffic to Bloemfontein should come in the mileage rate in comparison with the traffic for Johannesburg. Such a table, when put forward, is liable to mislead public opinion. Mr. Middelberg compares the rate to Mochudi for instance, with the rate to Johannesburg. The comparison of traffic is five tons to Mochudi for every 1,000 tons to Johannesburg. So it is impossible to make a compari-

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son on anything like equal conditions. Then follows a statement comparing the rates charged on other lines, and it especially says that the rates inland on the extension through Bechuanaland are greater than they are in the Transvaal. The plainest reply to that is the notice given in the Cape Colony about three days ago, that food supplies will be carried at $\frac{1}{2}$ d per ton per mile. When we get in the Transvaal a rate of $\frac{1}{4}$ d per ton per mile we will not complain. We say that the Netherlands management of the railways is most expensive and inefficient.

Chairman.

Are there no reasons why it should be more expensive than the Natal management?—On the contrary, we think it should be cheaper.

Have you tried to find out why it is more expensive?—Yes. In the general statement put in by the Chamber of Commerce it is put down to lack of capable administration. We say the Netherlands Railway should be run at a much less rate, because it runs mainly on the table-land; it is in the midst of the coal country and the traffic is concentrated, enabling the lines to be worked to their utmost carrying capacity. To show how important that point is, we have a most useful object lesson in the Cape Colony. We find that the returns on the different systems are as follows:—Western, £6 17s 6d; Midland, £10 17s 11d; Eastern, £5 19s. 2d; Northern, £15 12s.; which shows that the traffic concentrates on the northern line, and the profits jump up.

As regards the different statistics, cost per mile, and working expenses, I think they should get it direct from the different administrations, which would be preferable to getting it from third parties.—I should like to go into detail as to the earnings. The different railway administrations in South Africa make enormous profits. The Cape administration show by their published accounts that they made a profit last year of £1,356,000; the Natal Railway, £456,000; and, we assume, the Netherlands made a profit of 1,330,000. The Netherlands Railway Company has been credited with 6 per cent. on its capital, debentures, etc.: Natal has been credited with 4 per cent., and the Cape 4 per cent., the amount over and above these charges is equal to a tax of 15s 6d per ton on the companies' crushings last year. But, of course, a great portion of the charge is borne by the deep-level and development companies.

We have had all that information from the Chamber of Mines, the Association of Mines, etc. I wish you to confine yourself, as representing the Chamber of Commerce, to the interests of commerce and trade, and to show what can be done to assist commerce and trade. All the other points have been already dealt with by the mine managers and other people.—You see we are all so interested in the mining question.

I think the information the Commission have on the mining question is complete, so we will thank you to confine yourself to what belongs to your department—the Chamber of Commerce. It is the same point that I mentioned to Mr. Pistorius—I would like to point out that Mr. Pistorius specially assisted in getting up the figures I have given to you. I would like to file a series of questions prepared by the Chamber of Commerce, with a view to Mr. Middelberg's examination. The Chamber of Commerce requested that it might be represented directly on the Commission, and that request not having been acceded to, the only opportunity to examine Mr. Middelberg was to prepare this series of questions. We understand they were handed to Mr. Middelberg by a member of the Commission, but no reply has ever been received. I have been requested by the Chamber of Commerce to present these questions, and to ask the Commission if they will be good enough to get a reply from Mr. Middelberg.

The questions themselves were so framed with the intention of showing the especial grievances under which the commercial people suffer.

Mr. Smit.

You ask the Commission to forward these to Mr. Middelberg?—Yes.

You mean this Commission ought to make itself a special commission on behalf of the Chamber of Commerce?—We thought, seeing the important interests the Chamber of Commerce represents, we hoped the Government would—

You consider the Chamber of Commerce is really a little Government of its own, which wants to see this Commission put a special investigation against the N.Z.A.S.M. on these grounds?—Certainly not. The thing seems too absurd to reply to almost. The Chamber of Commerce is there to look after the interests of the community. To take that as a question to be considered seriously—that the Chamber of Commerce is a Government in itself—approaches almost to the ridiculous.

But I say it is equally ridiculous to put in a lot of questions for the Commission to put to someone else, whereas the Commission is sitting here, and knows how to conduct the enquiry. You have heard that the Chamber of Commerce has had the same chance as everybody else to expose their grievances, and point out faults, but now the Chamber of Commerce comes, standing above the Chamber of Mines, above the Mercantile Association, and charging the Commission to begin, specially on behalf of the Chamber of Commerce, an investigation against the railway company, against which you have seen fit to adduce attorneys' arguments.—I think the member of the Commission who has just spoken is entirely mistaking his position. In the first place, the Chamber of Commerce does not arrogate to itself any position of superiority. That series of questions, instead of being arranged by the Chamber of Commerce itself, as Mr. Smit has stated, is the joint product of the Chamber of Commerce and the Mercantile Association. They had no opportunity whatever of getting information on these important points contained in the enquiries except through this Commission, and they therefore approached the Commission with the hope that such information would be elicited. For the purposes of this enquiry, I am willing to assert these statements instead of putting them in the form of questions, but our desire was to be perfectly fair, and not make assertions until we were sure of our position, and, therefore, we asked the questions first before we made a protest against what we understood would be the answer. Surely, I submit, that was a respectful way in which to approach the Commission. It will be necessary for me, if I go on with my evidence, to refer to these questions. I have overwhelming proof in regard to some points referred to in these questions. For instance, we ask why the Netherlands Railway shelters itself behind owners' risk to endeavour to entirely contract itself out of loss, when the loss is so flagrant that it loses whole truckloads of goods at a time. I have evidence to show that truckload after truckload, not merely solitary instances, has been absolutely lost, and the Netherlands Railway refuse to entertain any claim, sheltering themselves under their regulations, which have been approved by the Executive Council, and therefore, they say, are in force. They refuse to pay for the goods which they have never delivered, and refuse to refund even the money they received for the carriage of these goods.

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Chairman.

Have any of these cases been taken into Court?—They have not been taken into Court.

It does not lie with the Commission to clear up this matter.—No, but this shows the mismanagement of the Netherlands Railway, and how it tells on the industry.

That is our point in the matter. Even the very fact of these cases not being brought into Court is one proof of the mismanagement of the railway. Every firm reports to the Chamber of Commerce after their loss, and each firm is afraid of taking the onus of responsibility of taking the case into Court against the railway company, because of the master position of the Netherlands Railway, by which we are compelled to bring the whole of our goods through their administration. I think the Commission will see what a difficult position any firm would be in that takes up a case to fight under such conditions.

You have mentioned several instances of goods having been lost through the fault of the railway, and that the company shielded itself behind the regulation, that they are not responsible for goods carried on their line. I have asked you whether you have already brought one case into Court where it has been decided that the company in that manner allowed goods to get lost without compensation.—As far as the Chamber of Commerce has been aware no case has been decided. At the last meeting a firm in town appealed to us for assistance to go on with the case, and submitted counsel's opinion showing that under the regulations, if they were upheld, there was no claim against the railway, but, the opinion went on to say, they were *ultra vires* and beyond the powers of the Executive to grant, as overriding the common law of the country, and, therefore raised the very important point as to whether the Executive Council had power to make regulations beyond the laws, and also raised the very constitutional question which has created such a difficulty recently with the judges. I am glad to have the opportunity to make this explanation, to show how difficult it is for any single firm to fight a claim through the Courts. The regulations, as published by the Netherlands Railway, and approved by the Executive Council, permit them to disclaim responsibility. I have been requested to state to the Commission definite cases of whole truckloads of goods of various kinds—grain, bags, timber, &c.—where they have actually been lost, and the Netherlands reply that they shield themselves under the "owner's risk" regulation, and refuse to entertain the claim for the goods, or even refund the carriage they have collected on them.

Have you made any complaints about that to the Government Commissioner of Railways?—During my absence in England I am advised that the Chamber of Commerce and Mercantile Association had an appointment with the Railway Commissioner to discuss this and other points in Pretoria, and deputations attended in Pretoria, but the Railway Commissioner did not meet them, and they thought it impossible to go further in that direction.

Does a man usually address himself to the Chamber of Commerce?—The Chamber of Commerce exists to assist traders.

Then, if a merchant finds himself in difficulty, why does he not apply to the Railway Commissioner?—The Railway Commissioner has not put himself in touch with the people in this town. The Railway Commissioner, for instance, has never attended a meeting of the Chamber of Commerce, or in any way put himself in touch with the people who provide the traffic, and, in this particular instance, eight representative merchants went over to Pretoria by appointment, and, when they arrived there, the Commissioner could not be found, and, therefore, the merchants of this town considered it useless to appeal to the Commissioner.

That is not a reply to my question. I want to know whether it is imperative, if a merchant or trader gets into difficulties with the railway company, to first address himself to the Chamber of Commerce?—No; but two cases now pending have been submitted to the Chamber for advice. Beyond that, the Chamber could not assist them.

You have made another remark I don't agree with, when you say that merchant

would be afraid to bring their cases before the Court, owing to the regulations passed and approved of by the Executive, and because they would be on the same basis as the case of the judges. You also said the railway was such a mighty faction, and had such big influence, that it is very hard to bring a case into Court. Now, I deny this, and in any case where I thought I was wronged by a railway official, or the company, I would not fear their power to go into Court. Beyond that I have got nothing to say.

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Mr. Smit explained that the appointment referred to by Mr. Hosken was not kept on account of the merchants making the arrangement to meet in his office without consulting him or giving him details of complaints which had been made in a general way. He, moreover, wired to them that Government business would take him to Johannesburg that day. With regard to the regulations being contrary to the laws of the country; if that were so, it was contrary to the protection of the rights of the Republic, and it would be the Commission's duty to alter that. Could Mr. Hosken state any of these regulations which were against the law of the land.

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Witness said he had only given counsel's opinion, which he would be very glad to put in. In this opinion the different regulations were enumerated.

Mr. Albu.

You were formerly agent of the Glasgow Dynamite Trust?

Witness said he had one or two other points regarding railway matters he would like to submit, and he proceeded to detail cases of goods being lost, and of the company repudiating any liability whatever.

Won't the regulations allow you to sue them?—No.

You were formerly agent of Nobel's Glasgow Dynamite Company?—Then I am not to go on with the railway case. I would like to state, on behalf of the Chamber, that this letter I have put in, shows definitely the difficulties we are under, under these "owner's risk" laws. This refers to a consignment of 50 boxes of candles, six dozen shovels, and 8cwt. of nails consigned to the Nigel Company. The candles and shovels came under railway risk, and the nails under owners' risk. The railway delivered the candles and shovels, and lost the nails, and absolutely declined any claim, because they were under owners' risk. The merchants, and the town particularly, protest that under the "owners' risk" laws goods are constantly missing, and the railway refuse to consider any claims. This is a typical instance. The only one item in the whole consignment under owners' risk is lost. They did not deliver a pound of it, and declined to consider any claim. That was a thing the merchants, as a body, said was so hard on them. There are two resolutions I was instructed to submit to the Commission, which were passed at the meeting on 28th May. The first is to this effect: "That the Chamber protests against the short notice given from time to time of the railway company's special rates for food supplies coming from over the sea." Bearing in mind the important question of food supplies for this large community, the Commission will see the importance of the matter. The ordinary rate from Durban is 6s. 9d. on 100lbs. on mealies. In view of the urgent necessity for supplies from oversea, a special rate was provided by the Netherlands Railway of 4s. 4d.—a difference of 2s. 10d. a bag less in the cost of bringing the grain here. Therefore, it is evident that an important question it was. The special rate expired at the end of March.

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Every possible endeavour was made to get the Netherlands Railway to declare whether it would continue during April. The Natal Government did all it could, and offered us, as traders in Johannesburg, to take goods up to the last day in March if the Netherlands Railway would carry them forward. The Netherlands Railway would not give a reply, and it was only on the 3rd April that we had a notice—not published even then by the Netherlands Railway, but by the Natal Government Rail-

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way—saying that the rate would be continued during April. It was only a notice for the month. At the end of April we, as dealers, wanted again to know our position. We again could not get a reply from the Netherlands Railway, and the Natal Railway published a notice on the 29th April, that the rate would be continued during May. The same thing happened in May, only not quite so flagrant a case. The Cape Railway published a notice on the 17th May, saying the rate would be continued during June, and we think such an important question as this shows the utter want of management, when the food supplies of a great community such as this are taken into account. The next resolution passed by the Chamber of Commerce is also on the food supply. It states that the special rate for the food supplies should include flour or other products of wheat. Perhaps I might explain that the regulations only provide for grain, including wheat, but do not provide for the products of grain. Therefore, we have this extraordinary position, that wheat is paying 4s. 4d. per 100lbs., but flour, which is the food of the working men of the country, is paying 6s. 3d., and we think it is an unreasonable position. With regard to the questions of the Chamber of Commerce, at the express instructions of that Chamber, I am requested to file them with the Commission. I would like the Commission to instruct me what reply I have to take to the Chamber of Commerce, as a representative, regarding these particular enquiries.

Mr. de Beer.

Mr. Hay informed me that Mr. Middelberg has those questions.—Yes, is he going to reply to them?

We have not heard from him yet.—Might I say to the Chamber that they may expect a reply from the Commission?

Chairman.

No, the Commission cannot give any special reply. They will make a general report.—On the Chamber of Commerce questions, it is absolutely necessary to point out that for three years past we petitioned the Raad for expropriation of the railway. We have been consistent in our policy from the first. The merchants are more in touch with the Railway Department than the mines are, and better able, therefore, to judge of the management and general working. Surely that is best indicated by the fact of these petitions, which we have year after year sent in to the Raad.

I think this is just the question which the Chamber of Commerce cannot judge about, and it is not their business to tell the Government to expropriate the railway. The Government was wise, without the Chamber of Commerce, to get the clause in the concession altered. It first of all read that the Government could only expropriate after ten years, and if it was not then expropriated they would have to wait another ten years. The Government has taken care that the clause is put so that they can expropriate at any time. The Government will also be wise to see when it is to the interest of the country, and when it agrees with the views of the Government to expropriate.—The Chamber of Commerce recognised that improvement, and directly the Government made that improvement as to expropriation, they immediately approached the Government, in a constitutional manner, through petition from the Raad, and asked them to exercise their right.

I repeat, it does not lie in your way. It is a matter entirely within the jurisdiction of the Government.

Mr. Albu.

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You have been agent or director of Nobel's Glasgow Dynamite factory?—I was agent for sale.

Have you had any experience with the sale of dynamite elsewhere?—I was director of the Transvaal Company.

This Transvaal Company?—Yes.

If I remember rightly, some years ago you were a great opponent of Lippert's. In the face of that it seems somewhat strange to me that you became a director of the Transvaal Dynamite Company. I mean it would appear strange to anybody.—I don't think so.

Mr. Hosken
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Well, you have been opposing Lippert as a monopolist. He is the monopolist to-day, or rather Nobel's, for it is all the same, and you became a director. For what? For opposing him at first? Was it a particular feeling of gratitude they showed to you?—I may explain the position in a sentence. At the time we were in active opposition—I am not speaking personally, but as a representative of Nobel's—the position regarding the monopoly as it then existed was that it was assailable—the original contract of Lippert's was assailable. It was contrary to the London Convention; it was contrary to the Treaty of Commerce with Germany. Nobel's, as being manufacturers in both England and Germany, represented the case to both these Governments, and both these Governments protested against the position.

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Lippert's
dynamite
contract.

But what does that matter?—The new regulation comes within the provisions of the Transvaal Convention and their treaties of commerce, and we were absolutely debarred from further opposition.

Nobel's as
present
in the
convention.

Who was?—Nobel's. The position is entirely changed. Previously the regulation was wrong and could be attacked. Now, it could not be attacked, and that materially altered the position. The only chance, therefore, as Nobel's agent, to get into this market was to make arrangements with the man who held the key of the door, and Mr. Lippert held the key of the door.

I suspected at the time that Nobel's was playing up to all three parties—to Lippert, the mining industry, and the Government. Whichever party was winning, Nobel's was sure to slip in somehow.—I say you are entirely wrong. We were in bona fide opposition, and as long as there was a chance to get into this market—the biggest in the world for explosives—we were prepared to fight the case. But when the Transvaal Government shut the door and gave the key to Mr. Lippert, our only chance to get in was to make an arrangement with Mr. Lippert. I think that replies to you fairly.

Yes, it clears up the reason why you have been a director of the Transvaal Company.—Certainly, we had to make an arrangement with Mr. Lippert. You have produced evidence to show that Nobel's provided the £220,000 to found the factory.

But Mr. Phillip would not admit it.—Well, if Mr. Phillip would not admit it, you produced evidence yourself showing it. Nobel's selected men they had on the spot to represent them on the Board. I say the position is perfectly straightforward and upright.

Oh, yes. I don't say anything against that. Did you offer to supply the mines with dynamite, at a price very much lower than the present?—You will find my name on that contract we offered to all the mines, by which we offered to supply dynamite at 40s. per case, and retained the option to supply it at less than 40s. if it suited us.

Nobel's offer
sell dynamite
free in bond
40s. per case

That was No. 1 dynamite, 75 per cent.?—Yes; delivered here *ex* magazine.

How about duty?—40s. *ex* magazine duty.

You are absolutely certain you offered to do that?—Yes. You were not a party to the contract. You at that time took the opposite side, unfortunately for us.

I took the opposite side when Lippert was a monopolist; and the manipulation was to get rid of Lippert, and somebody else would come in. I was afraid of that somebody else. That was Nobel's.—The offer was fully reported at the time. We said

we would supply the dynamite at 40s. for 14 years if they liked. The Government imposed a duty of 37s. 8d. per case on No. 1 dynamite.

Nobel's
gela- Blasting gelatine I suppose you offered to supply in proportion?—To the 40s. we add 35 per cent. for blasting gelatine, plus the duty, which amounts to about £2 per case.

And you think Nobel's would be willing to supply it for less?—I don't know. I am simply agent for sale.

But, as agent for sale, had you the power to do so?—We offered to supply it at 40s. for 14 years, and we retained the option, if it suited us, to go below 40s. I have no experience in manufacturing. I am simply agent for sale.

Have you got any experience as to the sale of dynamite in any other countries, such as British India, California, etc.?—I only know as a mercantile man would who takes an interest in his business what similar articles are sold for in other parts of the world.

No. 1
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dynamite Do you know what dynamite No. 1, 75 per cent., sells at in England?—The dynamite business, it might be necessary to explain, is different to almost any other. The immense power of the explosive puts it under special regulations in every civilised country, and, therefore, there is not the same free trade in the manufacture and sale of dynamite as there would be, say, in candles or soap. Local conditions as to competition greatly influence the price. You cannot take a cargo of dynamite into a port, for instance, and sell it as you could any other article.

prices
amite. We are aware of these facts. What is the price dynamite has been sold for during the last two years in Cornwall, or any other part of England?—In Cornwall to-day, the price, so far as I am informed, is £65 to £68 a ton. That is from 32s. 6d. to 34s. per case.

That is delivered on the mines in small quantities as required? The mines generally have no magazine there?—That is so.

While agent for Nobel's Glasgow Trust, did you ascertain at what dynamite sold in Germany?—I never inquired as to Germany.

1 price
unite. As a business man you would think, if dynamite sold in small quantities in Cornwall at 32s. 6d., a place like the Transvaal should have special facilities for it. There is hardly a consumer in the world like the Transvaal.—Certainly. This is certainly the biggest market for explosives in the world.

detona- And that is why we pay the biggest price, I suppose. Do you know at what price detonators are sold at all?—Now you come to that question, I think it is not fair and reasonable I should be asked to give the information. I am an ex-director of the local explosives company. You have had the managing director before you. He is acquainted with the whole of those figures; and you should have got it from him.

on sale of
ators. He always said he was not acquainted with them. I don't want to ask you anything which might put you in an unpleasant position. Detonators are a thing of which anyone can find out the price, and I don't think you will reveal any secrets by telling us. We used to pay 3s. a box, and we now pay 4s. I would like to know the price at Home?—It is evident the 3s. leaves a profit.

Do you know anything about the building of the dynamite factory?—I don't know the ultimate cost. I retired from the company about eighteen months since.

But any factory capable of coping with the demand here?—It is a very difficult question to estimate.

Had you, formerly, experience in the dynamite business, or only since you have been connected with Nobel's? Had you any experience at Home?—No, I have been in South Africa most of my life.

Mr. Hay.

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Is it within your knowledge, as a business man, that detonators are for sale in

Johannesburg at any place except at the agent's dynamite factory?—As far as I know they are only procurable at the one place.

At one time permits were granted for the importation of detonators; do you know whether these permits have expired?—I think they are all exhausted.

Permits
port
deto

The representative of the factory stated these permits were still running?—The representative of the company ought to be better acquainted with the facts than I am. I tell you what I think.

When you were a director of this company what was the method of procedure for the importation of explosives into this country?—I think it is hardly a fair question to put to me; you have had a representative of the company here, and I have retired from the company. It would be an invidious position for me to take up.

Import
explic
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facto

You say the first concession was contrary to the Convention, and to the treaty with Germany, but you have given the opinion now, that the present concession is in accordance with the Convention. In what way do you explain that?—You may be sure we did not abandon the position until we found it was hopeless, and that is evidenced by the fact that such a large sum was paid to get into the market.

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Nobel's people came into this country to assist us in getting the first concession cancelled because it was contrary to the Convention, and then they assisted to get the new contract passed.—They did no such thing.

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Well, it is a curious thing that since the new contract was passed it is not contrary to the Convention.—Mr. Hay mistakes the position. It is evident that Nobel's offer to contract for 14 years at 40s. assisted the mines to get the original contract cancelled.

Then the question is, if somebody else came in and offered dynamite at 40s., it would be reasonable to expect that this concession should be cancelled.—I think you will find that this concession is on stronger grounds than the other. I have already pointed out the original contract was assailable.

And Nobel's have put the rope around our neck tighter than it was before?—Certainly not. The Transvaal Government closed this market absolutely to everybody except Mr. Lippert, and the only way to get in was to make an arrangement with Mr. Lippert.

Nobel's an
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mite or
sion.

The dynamite was sold at 80s., and now the same people supply us with dynamite at 85s.—That is a subject for criticism.

Nobel's have offered to supply all the stuff which is brought into the country, and sell it at 40s. in bond; surely to-day there must be a handsome profit on selling the same article at 80s. under the same conditions.—A previous witness before the Commission pointed out that the concession has a limited period to run, and they must provide an amortisation fund to wipe off the cost of the works, which runs to a very large sum indeed.

Profits on pri
price of d
mite.

That all comes if they start making. I am talking about the imported stuff which is imported under the same conditions as it was before.—They have to provide for the commission to Mr. Lippert, and the royalty to Lewis and Marks, and other charges. It is only reasonable for them to take the ordinary business precautions.

Dynamite ro.
ties.

Did they buy over the old concession, or did they give this as a bonus on the new concession?—They gave nothing to Mr. Lippert, you may be sure about that. The Government had a contract with Mr. Lippert, and they could only get in under Mr. Lippert's contract.

Mr. Lippert's
commission

Nobel's people put up £220,000 in cash out of £450,000, which left £230,000 as capital, for which interest is to be paid before the Government get any share of the profit at all. Can you give us any explanation why that £230,000 should exist?—You overlook the fact that Nobel's had nothing to do with getting this monopoly, and when the company was formed these shares were given to the old concessionaires. You have

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and the got the whole particulars as to how it was made up. Nobel's came in as subscribers to the company.

In other words, if Nobel's had not come in and found that amount of cash, and guaranteed a large amount of debenture capital, it would have been impossible to carry the company through?—It is not fair to assume such a position, because it is quite evident, as competent business men, that Nobel's would never have found all the working capital unless they saw that that was the best possible opportunity to arrange for supplying the market.

The concessionaires of the company that was floated in Paris amalgamated with Nobel's Trust?—No; as a promoter of companies yourself you can see the position.

The old company that existed in Paris for supplying this place with dynamite became absorbed in Nobel's Trust?—It was a separate company altogether.

It was a separate company, connected with the French Trust.—The old company was a French company. Europe is divided into two great trusts.

Yes, and when this was absorbed by Nobel's, it was practically taken into the trust?—That is not entirely so. I have already stated to you that Nobel's arranged to provide the working capital.

Mr. Albu.

The fact remains you were willing to supply dynamite at 40s., for which we now pay 85s.—We issued a printed document to every mine in the Transvaal. We did not confine ourselves to the Rand, but offered it also to Barberton.

What do they pay in Barberton to-day for what we pay 85s.?—They have to pay for transport to Barberton, and the business charges for handling it there.

We cannot assume that the price of 40s. would have left a loss?—The dynamite trade is a trade that has been described in civilised countries as a sort of business with one foot in the police court and the other in the grave, and, therefore, assuming it is such a sort of business, we look for a decent profit. It is possible we went down to a lower figure than we would under ordinary conditions.

So 40s. was a fighting tariff?—Yes.

It is wonderful that all fighting tariffs mean millions of profit to others.

Mr. de Beer.

During the time that you were director of the company here, was any money made out of by-products?—We were not manufacturing up to the time I retired.

Can the by-products be used for vegetation?—Chemists say it is possible, but I am of opinion that every experiment so far has been unsuccessful. I was also instructed to complain to you about general taxation and import duties.

That is in the statement of the Chamber before the Commission.—I would like to put in a table showing the freight, after allowing for Government imports, railway imports, and specie brought into the country, because none of these pay duties. I am allowing the 1½ per cent. paid on machinery, and the *ad valorem* duty paid on imports coming into the Transvaal, works out at £12 15s. 11d. per cent.

Chairman.

I wish to say a few words on this point, but I do not want to cause an argument. You said before that if a reduction is made on railway rates it will be to the detriment of the merchants. You say now, what has been stated several times before the Commission, that the import duties should be reduced. I would be in favour of that as soon as I am convinced that it would be to the benefit of the public in general and the consumer. I have already asked Mr. Pistorius what proof have we if we make