

How much do you think he has to pay?—About £3 or £4 per month for three rooms and a kitchen.

And food for himself and his family, how much would that be?—Well, it would depend upon how many children he has, and how good a manager his wife is. I should say about £11 or £12 per month.

So a married man has very little to save?—He has nothing, I should say.

Margin for saving.

That is if he has only £20.

Mr. Jennings was thanked by the Chairman.

Mr. JAMES PERCY FITZPATRICK, the next witness called, said that he was an employe of Messrs. Eckstein & Co.

Mr. Fitzpatrick's evidence.

Chairman.

By this time you know what are the objects of the Commission, and that it has been the rule for witnesses first to give their statement of the case and then to answer any questions.—Yes. I have not written a statement but I shall deal with the whole subject.

How long have you been in Johannesburg?—I have been in Johannesburg continuously for the last five years.

And before that?—I was away for a little time. I was several years in Barberton, and prior to that at Pilgrim's Rest and Lydenburg. I have been in the country since 1884. In order to make the position clear, I would like to follow on the lines taken by other witnesses, going first into the working costs of the company.

If you have perused the other evidence which has been given, you will understand that it will not be necessary to repeat it. If you can confirm what Mr. Albu or what Mr. Hay has stated you may just simply say so.—It was my intention to take the different items, and, where possible, to say simply that I endorse the statements made, and where I think the statements are not sufficiently full to give other details. I take the proportion of mining costs to be as follows:—White labour, 28 per cent. of the total; black labour, 23 per cent.; explosives, 10 per cent.; and coal, 8 per cent.; these are the principal items. The 31 per cent. remaining is made up of materials, office expenses, chemicals, and many other little outlays, which, I think, the professional witnesses will deal with in detail. The white labour, making up 28 per cent., I don't think it would be possible to reduce much at present, and I think that the reason is that the cost of living for the white miner is very high. I know that the wages are in favour of the single man—that is, that the single man can save money, whereas the married man with a wife and two children cannot. In order to deal with the question, I have got an estimate from two men whom I believe to be thoroughly honest. I take it this way. The average day of a white miner is 16s. or 20s. a shift.

Percentages of costs of mines.

Reduction of white wages not now feasible owing to cost of living.

Average daily wage of white miner.

Mr. Hugo.

How many working hours?—Eight hours. According to one estimate I find that, all details being given, the cost of living for a white married miner amount to £18 17s. 6d. per month. That makes no allowance for life insurance, education of children, smoking, drink, amusements, native servant, newspapers, books, or cost of coming to this country. That is for a man with a wife and two children coming from England. Food and clothes, you will see, come to nearly double, and house-rent to five times what they pay in Europe. In face of these conditions, most married men leave their wives and families in England and on the Continent; and, although they may appear to be saving money, this is not the case, as they have to continuously remit money to their wives. Another estimate brings out the cost at £20. I think

Average number of working hours per day of white miner
Average cost of living for white married miner

Comparative cost of living in England and on Rand.
Families of married miners often in Europe.

that practical miners would be able to throw more light upon the subject, and they will be here to give you information. With that I will leave the white labour question.

Native labour. As regards the black labour, an arrangement was come to last week, whereby it was agreed to reduce the black labour by 30 per cent. We have a considerable number of kaffirs here just at present, and I think the reduction can be accomplished.

30 per cent. reduction of native wages. I consider that the cause of the number of kaffirs being here just now is largely due to the bad times, and to the closing down of certain mines. I hope that we shall be able to maintain the supply, but unless we get that help in the proper carrying out of the Pass Law, the Liquor Law, and get those general facilities the Government is able to give, I am afraid we shall have again a shortness, and that we shall suffer.

Present supply of native labour. About the Pass Law, others have already spoken. I can only say that it is a very good law badly carried out. Of course, it is a difficult law, but what we wish to point out is, that the points that we had in view, such as desertion, are exactly the points on which the law has failed. For instance, the Robinson Company, since the law has been brought into operation, had over 1,600 boys desert from their service, and not a single one had been re-captured. I will leave the Pass Law now, as I do not think there is very much more to say, and other witnesses will speak on the point, so that I will not take up your time unnecessarily.

Pass Law. The next thing is the Liquor Law, because it is in connection with the kaffir labour question. I have here numerous complaints sent in by the various Companies regarding drunkenness amongst the kaffirs, which I will hand in if you like.

The Chairman.

Illicit sale of liquor at Jumpers Mine. Yes, please, let us have them.—The Jumpers advise that the sale of liquor to natives was going on in the most barefaced manner out there, and gangs of boys were being continually met in a helpless state of intoxication, and so far the detectives had done nothing. The New Heriot advised in the same way, and the Robinson Gold Mining Company wrote exactly similar. They say that the kaffirs have little difficulty in obtaining liquor from the canteens and illicit hawkers, and unless steps are taken to put down this trade, they will lose all the advantages they thought they would gain by the law. I have been favoured by the Consolidated Investment Company with a statement from the Rietfontein Company of what goes on there. They say that native labour is plentiful, but the sale of liquor is in full swing. They have reported the fact to the Landdrost, but no relief had been afforded. Mr. De Roos, of the Worcester Company, writes that nothing has been done to check the illicit sale of liquor, which is more rampant than ever. Boys can be seen in squads drunk, and carrying liquor openly through the streets. On the 8th of March, 300 of our boys were drunk and incapable, and the liquor was mostly supplied by the bars. The Good Luck Bar, situated next to the Robinson G. M. Co., is notorious, and this can be said directly of nearly all the bars in the vicinity, and indirectly of the kaffir eating-houses. I think the Sanitary Board should take the matter in hand, and licence the eating-houses so as to get them under control. While they are allowed to carry on this nefarious business, it will be hopeless for us to come out satisfactorily in our kaffir labour.

Illicit sale of liquor at New Heriot and Robinson mines.

Illicit sale of liquor at New Rietfontein Mine.

Illicit sale of liquor at Worcester Mine.

Illicit sale of liquor at the Robinson Mine.

Illicit sale of liquor and kaffir eating houses.

Letter of Mr. de Roos to Commandant van Dam regarding illicit sale of liquor.

Mr. De Roos also says that he has written to Commandant Van Dam on the subject. The letter to Commandant Van Dam names certain bars here. The Wiltshire Bar, just below the Ferreira, the Princess Bar, near our mine, do a roaring trade. "There are kaffir eating-houses in the neighbourhood, and most of them sell liquor; one in particular near the Oliver Mill, on the Booysen's road, is doing an extensive illicit business. And so are the bars at Ophirton. I shall be pleased to give any assistance in trapping the offenders, but I think it will be better to employ your own

traps. However, just as you please. I confidently hope you will give this matter your serious and early attention, as our work is greatly hindered by the drunkenness of the natives."

The Minerva Company also writes to say that although the boys do not get drunk on this property, they appear to have discovered that it is obtainable in Johannesburg, and at the end of the week they clear out in considerable numbers to that place, notwithstanding the Pass Law, and that it is in a different district. "On Monday morning I was forty of my hammer boys short from this cause."

There is a letter from the Wolhuter Company complaining of the same:—"Illicit liquor traffic has been prevalent on our property, and interferes with native labour."

There is one also from the City and Suburban, but it is followed up by the statement that the police have taken up the case complained of, and have closed the Grahamstown Bar. I think I have said enough regarding the Liquor Law.

I come now to the question of gold thefts—I.G.B. I don't think I need take up the time of the Commission very long. I think the case just finished exemplifies fairly well the difficulties we have to deal with. I don't feel justified in making any estimate as to the quantity of gold stolen, because I haven't the least indication to go upon, and I don't think it possible to make an estimate. It may be one per cent. and it may be 10 per cent. But it is a perfect certainty that there is I.G.B. going on. It is notorious that there are a number of persons nominally engaged in the watchmaking and jewellery business, but who are doing a much better business than their capital and apparent energy warrant. They sit still all day, and yet prosper exceedingly. The President of the Chamber of Mines, I may say, has received letters on the subject repeatedly, but, of course, such letters do not give absolute evidence. We do the best we can, but there are very serious difficulties in the way of detection. In the City and Suburban case, just tried in the Circuit Court, we were told beforehand that there was practically no fear of a conviction, because the operators had arranged matters. I don't mean that they had arranged with the higher officials; but that they said they were in with the police. I cannot tell you if that was true or not; I only give you what they said; but in view of the developments of the case, I think they were justified in their boast. It seems hard when private individuals do all the work, spend their money, and even risk their lives, as I think the Battery Manager of the City and Suburban has risked his life, in order to supplement the work of the department, to find that all their labour has been thrown away. It is very, very discouraging. Now, in these three matters, the Pass Law, the Liquor Law, and the gold thefts, the suggestion has been made that the Government should constitute a local board—some board or permanent Commission in which you could enlist the intelligence, the interests, and the energies of the people who desire to protect themselves. There is absolutely no idea of assuming any part of the duty or to trench upon the privileges of Government in this suggestion; but we do think that where our interests are so much concerned, and where it is our business to understand every detail, we could do good work in carrying out the laws which the Government has given us. And I would like to say that the Pass Law and the Liquor Law are very good laws, only they want good administration. I don't think that there is any other question in this but that of good administration. I put it to you this way. If you want a house built, you employ a mason; and when you want an industry properly managed which calls for the highest training and intelligence, I think the abilities of the people ought to be made use of, and I think it would help the Government quite as much as it would help us. I must make one other allusion here to the Pass Law; and that is that the Pass Law is very complicated. By it a department was created which really requires at its head a man with a great capacity for organisation and

Illicit sale of liquor in Johannesburg.

Illicit sale of liquor at Wolhuter Mine.

Illicit sale of liquor at City and Suburban Mine.

Closure of Grahamstown bar by the police.

Gold thefts.

Amount of gold stolen impossible to estimate.

Difficulty of detecting gold thefts.

Alleged collusion of police with City and Suburban gold thefts.

Discouragement of private persons who assist the police in detecting gold thefts.

Local Board representing the mining interests advisable for administration of matters regarding the Pass and Liquor laws, and gold thefts.

Pass and Liquor laws are good laws but the administration is bad.

Complexity of Pass Law.

management, a man with plenty of tact and judgment. When we made the suggestion of this Pass Law, we did hope that we should have a really competent man at the head of its administration, but the appointment was filled up and these hopes were not realised. Well, gentlemen, if you should be able to recommend to Government the establishment of such a board as has been suggested I do hope that you will also be able to recommend the appointment of men who will secure good administration. The best of laws is no good to us if it is not carried out properly.

Next I come to the dynamite question. The position of the dynamite concession appears to us to be exceedingly simple. A certain concession was granted. A Raad Commission reported to the Government that its terms were not being carried out. The Government have the right to cancel that concession, and we ask them to exercise their right. We put it to the Government that it is not only their right to cancel it, but that it is even good policy and also their clear duty to do so. Going into the figures in connection with dynamite and the railway, I would like to point out to you one of our difficulties. *The onus is thrown on us of showing what these two monopolies are doing.* With infinite difficulty we get hold of many of the details. There may be trifling inaccuracies, but we know that we have got at the principle of it. We know that the representatives of the monopolies will have an opportunity of criticising the evidence we give, and it is quite right that they should. But they will speak with an intimate knowledge, and we can only quote what we have discovered by our energies *in the face of every obstacle and difficulty deliberately placed in our way.* Why I think this is a *wrong position is because Government has the right to call upon the two monopolies to expose the whole of their business to the full light of public criticism.* Government can compel the dynamite agents to show how much dynamite they are making (if indeed they are making any at all), what the materials cost them, and what the dynamite, blasting gelatine, or whatever it is, actually costs them free on board at Hamburg; and whether, when they say it costs them 40s., it is not a fact that Nobel makes it at 18s. 6d. in Hamburg and charges Nobel in Johannesburg 40s. for it, and calls that the cost price. Now it is *in the power of the Government to make them produce that evidence.* I must remind you that when Nobel was fighting Mr. Lippert and trying to get a market for his goods, he offered to sell—bound himself in fact to sell—down to 40s. a case, and reserved to himself the right to sell under 40s.; and I don't think he would have reserved that right, if he could not have done it with advantage. That price was for dynamite in bond in Johannesburg without the duty. And I will tell you why he could do it. At the beginning of this year, dynamite was selling free on board at Hamburg at £43 per ton, which is equal to 21s. 6d. a case. Ocean freight is 4s., landing charges 6d. a case at Port Elizabeth, agency 6d., Colonial duty 2s. 1d railage 4s., which brought it up to 32s. 7d. a case, and in that price Nobel had made his European profit. I must also in this connection refer to the alleged interview with Dr. Leyds in the *Paris Temps*.

Chairman.

We want simply local information.

Witness.] I will leave out Dr. Leyds then, and put it this way. A statement has been made then in a foreign newspaper that the Chamber of Mines was ready four years ago to enter into a contract with Nobel for 16 years for the delivery of dynamite at 90s. per case. That is perfectly true, and the explanation is this: that whereas Mr. Lippert was selling us dynamite at 90s., and the Government was offering 5s., Mr. Nobel was going to sell us dynamite at 52s., and the Government was going to get 38s., and if the contract had been made, the Government would have

Inefficiency of the head of the Pass Law administration.

Able men required for local board.

Dynamite.

Dynamite concession — Report of Raad.

Commission on dynamite. Government required to cancel dynamite concession.

Difficulty of proving specific misdeeds of dynamite and railway monopolists.

Right of Government to demand a full account of their business from dynamite and railway monopolists.

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

Price of dynamite at the commencement of this year, free on board at Hamburg.

Charges on dynamite from Hamburg to Johannesburg.

Alleged interview with Dr. Leyds in the *Paris Temps* regarding dynamite.

Alleged proposed contract between Chamber of Mines and Nobel's for dynamite at 90s. per case.

made about £1,200,000 in duty during the past four years instead of, say, £150,000. If these figures are too vague I will undertake that the Chamber of Mines will give you the exact calculations, within a few pounds. I think it is a very great pity that statements like that should be made without quoting the facts which put the truthful complexion on them.

Mr. de Beer.

You have introduced a statement which the Commission know nothing of. They have no evidence of it, and the Commission would not be influenced by a newspaper statement, but only by evidence.—I do not mean to insinuate that the Commission would be influenced by this information, but we should have the right to refute a misstatement. Now, in looking at the dynamite, and also at other things, I do not think it is right to calculate, as an argument to the Government, how much the cancellation of the monopoly would benefit us. I go back to the point that the Government have certain rights and duties. I do not suggest to the Government to ignore anybody else's rights, no matter how obtained, but these people have also certain responsibilities. They have failed to carry out these responsibilities, and the Government have the right to cancel that monopoly. We only ask them to exercise that right. I think we might ask that of them, even if it did not benefit us at all, but just fairly to hold people to their contract. There is a great deal of ancient history in the dynamite question which would be interesting to the Commission, but I think we can safely deal with it simply as a fact. It is not necessary now to go into the question of how the dynamite monopoly was created. I would rather deal with the practical question.

Chairman.

What the Commission want to know is the cost of dynamite here at present, what price can it be landed at here, and how far this price for which dynamite can be sold would influence the cheaper working of the mines?—Certainly. I have given you one set of figures which I think is the most effective, because they are the figures of the same people when they were playing a different game, and to the best of my belief they represent the price at which dynamite monopolists get their dynamite here. Of course I do not believe that if they attempted to manufacture dynamite they could make it for 32s. 7d. In the first place, I believe their raw materials will make up about three times as much weight and bulk as the manufactured article, and in that connection they would suffer from railway charges the same as we do. We have an offer from an American firm of manufacturers guaranteeing the same efficiency in the dynamite as that which we call No. 1. I keep No. 1 as a standard. If we talk about blasting gelatine, all the figures will have to be proportionately raised. It will prevent confusion to stick to No. 1. We can deliver No. 1 from San Francisco, of the same quality as obtained here, at 37s. 6d.; and if we had called for tenders a fortnight earlier than we did, we could have obtained it at one penny per lb. cheaper, because lately they decided to increase the price by that much. Had we obtained it one penny cheaper, it would have reduced the price to 33s. 4d. per case, whereas, as I have said, we now quote 37s. 6d. From an average of the working costs of some of the principal mines, taking the same analysis that I gave you at the beginning, the cost of explosives to us comes to 2s. 11½d. per ton. If we had free trade, we would save on explosives alone, 1s. 9d. per ton on the working costs, that is assuming that the working cost is 29s. 6d. per ton. If the old duty, which we agreed to pay some three or four years ago, were put into force on top of the price I have quoted, the Government would make about £500,000 sterling per annum instead of about £60,000. I think the duty we undertook to pay was 8½d. per lb., together

Failure of concessionaires to carry out dynamite contract.
Right of Government to cancel dynamite contract.
Request to Government to exercise right of cancellation.

What is present price of dynamite.
How would reduction of cost of dynamite lessen working costs of mines.
Price of dynamite manufactured in Transvaal.

Price of No. 1 dynamite imported.

Average percentage of cost of explosives on working costs.
Percentage of working costs to be possibly saved in reducing cost of explosives.
Comparison of revenue accruing to Govern-

ment through duty on explosives formerly agreed to, and actual duty. Cost of dynamite monopoly to Rand Mines group in 1896. with $7\frac{1}{2}$ per cent. *ad valorem*. This duty would come to about 38s. or 40s. per case. I might draw your attention to a statement in the Rand Mines Annual Report, which illustrates how this comes home to the companies. The dynamite monopoly last year cost the subsidiary companies of the Rand Mines £54,000 for plunder alone. Of course, it will be considerably more as the companies get fully to work. There was only one company actually milling during the time I speak of. Just think over that illustration.

Mr de Beer.

Do you speak of only one group, namely, the Rand Mines group?—I am only speaking of the companies I know well. I am perfectly ready to give the Commission all names and references. The £54,000 refers to the subsidiary companies of the Rand Mines. Now, for the next item, I will take you, gentlemen, to coal. Coal costs at the pit's mouth—that is the price at which the companies sell it—about 9s. to 9s. 6d. per ton. I have taken coal separately, that is apart from the rest of the railway expenses, because it is a big item in mining expenses, to which we can trace the exact proportion of working costs. We suggest to the Commission that coal should be carried at the lowest possible rate, and that every facility should be given to the mining companies for cheap delivery. When we complain that an average of 100 per cent. is put on coal between the time it leaves the pit mouth and reaches the bunkers of the mining companies, we do not mean to say that the N.Z.A.S.M. takes all that money. They impose very heavy tariff and heavy terminal charges, but there are a great many items of costs which do not profit the N.Z.A.S.M. at all. We want more facilities, and the Netherlands Company will have to give up a portion of its revenue for a time, and to foster and encourage the mining companies, and presently by increased carriage, because of cheaper rates, they will find their revenue brought up to the present standard. We consider that we should have coal delivered at an average cost of from 12s. to 13s. per ton instead of from 19s. to 20s., which is, so far as we can ascertain, the present average cost of coal per ton delivered on the mines. If we had our carriage reduced to the rate I have suggested, I believe it would be a saving of about 10d. per ton in our working cost. Now, those two items together, dynamite and coal, if reduced, would make a total saving in the working expenses of about 2s. 7d. per ton. The question has been discussed as to whether in the event of the dynamite and coal being reduced, companies could work at a profit—that is an increased profit for those companies now working, and the difference between profit and loss to those companies who are not working or are about to shut down. In my opinion, this saving of 2s. 7d., which, with the fractions will be 2s. 8d., in the working expenses will not make much difference, for we have to go further into matters and not deal with the mere questions of dynamite and coal, and for that reason I will give the Commission more figures on other points. But, before proceeding to go into other matters, I will give you an idea of what difference that 2s. 8d. would mean to certain companies. There is a long list of them, which I hand you.

Value of reductions on coal and dynamite in percentages to certain paying and non-paying companies.	Company.	Tons crushed in 1896.	Issued Capital 000 omitted.	Additional Dividend possible in the case of a reduction in the working costs per ton of		No. of months crushing*
				£	2s. 8d.	
	Crown Reef	... 198,236	... 120	... 21.98	... 12	
	Durban Roodepoort	... 109,735	... 125	... 12.00	... 12	
	Ferreira	... 120,772	... 90	... 17.32	... 12	
	Ginsberg	... 21,529	... 152½	... 1.74	... 12	
	Henry Nourse	... 92,143	... 125	... 9.32	... 12	

Company.	Tons crushed in 1896.	Issued Capital 000 omitted.	Additional Dividend possible in the case of a reduction in the working costs per ton of		No. of months crushing*
			£	2s. 8d.	
Johannesburg Pioneer	33,194	21	21.32	12	
New Heriot	92,799	112	10.66	12	
Nigel	27,449	200	2.66	12	
Princess	42,339	165	3.33	12	
Robinson	177,500	2,750	.88	12	
Simmer & Jack	156,930	4,700	.45	12	
Wemmer	74,945	80	12.48	12	
Worcester	43,293	937	6.16	12	
Champ d'Or	55,808	128½	5.79	12	
City & Suburban	202,850	1,360	2.66	12	
Geldenhuis Estate	178,439	200	12.00	12	
Geldenhuis Main Reef	35,018	150	3.09	12	
George Goch	103,515	325	4.16	12	
Glencairn	87,275	225	6.90	9	
Jubilee	59,880	50	12.40	12	
Jumpers	108,720	100	14.66	12	
Block B	92,773	632	1.94	12	
Langlaagte Estate	236,229	470	6.69	12	
Langlaagte Royal	83,689	180	10.59	7	
May	130,050	275	6.67	12	
Meyer & Charlton	101,397	85	12.40	12	
Minerva	27,643	200	2.77	7	
New Chimes	42,451	100	5.33	12	
New Primrose	268,428	280	13.33	12	
New Rietfontein	42,347	270	2.08	12	
Salisbury	58,257	100	7.36	12	
Stanhope	19,300	35	8.82	10	
United Main Reef	87,226	150	7.36	12	
Van Ryn	53,916	170	4.24	12	
Wolhuter	139,273	835	2.21	12	
Kleinfontein	7,132	185	3.04	2	
Porges Randfontein	21,763	437½	1.60	5	
Bonanza	19,652	200	2.92	5	
Geldenhuis Deep	144,059	280	6.85	12	
Langlaagte Star	29,533	240	2.67	7	
New Comet	44,844	225	4.00	8	
New Croesus	69,289	500	2.21	10	
New Midas	19,083	150	2.88	7	
Modderfontein	60,000	900	1.69	7	
Roodepoort (Kimberley)	23,551	125	3.73	8	
Roodepoort Deep	39,445	180	3.50	10	
Treasury	55,228	540	1.81	9	
Total	3,938,928.				

Two or three other companies crushed small quantities in 1896, bringing the total ore crushed to 4,000,000 tons.

*All dividends are reckoned on twelve months' milling.

Many of the companies on the list pay no dividends at all at present. When I say in one breath what increase of dividends the saving would mean for the company, and in the next that it is not enough, the explanation is this:—Where in this list a great

dividend is shewn it means that the company has a small capital, and the shares are at high premiums, so that the dividend on the capital is nominally big. The result to the shareholders is not nearly so large as you would imagine at first sight, judging by the figures. The unalterable bedrock fact is that the two items I mentioned would mean a saving to the companies of 2s. 8d. per ton on their working expenses. The next item bearing on the cost is the railway charges. I would like to take the Netherlands Railway, first dealing with the rates, then referring to classification and the want of facilities, and then the profits. I have to refer again, first of all, to the tariff on coal: I take the Geldenhuis Deep. The transport on coal, including the charges, is 3½d. It is a little over the 3½d., the figures being 3.58d. per ton per mile, on the top of which there is a charge of 1 per cent. for keeping accounts. The rate in England over an equal distance on the Barry Railway is a little over ½d. a ton per mile, so that if the English charges had prevailed instead of the Netherlands' charges, it would have made a difference of 5s 8½d. per ton of coal, or nearly 1s. per ton on the ore milled by the Company. The Commission will remember that that is a little bit higher than the average of all the companies. That would have paid 2½ per cent. dividend on the capital of the Company. The exact figures are, from the Cassel Collieries to the Geldenhuis Deep, 7s. 5½d. The same distance carried under the same conditions in South Wales is charged at 1s. 9d. The N.Z.A.S.M. charge per mile is 3½d. per ton, and the other is about ¾d. The actual cost of carrying the coal cannot be more than ¼d. per ton per mile, and it is a fact that under the agreement between the Free State and the Cape Colony they carry the coal for departmental purposes at *one-seventh of a penny* per ton per mile, which the Cape Colony and the Free State consider to be just about cost price. I don't want to take up the time of the Commission with a great number of instances in connection with the rates; but I will quote one—about the worst—the rough goods rate from Vereeniging to Johannesburg, which, I believe, for the distance and conditions, is absolutely a world's record. It is 7.7d. per ton per mile. That includes, I think, the cost of lading. The Cape rate for the same class is 1½ per ton per mile. The Free State rate is the same as that of the Cape Colony. The Natal rate is very nearly 2d. The Portuguese rate is 2½d. The Z.A.S.M. rate from Natal is 3½d., and the Z.A.S.M. rate from Delagoa Bay is 2½d. So that the highest rate charged anywhere else, even by the Z.A.S.M., is not half the rate from Vereeniging to Johannesburg. I wish to lay a great deal of stress on that fact, because that little distance should bring down the rates tremendously. What is so curious about that tariff, is that, if you load up a thing at Vereeniging, and bring it on to Johannesburg, when they have double terminals, the rates are from 3d. up to 6d., but when they have no trouble and a through rate, the carriage is 7½d. It really comes down to this, that the Netherlands Company do about from six to seven per cent. of the work, and they take from 24 to 25 per cent. of the money. If they would charge the same rates as the Cape Colony, the through rates from the Cape ports would be reduced by 18 per cent. straight away. To quote one or two samples of how the heavy rates work out, I may say they tell most on timber. The article that the tariff tells next heavily on is machinery, so that it presses and tells more on the equipment of a company than on the actual working cost. I will give you a few examples of importations from the Baltic and America. I will give you the prime cost and the railage from Delagoa Bay, showing the comparison between the cost and the railage, which you will see supports my contentions as to the excessive rates. We will take pitch pine. The prime cost of a consignment was £1,722. The railage amounted to £7,234. Oregon pine, prime cost £2,988; railage from Delagoa Bay £14,500. Baltic deals cost £2,679; railage £4,170. Galvanized iron cost £253; railage £210. I will give you some instances where the difference is smaller. Sheet lead £61 10s.; railage £40. Cotton waste, prime cost £92; railage £32 15s. Candles

Railway rates.

Railway rates on Coal.

Comparison of charge of Netherlands Railway on coal transport to Geldenhuis Deep Mine per ton per mile and English Railway coal freight.

Railway rates on coal carried for departmental purposes in Orange Free State and Cape Colony.

Netherlands Railway rate for rough goods from Vereeniging to Johannesburg Rates of Cape Railway for rough goods.

Orange Free State, Natal, and Portuguese rates, and Netherlands Railway rates from Natal and Delagoa Bay for rough goods.

Comparison of through and terminal rates from Vereeniging to Johannesburg.

Railway rates from Delagoa Bay on timber and machinery Expenses of mine equipment.

Railway rates from Delagoa Bay of consignments of galvanized iron, sheet lead and candles.

(very largely used on the mines) £1,337; railage £313. There are others, but I will hand in the statement to the Commission if they like. Those figures are American. There is another statement showing the cost of Australian material. On a first cost of £1,855, the railage from Durban was £4,100. The expense is considerably added to by wrong classification. For instance, steel plates and angle iron, taking one particular lot, were charged exactly the same rate as a steam regulator, which is a very delicate instrument, and which only weighs 400-lbs. The steel plates are only worth 10s. 7d. per 100-lbs. and the other is worth £7 15s. per 100-lbs., yet they are charged at the same rate. Another thing is that there is no allowance made for large lots. The same rate, for instance, is charged for 300-lbs. of rails as for 30 tons, but there is no doubt it is more economical for the Company to handle them in one lot than in 20 lots. Now there are other charges which we consider unnecessary charges and particularly heavy. Many of these charges come in and they do not show in the rate. They add to our costs, and we never see it in the rate. For instance, at the Geldenhuis Deep, 4s. a truck is charged for bringing the trucks and taking them away. In other countries it is done for less than 1s. But here there is an additional charge of 3s. 4d. to 6s. 8d. per truck for shunting, and that is not charged anywhere else at home. There is another thing. The Jumpers Company buys coal, and they are charged the full rate into Johannesburg, which is 1s. 3d. per ton more than they ought to pay for the distance. The only reason for it is that there is no official station at the Jumpers. I do not know what an official station is, but although they deliver at this un-official station direct, they charge for a journey to Johannesburg and back, which is never made. The Jumpers station is therefore official on the down journey, but un-official on the up. Then a very curious thing is that the Z.A.S.M. charges the coal companies one per cent. for keeping their accounts. It is generally considered the duty of every man to keep his own accounts. Another irritating and vexatious tax—one which adds up very much in the costs—is this. The Railway Company allows two hours for the off-loading of trucks at a siding, after which they impose a fine of 1d. per axle per hour. I can only quote what is done in England, as I have no American or Continental statistics here. In England they allow 48 hours for off-loading coal without any extra charge, and even then they do not strictly enforce it. Here the Company never takes the trucks away after the two hours nor even the same day; but if the consignees fail to off-load within two hours, they get fined just the same. It pays, you will see, to keep a man to watch for these things. Now, there doesn't seem to us to be any justification at all for that.

Comparison of prime costs and railway charges on Australian goods. Wrong classification of goods.

No allowance made in railway charges for large lots by Netherlands Railway. Further objectionable charges by Netherlands Railway.

Fine for delay in off-loading at sidings.

Mr. De Beer.

Supposing they left a wagon the whole day, would they demand the fine?—I can't say that; but it's a fact that the fine is levied. Of course, I would not know of it when they failed to charge it. If they leave the trucks through their own fault, you understand the Z.A.S.M. do not charge us; but they fine us for the time over two hours that we neglect to off-load. If we failed by four hours to off-load, they charge the fine even if they leave the trucks for another 48 hours. Here are a couple of other instances. The Herman Conglomerate Company sent a truck-load of material to the Jumpers Deep on March 17. That load is still coming. A substitute lot was ordered, and took five days to arrive at the Jumpers Deep. The same Company has an arrangement with the Cassel Coal Company to get eight trucks a week. The Cassel Company carries out the agreement, but the Railway Company very seldom brings eight trucks a week. The trucks accumulate at Elandsfontein, and the Railway Company brings on a train of twenty-four trucks at a time. The consequence is, that the work on the mine is all put out in order to off-load, and the demurrage or

charge for delay has got to be paid by the Jumpers Deep, because they cannot off-load twenty-four trucks in the time they undertake to off-load eight. There are also some very unaccommodating regulations. I will give you an instance about excess goods. People sending large consignments often send a little more than actually appears in the invoice. Sometimes an important part of machinery happens to be left out. The Railway Company weighs all that, and charges for what it actually carries; but they do not deliver the excess article. I don't say that they keep them for their own benefit, but they will not give you them, that is all. Now, the question of sidings is most important to the Companies, and the delay in obtaining permission to build them, causes the mines a great deal of trouble. The plans do not in any way give trouble to the Companies' engineers here, but still one believes that the plans must be sent to Holland. I do not say that that is so, but the time that lapses between the day on which they are sent to Pretoria, and the day on which they are returned, leaves nothing to prevent them being sent to Holland. I will give you an instance of the vexation Companies have to undergo on the question of sidings. It is in connection with the Violet Consolidated Company, a Company with which I am not in any way connected, but the information is correct, given to me by one of the directors. This Company's mine is situated two miles from Krugersdorp, and eight miles from Randfontein. They wished to put down a siding, about 1,000 yards long, at a cost of £900. The plans were approved of by the engineers of the company, but were refused by the management at Pretoria. When asked for a reason, the answer the company got was, that they could put up a platform along the main line, and the train would be allowed to stop there twenty minutes in order to off-load. Now, the company has to put up a battery of 100 stamps, and if one mortar box could be unloaded in twenty minutes it would be smart work. So it was simply impossible. Then the Railway Company said they could put down a siding, *but they would have to connect with Krugersdorp Station*, two miles distant, instead of connecting where the line passed the mine, and at a cost, according to their quotations, of £11,600. You must understand that they wanted to put down a line duplicating their line to Krugersdorp, *besides* making the siding proposed their main line. Another difficulty the mines have to contend with is the fact that we cannot get bottom discharge trucks. If we did not have to put the coal in bags we should save breaking; we should have the coal in bulk, and it would save handling at both ends, because we could get the trucks to discharge automatically. The Geldenhuis Deep and the Jumpers Deep went to a cost of, respectively, £4,000 and £2,600 to carry out this arrangement, but they could not get it to work, as the Company refused to provide or permit bottom discharge trucks. I will now give you an instance of how the cost of timber worked out on a mine. In the working shafts the timber has to be in what are called sets, which cost on the ship £2 4s. each, and on the mine £13 11s. If the Railway Company charged 1d., which is twice the American rates, the sets would have only cost £9 6s., or being a saving per set of £4 5s., or a saving on the sets put in the two shafts on the Ferreira Deep Mine of £2,000, and that only in the timber of the main shafts. I obtained from a merchant in Johannesburg a statement of the cost of furniture, which is also a factor in the men's wages. Nine cases of furniture cost £68 19s., and landed here, £128. The railage was £17 2s. 2d.; nine cases of bedsteads cost £59 13s., and landed here, £138—the railage being £34. Now comes the question of the Netherlands Company's profits. They have a capital of £1,666,660.

Regulations of Netherlands Railway as to excess goods.

Sidings.

Siding of Violet Consolidated Company.

Automatic discharge trucks disallowed by Netherlands Railway.

Cost free on board and Netherlands Railway charges on a consignment of timber American railway rates on timber sets.

Prime cost and railway rates on a consignment of furniture.

Profits of the Netherlands Railway.

The Chairman.

We are all acquainted with the figures, and it will not benefit us to hear them

again. It will save time if you pass over that question. It will be a matter for us to decide.

Witness.] I cannot get at the possible saving in working cost of the mines unless I do. I will be as brief as possible. I will put it this way. Last year, over and above the working capital, and the interest on guaranteed loans, the Netherlands Company made a profit of £1,330,000, and that on a capital of £1,166,660. This, of course, includes the Government share, which is shown in the Revenue returns at about £350,000, but as far as I can see, should have been over £700,000; and I say that, by keeping up the rates, they are able to, and I think it fair to say that they do force Natal and the Cape Colony to do the same. Last year the colonies made £1,800,000 more than they ought to have done, allowing 4 per cent. on their capitals—that is, over £3,000,000 was made, and nearly all of it out of us, for although all the profits do not go to the N.Z.A.S.M., all the loss comes out of our pockets all the same. In consequence of the discussion about the railways and the protests made by the industry here, there have been some statements made in the Cape and Natal. In this matter we are entirely dependent upon the goodwill of the Government, because we as a community have no means of compelling neighbouring systems of railways to reduce rates. It has been stated by the Commissioner of Railways at the Cape that if they lost the whole of the through trade they would still make six per cent. Well, I have not got the figures to check that, but they never made five per cent. before they had this through trade, and since they felt the benefit of it they lowered the rates within the Colony, and they built lines which they did not think they were justified in building when they had to pay for it themselves. So I judge their position is not “all their fancy paints.” They seem at the same time to be willing to reduce rates in a straightforward and friendly manner, if allowed to do so for our benefit. I do not think anyone can get away from the fact that nine per cent. is a monstrous profit to make, besides which they have a transit duty which this community has to pay. In connection with the Natal Railway, there was a statement made by the Commissioner of Public Works, that Natal was not so badly off as people made out, because half their tonnage was due to the internal trade of Natal. I do not care anything about the tonnage, and it doesn't matter, for it depends upon how much you pay per ton. A ton carried from Durban to Maritzburg earns very little comparatively with a ton carried from Durban to Charlestown. This is the point. Before they had their through connection, their revenue was £366,000. In the year 1896, when they got the through traffic, their revenue was £996,000, an increase of £630,000. Of this, general merchandise contributed £284,000, timber £136,000, and imported mealies £99,000. That is £500,000 out of £600,000. I think they can talk as much as they like about tonnage, but if they look at the sovereigns—we pay. All the railway systems together take about £3,000,000 more than they ought to do. I cannot say that the Transvaal trade pays for every bit of that, because we would have to see their books, but it pays for three-quarters of it. Every now and then they have meetings of the Commissioners, and the only thing they do is to congratulate each other, except when they propose, as they did the other day in Durban, to increase the rates. Well, considering that this community is paying so much of it, we would ask the Government to allow us to make some suggestions at such meetings if nothing else can be done, because it is simply crushing the business of the place, and Government will feel the result of it in the long run as surely as we are feeling it now. I have mentioned those other railways, but though they do take a great deal too much, I do not think they are free agents. It has been stated on behalf of the Cape Railways that it is only allowed certain rates on the condition that it shall maintain its transit duty. The Cape now say publicly that they are willing to reduce, but they are prevented by the Netherlands and Natal.

Government share of profits of Netherlands Railway. Natal and Cape Colony forced to keep up railway rates by Netherlands Railway. Profits of Natal and Cape Railways for 1896.

Mining industry dependent on goodwill of Government regarding railway rates of neighbouring States. Position of Cape railways.

Apparent willingness of Cape railways to reduce rates. Excessive profit of Cape railways. Transit duty. Position of Natal Railway.

Total excessive profits of railway systems. Excessive contribution of Transvaal trade to railway profits. Representation of mining industry at meetings of Commissioners of railway systems demanded of Government. Coercion of Cape and Natal Railways by Netherlands Railway so as to maintain high rates.

The Natal Government shuffles and smiles. And if you look at the rate I quoted from Vereeniging it does look like it. Natal is afraid to reduce without consent. Now, I can understand perfectly well that the Z.A.S.M., as a commercial concern, wants to make as much profit as it can—that is perfectly natural; but there is a means of checking it, and we ask the Government to take the necessary steps. There are three courses open. In the first case Government may leave the Company alone to do as it likes, and I don't think that would be in the interest of the State or the community, or any other interest except that of the Z.A.S.M. Or it can expropriate the railway; or else it can tell the Company that the rates must be reduced, and if not that the Company must be expropriated. Government is not without means of making the Railway Company reduce its rates, and the Company is suffering no injustice, because it has made a certain agreement giving the Government the right to do so. I think the Commission knows enough about the terms of expropriation, and I need not enter into them at present. If the concession had been taken over in 1895, it would have cost the Government £1,785,000 to expropriate the 1,166,660 shares. Of course, the loans would also have had to be paid; but they are all practically safe.

Chairman.

It is not for us to go into these matters now. These are not grievances of the mines—they are things that we must afterwards find out for ourselves.

Witness.] It would depend on what course is adopted with regard to the railways as to what extent we could reduce our working costs; and unless we have some basis to go upon we can make no estimate. Railway charges amount to a very big proportion of the equipment of a company, and they, as far as I can make out, make up about 5 to 10 per cent. of the working costs of the mines. That is a very big margin, I know; but it is an extremely difficult item to estimate, and I have given the outside figures. That is on material. I do not touch on how white or black labour expenses could be reduced in this connection, though that, of course, is a very serious question. But I shall leave the railway question now, since the Commission wishes it. The next question which affects our costs of working is that of the general taxation. I don't want to take up your time by going into each item. I can get at what I want in a few figures. The revenue of the State in 1885 was £177,876, and in 1897—twelve years later—£4,886,000. Well, the population has only increased in that time from 50,000 to 250,000, according to the State returns, but where the people paid £3 15s. per head then, they now pay £17 13s., on the basis of all the whites contributing equally. It is rather difficult for me to explain this matter without getting on to subjects which we would rather avoid; but if you look into the incidence of taxation, you will find that the taxation per head of the industrial population comes out £23, after allowing £5 per head for the 70,000 forming the rural population. Well, I would submit to you that it is quite impossible for a community to keep on contributing like this. That amount is not paid out of our earnings, because we don't earn enough to pay it. When we have paid our working expenses, there is not difference enough to pay the taxation. Therefore the money must be paid out of the capital. The money—that is our point—is being stopped from going into the ground, and we would particularly ask the Commission to suggest a plan by which the expenditure of the State might be brought down to the limit that we can bear. To take an illustration—if you were farming with a man on certain terms, you would not take half of his seed oats and sell them, and then reap his half-grown crop for green forage. Yet that is just what is being done with us. If the money went into the ground and the value was got out of it, the State could share out of the profits as much as it gets now. It would not come the first year, nor perhaps the second; but it would come, and that is

Three courses open to Government in dealing with Netherlands Railway.

Expropriation by Government possible. Government can compel reduction of rates of Netherlands Railway.

Cost of expropriation in 1895.

Extent of reduction of (mining) working costs dependent on Government action regarding Netherlands Railway.

Percentage of Railway charges on working costs of mines.

General taxation

Comparative growth of revenue and population, 1885-1897.

Incidence of taxation.

Taxation of mining community exceeds margin of profits.

Economic reform required.

what we ask the Commission to consider carefully. The harvest would be enough for all. A million and a half a year should serve to carry on the work of the State—it now takes four and a half millions. Then there are such things as heavy purchases and permanent works, and, though we could pay the interest on them, we don't think it right that we should pay for the capital out of revenue. It is not very difficult to say exactly where the money comes from; where you have only one real industry in the State and such an enormous revenue, you can fairly assume, in the absence of all evidence to the contrary, that the latter is paid by the former. All the money that we have had to pay, £3,000,000 to the railway, and the £3,000,000 which the State has unnecessarily had out of us, has come from European capital, and ought to have gone into the ground. It has not all come out of our earnings, because we have never earned it. We lay so much stress on the questions of dynamite and coal, because they are such clear cases that it is impossible to pass them over, and because we have to look into every detail that can bring down our costs. If we neglected them we should be doing, what we are sometimes accused of doing, not attending to our own business. But the real pinch is in the great items of the railways and the general taxation, and we ask that the Commission would consider those matters—we are told that they are not matters to be argued about in public—but consider them, and talk them over carefully. It is impossible for the industry to keep on contributing like this—nothing but ruin stands ahead if it has to do so. Two points I want to mention to show that it would be possible to reduce our burdens largely. Take the Free State. They have more than a quarter of the Transvaal population, and therefore our expenditure, if on the same lines, should be less than four times as much. Their expenditure, including £100,000 of special expenditure, was last year £430,000. If you exclude the special expenditure, ours should be a lot less than 1½ millions. Including everything, it should be under two millions. Then the net Government revenue, striking out the profits of the Netherlands Company and State profits on dynamite, was £3,600,000; the dynamite, over and above what we ought to have paid, was £500,000; railways, £2,500,000; imports, £12,000,000. We have paid the railway system £3,000,000; transit dues, £300,000; coal, £500,000. We pay for the produce of the country, £1,000,000; the interest to European shareholders in dividends, £1,500,000; white wages, £1,500,000; native wages, £2,000,000; and it brings the total up to over £28,000,000, and the State only produces £8,000,000. It is true a great deal of that is capital expenditure, but the enormous difference which remains must make you see that it cannot go on. That is all I have to say on the immediate causes of the present state of affairs.

Chairman.

Did I rightly understand you this morning, on the dynamite question, when you said that the factory was, at the present moment, connected with Nobel's?—Yes, that is certainly what we understand, and it has been publicly stated that Nobel's bought out Mr. Lippert, and it is known that the agents of Nobel's are associated with the factory here.

Will you repeat the figures you gave us to-day as to the actual price of dynamite made, delivered, and the expenses on it?—I do not think I quoted the price at which it was made. I said the price of No. 1 placed on board at Hamburg was 21s. 6d. I believe that Mr. Albu said it could be made at 18s. 6d., and I daresay he is perfectly right.

Can you prove to us by reliable statistics at what price the dynamite was sold at Hamburg?—I can prove that it was sold this year, or within the last six months, at Hamburg at 21s. 6d., that is £43 per ton.

Excessive State expenditure.

State capital expenditure charged to revenue.

Absorption of European money by railways and by taxation.

Railway and taxation the chief grievances of mining industry.

Comparison of Orange Free State and Transvaal populations and expenditure.

Payments of mining industry.

Connection of dynamite factory with Nobel's.

European price of dynamite.

Percentage of working costs.

This morning you made the statement that the percentage of the wages of the whites was 28 per cent. ?—Yes.

And that of the kaffirs 23 per cent. ?—Yes.

That 10 per cent. went for explosives ?—Yes.

Coal, 8 per cent. ?—True.

Now that makes it 69 per cent., and you said that 31 per cent. went in stores and material, &c. ?—I did.

Later on you said that railway rates came to from 5 to 10 per cent. ?—Yes.

Did you include that in the 31 per cent. ?—Yes.

Percentage of railway rates on working costs.

But not the 8 per cent. for coal ?—No. Coal works out at 8 per cent. carriage paid. We arrive at the carriage on stores this way. We take an item, oil, £1,300. I go to the merchant in town and we get his figures, and can thereby easily estimate the railage. I do the same with regard to all stores, and then I obtain from all the companies their figures and strike an average. The reason why I gave the margin from 5 to 10 per cent. is that some companies are putting up cyanide vats, sheds, and adding to their machinery, and the proportion of railway rates in these would be heavy. One company might give 5 per cent. and another fifteen per cent., and to get at the working costs as they are year by year, to obtain a fair result—you must take the average.

Reduction of white wages.

Now with regard to the 28 per cent. for white wages, do you consider that that could be reasonably reduced ?—I think it is possible to have it reduced, but that could only be done by getting in a great many men who can live here cheaper than the men we have got at present, and who will work at a much lower wage. It would mean men without families or starvation wages. But no matter how much they were paid they would still want the necessaries of life. You see in white wages everything comes in, such as railway carriage and general taxation.

Percentage of white wages on working costs.

Does the 28 per cent. include the wages paid to every white man, from the director to the lowest man employed on the mine ?—Yes. That is the average amongst the principal companies on the Rand, and I think it is the fairest average, because their conditions of working are the conditions which all the other companies are trying to attain. If you take the average of all the mines on the Rand you may get one or two per cent. either way. Sometimes a mine varies because of the different character of the reefs, but that is a fair average.

Scarcity of native labour.

As regards coloured labour, I understand you to say there is no want of black labour at the present moment ?—Not at present.

How many white labourers have you discharged at any of the mines you are connected with ?—I really cannot tell you now, but I can find out. It is not a matter that comes before the directors.

Under whose department does it come ?—Under the manager's.

Taxation.

You are the first witness who makes any mention of any further burdens pressing on the mines, and I would like to have more information on that point because I have a different opinion about the case. You want it to appear that the burdens are only borne by the mining industry, and that nearly all is paid out of the capital which is introduced into the country. We have made a calculation—our income is so much and the revenue so much. Then you put down the taxation at about £23 per head. You stated £17 13s. first and then £23.—Yes, I did, but the explanation is this: the £17 13s. is the contribution per head calculated on the *total* of white inhabitants of the State. But that is not a sound calculation, because the country population do not contribute anything like as much as the industrial population. In order then to get at the truth as nearly as possible—I take the Government *Staats Almanak* figures—the official records of population and the rural

population, I allow taxation of £5 per head—a figure which errs greatly on the liberal side, but I take it because it is the figure of the contribution per head of the total white population in the Orange Free State towns and country, industrial and rural; surely that is most liberal. And on this basis the new population here pay £23 per head per annum.

I want to be clear on this point. Has there been any increase of taxation between 1885 and 1897?—I do not suggest that, Mr. Chairman. That is why I say that the taxation comes out of capital, because the people do not and cannot pay it direct. What I suggest is this, if I may put it this way—the duty of the Government is to adjust the revenue to real necessities of the State. If you can conduct the State on two millions, the rest of the taxation, or the revenue, ought to be remitted, because it pays the State to do so. It does not matter whether sugar or tobacco or cigars is raised or lowered in a calculation of this sort. What I suggest is that there is very much more raised in the State than is absolutely necessary for the Government. I can suggest to you, for instance, permanent works, and other points will occur to yourselves. This we do not consider to be necessary out of revenue.

State revenue and expenditure.

The increase of revenue does not arise from any direct taxation being put on the population, but it arises from the increased population of the country itself, from the extension of all branches of industry, and the largest increase in the revenue is on import duty. Why is this, but because the consumption and the use of imported goods is increasing. It is not the mines which pay that, but the country generally, and every individual inhabitant of the country. I will agree with you that the taxation ought to be regulated according to the expenditure of the State itself. But at the present moment the expenditure and revenue still go like ebb and flood in this country. It is not regulated properly yet. It cannot be shown there is any direct tax pressing upon any individual.—I would suggest that a fat year for the State is a very lean year for the industry.

Sources of State revenue.

I cannot see that, because the fat year for the State has to come from the cow—which is the industry.

Mr. Joubert.

I understood from your evidence that the Government, through the dynamite contract, has suffered a loss of £4,000,000 during the last four years.—I think I said that if we had paid the duty of about 38s. a case, which we offered to pay in that proposed contract with Nobel four years ago, the Government would have obtained about £1,000,000 out of that duty—£1,200,000 I said, according to the shorthand writer's report.

Dynamite monopoly.

You say the Pass Law is a good law?—Yes.

Pass Law.

But that the man who is at present in charge is not able to carry out the administration properly?—Yes.

Administration of Pass Law.

Can you adduce any facts to show that he is not competent?—The condition of his department indicates it.

Every man puts his own construction on the law?—Well, the first intention of the law was to prevent desertions and to get back those who desert, and I have given you one instance of the Robinson Company of 1,600 deserters, and not one captured.

That surely is not the fault of the Distributor of Passes?—No! I did not say that. The Distributor is only one of the minor officials, who has got certain work to do.

However good the law might be, still the kaffir could "scoot" with his pass?—There are safeguards against that. He has to show a discharge and district pass before he can travel. At present it is only an extra tax-collecting agency. We'll take

the Customs Law. Here you have officials that give receipts for the Customs, you have an inspector on the border, and also have a high official who organises the whole thing. If you only had an inspector and no collector, and no prosecutions, the law would be a failure.

I would like to know in the interest of the high official where you put the blame on him?—As we have not the working of the department we cannot exactly say, but it is the first duty of the organiser to find out why his department does not work, and if he were a capable man he would know it.

But a kaffir can go away even under the Pass Law?—Not if the Department properly organised it.

In what possible way would you prevent desertion? The kaffir is registered, gets his pass, and then runs away with his pass in his pocket. What steps would you take to prevent this?—Before he can pass out of a district he has to produce his district pass. Before he can get fresh employment he has to produce his own pass. There is a complete system of checking provided by law, the letter of the law, but the working of the law provides no check at all.

But how will the pass officials know if the kaffir, perhaps when seeking work, happens to have shown his pass to a fieldcornet?—He has to get a special pass as soon as he comes into the district.

Over that the officials have no control?—But they ought to have. That is just the point. He has then to get a working pass.

Suppose now that the kaffir tears up the pass and goes away?—Then he can be imprisoned for not having a proper pass.

But how can you prevent a kaffir running away in the night? How can you prevent that?—I will tell you how to prevent it. There are here at different times 70,000 kaffirs, and—

Gold thefts.

See here, you are a mine director. Why don't you prevent people stealing your amalgam?—Well, we do our best.

And yet you come to the Government to complain?—Yes. It is just the same as in the case of burglaries. We lock up our houses, but that does not do away with the necessity for police.

You admit that you are incompetent to prevent it? What officials anywhere can cope with roguery?—If there is to be an ideal state of affairs, no police are required at all.

The police are placed there not to stop all the crime, but all they can.—Yes, well they might occasionally detect something.

But things often happen that should not, even in the most civilised countries, ever in England?—Certainly. But in England they also have the best detective service in the world.

And those at the head of the department can deal with crime?—Yes.

But you can't put the crime down to the officials?—I don't say that the police steal the gold.

You can't take care of the gold yourself, and how do you expect the police to do so? You have immense control over your employees?—Yes; ordinary control, but we can't stop it altogether.

Yet you expect Government to do so? These things would happen under the best officials?—Yes; you can't prevent crime altogether, but—

Neither can the Government?—No, but the Government can make an effort in that direction.

It is the duty of the Government to make the best laws possible for the community?—Yes; and carry them out.

Under the best laws crime is done?—Certainly.

And under the best officials you sometimes don't get detection?—Sometimes!

But it doesn't often happen here?—What, detection? No.

Well, however good the pass officials may be, there will always be transgressors of the law?—That may be so, but it should be the desire of the Government to make the transgressions as few as possible. If you thrust on individuals or companies the responsibilities and duties which are generally supposed to devolve on Government, you would give the directors of the mines the right to institute the compound system, to keep the boys on the property, and the searching system, so that amalgam thefts would be detected; but those are systems that we would never suggest, nor would the Government ever consent to such things.

I am a farmer. I work with cattle; the law on cattle thefts is strict, but still cattle are stolen. Now, if my cattle are stolen, can I blame the Government for it?—You could certainly blame the Government if they made no efforts to check the thefts.

It is my duty to go to the Government after the theft and ask them to help me to trace my property?—No; it is the duty of the Government to take steps to prevent thefts. The detection of one theft would prevent a recurrence. It is difficult to trace amalgam once it is stolen. You can trace a bullock. You cannot carry a bullock in your pocket, but you can carry a lot of amalgam in your pocket. Therefore, there is all the more necessity for detective measures.

But cattle thefts are often undetected. The thieves might kill and eat the ox.—I repeat you cannot spoor a piece of amalgam across the veld, but you can a bullock.

You accused the head of the pass department of being incompetent. I would like to have some facts. Now, can you give us any?—You have the result. It shows faulty administration, because there have been no detections of desertions. I will put it this way. You would not take a clerk out of our office to drive your bullock wagon. You would take one who had experience in driving bullocks. Now, in a department of this nature, which is so very important to the mining industry, you want an experienced man at the head. You want a man of fine capacity for organisation, who has a special knowledge of the circumstances of the mines; who has a particular aptitude for carrying out the system; who has a knowledge of men. You would not select a man for the head of such a department who knew nothing about the work.

Administration
of Pass Law.

But you cannot expect a pass officer to act as a detective?—Detection is a part of the department. I do not mean to say that the clerk who signs the passes should trace deserters, but that is a part of the department.

Is it not a matter for the head of the police to deal with?—It is part of the department for the carrying out of the law. I don't mean that the gentleman who signs the pass ought to catch the kafir. But the head of the department must organise it. To give you another illustration. You have got a High Court, and they sentence a man, but the Chief Justice does not go and hang a murderer. The whole thing works together; one supplements the other, so that you get an efficient working system.

But somebody who has been hung does not go and lodge a complaint against the Chief Justice?—He made his complaint beforehand, but it did not carry any weight.

The department is there to issue passes. Now, my kaffir obtains a pass to work for me, and he deserts. I would go to the police and ask them to help me to catch him.—But your case would be different. This Pass Law provides for a system of check to be carried out by that department. Say a boy obtains from the Pass Office a pass, and he goes to work on the Robinson Mine, and subsequently runs away and destroys his pass, as is often done. He should be captured and punished. If his

the risk. If a ship has 10 tons or 1,000 on board, in the case of an explosion, it makes very little difference, except in the spectacular effect.

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te. Yet, even taking the high prices in Cornwall, it would be considerably less than the 85s. here. If we had free trade here, at what price could it be laid down here free of duty, on the basis of 36s. in Cornwall?—If we bought retail in Cornwall—actually bought from the mines, which would have already paid profit, we could land the dynamite here at 47s. 1d. a case.

Against 85s. ?—Yes.

And on the basis of the German price of 21s. 6d., that would work at 32s. 6d. ?—Yes, 32. 7d.

Are you quite sure that 21s. 6d. is right?—It was sold publicly at that price in Germany at the beginning of this year. My information is from a gentleman who got the price there personally at the very time.

I ask because it would appear from your figures that the Dynamite Company is making an exorbitant profit here at present?—I think it is one of the best businesses in the world.

About 52s. 6d. a case profit?—It is difficult to get the exact figures. You see it is not called a monopoly but a Government agency, and the Commission can make them turn their affairs inside out; can get the Government to put an auditor on to them and publish all their figures. It is very hard that we should be called on to prove a case which the Government can expose at will.

of How much dynamite is consumed, and not manufactured here?—That is another point the Commission can ascertain shortly. Our information (I make it merely as a suggestion to put the Commission on the line of inquiry) is that not more than 20,000 cases are manufactured here per annum, and the March output of the factory (I should say the agency) was stated at over 20,000.

val- Now, is there any commission or special profit in this dynamite besides the Government 5 per cent. ?—It is a very complicated affair. You see 182,500 shares in the agency were granted to the shareholders in the original concession, which was cancelled for reasons explained by the President in language stronger than I care to quote. Then there were—

No, I don't mean the share transactions. I mean, is there any actual sum payable per case besides the charges mentioned?—Yes. There was 6s. a case that had to be paid to Mr. Lippert, 2s. a case to Messrs. Lewis and Marks, and a special payment of 2s. a case for three years to Mr. Lippert. That would be, altogether, 15s., including the 5s. But the 2s. was only for three years, and for an explanation of that I must refer to private inquiry. There have been so many statements made about it that I think it is for the Commission to investigate it more than anyone else.

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ican You said yesterday that your firm had an offer from American manufacturers that they would deliver dynamite here for 37s. 6d. ?—Well, I do not know if I said that exactly. What I meant to convey was that they quoted a price to us, delivered in Port Elizabeth, which at the known charges would have enabled us to bring dynamite here at that price, of course without any duty being paid in the Transvaal.

Are you quite sure that that dynamite is of the same quality as No. 1 ?—It is guaranteed so.

re of Suppose there should be free trade in dynamite, are you not afraid, on behalf of the mining industry, that the ring in Europe would raise the price so much that not much benefit would occur to the mining industry?—Not in the least, because we have several courses open to us. We can either build a factory in Europe, for here we have the biggest consumption in the world; we could build a factory where raw materials could be bought cheaply. We could buy a factory, or several factories,

already in existence, or we could go to the manufacturers and say to them: "We are in a position to place orders for 250,000 cases a year. We want your prices, and will give you a ten years' contract." I am perfectly certain that capitalists would themselves build factories to get these orders, and then we should get dynamite at the price mentioned here, of 21s. 6d., and I believe if we put them in competition for these big orders, we should get it cheaper still.

Yes; but in the meantime you would be at the mercy of the Americans or Mr. Nobel?—Any ring they might form would fail. The different manufacturers are not so bound together that they cannot compete. In the first place, the American people and Nobel would not combine against us, and before we needed to build a factory, we could buy factories already in existence.

Then it is your opinion that if free trade were established in this country in dynamite, then a very large reduction in the price of dynamite is assured?—Oh, yes. A very large reduction, and it can so easily be done. You see, it is really a matter of administration only. It is the same with all our grievances here. It can be remedied by sound administration. The Government have the right to hold the dynamite people to their contract, but even if they did not cancel the monopoly, they could allow us to import what the monopolists could not manufacture. If they can only manufacture 20,000 or 50,000 cases a year, we should be allowed to import the other 200,000 for our benefit, or for the benefit of the State. The difference in price could go either to the mines or to the State, as the Government in its wisdom thinks right, but it ought not to go as an improper profit to the monopolists. Surely that is not an unreasonable request.

Then even if the Government were to impose a fairly good duty, yet the industry would be able to import it at considerably lower prices than now?—Certainly; if the Government put even £1 a case on we could get our dynamite very much cheaper, and we hope that if the Government took that £250,000 a year they would give us relief in some other direction. This is not a matter of antagonism to the dynamite factory, or philanthropy. It would be a direct gain to us.

In regard to the railways. You mentioned yesterday one figure on the basis of ^{Ex} 1895 that the cost of expropriation would be £1,700,000?—I said £1,785,000.

What would it be upon the basis of 1896?—In 1896 it would be £700,000 more, and the longer this expropriation is postponed the more opportunity they have of bringing in larger dividends. In the long run, of course, the taxpayers will have to find the money; that is why it concerns us so very much. If the thing goes on for another six years, we will have to pay £6,000,000 for 1,666,660 shares. I leave out the loans because they are under Government guarantee, and the Government can take them over in that way, as they are practically responsible. If notice is given this year, this session we will get the thing for three-and-a-half millions, but if it goes on for another six years, we will have to pay £6,000,000 unless the Government cuts down the profits.

But this is on the whole share capital. Of course, the actual cost would not be ^{Go} so high, because the Government holds a great number of shares?—I believe the ^{sh} Government owns 5,500 out of 14,000 shares. ^{er} ^{wi}

But if the Government takes over the railway soon, do you think it would be a ^{Loa} burden on the industry?—The industry would have to pay. Supposing they gave ^{pr} notice this year, they would have to pay £3,250,000, that is, £2,000,000 more than the ^{wi} actual capital. We would have to pay the difference between 6 per cent. on the original capital, and the rate of interest on which the State could raise this £3,250,000, and if the State took over the whole debt, which would then amount to about £9,000,000, including all the loans, the credit is quite good enough to actually

save the interest on it, and you would also save the huge profit that I have already pointed out, viz., £1,800,000 a year.

Then you stated that the Cape and Natal railways drew out of the earnings £1,800,000 over and above the amount they ought to do?—Yes.

On what basis do you arrive at that figure?—First of all the Government railways are not commercial speculations, entitled to get as much as they can out of the country. They are meant to facilitate the development of the country. As regards the Cape, the Free State, and Natal, that refers, of course, to their internal trade. While they are developing the Transvaal for us, they are entitled to some extra consideration. Well, now, they have their transit dues. They raise their money at 2½ or 3 per cent., and on that calculation I allow them 4 per cent., but the Commission can go further and allow them 5 per cent., which will give each country a profit over and above its interest to give away to their own people, or build other railways for their own benefit; I think that with these and the transit dues they could very well afford to give us relief.

Will you imply that the mining industry will be relieved in various quarters in the case of expropriation of the Railway Company. It would be relieved by this Government, and also by Natal and the Cape, therefore this country would not bear the burden alone?—Certainly. But this country is the key to the whole position. It was the Netherlands Railway which stopped the cutting of rates in the beginning. It is the Netherlands Railway we are told which makes the Cape Government keep on their transit dues. It is the Netherlands Railway which charges 7s. 7d. per ton on rough goods from Vereeniging to Johannesburg, when they allow the Portuguese over the same distance, doing about the same amount of trade and carrying the same goods, only 2½d., and even less than that. We impress upon the Commission that the whole power is in the hands of the Netherlands Company, and they can be controlled by the Government, and, therefore, the whole power is in the hands of the Government—of course I am speaking subject to correction, but that is what we believe.

You quoted just now from the report of the Chamber of Mines on railways; I have read this report and I can only gather from it that the accusation is levelled against the Netherlands Railway. From what you say the Natal and Cape Government Railways should also have been mentioned?—That report only deals with 1895, and there is a supplementary report promised.

As I read the report, the neighbouring railways can hardly draw the conclusion from it that their rates are too high, which, as you have shown by your figures of £1,800,000, they are?—Well, I have given you exactly the basis. They might not accept 4 per cent. I do not think they would; I think if we could get an independent commission from outside they would tell these people that they are all plundering the Transvaal. The other day we were told, "What is the good of a milch cow if the cow turns round and drinks all the milk." This cow's head is tied so tight it can't even graze. They are killing the industry the whole lot of them.

I think it would be well if the supplementary report of the Chamber of Mines were to lay it down in so many words that the neighbouring railways are just as much culprits as the Netherlands, because I do not think the present report conveys that impression?—A report framed by a number of people will give the average of their opinion. I have given you my opinion, and I would be quite ready, if I were to write a report, to tell the Cape and Natal Governments that they are taking too much out of us, and that it is a short-sighted policy.

Now with reference to cement. You are a director, or your firm is very largely interested in the Cement Factory?—Yes.

Can you give us figures showing the cost of cement in England free on board, and the price at which it sells here?—Yes. I may say I am glad you have alluded to cement. The factory is often spoken of as the Cement Concession, whereas there is no such concession. If any other person is sanguine enough to erect another factory, he is perfectly at liberty to do so.

The difference in the prices is very large?—Very large. The figures were included in the papers I handed in yesterday. The prime cost of cement—this comes *via* Delagoa Bay—the prime cost of a shipment would be £54 14s. in Europe, ocean freight would also cost £54, railway carriage to Johannesburg costs £240, and the Transvaal duty is £117.

Don't you consider that the duty is abnormally high?—Yes. I think the duty is too high, that is my private opinion.

Surely there is a special railway rate, or it could hardly be five times the cost in Europe?—I could not exactly tell you what the railway rate is. I think the weight of such material is sufficient protection for it. I do not know that it can be manufactured as cheaply in this country as it can be imported. Our factory spends £1,000 c per month in the Pretoria District in getting limestone, coal, etc., and the raw material, the limestone put down at the mill, has cost us more than cement free on board at Hamburg and London.

But don't you think that the factory is too much protected?—I think further protection is unnecessary.

Yes, but I want your opinion as to whether it would be better to knock off some of the existing protection?—Yes, I do think so. I don't know what my fellow directors on the Cement Company will say; but this is an inquiry into the mining industry, and I do think that artificial protection is unnecessary. Besides, I think the quality of the local article is sufficiently good to compete with that imported. I must point out that when the factory was started, it was done with the idea that it would relieve the industry. Cement was then £5 10s. to £6 10s. per cask, and there was no arrangement with regard to the railway coming forward; so that it was then considered not only good business, but for the benefit of the industry. If it cannot, however, hold it own as a good business, my opinion is that, like all others similarly situated, it has got to go under. We have spent £113,000 to equip the factory, and it has not paid a dividend yet.

Mr. Pierce.

Do you consider that the high railway rates make out the main grievance?—I^{Ra} have given you the figures charged by all the different railways; but you will get from the engineers the exact proportions that the carriage forms in the equipment of a mine. I was unable in the time to work out the proportion. It is a very intricate subject, and I asked Mr. Seymour, the engineer of the Rand Mines, to prepare a statement. He is preparing it now, and will submit it to you. Now, take a company like the Geldenhuis Deep. It has a capital of £350,000, but the shareholders put up a working capital of £410,000, which is very much more than what they got for their claims, which was under £300,000. In the expenditure the great thing is the large and expensive machinery and other plant, and railage plays a much more important part in the equipment than in the working cost. You will get from Mr. Seymour exactly how the railway rates affect the mines.

And you consider that if the railway rates were reduced a great grievance would be removed?—Undoubtedly, if sufficiently reduced.

If the Netherlands Company reduced their rates on the Delagoa line, do you think it would force the Cape and the Natal Railways to reduce their rates as well?—Most

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certainly. If the Netherlands Company reduced their rates even from Vereeniging to here, to the Cape level, it would mean an instant reduction of the rates on the other lines by 18 per cent. all round. Look at the various conferences which take place periodically both here and at Bloemfontein, between the controllers of the different railways. These commissions only meet to congratulate each other, and now and then they talk about the reclassification of sugar and corrugated iron, putting them in a higher class, and taxing us more. A man like the Minister of Public Works of Natal, said that this was merely a figure of speech. A nice figure of speech to put a heavier tax on us. I have nothing against the Netherlands Company. I say that as a commercial proposition they are perfectly right to put on heavy rates and make as much profit as possible, but I also say that the Government has a right to interfere and see that there should be no undue taxation on the people. The Government could exercise its right and bring pressure to bear on the Netherlands Railway Company and compel them to lower their tariff; but the real solution is expropriation.

You think that the reduction would give great relief?—It would be an immense relief, in fact it is the keystone to the whole thing.

If the Government were to take over the line and work it for the benefit of the State, it would greatly improve the condition of things?—Yes, certainly.

Everything centres on the railway?—Yes, it is almost a matter of life and death. We all hope that the Government will exercise its rights and take over the railway. We know that there probably would be difficulties in the way of administration, but we believe that the Government could benefit by the experience already gained, and would find it wise to select the best possible men for the work.

Do you think that the necessary money for the expropriation of the line would be obtained at 3½ or 4 per cent.?—With the greatest ease. If the Government were to exercise its right in connection with the dynamite monopoly and railway, and provided for a sound administration, there would be a restoration of confidence in Europe, so that the Government could obtain any money it required for the expropriation of the line, and for other purposes.

Now, assuming that the cost of expropriating the line would be £9,000,000, the annual interest to be paid would be about £360,000?—Yes.

Is it a fact that £360,000 per annum is required to pay interest on the railway debentures alone?—I am not quite sure of the figures, but the amount would be between £320,000 and £360,000. The debenture issue is about £6,000,000, but there is another £1,000,000 that was to be issued, although I am not sure whether it has been issued yet. There is one other thing I would like to bring to your notice now; that is, before the company gets at its profit, 10 per cent. is taken off the gross earnings and placed to the reserve fund, and last year you will find that this reserve deduction amounted to £290,000. Now, what is the reserve fund, and who is to get it at the time of the expropriation? I think that is a point that the Commission should bear in mind and find out when the Netherlands Railway people are dealt with. That reminds me of another point that the Commission would do well to inquire into. They should find out whether there were any special conditions under which the Potchefstroom line was built, so that its inferior earnings could be excluded from the general calculations when the railway is expropriated.

You think that the settlement of the railway and dynamite questions will go a long way towards giving satisfaction?—Certainly, but I do not say that they are all the reliefs that the Government ought to grant us. I do not want to look a gift horse in the mouth, but I could not admit that any settlement could be satisfactory or sufficient which did not deal with the unnecessary £3,000,000 in the general State revenue. Look at the sum that is paid out of the general revenue, which should really

come out of a capital account as it were. I consider this most unfair and unjust. I do not suggest that this is done in a hostile spirit, but consider that the Committee will agree with me that it is a mistake, I do not consider that most of the reforms I have mentioned will entail any loss on the Government—I mean the suppression of the illicit liquor traffic, the better administration of the Pass Law, and so on—and I would point out that the Government will have a distinct gain by cancelling the dynamite monopoly. If they only threw open the whole concern they would only lose 5s. per case, or £60,000 per annum, but then no one will complain if they put on a duty of 5s., or even 10s. per case. In the Netherlands Railway affair Government will certainly lose a portion, a large portion of their profits; but, on the other hand, there will be a distinct gain to the whole of the State. Of course, the real solution, to my mind, is not to take it as necessary that the Government must spend five millions a year, but to see what economies in that direction can be effected, and to what extent expenditure can be cut down, with a due regard to good and safe government. I think the Commission would be able to make some suggestions on that point.

Do you think that the expansion of trade would minimise the loss of revenue entailed by the reduction of tariffs?—Most certainly I do. I say that the present scale of taxation is crushing, and even if the Government faced a loss of revenue—I do not say a deficit—the expansion of trade will compensate for it.

Do you think that this is a good country for trade?—I certainly do. I think the Transvaal is the finest country in the world.

Mr. Schmitz-Dumont.

Mr. Schmitz-Dumont questioned Mr. Fitzpatrick as to whether over-capitalisation was not the chief cause of the depression, as pointed out by Mr. Labouchere in *Truth* recently.

Witness said he had not seen Labouchere's statement, but he could not pretend to check it till he knew the method by which the results were arrived at. He would give an instance of the difficulty. At one time the Goldfields Consolidated held shares in the Rand Mines, the Rand Mines held shares in the Jumpers Deep, the Jumpers Deep sold some claims to the Jupiter. All those shares were only figures, not separate sums really. It was impossible to say, except one knew every particular instance, whether a Goldfields share holds an interest in a claim or a share in the Rand Mines, which holds a Jumpers Deep share, which holds a Jupiter share.

That is my opinion, and Mr. Labouchere has the same amount three or four times over?—No doubt. I only took the amount once. May I give you an instance of another thing. I was at a meeting of Mr. Dieperink's the other day, and he pointed to the Robinson Company as being over-capitalised. I really think the best judge of whether a mine is over-capitalised or not is the man who buys the shares, and as long as a man will pay £8 for a £5 share in the Robinson, he does not, I presume, think it one too highly capitalised. That was really a very bad instance to quote.

I have the capital of all the mines in the Transvaal—the nominal capital of 185 gold mining companies in existence in 1896. The total nominal capital is £54,000,000 for the 185 companies. On this capital they have paid a dividend of £1,700,000, that is about 3 per cent. I don't know whether your Chamber has figures for the whole industry.—It is difficult to answer your question whether over-capitalisation was not the chief cause of the depression in the form in which you put it. For instance, the Ferreira (I speak from memory) has a capital of £90,000, and the shares are at £15. It began with a capital of £25,000 or £30,000, and the people honestly thought it was worth that. They worked a little, and found it was worth a bit more. Then the shares were sold at £3 or £4. And so it went on. The year before last the people who held the

time had expired he would be provided with a district or travelling pass. But with all the desertions I have mentioned, not one has been captured.

But could you not go to the Pass Office and get the number of the boys who ran away?—That would not assist us. The one-half of the duty of the department is to issue passes, and the other half is to catch deserters. They are under one chief. The latter half does not work, although the law makes every provision for it.

Why, if you had all these complaints against the department, did you never complain to me, as Minister of Mines, about the bad working of the law?—It is a special department.

But it is a matter that concerns the mines, and the complaints cannot be put before the Government, excepting through me. The Pass Department is a sub-section of my department?—Then you are responsible. The bad working of the law has been discussed over and over again, and last year a petition was sent in to the Government, and deputations waited on you. This year a petition is being sent in to the Volksraad.

But why did you not send the memorials through me?—We thought we had the privilege of approaching the Volksraad. The Volksraad made the law.

You say the law is good?—Yes, that is true. What we want is to have it carried out.

But the Volksraad put officers there to carry it out, and if these officers were negligent, why did you not report them to me?—I think you would understand it better if I got a copy of the law, and took it point by point.

Never mind the copy of the law. I know it well; I helped to make it.—Yes, and you helped to make the department too. We hope that you will help to improve it.

I will. If you had approached me before there would have been no need for you to have come here to-day to complain of the bad working of the law.

Mr. de Beer.

The only complaint you made is that 1,600 boys deserted from the Robinson Mine and were never recaptured.—I did not give it as the only complaint, but as an illustration of what goes on. I presume that the Commission is about to call in the mine managers, who will relate their own experiences.

This is the only complaint before us yet. Have you any knowledge that passes have been issued to deserters?—I believe that such has been done; in fact that must have been done, because the boys, after tearing up their passes, obtain fresh ones to go and work elsewhere.

Of any two presumptions you should always take the most probable. My idea is that they go to their kraals.—I believe that they remain in the district. Of course the district is divided into so many parts, and it is necessary for the department to see that the boys have their district passes when they go around from district to district. That is the check.

You have been such a long time in this country that you must know that it is exceedingly difficult to prevent anyone going or coming.—I know it is difficult with regard to single individuals, but where you have kaffirs going the same route year after year, it ought to be within the power of organisation to stop desertion.

You know the peculiarity of natives. During the night he travels, and during the daytime he lies *perdu* somewhere?—Yes, but I cannot admit Mr. de Beer's deductions are the stronger, for this reason: in many cases the boys, after coming a long distance to obtain work, desert at the end of the first month. That cannot be because they want to go home again.

shares, nearly all of them, I believe, in Paris, themselves paid £12 or £15 a share to provide more working capital. The Ferreira pays a dividend of 275 per cent. on the original £1 shares, but the French people bought at £15. No one man makes the difference between £1 and £15. One hundred people have turned their money over before the £15 is arrived at. You must, in order to answer your question, reason according to what the public thinks. At one time, as Mr. Albu told you, in 1887 they thought that £10,000 was sufficient to equip a mine. To-day I will tell you what they think. Take the Rand Mines subsidiary companies. The Glen Deep, with a capital of £500,000, put up £329,000, and they have to pay more yet; the Rose Deep have a capital of £350,000, and they subscribed £523,000; the Geldenhuis Deep, with a capital of £350,000, put up £410,000 in sovereigns; the Crown Deep, with a capital of £250,000, subscribed £630,000, and so on. Now, I say the shareholder is the judge regarding the capitalisation. Remember his position. He can buy the shares or leave them alone, just as he likes. If he buys them, he has the right to register them, and then he acquires the right to vote. With his vote he can turn out the Directors if they do not manage the business rightly. The Directors know that, and even if there were no honesty amongst them, it is good policy to manage the mine properly. They would be discredited if they were turned out of office, and shareholders in Paris, Berlin, or London, would never afterwards entrust them with any of their money. You can only judge of mining by results. Of course, if a man takes a claim on the Main Reef, out of which you know only £30,000 profit can be got, and puts up a capital of £500,000, I should call that a swindle where there is such absolute proof. But you must know that people will speculate. You can get a man in the street who will give 30s. for a £1 ticket in Phillips's sweep, because he likes the number or believes in his luck.

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us- Do you think the industry has reached its full bloom yet, or is only in a state of development?—Decidedly in a state of development. There are two possible courses of development. There are now a certain number of companies working, or trying to work. These were started under the belief that the conditions would enable them to work at a profit, or the conditions would be immediately so much improved as to give them a good margin. They are not developed yet. Then we know that there are great stretches of ground which we can't work now at a profit, but which we believe in some few years' time we shall be able to work at great profit to ourselves and the State when the artificial conditions are improved. The natural conditions on the Rand are almost the best in the world—regular reefs, good value in them, long extent, large enough to work, coal on top of them—you can't ask more from nature than that; but it is the artificial conditions that require to be improved. I think if we talk these over, and come to understand one another, the members of the Commission may be the means of instructing others, and showing them what our hopes are for the industry and for the State.

lisa- You think then that the question of the over-capitalisation of the industry cannot be decided while the mines are still in a state of development?—No.

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'ta- It must, in your opinion, be left for the future to decide?—Yes, quite so. I have noticed that there has been a suggestion made to the effect that shareholders should be protected by Government. I think everybody would support that idea—that the public should be protected against deliberate swindles. I would also point out that in England the shareholders are protected. A man can go to the courts and prove that there was not sufficient grounds to justify flotation, that the promoter did not act in a *bona-fide* manner, and there are lots of cases in which men have suffered from their misdeeds in this direction. Even as the law stands now in this country, I believe a man could go to the High Court and obtain protection, and I say "Good luck to him."

Mr. Joubert.

Should not the Chamber of Mines co-operate with the Department of Mines to get a law protecting European shareholders from being defrauded by swindlers?—I don't know if such a law could be framed without interfering with what, in other countries, is considered to be personal liberty. You have to come to the point whether the man intended to swindle, and that can only be settled by the Court, as a matter of personal judgment. If a good law could be devised, it would be beneficial.

Is there no possibility for the Chamber of Mines to work with the department for the passing of such a law?—I don't know if laws exist in France, Germany, England, or America, to that specific effect; but if so, I would be guided by the wisdom and immense experience of the law makers of those countries; otherwise we might be rushing in where angels fear to tread.

Is it then impossible? Are you not willing to discuss the matter with us?—Oh, yes; but I do not think that is exactly what is wanted in order to restore confidence. Lots of things combine to shake the confidence of investors. For instance, to deal with some small and homely matters, I was told by a member of the Sanitary Board yesterday that an application for the underground rights of the Market Square, had been made by Mr. Jan Meyer, a leading member of the Volksraad. That does not help to restore confidence. The Sanitary Board applied for a portion of the Telephone Tower Park, in order to erect a Town Hall. They were refused. Now, someone has made an application for the right to erect swimming baths. That does not restore confidence. I hope the mere publication of these things will prevent them from succeeding. The Sanitary Board applied for the Union Ground, also for public purposes, but it was granted to private applicants on the quiet. They have hawked it about and borrowed money on it. It was offered to many of the big capitalists here, but they would not touch it. The Sanitary Board are told that a building is to be put up, in which fifty rooms will be set aside for them, but they are not satisfied that the authorities should do good by stealth, and blush to find it fame.

I cannot understand how mere applications can shake confidence.—Well, they do, because they are only made when there is a chance of their being granted. But, if you want facts, I will tell you what shook the investor's confidence as much as anything that has happened for years—that was the Ferreira claim jumping raid, which it was sworn to in Court had been suggested by you yourself, Mr. Joubert.

Not "suggested" by me—

Chairman.

The Chairman said Mr. Fitzpatrick was straying away from the original question.

Witness said that the Minister of Mines had wanted examples of what shook confidence, so he was obliged to give them. Continuing, he added that, so far as he knew the feeling of the Chamber of Mines, he could assure the Commission the Chamber would make every effort to co-operate with Government for the protection of shareholders. If they could find a practical means of protecting Shareholders, the Chamber would gladly assist.

Mr. Joubert.

If the Chamber is willing and will assist, I am willing to propose such a law to be added to the Gold Law, this session of the Raad.—You will, of course, address the Chamber on the subject?

Yes.

Mr. De Beer.

You speak a good deal about what is wrong on the side of the Government. Are you now quite satisfied with the economical working of the mines: is there no