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ROYAL COMMISSION ON SHIPPING RINGS.

REPORT

OF THE

ROYAL COMMISSION ON SHIPPING RINGS,

WITH

MINUTES OF EVIDENCE

AND

APPENDICES.

VOL. III.

MINUTES OF EVIDENCE, DAYS 1—19.

Presented to both Houses of Parliament by Command of His Majesty.



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MINUTES OF EVIDENCE

TAKEN BEFORE THE

ROYAL COMMISSION ON SHIPPING RINGS,

AT

WINCHESTER HOUSE, 21, ST. JAMES' SQUARE, S.W.

FIRST DAY.

Tuesday, 26th February, 1907.

PRESENT :

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

Lord INVERCLYDE.
The Hon. C. N. LAWRENCE.
Sir HUGH BELL, Bart.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
Captain R. MUIRHEAD COLLINS, C.M.G.
Mr. H. BIRCHENOUGH, C.M.G.
The Hon. W. PEMBER REEVES.

Mr. J. BARRY.
Professor E. C. K. GONNER.
Mr. F. MADDISON, M.P.
Mr. W. H. MITCHELL.
Mr. OWEN PHILIPPS, M.P.
Mr. OSWALD SANDERSON.
Mr. AUSTIN TAYLOR, M.P.
Mr. I. H. MATHERS.
Mr. J. A. WEBSTER, *Secretary.*

Mr. WILLIAM GARLAND SOPER, called and examined.

1. (*Chairman.*) You are the Chairman of The South African Merchants' Committee, I think?—I am.

2. You have prepared a memorandum or synopsis of the evidence you propose to give, and I understand you are willing that that document should be put on the records of this Commission?—Quite so. (*The witness handed in the following statement.*)

ROYAL COMMISSION ON SHIPPING RINGS.

Wm. Garland Soper,

Chairman of the South African Merchants' Committee. This honorary position he has held for 15 years. His commercial experience in connection with the South African trade extends over a period of 47 years.

1. The South African Merchants' Committee, formed in 1892, consists of 25 firms. The present members were elected by ballot at the annual meeting of South African Merchants and Shippers, held on 15th November, 1906. The South African Merchants' Committee is representative of the South African Merchants and Shippers resident in the United Kingdom. The Committee itself is composed of merchants, being either the heads of their own commercial houses in South Africa, or acting as agents for other business houses in South Africa as well as for such municipalities in South Africa as have agents in the United Kingdom.

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2. The steam lines running to South Africa and their sailings in 1906 are :—

From the United Kingdom :—The Union-Castle Line, one steamer in each week carrying the mails and cargo, and at least one steamer in each week more particularly for miscellaneous cargo; the Bucknall Line, about 30 steamers sailing in the year; the Clan Line, about 60 steamers sailing in the year; the Ellerman-Harrison Line, about 30 steamers sailing in the year; R. P. Houston & Co., about 10 steamers sailing in the year; Bullard, King & Co. (Natal), about 30 steamers sailing in the year; J. T. Rennie, Son & Co. (Natal), about 30 steamers sailing in the year; and the British India Line (via the Suez Canal), about 12 sailings in the year.

From the Continent :—The German East African Line, twice a month by the East, and once a month by the West Coast; the German Australian Line, three times a month; the Union-Castle Line loading about four times a month at Hamburg and Antwerp, completing at London or Southampton; the Bucknall Line, once in three weeks from Hamburg and Antwerp, completing at London only; and the Woermann Line about 10 sailings in the month, but only to North African Ports on the West Coast.

All the lines from the United Kingdom and from the Continent are, with few exceptions, despatched with regularity, and, generally speaking, whether they are full or not full.

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From Norway and Sweden :—There are two regular lines, namely, the Swedish South African and the East Asiatic, each Company having a bi-monthly service.

From America.—The Union-Clan Line; American and African Line; Prince Line; Houston Line; and Hansa Line.

It is difficult to state the number of sailings of each of these lines from America; but of the five lines there are in all say about 20 to 30 sailings in the year, despatched only in accordance with the requirements of the trade.

From Canada :—One steamer of the Canadian-South African Line sails about once a month from Canada carrying mails and cargo.

3. As to "the system of deferred rebates," it may be stated generally, with respect to the South African trade, that :—

(1.) This system is now operative in all the steam lines trading :—(a) from the United Kingdom, (b) from the Continent. (By "the Continent" is meant chiefly Germany and Belgium); and (c) from Norway and Sweden.

(2.) This system is not at present operative in the steam lines from America or Canada.

4. The terms of the South African rebate system pertaining to the South African trade from the United Kingdom, are as follow :—Rebates are made up every six months on the 1st March and 1st September, payable nine months after. In detail it works out that the rebate on a shipment made, say on the 1st March, is included in the returns made up to the 31st August, and thus is not payable until 1st June in the following year, or in other words, 15 months from and after the time of shipment. If, on the other hand, a shipment is made 31st August, the rebate is payable 1st June in the following year, or in other words, nine months and one day from and after the time of shipment. This system may therefore be generally described as a six months' period payable nine months after. In this respect the rebates in the South African trade differ from those, say, in the Australian trade, where the system may be described as a six months' period payable six months after. At the conference held at the Colonial Office December, 1905, to January, 1906, the South African shipowners intimated in their other proposals their willingness to modify the terms of their rebate circular by altering it to a six months' period, payable six months after.

5. The terms of the South African rebate system pertaining to shipments from the Continent, and also from Norway and Sweden are the same as from the United Kingdom.

6. It may be convenient at this point to "put in" the same schedule as this Committee tendered to the Freights Conference in London, giving the terms of the rebate system applicable to not only South Africa, but also to Australia and to all other principal trade routes. It will be thus seen that as at present operative the terms of the system are generally the same, with the sole exception of the South African trade, the period of which is 15 months.

7. The conditions of the South African rebate system applicable to shipments from the United Kingdom are that consignees who avail of it receive a commission of 10 per cent. provided that they do not directly or indirectly import goods by steamers other than those despatched by the Conference Lines. It will thus be seen that this rebate system is inseparable from the Conference Lines. The present position is that a merchant must confine his shipments to the Conference Lines and accept the 10 per cent. commission or forfeit this rebate and be handicapped by the loss of this commission in his competition with his brother merchants, there being no other opportunity for the shipment of his goods. Such is the normal position in the South African trade, assuming there is no opposition. Assuming, however, that an opposition is in existence, and also assuming that any firm of merchants, say X, resident in the United Kingdom, are acting as the agents for a number of firms in the Colonies, say A, B, C, D, and yet further assuming that A and B, as to their shipments, notify X that for them X must not avail of the terms of the rebate system, but must ship in the opposition, then in this eventuality, according to an agreement arrived at on 27th January, 1893, between the Merchants' Committee and the Conference Lines, liberty is given to X to make the A and B shipments in the mode A and B require

without X forfeiting the rebates accrued or accruing by reason of the shipments of X by the Conference Lines to, say, C and D, or to any of the other constituents of X. If these arrangements are absolutely observed the position is solved so far as concerns C and D and the other constituents of X. Assuming, however, that A and B required at a special time, and for special shipments, any goods to be carried by the Conference Lines, these lines have upheld their right to charge X in respect of the shipments of A and B a higher rate of freight.

8. Dealing with the steam lines from the Continent to South Africa, there is an arrangement between the steam lines from the United Kingdom and those from the Continent, whereby practically the same conditions exist.

9. In regard to the conditions pertaining to the South African trade from Norway and Sweden, these are the same as from the United Kingdom and the Continent, on all goods with the sole exception of timber, to which the rebate system does not apply.

10. It is difficult to summarise the *pro* and *con*s of the rebate system, so as to decide whether the rebate system is on the whole prejudicial to British and Colonial trade. The existence of a rebate system enables the Conference Lines to supply merchants with continuous tonnage for the shipment of their goods. The abolition of rebates seems to be incompatible with the preservation of reasonable, uniform, and maintained rates of freight, and merchants generally in the interests of their existing stocks and current transactions, feel the desirability of having, as far as possible, a known and reliable rate of transit. This opinion is held by those merchants who occupy a commercial position of an ordinary business status. Merchants, however, whose transactions are very large in quantity and specific in kind, incline towards a free freight market. It must be pointed out that a free freight market, while practicable in the chartering of vessels by one firm for entire cargoes of the same goods, is not so applicable to the conditions of steam borne cargoes of miscellaneous goods, and renders possible the formation of other trusts or combines which might probably be the cause of serious trade disturbance. The absence of a rebate system in the American and Canadian trades may be quoted as an argument against the rebate system accepted by ordinary merchants.

11. If goods for shipment are great in quantity and of the same kind, a merchant should be able to charter his own steamer and ship his own goods, provided he does not put the steamer on the loading berth and carry goods for merchants other than himself. The rebate system, therefore, should not be allowed to prevent such a transaction. What practically does prevent such a transaction is that it is only a very few, if any, merchants who could meet this condition, because as a rule a merchant's business is not the purchasing of large lines of a similar kind of goods at one time and this occasionally, but the buying of a number of smaller lines and this continuously.

12. As to the evils of the rebate system in the South African trade, the chief difficulties experienced have been when the Conference Lines, with whom rebate arrangements are made, have not, in the opinion of merchants, placed them in the same position as shippers by an existent opposition line, and have granted preferential contracts. A compact, bearing date 9th March, 1893, exists between the South African Merchants' Committee and the Conference Lines; and in the opinion of this Committee the Conference Lines have not fulfilled their part of the agreement, because :—

(a) Whereas under the 1893 compact the Conference Lines have bound themselves to charge the same rates of freight for the same classes of goods to all persons whose goods they carry, they have granted preferential rates of freight to Governments, important municipalities, private companies and firms.

(b) They have not granted adequate protection to those merchants and shippers who have loyally confined their shipments to the Conference Lines in that they have not accorded the same rates to loyal shippers as shippers in the opposition paid under the contracts made before the junction of the Houston with the Conference Lines.

Referring to the former of these paragraphs (a), this Committee on the whole emphatically prefer the

arrangement suggested at the Shipping Conference recently sitting in London, to the effect that practically all shippers—inclusive of Colonial Governments—should pay the same rate of freight, and if there is to be any variation from such an arrangement this Committee remain of the opinion expressed in their memorandum of the 30th November, 1905, that the rates of freight should be uniform to all private individuals, firms, limited companies, and corporations whatsoever, except solely Governments and important municipalities, and neither of these to have a preference in their favour exceeding 10 per cent. below the agreed tariff rates.

13. In regard to the latter (b), at the time of the disturbance of all shipping matters in 1902 by reason of the Boer War and the then active existence of the Houston opposition line, a serious attempt was made to accomplish an equitable working arrangement in harmony with the compact. Clause 4 of that compact states that in the event of merchants who confine their shipments exclusively to the Conference Lines, showing that competitors have had goods shipped from, and landed at, any ports covered by the outward rebate circular on lower terms than those paid to the Conference Lines, these Conference Lines would (whenever they were satisfied the case demanded it) allow such merchants a return of the difference between the terms on which they have paid to the Conference Lines, and the terms on which other shippers have paid to an opposition line, provided always that the shipments are similar in character, and have been made within seven days before, or seven days after, the date of the departure from the last port of loading of such opposition steamer. This arrangement was to be reconsidered if found to work inequitably. The points to which merchants object are that (1) only the Conference Lines are judges as to whether any given case demands their concurrence; (2) the protection is to be only granted where shipments have been made within seven days before or seven days after shipments of a similar character made by an opposition line.

14. In the discussions in 1902 on this clause, the Conference Lines demanded that the quantity of goods to be subject to the concession in rates of freight should bear proportions relative to the sum total of tonnage provided by the Conference Lines as compared with that provided by the opposition line. The rates of freight were, after much negotiation, found capable of adjustment. The refunds also were agreed to be paid in cash immediately on shipment. In the instances of the goods on which the reductions were made, nett prices, independently of rebate, existed, and were accepted both by those merchants who were shipping goods by the Conference Lines and by the shippers by the opposition line.

15. At the Freights Conference at the Colonial Office the rebate system theoretically, and as a rebate system, was not approved; and yet, generally, it probably would have been accepted had an adjustment with the Conference Lines been attained on the following points, viz.:—rates of freight to be reduced; modification of the terms of rebate system; abolition of preferential contracts; despatch on fixed dates; shipowners not to take cargo on ships' account, except coals to fill up, which they may sell or use for their voyages eastward or elsewhere; new classification of goods and at the reduced rates of freight.

16. An important point which may tend materially to settle the whole question of protection to rebate shippers by the Conference Lines has probably been facilitated by the arbitration clause in the proposals at the Freights Conference at the Colonial Office, viz.:—“Any dispute to be settled by one arbitrator appointed by the London Merchants' Committee and another by the shipowners; and in the event of the two arbitrators differing they shall submit the matter to some one appointed by the Board of Trade.”

Of course these remarks open up the question as to whether the rebate system effectively prevents the introduction of an opposition. The starting of an opposition is affected by the following considerations:—

(a) Are there sufficient goods offering as an inducement to enter into the trade? In 1902 there was such an inducement. At the present time there are more steamers than are necessary to carry the goods. In fact, the steamers are leaving, speaking generally, from only half to two-thirds full

(b) Whatever be the conditions of the trade, any line or firm who contemplates opposition cannot overlook the fact that the rebates held in abeyance by the Conference Lines amount to a very large sum.

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17. The existence of the Conference Lines necessarily operates as a deterrent to any opposition entering the trade; and the rebates are a potent factor to enable the Conference Lines to fight an opposition. As to the former, Conference Lines being in existence on a given route, an opposition line has to measure its strength and the amount it is prepared to spend in order to find an entrance into that trade. As to the latter, unless the merchants have adequate protection, which they maintain they have not received to the extent to which they consider themselves justly entitled by reason of their arrangement to confine their shipments to the Conference Lines, the ultimate result of the fighting eventuates to the advantage of the Conference Lines and not of the merchants. In the South African trade the existence of a rebate system has not actually prevented the starting of an opposition; but an opposition has been seldom long lived.

18. The question whether the rebate system causes injury to British or Colonial trade is one bristling with difficulties. There are some classes of goods which can only be bought in a specific country and of a specific manufacturer. These goods are bought and shipped irrespective of rebate or other systems. Given any particular description of goods, the first question in the mind of the buyer is, does he prefer British, American, or Continental makes? To that country the merchant is first impelled to send the order. There are some classes of goods, however, as to which the country of origin is not so emphatic, and in the shipment of which the question of transit charges operates. Suppose there is opposition in America fighting the Conference Lines, and the normal rate of, say, 25s. per ton is reduced to the cutting rate of 10s. per ton, the tendency, of course, is for orders that can be diverted to America, to be so diverted. In this respect, therefore, the freighting rate existent at the time materially operates, yet not so much, because a rebate system may be in existence elsewhere, but because the rate of freight prevailing at the place and time is a fighting rate.

19. There is, however, a permanent system of German subsidised rates which specially and prejudicially affects British trade. In the South African trade the scheduled rates of ocean freight from the shipping port, be it the United Kingdom or the Continent, to the receiving port in South Africa, are, speaking generally, identical. Before the late Boer War preferential arrangements were made with the then Netherlands Railway as to railway rates from the Colonial coast port to an inland town in South Africa. Under those arrangements at that time a through bill of lading route from Germany was established by which the German merchant or manufacturer could ship goods from an inland town in Germany to the Transvaal. But since the Boer War no such Colonial Railway preference rate exists. Accordingly, with the ocean freight identical, the only preference operating to the prejudice of British manufacturers consists in the ordinary cost of carriage from an inland town in the United Kingdom to a British port as compared with the reduced cost of carriage from an inland town in Germany to a Continental port. It is believed that the German Government subsidises their railway system and also their steam lines to the ports of Delagoa Bay and Durban, to which ports a through bill of lading is still possible. These arrangements operate prejudicially to British interests. The Committee have given up as at present insoluble the problem in regard to the German system as to the division of the cost of charge between their land transit and their steamship transit.

20. If rebates are to be abolished, it seems that there is only one mode by which their abolition can be effectuated, and that is by legislation. It was proposed by two South African representatives at the Freights Conference in London that the legislation as regards South Africa should be by a Rebates Prohibition Act. The Bill as then drafted appeared to be of too drastic a nature. If, however, such South African legislation is to be devised by the various South African Governments, it must, we submit, be of a nature to receive the consent of the Imperial Government and in consonance with International Law. If the circumstances of steam transit to South Africa justify independent action by the South African Governments in their own interests, due regard

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should also be had to Canadian and Australian interests. If, on the other hand, the rebate system is retained, the following conditions must be secured :—

- Reasonable rates of freight ;
- Modification of the terms of the rebate system inclusive of adequate protection ;
- Abolition of preferential contracts ;
- Despatch of steamers on fixed dates ;
- Undertaking by shipowners not to take cargo on ships' account, except coals to fill up ;
- New classification of goods and at the reduced rates of freight ; and
- The system of arbitration defined above to cover all points in dispute.

3. (Chairman.) Now, I will ask you some questions with reference to this document which you have handed in. Where does the South African Merchants' Committee meet?—It meets in Winchester House in the City.

4. What are the objects of the Committee?—The objects of the Committee are primarily the consideration of questions of rates of freight, and secondarily, all matters pertaining to the interests of the South African trade, and the Committee has powers to confer with all Governments, whether imperial or colonial, on the subject.

5. I think you state that it consists of 25 firms?—That is so. Those firms are elected by the whole of the South African trade resident in and about the United Kingdom, including Scotland.

6. The Committee itself is composed of merchants, I suppose, who have houses in South Africa?—That is so, or else they may be acting as agents for other houses, or as agents for some of the important municipalities who have no direct agents in this country.

7. I see that you go on in this document to enumerate the steam lines running to South Africa. Those steamers sail from different ports in the United Kingdom, do they not ; let us take first the Union-Castle Line?—They load chiefly from London or Southampton.

8. The Bucknall Line?—They load from London.

9. The Clan Line?—They load from London, the Midlands, and Glasgow.

10. The Ellerman-Harrison Line?—They are somewhat the same.

11. And the Houston Line, are they about the same too?—Yes, they are about the same.

12. Then from the Continent there is the German East African Line, and the German Australian Line?—Yes. They load up at Antwerp and on the Continent.

13. They are German companies, are they not?—They are.

14. The Union-Castle Line loads about four times a month at Hamburg and Antwerp, and the Bucknall Line once in three weeks?—Yes.

15. The Woermann Line, which is the next line that you mention, does not go to South Africa, does it ; it only goes to West Africa, I understand?—It goes to North African ports on the West Coast, and down as far on that coast as Walfisch Bay.

16. You say all the lines from the United Kingdom and the Continent are, with few exceptions, despatched with regularity and, speaking generally, whether they are full or not full?—That is so.

17. That is to say, their dates are announced, and they sail on those dates so announced?—It is so, with very trifling exceptions.

18. So that there is what may be called a regular service?—Yes.

19. Now, taking the lines from America, I see they are the Union-Clan Line, the American and African Line, the Prince Line, the Houston Line, and the Hansa Line. Are the sailings of those vessels regular?—The sailings of those vessels are according to the requirements of the trade prevailing at the time of their despatch. They are not regular in the same sense and to the same extent as those from the United Kingdom.

20. What is the effect of that? Are there any complaints on that head?—No, I am not aware of any complaints on that head, except, of course, it has an indirect bearing on the question of the rates of freight;

because when you know a steamer is going on a given date, whether full or not full, that contrasts with those steamers which only go when the necessities of the trade demand.

21. Then you speak of some sailings from Canada, and then comes an important statement as regards deferred rebates?—May I explain that I have endeavoured in this Memorandum to follow the instructions which I presume emanated from this Commission as to the topics with which I should be expected to deal.

22. We are much obliged to you. You say this system of deferred rebates is now operative in all the steam lines trading from the United Kingdom and from the Continent (by the Continent meaning chiefly Germany and Belgium), and from Norway and Sweden ; but it is not at present operating in the steam lines from America or Canada, you say?—That is so.

23. You describe at some length in your next paragraph what that system of rebates is. Does it not in effect come to this, that the effect of the rebate system is that the shipowners keep in their hands for nine months 10 per cent. of the freight which would have become due during the period of six months?—I have endeavoured to express it literally in the paragraph. It is six months and nine months so far as concerns the South African trade ; but as I have said in my brief of evidence, at the Conference held at the Colonial Office, the shipowners intimated in their other proposals their willingness to modify the terms of their rebate circular by altering it to the six months' period payable six months after. The suggestion was for 12 months, all in all, instead of 15 months.

24. What is the object of this rebate system? Is it to prevent the shippers from doing business with what may be called outside steamers?—It arises by reason of an agreement made between the merchants and shippers on the one hand, and the signatories of the Conference Lines on the other, whereby if the merchants agree to send all their goods by the Conference Lines, they will receive a commission of 10 per cent., so that the shipowners may have the merchants' goods regularly.

25. You speak of an agreement, but when was that agreement come to?—An agreement was come to originally—

26. Have there been several agreements?—The first agreement bore date 27th January, 1898 ; and in consequence of an alteration amongst the Conference Lines themselves—principally by the addition of the Ellerman-Harrison Line and the Houston Line—that agreement was re-affirmed on the 1st March, 1904.

27. Who were the parties to the agreement of 1898?—The South African Merchants' Committee.

28. And the steamship companies?—Yes.

29. How many of those companies?—May I speak from the last agreement, which is the up-to-date one?

30. First tell me, if you please, can you furnish us with a copy of the first agreement?—It is the same identically as the one I am holding in my hand, with the exception that the signatories were altered by reason of the alteration of the steam lines.

31. Then we will keep to the second agreement ; what is the date of that?—1st March, 1904.

32. Will you hand that in?—Yes. (See Appendix No. XXIX).

33. I should like you to tell us whether that is between the same committee and the shipowners?—I do not know that I can say it is the same committee, but it is a continuation of the committee. Our last committee, as I think I explained, was elected by ballot from the whole trade ; but in essence it is the same committee.

34. Does the committee represent the South African merchants?—We call them South African merchants.

35. I think I had better read this agreement or document. " Referring to the notice to shippers, dated the 27th " January, 1898, shippers to all ports of the Cape Colony " and of Natal, and to Delagoa Bay, are hereby informed " that until further notice, and subject to the conditions " and terms set out herein, each of the undernamed " companies and lines of steamers will continue to pay " to shippers by their line a commission of 10 per cent. " calculated upon the net amount of freight received by " such company or line from such shippers on their " shipments from the United Kingdom and the Conti-
or

"nent. The said commission to be computed as hitherto every six months up to the 1st March and 1st September in each year, and to be payable nine months after such respective dates to those shippers only who, until the date at which the commission shall become payable, shall have shipped exclusively by steamers despatched by the undernamed companies or lines of steamers respectively, from the United Kingdom and the Continent to ports of the Cape Colony, Natal, and Delagoa Bay, and provided that such shippers, either as principals or as agents, have not directly or indirectly made or been interested in any shipments to any of the aforesaid ports by steamers other than those despatched by the undernamed, and also provided that the Statement of Claim for such commission shall be made, in the annexed form, within twelve months of the date of shipment, to the company or line of steamers which shall have carried the goods in respect of which the commission is claimed. The above commission is not payable on the goods of any consignee who directly or indirectly imports goods by steamers other than those despatched by the undernamed companies and lines of steamers. The application of this clause was arranged with the South African Merchants' Committee." The lines are the Union-Castle Mail Steamship Co., Limited, the Clan Line Steamers, Limited, the Bucknall Steamship Lines, Limited, the Natal Direct Line, the Aberdeen Direct Line, the Ellerman-Harrison Line, and the Houston Line. Then there is this memorandum: "Shipments from Continental ports by steamers of Deutsche Ost-Afrika-Linie, and Deutsche Australische Dampfschiffs Gesellschaft, will not pre-judice claims under this circular." Does that mean that the two German lines are excepted?—They are not exceptions, but they are in alliance.

36. Do you mean that they are placed on the same footing as the other lines?—They are placed on the same footing with those lines as we are with the Conference Lines. May I explain that that memorandum which you are holding in your hand is the outcome of the conference between the South African Merchants' Committee and the steamship owners engaged in the trade with South Africa, the last meeting of which was held on the 9th March, 1893? It is usually referred to as the Compact which exists between the merchants on the one hand and the Conference Lines on the other. If you desire it I shall be very happy to put in the document in question. (See Appendix, No. VII.)

37. This is a document headed "Conference between the South African Merchants' Committee and the steamship owners engaged in the trade with South Africa"—I ought to apologise for interrupting you, but may I say that this is the whole record of the whole of the various meetings between the Merchants' Committee and the steamship owners? It sets out all the details, but the compact which originally resulted from those meetings is that which I have just given. It is a summary by agreement of all those preceding meetings.

(*Mr. Birchenough.*) Do I understand that this compact is dated five years before the first agreement to which this witness refers?

(*Chairman.*) The first resolutions are dated the 10th October, 1892.

(*Mr. Birchenough.*) But the date of the first agreement which the witness gave was 1898.

38. (*Chairman.*) It seems that there were resolutions passed by this Committee, and then there were joint meetings, the first being held on the 27th October, 1892?—There was a series of conferences between the merchants on the one hand and the steam lines on the other, and the document which I have handed in to the chairman records the resolutions passed or being discussed at each of those meetings. The summary is dated the 9th March, 1893; and that is usually referred to in the South African trade as the compact which exists between the Conference Lines and the merchants. Why I say that the document of 27th January, 1898, is the first agreement is because that document, the blue paper which you are holding in your hand, is signed by each merchant as a contract between the firm of merchants signing that blue document and the Conference Lines. That is why I draw the distinction between the compact of the 9th March, 1893, and the agreement of the 27th January, 1898.

39. Was that document, which you call the compact, signed?—It was signed by me as chairman of the meeting at which it was agreed to. We have the minutes of it.

40. Was it signed by the shipowners?—No, it was signed by me on behalf of both parties.

41. As the result of those meetings?—As the result of those meetings it was finally summarised on 9th March, 1893.

42. When was the system of rebates acted upon for the first time?—It has grown up like a great number of things do grow up in this country. It began, if I can charge my memory correctly, with 5 per cent., then it gradually increased to 10 per cent. The system of rebates was in existence at that time to the best of my belief.

43. Was it in existence at the time when those meetings took place in the year 1892?—To the best of my belief, yes; but whether it was then 5 per cent. or 10 per cent. I cannot charge my memory with. If I answer you off-hand, I should say that at that time it was 5 per cent.

44. But after the compact was entered into the system became a fixed system—an established system, did it not?—Yes.

45. Does the compact say anything about the rate of freight?—It closes with that.

46. Just show me where there is any stipulation as to the rate of freight?—I do not think there was.

47. What I want to know is this: Under this compact, are the shipowners at liberty to fix any freight they please without consultation with the merchants?—It has been the rule in the trade for the rates of freight to be settled from time to time in conference with the merchants.

48. That has been the practice, you say?—That has been the actual practice.

49. How often do the freights vary, generally?—I do not know that I could answer that question, but I can give you the rates of freight obtaining at the present time.

50. Are they varied during the year?—No; they generally go through the year.

51. Supposing there is an intention to alter the freight, is a meeting of the Committee summoned?—Yes. If there is any notification on the part of the Conference Lines that they want to vary the rates of freight, I call a meeting of the South African Merchants' Committee, and we discuss that matter. It is either conducted by means of correspondence, or, if we cannot agree by means of correspondence, we meet face to face and discuss the matter.

52. So that the freights are generally varied according to an agreement come to between the merchants represented by the Committee and the shipowners?—Yes; speaking generally, that is so.

53. Here is a passage which, I dare say, you can explain; it is paragraph 7 of the Memorandum you have put in:—"The conditions of the South African rebate system applicable to shipments from the United Kingdom are that consignees who avail of it receive a commission of 10 per cent., provided that they do not directly or indirectly import goods by steamers other than those despatched by the Conference Lines. It will thus be seen that this rebate system is inseparable from the Conference Lines"—all that is clear enough. The present position is that a merchant must confine his shipments to the Conference Lines and accept the 10 per cent. commission or forfeit this rebate and be handicapped by the loss of this commission in his competition with his brother merchants, there being no other opportunity for the shipment of his goods. Such is the normal position in the South African trade, assuming there is no opposition." Now I come to a passage which, I regret to say, is not quite clear to me. Assuming, however, that an opposition is in existence, and also assuming that any firm of merchants, say X, resident in the United Kingdom, are acting as the agents for a number of firms in the colonies, say A, B, C, D, and yet further assuming that A and B, as to their shipments, notify X that for them X must not avail of the terms of the rebate system, but must ship in the opposition, then in this eventuality, according to an agreement arrived at on 27th January, 1898, between the Merchants' Committee and the Conference Lines, liberty is given to X to make the A and B shipments in the mode A and B require without X forfeiting the

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"rebates." Can you explain that a little? It is not quite clear to me?—May I ask on what point it is not clear?

54. What do you mean by "Assuming, however, that an opposition is in existence"—an opposition in what way?—Without unduly pointing to any particular opposition, we will take the Houston Opposition. Assuming that line is in opposition, then all this will take place.

55. That is to say, it is an opposition of merchants or shipowners; is that it?—No; it is an opposition of the Houston Line.

56. By the shipowners?—By the shipowners—the steam lines.

57. That is to say, by opposition you mean another company or line which proposes to carry the goods?—Precisely.

58. Assuming that any firm of merchants resident in the United Kingdom are acting as the agents for a number of firms in the Colonies and that those firms notify X that X must not avail himself of the rebate system, but must ship in the opposition, then according to the agreement come to in 1898, liberty is given to X to make the A and B shipments in the mode A and B require without X forfeiting the rebates. You say that was come to under an agreement of 27th January, 1898; have you that document here?—Yes. (See Appendix, No. VIII. G). That is a document of even date practically with this document. The other was *verbatim et literatim* the same, and it bore the signatures of the then Conference Lines.

59. What you state here in this document which you have just handed in, is the arrangement come to, namely:—
"The South African Merchants' Committee having, in the correspondence with the South African Steam Lines engaged in the South and East African trade dating from the 24th February, 1897, until the present time, made proposals with regard to the rebate system, and assurances having been given by the said steam lines in that correspondence to the effect that protection would be provided for shippers undertaking to support the steam lines, it is agreed at a Conference to-day between the South African Merchants' Committee and the South African Steam Lines engaged in the above trade as follows:—
"1. In consideration of the continued loyal support of the South African Merchants' Committee and of Shippers to South and East Africa who may comply with the conditions herein stated, the steam lines agree that Clause 3 of the 'Notice to Shippers' shall not be held to disentitle such shippers to the enjoyment of the commission on their other shipments if compelled under instructions to ship the goods of a client by an opposition steamer"—My paragraph, to which you have called my attention, is the best I could devise to explain to the Commission the actual working out in practice of the clause which you have just now read.

60. It really relieves the agent from the penalty which was imposed by the former agreement; that is its meaning, is it not?—If I may put it personally, not only is my firm agent of our own house in South Africa, of which I am the senior partner, but I am the agent of a great number of other houses in South Africa, and also of some important municipalities in South Africa. In the discussions which took place with the steam lines a point arose as to how my action—excuse me putting the personal pronoun, but it is done simply and solely with a view of giving you the best explanation I can—

61. It makes it much clearer?—I want to show how I might be affected in case some of my clients said: "No, we wish to support the opposition, and we give you instructions to ship our goods by the opposition." In point of fact, it did arise with a very important municipality. They entered into a contract with the Houston Line, and by virtue of that clause I was able to ship by the Houston Opposition Line without being hindered in any way as to my rebates with regard to my other shipments by the Conference Lines.

62. (Mr. Birchenough.) Previous to that agreement you would have been penalised, would you not?—Previous to that agreement no opposition existed. It was only when we were discussing the whole matter that I began to foresee the possibilities, some day or another, of an opposition coming on. Before it came on the eventuality was discussed, and in this manner arranged for.

63. (Chairman.) I think we now clearly see how the matter stands. It really relieved you from a penalty which was imposed by the terms of the previous arrangement—?—I have received one or two questions from the Secretary on this point, and I do not know whether I should answer them now—it is *ad rem*; or whether you wish me to reserve my answers until the question is put.

64. I think we had better go on with this; I will come back to those questions afterwards. Your next important paragraph is this: "It is difficult to summarise the pros and cons of the rebate system, so as to decide whether the rebate system is on the whole prejudicial to British and Colonial trade?"

(Sir John Macdonell.) Would you mind putting a question with respect to the last portion of the paragraph with which the witness has been dealing?

(Chairman.) "Assuming, however, that A and B required at a special time, and for special shipments, any goods to be carried by the Conference Lines, these Lines have upheld their right to charge X in respect of the shipments of A and B a higher rate of freight?"

(Sir John Macdonell.) Is that the present practice?—It arose in this way: Assume a firm shipping—as by far the greatest proportion of shipments are—a given class of goods, say goods at first-class rates, and those goods during the time of the Houston Opposition were required by the firm who had entered into an arrangement with the Houston Opposition to be received by the mail lines—for example, assume they are soft goods, as we term them in our trade and that the shipper had made an arrangement with the Houston Opposition, but all of a sudden a demand might arise from any specific line of those goods, and then that shipper who had been using the Houston Opposition might be called upon to go to the mail lines and say, "Now, this is an urgent demand for this class of goods, and I want to ship by your mail lines"—then I say, that those lines upheld their right to charge X in respect of the shipments of A at a higher rate.

65. (Mr. Birchenough.) A higher rate than the schedule rates; that is to say, they upheld their demand to charge him what they liked?—That did not come before me in any sense or shape, and that is why I have asked the Chairman whether he would like me at this point to read the answers to the questions which indirectly bring up your point.

66. (Chairman.) Do you think it would be more convenient for you to answer those questions now?—I am entirely in your hands, but it is *ad rem*. to this.

67. Very well?—Under the agreement of the 27th January, 1898—this agreement which we are now discussing—a consignee who, directly or indirectly, imports goods by an opposition line is liable to the forfeiture of his rebates, and it is believed that when the Houston Opposition was in operation, in some instances shippers to such consignee did forfeit their accrued rebates; in other words, they went over to the opposition and broke with the Conference Lines. If the instructions to ship the goods of a client by an opposition line originated wholly from the consignee, no action, of which I am aware, has been taken by the Conference Lines, and the same shipper could ship to the given consignee by the opposition, and to other consignees by the Conference Lines without forfeiting his rebates due to such other consignees. I have already given you one illustration with respect to my own firm and with respect to one municipality. It has been stated that in the instance of an agent who ships for various clients having been instructed by one, or more than one, consignee to ship by the opposition line, his shipping clerk was informed by a clerk or clerks of the Conference Lines that if the shipper did forward his goods by the opposition he would lose his rebates for his other clients, whose goods were sent by the Conference Lines. But on the shipper himself seeing the Conference Lines, the threats of the clerks were not acted upon. That is why I say I am not aware of any action which has been taken by the Conference Lines. Assume, however, a given consignee employed more than one firm in the United Kingdom say X and Y, to ship his goods; and also assume that the same consignee received by means of, say, X his goods by the Conference Lines, and through another agent, say Y, his goods by the opposition line, it might arise that the Conference Lines would refuse to pay X the rebates due on his shipments for this given consignee. In one known instance this did result, and X himself paid to his consignee such rebates or he would have lost the business of

such consignee. If shippers on this side, without instructions from the consignee, availed themselves of the opposition line for any one consignee, and of the Conference Lines for other consignees, it has been alleged that they were threatened with the loss of their rebates by the Conference Lines if they shipped by the opposition line. It will be noted that the Commission Circular of March 1, 1904, deals with the consignee, the shipper being the medium through whom the consignee receives his rebates.

68. (*Sir Hugh Bell.*) I do not quite understand to what period the paper which you have just read refers?—To the period of the Houston Opposition.

69. Would you mind saying the date to which it refers? Perhaps I had better put it explicitly to you. Does that refer to a period prior to January 27, 1898?—No.

70. Does it refer to a period after?—It refers to the period during the Houston opposition.

71. (*Chairman.*) When was that?—During the Boer War.

(*Sir Hugh Bell.*) You assume knowledge, which we some of us do not possess, as to the exact date of the Houston Opposition.

72. (*Mr. Birchenough.*) It came to an end in 1903, did it not?—The Boer War lasted from October, 1899, to May, 1902, and it was at or about that date. I rather think that in one part of my memorandum I have stated when the Houston Opposition began and when the Houston Opposition ceased.

73. They came in in 1903, I think?—The Houston Opposition terminated, I believe, in 1903.

74. (*Chairman.*) Is there any opposition line now?—None.

75. Since what time has there ceased to be any opposition line?—Yes, since the Houston Opposition which terminated, I believe, in 1903. That was the reason why in the Circular, which I have handed in to the Commission, dated 1st March, 1904, you will find the name of Houston & Co. as one of the co-signatories to the Conference Lines.

76. There are South African merchants who complain of the system, are there not?—I believe there are.

77. Are those merchants represented to any extent by your Committee?—Perhaps the best mode in which I can answer that question is to say that a committee meeting was held on the 23rd January, 1907, and a ballot took place on two points. Knowing the state of affairs, I had a short ballot paper put out and on that ballot paper was put: "(1) Prefer the abolition of rebates; (2) Prefer the retention of the rebate system guarded by the conditions expressed in the evidence." I should explain to you that every word of my brief of evidence has been submitted to the South African Merchants' Committee and passed by them line by line. There were present 20 members of the Committee, and the voting was as follows:—For the abolition of rebates, one vote; one firm did not vote at all; and for the retention of the rebate system guarded by the conditions expressed in the evidence, there voted 17. As chairman, I did not vote. My clerk telephoned to those members that were absent to know in what way they would have voted had they been present, and their answer to him was that they would have voted for the retention of the rebate system guarded by the conditions expressed in the evidence. There was one important firm who used to be on our Committee who, to my great regret, was not elected at the meeting of the trade held in November last which appointed the existing Committee; and that firm has always been opposed to the rebate system more or less, although that firm took part in the formation of the compact of 1893.

78. (*Mr. Maddison.*) Are there any firms outside your Committee who are not members of your Committee?—Of course. The Committee is a Committee elected by the whole of the South African trade.

79. (*Chairman.*) I was just going to put that question. I want to know exactly what your Committee is, that is to say, who elect your Committee?—The whole trade called by public advertisement.

80. There is a public advertisement which is addressed to the whole trade?—Yes.

81. (*Mr. Maddison.*) The advertisement is to the whole trade, but my question is: Do all the trade respond?

Are there firms that do not respond and that do not elect the committee, and take no part in it at all. In other words, are there firms who stand outside?—I cannot answer that question. I am not aware of any. I suppose, taking the whole of the South African trade in the United Kingdom, it may be possible that there may be firms outside.

82. But you do not know of any?—I can only assume when you call a public meeting of the whole trade that if those people do not choose to attend, either they take no interest in it, or are neutral.

83. My question to you is, do you know any firms that did not attend?—I have already answered that I know of one eminent firm; but personally I do not know of any firms other than that which I have already mentioned.

84. (*Mr. Owen Philipps.*) We may take it that it was a fairly representative meeting of all the important firms in the trade?—Yes.

85. (*Mr. Birchenough.*) On that I should like to ask a question. The firms which the Committee represents are not necessarily firms actually carrying on business with South Africa, but they may be firms who are merely the agents for such firms as do?—Quite the contrary; absolutely the contrary.

86. I ask the question; I make no assertion?—I reply to it by saying it is absolutely the contrary. Most of the firms who sit on that Committee are the heads of their own commercial houses trading in South Africa, the seniors or partners of which are resident in the United Kingdom.

87. I ask because there might be a difference of interest between the smaller houses trading in South Africa and the agents or shipping houses who act for them in this country, and I wanted to bring that out. I ask this question therefore: Does the Merchants Committee represent not only the large houses carrying on business in South Africa, but also the agents of the smaller houses carrying on business in South Africa?—Yes and no. The Committee, as I have endeavoured to explain in the first paragraph of my brief of evidence, are the heads of the commercial houses trading in South Africa, and that Committee is usually elected with reference to a fair representation of all those houses in South Africa whether they are carrying on trade in the coast ports or in the inland towns. Those houses are also agents of other houses in South Africa, but I believe I am right in saying that the firms now represented on the South African Merchants' Committee are all of them merchants as well as agents.

(*Mr. Birchenough.*) As representing the South African Governments, I must endeavour to bring out one point very clearly, and that is the representative character or otherwise of the South African Merchants' Committee. Mr. Soper has told us that when a vote was taken of the Committee of the South African merchants in favour of or in opposition to rebates, the voting was one against rebates, one neutral or not voting, and 17 in favour of the retention of rebates. It is a notorious fact that there is a very strong opposition to the rebate system in South Africa, and if we were sitting in South Africa there would be a very strong representation against it. I make no assertion and no comment, but I wish to point out that there is a very curious discrepancy between the voting of this Committee in London and the agitation in South Africa.

(*Chairman.*) That you must do by putting the question to this witness.

(*Witness.*) Am I to meet the remarks of Mr. Birchenough?

88. (*Chairman.*) I will first ask you one or two questions perhaps which may throw a little light on the subject. The principal firms carrying on business in South Africa are well known, are they not?—I hope so.

89. I mean they are, of course, well known?—Yes.

90. Can you state Aye or No whether the great majority of those well-known firms are members of your Committee?—I have already answered that question by saying—

91. Yes, you have, but I want you to say it once more, if you do not mind?—I am now speaking of merchant firms—I am not speaking of the British South Africa Company, because I do not look upon them as merchants; but speaking of merchants, I believe that there is only one important firm not now sitting on our Merchants'

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Committee, which was sitting on it up to the last election of the Merchants' Committee.

(Mr. Taylor.) In reference to this vote, would you ask Mr. Soper whether one of those firms voted No, that is, voted against the abolition of the rebate system—in other words, whether it was a clean vote on the question of the rebate system as it exists to-day in South Africa, or whether it was complicated with this vote on the rebate system safeguarded? Was the issue before that Committee? Are you in favour of the rebate system as it exists to-day, Aye or No?

(Chairman.) If you will allow me, I think we shall be coming to that later on; it is a very important question.

(Witness.) Would you allow me to answer that?

(Chairman.) If you like.

(Witness.) My object in sitting here is to endeavour to give you the truth and the whole truth, without bias of any sort or kind. On my brief of evidence, which was passed line by line (I will not go into it), I put two alternatives—If the rebates are to be abolished, what then? and if the rebates are to be retained, what then? It was only when I came to read that at the Merchants' Committee and it was passed, that I said to them to the best of my belief something like this—Now I am quite certain that the members of the Royal Commission will ask me the question, which do you prefer? It was in anticipation of that question that I put that balloting paper before them, and that was done after every line of this agreement had been passed by the Merchants' Committee. Therefore they were cognisant of the whole position up to date.

(Professor Gomer.) This is really a very important point; perhaps it is not your wish that we should pursue it at the present time, but I hope we shall be able to pursue it later.

92. (Chairman.) Yes, but I wish the examination to be as regular as possible. What I want to make as clear as possible is that which is evidently desired, namely, the representative character of this Committee. We are on that point now, and we shall get very confused, I think, if we do not keep to particular points. (To the witness): You very clearly stated to me that in your opinion all the important firms carrying on business in South Africa are fairly represented by your Committee?—To the best of my belief that is so, although I am perfectly cognisant—as cognisant as Mr. Birchenough—of the intense feeling in South Africa against a rebate system as such; and I have referred to that in my brief of evidence.

93. You say you are aware of the strong feeling entertained in South Africa by some persons against the system of rebates; now by what persons, I mean firms, in South Africa?—I am afraid I could not answer that question. One of the firms in South Africa is a firm represented on this Committee of ours who prefers the abolition of rebates.

94. Pardon me, but one would infer from what you have stated that there would be only one or two firms in South Africa who were discontented with this system of rebates; do you think there are many firms in South Africa who are discontented?—With all my desire to answer that question, I am afraid I could not answer it, except upon the generic position that there is a generic dislike in South Africa to the rebate system.

95. By whom entertained?—By the mercantile community, if I may put it in that way.

96. Then the mercantile community is not represented by your Committee?—Some of it is, as I have already explained.

97. I am sure you will help me on this point, as I only wish to get to the bottom of the matter?—I am afraid I have been trying for a great number of years to get to the bottom of every point you are putting to me, but I have failed.

98. Perhaps you will help me a little, now that we have got so far. You admit there is that strong feeling in South Africa against the rebate system, and I want to ascertain how you know that?—I have expressed that in my brief of evidence.

99. Do you know that from letters? Do you know it from any communications you have received? How do you know it?—I know it from the Colonial Conference which met here for one thing.

100. Now we are coming nearer?—They came home on that very object, and, as I have endeavoured to explain in one part of my brief of evidence, although the rebate system was objected to as a system, yet, in all probability, had the Conference Lines reduced their rates of freight an arrangement might have resulted.

101. Allow me to observe that I have noticed that fact, but perhaps you will explain this: The only objection, or almost the only objection to the rebate system is, is it not, that it makes the freights too high?—Are you asking me to endeavour to reflect the opinion of South Africa?

102. I mean, is it not true that the main objection to the rebate system is that it causes the freights to be excessively high? I do not say that is a right objection, but that is the main objection is it not?—I think not wholly; so far as South Africa is concerned.

103. Then what is the main objection?—They hate the rebate system, because it is called the rebate system. As I said before, I am very anxious to reveal as far as I can the whole state of feeling.

104. I am sure you are?—I find in the Memorandum of the South African Merchants' Committee of the 30th November, 1905, there is a paragraph to this effect: "It will be noted that at the Congress of the Association of Commerce of South Africa held in Cape Town on the 24th February, 1905, the following amendment of the Colonial Conference's published proposals was carried by 28 to 19, and on being put as a substantive proposal it is said to have been carried unanimously: 'That this Congress is of opinion that the present rates of freight from the ports of the United Kingdom are excessive and considers that the objects of the Freights Conference can be best met by the various South African Governments legislating to make deferred rebates illegal under penalty, and to prohibit differential rates of freight to any private individual, firms or companies whatsoever.' That is about the most authoritative statement on the subject that I can give.

105. That is exactly what I meant. One main objection there stated is that the freights are excessive; I do not doubt that those who are opposed to a rebate system would not mind it very much if it were modified so as to reduce the freights?—I am not competent to answer that question.

106. Have you received any communications from South African merchants about this matter?—I have received two—one is from one of my old correspondents.

107. I do not want names?—Who is always writing to me animadverting very strongly on the rebates. The other was from the firm whose partner at home I assume recorded the vote to which I have already referred; that was one of the gentlemen who attended the Colonial Conference.

108. Have letters been addressed to your Committee by many firms carrying on business in South Africa?—No.

109. I see in paragraph 10 of your brief of evidence you speak of the *pros* and *cons* of the rebate system; you are personally in favour of the rebate system, are you not?—Yes. But I did not vote at that Committee; I was acting purely as chairman.

110. (Professor Gomer.) It would clear the minds of some of the Committee if you would tell us if you are in favour of the rebate system as it at present exists, or if you are in favour of a rebate system subject to the modifications and conditions which you have set out in paragraph 20 of your memorandum?—I am absolutely in favour of the rebate system as in paragraph 20, and not as it exists or as we work at the present moment.

111. Then the vote to which you have referred, was not as to the rebate system which at present exists, but as to the alternative between the rebate system as it at present exists, and the rebate system deprived of its chief consequences or what may be alleged to be its chief consequences?—It was on this formula—"Prefer the retention of the rebate system guarded by the conditions expressed in the evidence."

112. (Mr. Taylor.) May we take it that there never was a vote taken upon the rebate system considered as a system, and the vote which was taken was upon the rebate system subject to the conditions put down in paragraph 20?

(Chairman.) Is that so?

(*Witness.*) I did not propose to put the generic question: Do you prefer the abolition of a rebate system, or the retention of a rebate system, for the obvious reason that I had no authority to put any such question. But I did have authority, as chairman, to say: You have heard every tittle of this evidence, and here are two alternatives which, by your authority, will go before the Royal Commission; if I am asked which do you as a committee prefer, give me your authority to say which you prefer.

113. (*Chairman.*) But there has been only a vote in favour of one system, is it not so? What was the question you put at the meeting at which there was a vote?—These two questions. (*Handing in document.*) That is an exact copy of the small ballot paper. It was merely a little bit of notepaper sent round.

(*Chairman.*) I think I had better read this, as it may answer to some extent a question which some of the members of the Commission have just put. It appears that at a committee meeting held on the 23rd January, 1907, a ballot took place on the following questions: "(1) Prefer the abolition of rebates; (2) Prefer the retention of the rebate system guarded by the conditions expressed in the evidence." The voting was as follows: For (1) only one voted; for (2) seventeen voted. So that it really came to this, that the meeting was in favour of "the retention of the rebate system guarded by the conditions expressed in the evidence."

(*Mr. Mitchell.*) It is a vote for the rebate system if the rebate system could be modified according to the conditions put down here.

114. (*Chairman.*) That is what strikes me also; and that, I believe, is your view too, Mr. Soper. If you are asked to say what vote the meeting came to, you would say they came to the conclusion that they would prefer the retention of the rebate system guarded by the conditions expressed in the evidence?—Absolutely. As I have already explained, there were five firms absent, and those five firms agreed with the seventeen.

115. What some of the members of the Commission wish to point out is that there was no vote in favour of the rebate system unmodified and unqualified?—That is so.

(*Mr. Mitchell.*) These conditions are very important.

116. (*Sir John Macdonell.*) Might I ask you whether or not you still are in favour of the rebate system not guarded by these conditions?—I have never had any experience of a rebate system that has not been guarded more or less by those conditions.

117. By all the conditions?—More or less by those conditions. We have been working under a rebate system under the compact of 9th March, 1893; we have always been working under that system. The present suggested modifications are considered to be an improved system upon the compact of 1893.

118. Are you in favour of a rebate system under a compact not improved?—Again that must be met by the question of whether a merchant is what I call him, an ordinary merchant, or whether he is not. If you wish me to put it into a concrete form, I will put it in this way: Take an ordinary merchant who ships his goods in small parcels, so to speak, and regularly, and you will find he prefers the rebate system. Take a merchant who has a whole cargo to ship. As I have said before, there are very few merchants who can do it, if any; but if you can take a whole cargo you do not want the rebate system. I so dislike to bring in my personality in the matter, but if I may illustrate it in that way I would say, for example, when we are buying cargoes of deals and timber and grain—and we are constantly chartering vessels for timber and grain—we charter those vessels in the open market, and we send them away, and no rebate system affects us.

119. I do not think you need go into details, but could you answer me the question whether you are in favour of the rebate system as at present worked without these proposed modifications?—Are you putting the question to me personally?

120. I am putting it to you as chairman of the South African Merchants' Committee?—I can only answer you on that question that we have been working under the compact of 1893, which is the rebate system with modifications not so extensive as those for which we are now contending.

121. I presume there are certain defects in the existing rebate system which, in your judgment, require to be

amended?—May I refer to paragraph 20 of my brief of evidence?

122. I have it before me?—As merchants, we are always glad to have more reasonable rates of freight.

123. (*Sir Hugh Bell.*) By "more reasonable" do you mean lower?—The next point is the modification of the terms of the rebate system inclusive of adequate protection. Now, we have contended that we did not have the adequate protection we required during the time of the Houston Opposition—

124. (*Sir John Macdonell.*) I do not think you need go into details now?—May I venture to say that I cannot answer your question properly otherwise?

125. May I ask you whether you are aware that the chief heads of complaint made in South Africa with respect to the rebate system are substantially the points which you have mentioned in paragraph 20?—No; because some of those already exist. The great point which we have is the abolition of preferential contracts; to that we do take most distinct objection. The despatch of steamers on fixed dates applied before this evidence was prepared, and applies now. But there is also another point which we are very anxious to press, and that is the system of arbitration which we think ought to be defined to cover all points in dispute.

126. (*Sir Alfred Bateman.*) These conditions of yours practically formed the programme that we tried to get the shipowners to agree to last year, did they not?—Practically, yes; but what has become more emphatic with us since our Colonial Conference is the abolition of preferential rates.

127. If we had got certain lowerings of rates, and one or two other things, these would have been practically the conditions on which the Colonial Governments sent their representatives here?—Practically, yes.

128. You and they would have been equally satisfied with these conditions?—Practically, yes.

129. (*Chairman.*) I will just ask you to explain some of these conditions. First, reasonable rates of freight; do you consider the present rates of freight sometimes unreasonable, and what do you mean by reasonable rates of freight?—It would weary the Commission if I were to read the rates of freight pertaining to all ports; and, therefore, I propose to take the Cape Town basis for the moment as a means of comparison. The Conference proposals were 40s. for class 1—

130. I do not think that will help one, if you will allow me to say so. I want to know on what principle you estimate whether the rates of freight are reasonable or not?—That brings up a very moot point on the question of the loading of a steamer, because, speaking generally, a steamer which goes from the United Kingdom to its furthest port and returns, has, more or less, a return cargo.

131. Of course, merchants would not object to the system of rebates if, at the same time, the rates of freight were very much lowered. What they care about is having their goods carried at a low rate of freight. Of course, if the freights are reduced enough to satisfy the merchants, they will not object to the system of rebates. Now, I want to know whether you are in favour of rates of freight being settled by arbitration; is that the system you have in view?—We were approximating very nearly to the rates of freight at the Colonial Conference, but it broke up on one or two points.

132. Surely the rates of freight must vary from time to time, must they not?—No.

133. Not?—No, not with regular liners for regular ports with different scheduled rates of freight.

134. So that you think you can fix the rates of freight for a year or two?—For a year at least.

135. (*Lord Inverclyde.*) What about coals?—Coals are always regarded as outside.

136. I am not thinking about cargo coals; I am thinking of bunker coals. The price of coals is very high just now, and that makes a difference, does it not?—Yes.

137. (*Chairman.*) So far, you think the rates of freight could be fixed by agreement between the parties?—We have tried to do it, and we had hoped we had obtained it, but it broke down.

138. (*Professor Gonnar.*) Will you continue that point, because I think it is really, if I may say so, one of the very essential points. We know that rates have

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been altered sometimes by competition, and I understood from some of the printed evidence we have that one of the objections to the rebate system was that it prevented competition fixing those rates. I am not urging that they should be fixed by competition, but I should like to ask you, if they are not fixed by competition, who is going to fix them, or what is going to fix them? Are they to be fixed under your suggestion by an agreement between the shippers and the shipowners, or are they to be fixed by an arbitrator from the Board of Trade? If you abandon the competition, you must have some power which can fix the rates, and as Lord Inverclyde has pointed out, certain charges occasionally vary, so you must have some power which will be able to vary the rates of freight. You have studied the question so minutely that I should be much obliged if you could tell us how the price or the rate is to be fixed under this modified system?—By conference between the merchants and the Conference Lines. The merchants know very well the general rate of freight in the open market for steamers, and they can approximate the difference between that general rate of freight for one steamer carrying one specific cargo of goods, and they can make allowances for the regular despatch, full or not full, and the calling at the different ports of a regular line of steamers.

139. (Mr. Reeves.) If there is no open market?—There is an open chartering market.

140. In the case of South Africa?—There is an open chartering market, because we are chartering goods all the day long. There is no opposition line, as a line, in South Africa.

141. (Mr. Taylor.) Do you say you are chartering steamers all the day long?—When I say all the day long, I mean we are not unfrequently chartering ships.

142. Are not the rebates forfeited if you charter?—No. Supposing to-morrow I could put on a steamer and load the whole of that steamer with my own goods and consign them to my own consignees, then the rebate would not apply to that.

143. (Professor Gonner.) The chartering does not forfeit your rebates then?—No.

144. Do you take it that there is sufficient competition to give you a standard as to what the rate of freight should be?—May I say respectfully that I cannot accept that word "competition" because there is only a competition when you get a line of steamers in, such as the Houston.

(Professor Gonner.) Then I will say a sufficient alternative route, for that is what I mean. My difficulty is simply this, that you put down, may I say, as one of the modifications, the very point on which the whole question turns, and I want to know, how these reasonable rates of freight—I accept the word "reasonable" and I do not go into the question—are to be arrived at?

145. (Chairman.) I suppose you will say that there is no reason why the parties should not agree as to the rates of freight?—It is what we have done hitherto.

146. Even competition implies ultimately an agreement as to the rate of freight, because the parties must agree as to the rate of freight?—There can be no competition unless you get what we call opposition in a regular line of steamers running against the present lines of steamers. Then you will get what we call competition. In the other case, you get an agreement or an arrangement.

147. (Mr. Lawrence.) I see no reason why the shipowners and the merchants should not be able to come to such an agreement from time to time?—Speaking for ordinary merchants, we have not seen the difficulty and have not felt it.

148. (Chairman.) I think, if you will allow me to say so, that you have made the first point clear; I think we see exactly what you mean. Now, take the modifications of the terms of the rebate system, inclusive of adequate protection; do you mind saying a little more about that?—It is dealt with fully in paragraph 13 of the memorandum of evidence beginning, "In regard to the latter, 'at the time of the disturbance of all shipping matters 'in 1902.'"

149. It goes on: "The points to which merchants object are—(1) only the Conference Lines are judges as to whether any given case demands their concurrence; (2) the protection is to be only granted where shipments have been made within seven days before or seven days after shipments of a similar character made

"by an opposition line"?—May I trouble you to pass on to the next paragraph?

150. "In the discussions in 1902 on this clause the Conference Lines demanded that the quantity of goods to be subject to the concession in rates of freight should bear proportions relative to the sum total of tonnage provided by the Conference Lines as compared with that provided by the opposition line. The rates of freight were after much negotiation found capable of adjustment. The refunds also were agreed to be paid in cash immediately on shipment. In the instances of the goods on which the reductions were made, nett prices, independently of rebate, existed, and were accepted both by those merchants who were shipping goods by the Conference Lines, and by the shippers by the opposition line. At the Freights Conference at the Colonial Office the rebate system theoretically, and as a rebate system, was not approved; and yet, generally, it probably would have been accepted had an adjustment with the Conference Lines been attained on the following points, viz.:—rates of freights to be reduced; modification of the terms of rebate system; abolition of preferential contracts; despatch on fixed dates; shipowners not to take cargo on ships' account," and so on. What do you mean by modification of the rebate system—what modification is it?—On this very point of what is called protection, having reference to clause 4 of the compact of 1893.

151. (Sir Alfred Bateman.) Did you not mean the shortening of the term?—Yes; incidentally that was so. But taking this document, I state, if you will remember, in the earlier part of it that "at the Conference held at the Colonial Office the South African shipowners intimated in their other proposals their willingness to modify the terms of their rebate circular by altering it to a six months' period payable six months afterwards."

152. (Chairman.) What do you mean by "despatch on fixed dates"? I thought the rebate system ensured the despatch at fixed dates, and I thought that one of the merits of the rebate system was that it made the service regular and continuous?—That is one of the incidental advantages of it.

153. Is there any complaint that the service is not regular?—None; there is no complaint.

154. Then I do not see why you put that in—the despatch on fixed dates. Just look at your paragraph 15?—Merely for a continuance of the agreement, so that the point should not be overlooked.

155. At paragraph 16 you say there is an important point to which attention ought to be directed—namely, the arbitration clause. Would that arbitration extend to the fixing of rates of freight?—It would extend not only to the question of the rates of freight, but also to the question whether the different kinds of goods are properly adjusted to the various classes 1, 2, 3, 4, and 5 on which the different rates of freight are to be charged.

156. Has there been any meeting at which these alterations were proposed?—If you mean since the Colonial Conference, there has been none.

157. Do you think, if the meeting were held, the shipowners would agree to these modifications?—I cannot say.

158. You do not know?—If they were wise they would.

159. If they did not agree what course would you propose—to go back to the old system?—Either there must be rebates or there must be a free freight market if you will not have rebates. The shipowners will not abolish the rebates—that is clear. There is only one way of abolishing them, and that is by legislation, as I say in my brief of evidence. "If rebates are to be abolished, it seems that there is only one mode by which their abolition can be effectuated, and that is by legislation."

160. As you have had very great experience, I want your opinion upon this point. Supposing the shipowners did not agree to any modification such as is here suggested, would you recommend legislation?—I cannot recommend legislation, because I see the difficulties for a colony to enact legislation. But, then, I know that I shall be told when this gets out before the world, "Mr. Soper, what do you know about it? You do not live in the colony. You do not feel the effect of the breath of the colony, and you cannot

"pass any opinion on it." But to me that seems the only feasible way of abolishing the rebate system if the Conference Lines will not agree. It is the very essence of the Conference Lines that they should endeavour to the very utmost of their ability to meet the wishes of their customers—may I put it in that way? And that being the case, I do not see why, if they are reasonable people, they will not meet us. As you put to me the other horn of the dilemma you throw me at once on to legislation, and then if you ask me if I prefer legislation I am bound to point out to you the difficulties that I see even in legislation.

161. You would prefer the parties coming to an agreement?—I should.

162. Do you think that practicable?—It is very difficult to answer that question. I cannot answer for the other side. When two men have to make a bargain, as has been found out by one of the members of the Royal Commission, it is a very difficult thing to strike that bargain.

163. You are not prepared to say that if some bargain of that kind is not struck legislation may not be necessary?—To that question, in the way in which you put it, I say No, I am not prepared to say that. May I say, however, with great respect, that it is a very cautious question, and I am answering it as cautiously.

164. (*Lord Inverclyde.*) Look at paragraph 2 of your memorandum of evidence; you give there the steam lines running to South Africa, are these lines all in the Conference?—The lines in the Conference are certainly included down to the British-India Line, but whether the British-India Line is actually in that Conference or merely in alliance, I am not prepared to say.

165. In the paragraph before you mention the South African Merchants' Committee; how many people were present at their meeting on the 15th November, 1906?—I suppose about 40 to 50. But the trade had been circularised; not only had there been advertisements, but there had been 400 circulars sent out to those engaged in the trade; and in the preceding year—because we have these meetings annually—there were about 150.

166. Is most of the trade with South Africa done through merchants?—Yes.

167. People do not ship direct from one shipper to another, but it is done through merchants?—I think I may say generally that it is done through merchants.

168. Take a manufacturer in Leeds, say?—A manufacturer occasionally does ship direct, and that is why we say "merchants and shippers," because a merchant is usually a shipper, but a shipper is not necessarily a merchant.

169. You say in connection with the meeting that you do not call your Committee a shippers' committee, but you say the meeting on the 15th of November was a meeting of merchants and shippers, although your Committee is only called a merchants' committee?—That is only a short title for it. It is a committee appointed and elected at that meeting of merchants and shippers.

170. That leads me to my point—who pays the freight, the shipper or the consignee?—The consignee is the dominating factor, because the merchant, whether he is acting for his own house or as an agent, charges the freight forward to the consignee.

171. The merchant pays the shipowner in the first instance, does he not?—The merchant pays the shipowner and receives the rebate and accounts for that rebate to the consignee.

172. Would that apply also to a shipper?—I think so.

(*Lord Inverclyde.*) The shipper is a manufacturer and the merchant is a middleman?

(*Mr. Birchenough.*) It is exactly the opposite.

173. (*Sir Hugh Bell.*) The shipper is only a forwarding agent?—In the case of a merchant who is the head of his house and who is here, he is not a middleman, but he buys from the manufacturer and he ships to his own house and sells in South Africa.

174. (*Lord Inverclyde.*) What I am asking you is, what does the rate of freight in connection with South Africa include; is it merely a port-to-port rate, or are there other things included in that rate?—Speaking normally, it is a port-to-port rate, but in some of the ports out there it may include lightering charges for delivery from the steamer in the roadstead to the shore. Speaking broadly, it is a port-to-port rate.

175. You were going to mention some rates of freight, I think, but I did not know what they included?—That is just what I meant when I said I would not wish to burden the Royal Commission with all the little differences in the matter. Take East London: there are no lighterage charges for East London, because that has its own Harbour Board.

176. You have sent in a table showing the present tariff rates of freight from the United Kingdom and the Continent to the South African ports, in five classes, to Cape Town, and so on. Are these port-to-port rates, or do they include dock dues?—Normally, they are port-to-port rates, but Cape Town has its own docks, for example, East London has its own docks, and Durban has its docks also.

177. Take Cape Town, which has docks?—That is a port-to-port rate.

178. Does that include dock dues?—No.

179. Neither end?—No.

180. Is this agreement that you have, the Conference agreement, terminable by notice from either side?—I have handed it in, and I have not got it for reference now. I think it is continuous unless notice be given on either side.

181. It does not go on for ever, surely?—It has been going on from year to year, and I presume it is continuous unless either side gives notice to the contrary.

182. This was a modification of the agreement on 27th January, 1898, which gave certain liberty to shipping, was it not?—Yes; that is referred to in reference to its application in the working out of the agreement.

183. It was really a modification of the agreement, was it not?—I do not object to your word "modification," but I would rather say it is an extension or an explanation.

184. From the shipowners' point of view, did not the shipowners give away something?—I think the shipowners did give away something.

185. Why did they do that?—Because I so strongly pointed out the serious position in which some of us were, who were acting for various clients who wished to have their hands free.

186. Still, the shipowners were in a pretty strong position, and they could have refused, could they not. Would not that have broken up the agreement if they had refused?—I cannot say what might have happened if they had not given way, but they did give way.

187. I do not quite understand the reason why the shipowners gave way?—They were all present. I consider it is a very equitable position to have attempted to force. Here is a merchant over here, and he ships for different persons in South Africa; one may like his goods sent one way, and another another; why should not the consignee have the advantage of taking his own route?

188. What are the preferential contracts you refer to?—The preferential contracts were contracts made with very large firms.

189. Do you mean firms who have large shipments?—Not merchant firms.

190. Manufacturers?—No. If you wish me to give an illustration, I must say the British South Africa Company. I do not know that they are alone, and I should be very sorry to say so; but you might take any combination of mining men.

191. Suppose a corporate body had a large number of tons to ship yearly, would they not therefore get a lower rate than a person who only ships a few tons yearly?—That is so.

192. Do you mean to say that it is unfair for a person who ships 1,000 tons a year to get that carried at a less rate than the rate charged to a person who only ships 50 tons a year?—I should be sorry to say that it is unfair.

193. Do you ask for equality?—I say that the compact of 1893 was made for equality of rates of shipments as between the merchants and the Conference Lines. That being the case, they should have upheld that arrangement, and they should not have given preference to anybody outside that arrangement, because though it is quite possible that one may be a big corporation shipping, to take your illustration, 1,000 tons, and that the other may be a firm shipping only 50 tons, yet may I put it there are 200 firms shipping 50 tons each, as against one firm

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shipping 1,000 tons. Speaking generally, the sum total of the tonnage shipped by the merchants far exceeds the sum total of the tonnage shipped by any one corporation, however great that corporation.

194. I suppose you know that it is a very common thing to have different rates. Take the railway companies; they will give you a lower rate for 100 tons than they will for 1 ton?—One of the things which I can never understand, although I have been at this game for nearly 50 years, is that all this discussion takes place about a conference of steam lines, but you never hear a word of argument against a conference of railways.

195. Is your classification of goods something on the same lines as the railway classification of goods?—I think not. I do not know what is the classification on the railways. Ours is a classification as regards that class of goods which can afford to pay the different rates, such as soft goods as compared with ploughs, and ploughs as compared with any heavy cast-iron goods, and so on.

196. (*Mr. Lawrence.*) In paragraph 15 of your memorandum of evidence you say, "At the Freights Conference at the Colonial Office the rebate system theoretically, and as a rebate system, was not approved," and the first point put is "rates of freight to be reduced." Can you give us any evidence to show that the rates are excessive?—With the permission of the Chairman, I think I had better read the answer which I have prepared to such a question as that: The term "excessive rates" is one which originated in South Africa, and the question whether the rates of freight are or are not excessive was one of the points to be determined at the Conference in London at the end of 1905. Attempt was made by a reference to the outside steam chartering market to endeavour to formulate a standard by which to make this test. The result of the investigation, however, was not wholly satisfactory, because the comparison failed in, amongst other points, the following:—(a) The steamers outside the Conference Lines usually carry practically one commodity; and (b) the Conference steamers are regularly despatched full or not full, and deliver their cargoes at more than one port in South Africa. I have here a schedule indicating the present tariff rates from the United Kingdom and the Continent to the South African ports for the various classes of goods (which, if the Chairman wishes, I will hand in), the rates of freight proposed by the Conference in London at the end of 1905, the views of the representatives at this Conference of the Merchants' Committee, the offer of the Conference Lines, and the proposals on behalf of the Conference Lines on 5th January, 1906, which proposals were not accepted at the succeeding Shipping Conference at Pietermaritzburg in March, 1906. The whole position is more or less complicated by the fact that the rates of freight arranged between the Conference Lines and the Colonial Governments are less than those accorded to merchants. As I have stated, the Committee prefer that all shippers, inclusive of governments, should pay the same rates of freight, but if there is to be any variation, the rates should be uniform to all private individuals, firms, limited companies, and corporations, the only preference being to governments and important municipalities, and neither of these to have a preference in their favour exceeding 10 per cent. below the agreed tariff rates.

197. Then you base your contention on the argument of your Committee that rates are excessive on the ground that there is a rebate or a lower rate given to governments and to big people of that kind?—To take a concrete illustration, a Colonial Government have, say, 10,000 tons of rails to ship; they come into the market, and I do not say they are not justified in getting a lower rate of freight for that. But then concomitantly with the shipment of rails there are shipments of other things, such as railway carriages, and a great many other things of that sort too. Through the Colonial Government holding this, may I say, large quantity of tonnage of a more or less homogeneous nature, they are in a position to bring such pressure to bear as to be perfectly independent of the rebate system. They can go outside, and it may be, charter their own steamers, as they did, I think I am right in saying, with Suter Williams & Co., some years ago. The ultimate effect is that they generally make an arrangement with the existing Conference Lines; the steamers have to pay their ordinary dividend to their shareholders, and, therefore, they must get this out of somebody, and they get it out of the merchants.

198. (*Sir John Macdonell.*) I see in regard to the proposals with respect to modifications, you speak of

inadequate protection, and I should like to ask you a question or two about the present system. Supposing that a shipper or a merchant has standing to his credit a certain sum due to him in respect of the rebates, and supposing that he on some occasion is alleged to have shipped by an outside ship, before his rebate is forfeited, has he any opportunity of being heard?—He goes to the Conference Lines and states his case, and, as I have said in my brief of evidence, I am not aware of any action having been taken upon it, except, perhaps, in the instance of one or two firms who gave up their accrued rebates and went bodily, if I may use such an expression, into the opposition. Therefore they were getting their advantage in the fact that they were shipping their goods, speaking very broadly, at 10s. when the rate may have been 25s.

199. May I take it that under the present system he has always an opportunity of being heard before his rebate is forfeited?—Being heard by whom?

200. By the Conference shipowners?—Certainly.

201. Is that always the case?—Yes. The general course would be that the merchant would come to the Merchants' Committee and would say to its chairman, "look here, so and so has taken place." We should then have to take it up with the Conference Lines, or the merchant might go by himself.

202. (*Mr. Lawrence.*) But usually it would be done by the committee?—Yes.

203. (*Sir John Macdonell.*) Suppose a merchant had standing to his credit in regard to rebate a very large sum, £1,000 or £2,000, under the present system, if he shipped by an outside line a very small consignment, would the whole of his rebate be forfeited?—Technically I presume the Conference Lines could do so.

204. Do they?—As I have said they have talked about it, but there has been no action.

205. Have you never known any instance of any such forfeiture as I have indicated?—Only one instance, as I have told you.

206. Only one instance?—There may have been two prominent firms—one of whom supported to a great extent the opposition, and one of whom backed an opposition from America—I believe. I can only give you what I think to be the case, and I cannot prove it or bring any legal evidence in support of it. These firms, I think forfeited the whole of their accrued rebates. Perhaps I should not say they forfeited them, but that they gave up the whole of their accrued rebates under the arrangement they had made with the Conference.

207. I should like to know a little more about the composition of your committee. I understand the committee consists of 25 firms, merchants and shippers; are any of the 25 firms exclusively shippers?—I do not quite understand what you mean by the word "shipper." As I said before, a merchant generally ships his own goods.

208. I am not speaking of that now. Are any of the 25 firms exclusively agents or are they exclusively principals?—By far the majority are principals. But as I have already explained, any one of us may be merchants in the sense of having one's own house in the colony, and we may be agents for other firms out there.

209. I suppose that the agent has a somewhat different interest from the merchant in regard to freights?—Not so, I think, because as a rule the agent generally has—I do not like to use the words "to finance," but he has to provide the sinews of war for the other people.

210. Am I right in supposing that the agent's commission is paid on the amount of the freight?—As a rule the agent's commission is paid on the net amount of the invoice after the deduction of discounts and so on; but of course it is also on the rate of freight, because he has got to make the shipment, and it is in remuneration for making the shipment.

211. In regard to preference, do you go so far as to say that you do not think it right that any allowance should be made to shippers who ship large quantities at regular intervals?—Of course the terms you are using now are more or less comparative. In the first place you begin with an ethical term—"Is it right?"

212. I want your opinion?—I can only point you to the agreement made by the Conference Lines with the whole of the representatives of the merchants.

213. I would be obliged to you if you would turn your attention to your proposal as to the abolition of preferential contracts. Do you mean by that that you would allow no deduction of any kind, irrespective of quantity shipped, and irrespective of regularity of shipment?—I would only make those two exceptions, as I have already said, namely, Governments and important municipalities.

214. Why do you make those exceptions?—Because taking the Governments—and more or less the same would apply to important municipalities—in the first place the Governments are shippers of very large homogeneous goods, if I may use the expression, and, secondly, whatever advantage they get, benefits the whole colony of taxpayers, and the same with the important municipalities as ratepayers. Then generally those goods are not the goods usually shipped by merchants.

215. (*Mr. Birchenough.*) Are we to understand from your evidence that the foreign lines—the German East African and other lines—which are associated with the British Conference have exactly the same terms, that is to say, that the rebate system exists in those lines?—I would rather put it in this way, that notwithstanding our rebate arrangement, we can ship on those lines without the forfeiture of our rebates, and we get the rebates from the allied lines.

216. You do?—Yes.

217. I am not sure whether all the members of the Commission quite gathered from your evidence the nature of the rebate. It is a fact, is it not, that what occurs is this—there is a charge for freight according to a schedule, and then to that is added 10 per cent. primage, which 10 per cent. is returnable after a maximum period of 15 months?—Yes.

218. And therefore it is not a discount, but it is the return of an addition to the freight?—I am sorry to have to confess before you that I do not check our freight notes. I presume that what you are telling me is correct. I wish I had got my head shipping clerk here to answer that specific detailed question.

219. I think the 10 per cent. is called primage?—I am speaking I believe in the presence of those who know much more about it than I do, but I believe I am right in saying that primage is an old-fashioned thing which is ignored now.

(*Professor Gonner.*) It used to be paid to the masters of vessels.

220. (*Mr. Birchenough.*) I ask that question because I fancy this will arise later on with other witnesses?—You are quite correct in the way you put it.

221. Perhaps I should say it is a return of an additional charge, and not a discount on the freightage?—In one sense your statement is correct, but is it in another? You make an arrangement to ship so many tons of stuff at a price for the freight *plus* the primage; therefore it is a part of the consideration.

222. Arising out of that, I should like to ask you a question which is suggested to me by Sir John Macdonell. In the case of agents or shippers purchasing and forwarding goods for a manufacturer they receive a commission, do they not, upon the net invoice—and also upon the freight and upon the primage?—As I am not an agent I cannot answer that question specifically, because I really do not know. I mean that I am not a forwarding agent, because that is really what you mean. I presume that a forwarding agent now gets a given rate perfectly irrespective of primage or anything else, and he is paid so much for it, but I cannot answer the question.

223. Referring to paragraph 4 of your memorandum describing the working of rebates, are we to understand that at any given moment in the year the Conference Lines would hold from 12 to 15 months' rebates in their hands?—Yes. You can understand exactly what I put down there. It is worked out exactly on the dates.

224. So that a disloyal shipper, if he were a shipper on a large scale, would have to sacrifice a very considerable sum?—If he goes over to the opposition he would, because that is in the nature of his agreement; he has entered into the agreement to ship by the Conference Lines.

225. That is the grip which the Conference Lines have upon him?—Distinctly. I so say lower down in my brief of evidence that that is the grip.

226. Passing to the end of paragraph 7 there, have you any personal knowledge of the exercise of these penalising rights upon shippers who have broken away and wish to send parcels of goods out by the mail lines? Do you know whether the South African Conference have exercised that right to penalise disloyal shippers?—In the first place, although I have not the value of that quill pen in any steam line whatever, I should strongly object to your word "penalise."

227. Well, I will withdraw it?—It is the carrying out of an agreement signed by the merchants on the one hand, as compared, with the Conference on the other. As regards the other part of your question, I say to that distinctly, although conversations of that nature—I read it out carefully from the memorandum, which I uphold—may have passed between certain clerks, I am not aware when the actual representation of facts was made by the principals to the Conference Lines that any action whatever was taken.

228. You have not quite grasped my point, which is this: I will ask you kindly to refer to the end of your paragraph in which you say, "Assuming, however, that A and B have required at a special time, and for special shipments, any goods to be carried by the Conference Lines, these lines have upheld their rights to charge X in respect of the shipments of A and B a higher rate of freight." Can you, out of your experience, give us any idea of the sort of additional rates of freight they have charged such individuals?—I am sorry to say I cannot, because I do not know of any.

229. But you know enough to make the statement?—I have seen that point; and when the print of my brief of evidence had gone in to the Chairman I went more carefully into it, and that is embodied in the memorandum which I have drawn out and which is in the Chairman's hands, as to how far that did actually eventuate in operation.

230. (*Mr. Mitchell.*) I think, when you were speaking of what you called these preferential contracts, you said that one reason why the Conference gave lower rates was because those municipalities or large bodies having very large quantities of material to send were able to go outside the Conference and get lower rates, and that in fact, that being the position, they were independent of the action of the Conference?—I specifically meant Colonial Governments when I was speaking in that way, although in a lesser degree it applies to the municipalities.

231. They are able to bring in a competition which the ordinary shipper is not able to bring in?—That is so.

232. Because the ordinary shipper and the ordinary merchant is debarred from any such means of securing lower freights?—Yes.

233. Does that not lead up to this, that this system of deferred rebates practically puts the case very much into the hands of the Conference?—The object of the Merchants' Committee is to prevent the very point to which you are now alluding, because, as I have already explained, if you take the sum total of the goods shipped by the merchants, and compare it with any one of these others, the sum total of the goods shipped by the merchants is greater than the others; and, therefore, if we, the Merchants' Committee, act in conference, we can produce, may I say, a combined pressure on the various lines.

234. What power have you got to act? You can, of course, endeavour to persuade as far as you can, but you have already endeavoured to get lower rates; you had a conference some time ago and you failed. What possible power can you exert in the presence of the deferred rebate system? You cannot go outside that, because you would lose your rebates?—It is only a question of whether we put steamers on of our own; but we have never found it advantageous to do that. That is one possible mode of doing it.

235. That could only be done, of course, in the case of those who have very large amounts of freight to send?—It has been done in some other trades, I believe, by ordinary merchants combining together to do it.

236. It would have to be a pretty big combination, would it not?—Yes.

237. Is that a practical means? Is it a practical way of dealing with the question? Is it possible, that is to say, with the general body of merchants, to bring the only lever they can to reduce rates in that way by combining

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and actually chartering a number of steamers themselves?—That is exactly why I say if you want to abolish the rebate system I do not see any other way of doing it except by legislation.

238. That practically means that it is not possible?—I should say that it means that it is not practicable.

239. That is what I mean. Really it comes to this, that you are entirely in the hands of the Conference?—Entirely in their hands, do you say? Surely we are all governed more or less by self-interest, and it is surely a part of the self-interest of the Conference Lines to meet and please those who provide them with the tonnage for their ships.

240. Of course there must be some limit, that is to say, one takes it that the Conference would not carry things so far as actually to lose a large amount of trade; but short of that you are in their hands, are you not?—More or less; but I have found out in my life that all matters are more or less a matter of compromise. No man can have his own way and no corporation and no community can have wholly its own way; you must have compromise.

241. Are you content to be in the position of being, as I think you admit, entirely in the hands of anybody like that without the possibility of practical competition, and without any possibility of practically limiting their power by competition?—We are not entirely in their hands, because we have been the means of reducing rates of freight from time to time. They have always shown a fair amount of readiness to meet the wishes of their customers.

242. But still you are in their hands, and you have to rely, that is to say, on their good will, and you have no real power?—I do not know that we should be in their hands if they took such an extreme view that it would produce what you might call a revolution in the trade. I do not think you would find that we should be in their hands then.

(Mr. Mitchell.) Still, you rely on their good will; that is what it comes to?

(Mr. Taylor.) Enlightened self-interest, in fact.

(Witness.) I do not know that I can say anything more than I have said on the matter. We are those who ship goods and the lines are those who carry those goods, and it is to the mutual interest of both that they should work together. When the one party becomes too dominant, then the other party will object, until it comes to an open war, and then opposition arises. You have got this fact, a very strong fact, which I mention in my brief of evidence—and, as I have said, I have been in the trade nearly half a century—that you have never had an opposition live, at any rate the opposition has never been long-lived. The result is that the Conference Lines, by some means or another, absorb the opposition, and the rates there certainly do not eventuate for the benefit of merchants.

243. Supposing you had no system of deferred rebates, would there not be a very much greater chance for an opposition to exist?—I have argued that here in my brief of evidence, and I do not know that I can alter what I have said. It bristles with difficulties, but I have put down all the points as far as I can *pro* and *con*.

244. If you had a system by which you had all the lines here combined in the Conference, a very strong combination of this kind would be able certainly to keep rates up to a pretty high level; and if you had, we will say, in the lines trading from America no such combination, is it not very likely that the rates would be very much lower, as I believe it is stated they have been in many cases, from America than they are from this country, and that thereby the interests of the manufacturers in this country who are exporting goods to South Africa would be very seriously interfered with and the American competition would be very greatly encouraged?—That is a very long question, and I am afraid I must break it up and answer it bit by bit. If you would kindly put it to me bit by bit I will endeavour to answer it, although I think I have anticipated everything in what I have set down in my brief of evidence. I wish to be most respectful, but would you begin your points again?

245. I think you said that you have here a strong combination who are practically controlling rates in this country?—They are a strong combination.

246. And they practically control rates in this country?—Yes, they are a strong combination, but I would like

to point out to you that strong as that combination is each line is as jealous of the other as it can be. If these lines try to produce extra pressure, one of those lines would be sure to break out and to come along to the side of the merchants. Some of those lines have even gone so far as to offer to produce to me their books, to show me that their rates of freight are not excessive. I have refused that offer, because I said I had no authority to examine their books. But still while two or three of those lines offered to place the whole of their books before me, they would not put those books on the table for their other competitors to have a look at them. The consequence is that I quite agree in what you say, that this is a ring, but there is a sense in which it is not a ring. It is a Conference, and I always say when I am talking about it that it is very much like our hands. Each of our fingers is separate, and the thumb cannot say to the little one "I can do without you." They have all different functions to observe, and so have these lines. But when you double your hand up if you want to give anyone a smasher with it, then it is a ring. But it is not a ring in the sense that they are all a happy family together; they are as jealous as they can be, although they are together when they want to oppose us.

247. (Chairman.) You do not consider yourself helpless and quite at the mercy of the shipowners, do you?—No.

248. (Mr. Sanderson.) I would like to ask you one or two questions simply on the evidence you have given. Am I right in understanding that you are able, if you choose to charter a steamer for your own goods, fill her and send her to South Africa, and still continue shipping on the Conference Lines without suffering loss of rebate?—Yes.

249. You are?—On the conditions that I told you of—that I do not go outside the market to load, provided I charter a steamer.

250. (Sir Hugh Bell.) I do not think you gave your complete explanation; I think you were interrupted?—Taking the case of the steamer, if I charter that steamer and load her myself, and do not go and ask for any freight in the outside market, I believe that I am perfectly free to do it. It has never been done, and therefore I cannot say it has been tested.

251. (Mr. Sanderson.) I wish to make that clear; I think you have stated it?—I did put it down in my brief of evidence.

252. You have stated it in evidence. Am I right also in assuming that by your own goods you meant not only goods which you ship as merchants—your own produce—but those goods which you control for your agents in South Africa for other businesses; can you put those on a steamer too?—I would venture to put it in this way—that provided I buy all those goods and ship them to my various constituents and clients in South Africa, I should be free to do it.

253. "And clients," did you say?—Yes. As business in South Africa is generally conducted, the house here is looked upon as the principal, and the merchant or the agent, or whatever term you choose to apply to him, generally buys for perhaps half-a-dozen, perhaps a dozen. But as a rule it is not a market in the sense of sending out your goods for sale and hawking them about, if I may use that expression.

254. In the event of an outside line starting, and you choosing to remain with the Conference, and your clients in South Africa for whom you act as agents say, please ship those goods by the outside steamer, you can do so, as you have stated, without any loss of rebate or of your own interest?—That is so.

255. So the South African merchant has the opportunity?—The consignee has.

256. He has the right?—Yes.

257. All he suffers from is a possible loss of rebate which under the terms of sale you might give him or not, as the bargain is?—He has the rebate. The man at home is simply the medium through whom the consignee receives his rebate.

258. (Chairman.) Does he not lose it; does he not forfeit his rebate?—He forfeits his own rebate, but that is through his own act.

259. (Mr. Sanderson.) In the classifications that you have for these goods, I presume from time to time, owing to the conditions of the markets, the rates of freight for

sending goods in those classifications may require modification; are you met by the Conference Lines in a reasonable manner when those occasions arise?—Yes. Generally speaking, a classification which has been arranged as between the merchants and the shipowners is held certainly for six or 12 months.

260. Then in the event of any sudden change of markets or of values in particular goods, in that case you would not be able to get an alteration of the freight?—No. The present classification of goods requires modification in that some goods should be placed in other classes than those in which they now appear. What is more, the Conference Lines should agree with the merchants a classification, and having so agreed should not vary the schedules by transferring goods from one class to another without the previous concurrence of the merchants and without publishing the same, if not generally, at least in the offices of the Conference Lines.

261. Is that done at present?—Occasionally we have found that the Conference Lines have shifted goods from one class to another and not given notice.

262. That is, have not given prior notice?—Yes.

263. How is notice given? Is it done by a general formal notification that they have done so, or is it done by informing an individual who applies?—It is only found out when the shipping clerk goes down, and that is why I am suggesting that this ought to be done. It would be one of the things that would come under an arbitration clause, if such an arrangement were made.

264. Supposing the rebate system is done away with and freights are entirely free, would the small shipper be benefited thereby?—He would be at a considerable disadvantage.

265. Why?—Because he could not compete against his stronger brethren.

266. Do you mean that the shippers of large quantities of goods would have the preference in rates?—It is quite possible that some of those larger shippers might enter into a combine among themselves, and thus crush out the smaller shippers or the smaller merchants.

267. You mentioned that when you have meetings of your association, you not only advertise but you issue circulars, I think you said 400 or 500 at a time; am I right in that?—When you use the word "meetings" I presume you mean our annual meeting of the trade, not our committee meetings which take place every fortnight or every month as the case may be.

268. For instance, in regard to such an important matter as the formation of this Royal Commission and your giving evidence before it, did you take any means to ascertain publicly from the members of your association their individual views?—The evidence you are hearing to-day was agreed by the members of the Merchants' Committee, who were elected as late as the 15th November, 1906. At that time it was very well known that there would be this Royal Commission.

269. That I know, but did the association, as a body, have any part or share in it?—There is no association, as a body. It is the whole trade of the United Kingdom, and the object of those circulars to which I have alluded is to get as large a meeting of the trade to elect the committee as can possibly be obtained.

270. The trade, as a whole, did not have the opportunity, except through this Committee, to pass a vote on your evidence?—That is so.

271. (*Mr. Barry.*) I believe the Committee which you represent consists entirely, or mainly, of the wholesale merchants and the larger retail merchants?—Some of the committee have retail places of business in South Africa, although the heads of those houses are living here.

272. But mainly, I suppose, it represents what would be regarded as the wholesale trade?—I do not know that there is altogether quite so sharp a distinction between wholesale and retail in the trade in South Africa as there is here; but may I put it that they are, more or less, general traders.

273. Am I right in assuming that there is a considerable proportion of the South African trade conducted through purchasing agents who are not merchants?—I do not know about the proportion, but there are some.

274. There is a certain proportion?—Yes.

275. That section of South African trade is not represented on your Committee, is it?—Yes, it is.

276. I understood from an answer to a previous question that you said they were all merchants?—I suppose there may be an idea of assuming a position to which we may not have the right or title; but the word "merchants" is used somewhat generally.

277. At the invitation to the general meeting at which your committee is elected, are all the ordinary purchasing agents invited to that meeting?—As far as I can find out, the mode which we adopt is that we get from our shipping clerks the names of all the merchants or traders or buyers, or whatever you choose to call them, that we possibly can do, and we send out to them a circular to attend the annual meeting, irrespective of, and in addition to, the general advertisement.

278. In the case of manufacturers who ship direct to their customers in South Africa, the consignee pays the freight, does he not? Is not that the usual custom?—I cannot say. I am not a manufacturer, and I do not know how they do their business.

279. In that case if there was any hardship in the rebate system, the shoe would pinch in South Africa?—I do not quite see your point. I am afraid I am dull.

280. I am afraid it is my fault that I did not make it quite clear. What I mean is this—that goods which are shipped direct from manufacturers to South Africa are sent f.o.b. London or Southampton, whatever the case may be, and the freight is paid?—Then they must have a shipping agent here.

281. Yes, but the freight is paid by the consignee in South Africa?—Ultimately it is. Primarily it is paid by the man who ships the goods here.

282. Do you know, of your own knowledge, that the smaller merchants and the retail trade generally in South Africa are almost unanimous in their feeling against the rebate system?—What I call the ordinary merchants, or what you might like to call the retail traders, so far as my knowledge extends are on this side, in favour of the rebate system; but about South Africa I cannot say anything.

283. (*Mr. Maddison.*) I should like to know why you think they are not against the rebate system?—Because it is manifest that the small man would be at a very great disadvantage if he had to fight the big man, by reason of the big man's goods being taken at the lower rate.

284. My point is this: you told the last gentleman that the retailers or the small merchants in South Africa, as far as you know, were against the rebate system?—I carefully guarded myself about South Africa, because I really cannot speak about South Africa. I can only speak of the firms on this side.

285. In an earlier part of your evidence you did say, I think, that the mercantile community—I think that was the phrase you used?—Yes.

286. That the mercantile community in South Africa, you believed, was against rebates?—Yes.

287. I want to know why you think they were against rebates?—From the mode in which they write, and from the mode in which they speak when they are in public meeting. As I said before, it is a reflex of what they think of the system. If I am not using unparliamentary language—and I should be sorry to do so—they hate the very name of the word "rebate." It is like a red rag to a bull if you mention the word "rebate" to a South African.

288. (*Chairman.*) Mr. Maddison wants to know what makes them averse to the system?—I could not explain to you. It is one of the things I wrote to one of my oldest friends only last week to say: "For the life of me, as a common-sense man, I cannot understand why you are always inveighing against rebate and never giving me any argument on the point. I never for the life of me can understand it."

289. (*Mr. Maddison.*) But if in their minds they have the view that it increases the rates, how then?—Supposing I answer that question, would it advance the matter in any way?

290. Never mind that, I want you to answer me, if you will?—I will do so with great pleasure, but really it carries no weight. It is possible that may influence the mind of a man; but how can I see inside the mind of a man?

291. Then you never give any reply about a man's opinion unless you can see inside his mind?—If he gives

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me an argument in reply there is no man more ready to meet argument by argument than I am.

292. Am I to understand that, after 50 years of the South African trade, you have not the slightest idea why this general, this emphatic, and almost fanatical opposition to rebates exists in South Africa?—That is so. I should like to call your attention to what I have said in my brief of evidence in paragraph 15. It is expressed as clearly as I can do it in two paragraphs on that page. "At the Freights Conference at the Colonial Office the rebate system theoretically, and as a rebate system, was not approved; and yet, generally, it probably would have been accepted had an adjustment with the Conference Lines been attained." I think that expresses as near the truth as the English language can put it.

293. You say that actually one of the things which would make it satisfactory to the South African people was a reduction of freight rates?—Yes.

294. Perhaps that does help you a little as to one of the reasons that is operating in their mind—that they do think it tends to keep rates up?—My experience is that while, generally speaking, all people like to have a lower rate of freight if they can possibly get it, yet their real grievance is when X gets a lower rate of freight than Y. That is what sticks with them. If they are all on terms of equality, or about terms of equality, the feeling is not so emphatic.

295. Then would you say that the South African merchants would be willing to take that risk of not all getting the same freight rates, and of doing without the rebate system?—I can only speak again, as I say, on behalf of the South African merchants on this side; and I have given this Commission the very best answer and the most straightforward answer that I possibly could, by stating that I put this ballot paper to the merchants after they had heard my brief of evidence; and you have got their votes.

296. Then you really do not propose to express any opinion on the subject?—On what side?

297. On the South African side?—I cannot.

298. Is it correct to say that in your opinion you regard it as one of the great advantages of the rebate system that it gives a uniform system of rates, with the exception that you mention?—Generally speaking, I should say that is the *raison d'être* of the rebate system.

299. And you put that against the advantages of the chances of lower rates under open competition?—That is so.

300. Would you tell me whether there has been any evidence of any desire on the part of the Conference Lines to keep out a new line, even if the new people were willing to come into line with them?—I could not possibly answer that question. I do not know. The Houston Line came along, and he fought his way into it, and he has now been absorbed in it.

301. But you have no knowledge of the matter. Just one final question, as I do not wish to prolong it. Have you any means of comparing the freight rates which exist at present with those which prevailed before the rebate system prevailed to any great extent?—I have not looked up that point, but if you ask me for my off-hand opinion I should say that the rates of freight to-day, speaking generally, are less. In 1886 Suter, Williams, & Co. started a new line with chartered steamers, and two new boats named the "Cape Merchant" and the "Natal Merchant." Without wishing at all to be disrespectful to any Government, and certainly not to a Colonial Government, that is an instance in which the action of a Colonial Government brought in an opposition. I said on a public platform in Bishopsgate Street, speaking as a merchant, "Now, what you are doing is you are coaxing an opposition to come in, and the ultimate result will be that we merchants will have to pay the piper for the tune you are calling." The steam rates at that time were 50s. rough and 65s. fine. Before the autumn of 1886 that opposition collapsed; the rates having come down to 20s. rough and 30s. fine. In the autumn of that year a steamer was loaded at 15s. and some goods at 7s. 6d. There was no other opposition between 1885 and the Houston opposition which ended in 1903.

302. You said, and rightly, that self-interest is the only influence that would put these things right?—I said it had an influence. I would not like you to quote me in that way. If you are going to do me the honour of quoting me, please quote me correctly.

303. I was not attempting to quote you; it is rather too much to quote. I would ask you this, then—you said this, that self-interest operating in business matters, it might be assumed that the Conference Lines would have regard to the interests of their customers?—Yes.

304. Has it ever struck you that there may be other interests besides those of the merchant and the shipping firm, for instance, the consignee, the consumer, and the general public?—Yes.

305. Do you think the consumer gains very much by these Conference Shipping Lines?—When you are going to use the word "consumer," where do you assume the consumer lives? Because that is a most important point when you are dealing with South Africa.

306. I am talking about the South African consumer, we will say?—If you are talking of the consumer at the coast ports, that is one thing; but if you are talking of the consumer in the inland towns, up at Johannesburg say, it is a totally different thing.

307. I am talking about both. Would you give an answer to that? Take which you like?—I will take the first. If the consumer can get lower rates of freight, to that extent he would no doubt benefit; but if you take the consumer living in Johannesburg, where enormous rail rates pertain, you will find the proportion of the sea rate to the inland transport rate is very small indeed.

308. Then there is one class of consumer who, you think, might benefit by open competition?—Yes but subject to those remarks I have always made as regards the advantages or disadvantages of open competition.

309. (Mr. Owen Philipps.) Is it the case that at present in the South African Conference the steamship lines treat all the merchants whether large or small exactly equally as to rates?—At the present time, yes.

310. All the merchants are treated exactly equally?—At the present time, yes. I am sorry to repeat myself and to emphasize "at the present time"; I do so because the reason the discussion in 1902 of the compact took place was that we found that they were not observing it equally to all concerned.

311. But at the present time they are?—At the present time, it is so.

312. And a merchant's cargo, by whichever ship, pays the same rates?—Yes.

313. All merchants' cargo?—Yes. I may say in justice to all concerned, if with the permission of the Chairman I may read this brief memorandum, that before the Colonial Conference we did find that they were giving preferential rates to large corporations, and since the Colonial Conference, so far as I am aware, they have done nothing of the kind. A pointed illustration was brought before me in this way, and I would rather read it as I received it. "It may be within the recollection of the 'Merchants' Committee, that the s.s. 'Vortigern' in June, 1905, loaded from Glasgow to Natal in opposition to the regular lines, the nucleus of her cargo being a considerable shipment of sugar machinery for account of"—and then they give the name, but perhaps I had better not read it—"who required a special rate for their shipment. The Conference Lines declined to give a special rate to these importers simply to their own advantage and to the possible prejudice of other merchants shipping similar goods. The manufacturers thereupon chartered for their own account the s.s. 'Vortigern,' and as the quantity of their sugar machinery was not sufficient to fill the steamer, steps were taken by them to get other cargo for the steamer. The additional cargo which was shipped in the steamer consisted of reels of wire, casks of coal tar, fire bricks, and so on. It was understood at the time that these goods were shipped on speculation and were sold in Durban for the best prices obtainable, and in unfair competition with other merchants' regular business. The firms involved in these shipments by 'Vortigern' so far as they were known, naturally became dissatisfied to receive from the Conference Lines the usual rebate commission. The Conference Lines felt that the general body of merchants could not but approve their action in this connection. It is now reported that the same firm having another considerable shipment of sugar machinery to make, have decided again to go past the Conference Lines, owing to their refusal again to give special concessions in freight to them. It may be expected, consequently, that in the course of a short time another attempt may be made to ship certain filling-up cargo on speculation for Durban." I quote

that to show that since the Colonial Conference, there appears to have been an honourable attempt on the part of the Conference Lines to charge all alike.

314. The shipowners pointed out at that Conference the difficulty of keeping to a uniform rate under all circumstances, I think?—I do not know that they did so specially at the Colonial Conference, but they did at a meeting in 1902 in the Cannon Street Hotel, where the whole of the merchants met the whole of the lines. They then asked that we would renew the compact, and we all refused to renew the compact on the ground that this preferential question was still unsettled.

315. You have told the Commission that cargo to the South African Governments is carried at lower rates than merchants' cargo?—That is so.

316. Is it not the case that cargo for the Government is never sold in competition with merchants' cargo?—I have already said that is so. That is why the merchants in their recommendation have excepted Colonial Governments.

317. Would that not also apply to cargo that was shipped for very big public companies, who buy their stores on this side? Do the merchants in South Africa in any way suffer by cargo that is shipped for a big company which uses up its own stores that it buys in this country? Do the merchants in South Africa suffer at all by these people obtaining, if they do so obtain, a slight reduction in rates?—They did as far as those shipments were made up not only, we will say, of one large line, but had attached to them a great number of other things. To give an illustration, we will say that the company to which you may be pointing and which I have in my mind—

318. I am not pointing to any special company?—They do bit by bit add on something else where they do come into competition with the merchants.

319. But they never sell against the merchants, do they?—They supply the other mines against the merchants. I mean to say there may be agents of manufacturers we will take Johannesburg, because really that is the concrete position—who are wishful to get in their goods, and they have to pay the scheduled rates; but this corporation or large shipper to whom you may be referring in your question, not only sends anything which does not specifically apply to the open commercial market, but also adds on other things which do come into competition against the merchants.

320. Let me put it in another way. So far as these big public companies do not come in competition with merchants, the mere fact of their getting a slightly less rate would not in any way damage South African merchants or other consumers in South Africa, would it?—As a matter of fact, they do impinge upon the other merchants.

321. Take, for instance, the case of a big water works company importing stores from this side, or the case of a big tramway company—take that class of company; the mere fact of their shipping goods at less rates would not in any way damage the merchants in South Africa, would it?—It damages the merchants in South Africa to the extent that those merchants have not the power to put in tenders against them. May I say also that is why, having regard to tramways, that in our suggestion from the South African Merchants' Committee we except Colonial Governments and important municipalities; and we even there venture to say that the difference should not be greater than 10 per cent.

322. You would admit, would you not, that it is not the shipowners who want to charge less to these municipalities and public companies?—I am giving my evidence as a merchant, and not as a shipowner.

323. (*Professor Gunner.*) There is one point with regard to the cargo for the Colonial Governments which I should like to put to you. It was pointed out at the previous Conference, was it not, that a reduction of freight to the government is indirectly disadvantageous to the merchants or traders in South Africa, because it leads to the purchase of Government stores in England by the agents of the Government, and to no purchase in South Africa? That I can quite understand is the natural position if they can get 10 per cent. off their freight?—I would rather put it in this way:—That the Colonial Governments, by means of their superior power of obtaining a lower rate of freight than what I may call the average rate which a steamer could afford possibly to take without showing a loss, did, by the fact of their obtaining

that low rate, compel more or less the steamship companies to make up their lee way by charging it on to the merchants.

324. That is another way. There are, in fact, two ways in which it might be disadvantageous to the people in South Africa. I can quite see that a differential rate to the Government, however justifiable from the point of view of the Government, might not prove advantageous as you say to the private trader in South Africa, firstly, because it would lead to his paying an additional freight to make up for the reduction, and, secondly, because it would apply only to a government importing directly, and not to people importing and selling to the Government in South Africa. That was my point?—Theoretically, I venture to say with respect that you are correct. Practically, I do not think the merchants would be importing the goods which the Colonial Governments would be requiring.

325. That is a minor point, and there is another minor point. With regard to the formation of the agreement or the compact with respect to the rates, you said that was owing to an agreement or to a *rapprochement* between the merchants and the shipowners. I do not know, and I think perhaps you might help me; can you carry your memory back as to whether the suggestion of the rebate system proceeded more from the shipowners than from the merchants?—I am sorry that I have not verified the fact. To the best of my belief, there was a rebate system in existence preceding all the conferences between the merchants and the Conference Lines, and I think I am right in saying that the rebate then was only 5 per cent., whereas it has now been made 10 per cent.

326. My point was this—it probably was a system which was originated by the Conference Lines or the shipowners?—I think, as a matter of fact, it did originate with the Conference Lines.

327. And the merchants fell in, so to speak, with the agreement?—Yes. Then we tried to make the best arrangement we could with the rebate system in existence.

328. Now I come to what I am really very anxious to know about. I ought to say, I think, that with other members of the Commission, I have read with very great interest the statements you have made at previous conferences. I quite see your position that the rebate system should be retained, as I take it, provided that certain conditions could be secured?—In the interests of the ordinary merchant.

329. Quite so—in the interests of the merchant, and, you would argue, in the interests therefore of the general public?—Yes.

330. My only point is this. How are you going to secure those conditions? I will not say it has not happened in South Africa, but supposing you take a conference where those conditions are not conceded, would you say then that in a case like that it is desirable to insist by legislation or otherwise upon such concessions?—If I understand your question correctly, it is: Supposing you cannot get the conditions you have laid down in your rebate system, supposing that cannot be done, then would you go to legislation?

331. I do not say legislation about the rebate, but would you insist that the system of rebate should only continue under certain conditions?—Personally, I should be inclined to say yes.

332. That is what I mean, because although perhaps by means of a very powerful combination among merchants you secure these modifications which you have enumerated and spoken about—the modifications in paragraph 20 which you have explained to us—I think it is clear that all those have not been secured in other conferences?—I have always maintained that our South African Conference occupies, I will not say a pre-eminent position; but, at any rate, a differentiated position to that which does obtain, so I am told, in most of the other rebate systems, because we do have conferences between the merchants and the conference lines.

333. Would you consider that it is quite essential, allowing for the system and the existence of rebates, that certain conditions shall be secured, and that those are the conditions which you have enumerated in paragraph 20?—Yes.

334. And if those cannot be secured by amicable arrangement, it would be perfectly reasonable for the Government to insist on them, would it not?—May I ask what Government?

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Mr. W. G. Sover. 335. Let us say the Imperial Government?—I have nothing further to say. I say yes.

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337. As far as I have been able to follow the argument—your position is this, that you have been able to secure reasonable arrangements in South Africa, largely owing to the formation of a very powerful Committee and of a powerful combination among the merchants?—I should be inclined to go a long way with you, but how far the general opinion of South Africa would endorse that view I cannot say.

338. But you do not think it would have been possible to secure those modifications without some common action between the shippers, do you?—I think that is clear.

339. I gather you have met what I may call a monopoly on the one side, or a combination on the one side—I am not particular about terms—by another combination on the other side. That is a very reasonable thing, and I am not quarrelling with the system at all; but is that not the case?—I would not like to put it in the way you are putting the question, because, in point of fact, we always meet in conference, that is, the merchants have met by themselves, and then having agreed as near as possible on any view, we have got the Conference Lines to meet us, and we have fought it out *pro* and *con*, as the documents which I have handed in to the Chairman show.

340. You have, of course, formed a Committee?—Undoubtedly.

341. And that Committee has been a very powerful lever for obtaining certain beneficial and necessary modifications?—I hope so.

342. The point is this, that in certain conditions, and especially where fixing a rate of freight by mutual agreement between two combinations, the two combinations, or the two bodies—I will use a perfectly neutral term—naturally look upon the reasonableness of the rate from different points of view. However benevolently inclined shipowners are through enlightened self-interest, I think any shipowner would agree with me that the seller of a commodity and the purchaser of a commodity, whether it be an article of merchandise or whether it be a service, take different views as to the precise price?—Yes.

343. But supposing they do not agree; there is my difficulty?—May I suggest that you could settle the difficulty by saying that you would have legislation by an Imperial Parliament?

344. The legislation will not be able to state the rate of freight, will it? I do not think Governments are very fortunate bodies to state what a price shall be or what a rate shall be. You know it has been tried in the railway world in a measure, and it has not been found to be very successful?—I presume the Government would then do very much what all Governments do—they would appoint a committee to advise them upon it, and when they had heard the *pros* and *cons*, they would come down and say, "now it must be that."

345. Then it really comes to this, that in your view a body could be appointed representative partly of the merchants, and partly of the shipowners, and then, I suppose, some overburdened Government department would have to provide an arbitrating authority?—That is what we have suggested.

346. And they could settle the rate in case of difficulty?—Yes.

347. That is, actually fixing the price?—On your own assumption, if by an amicable arrangement no agreement can be obtained, then this must be the *Deus ex machina* of the whole business.

348. You will have to call in an independent and external authority in case of difference of opinion to determine the rate if you do not have competition?—I assume so.

(Professor Gonner.) That meets my questions. I wanted to know the machinery whereby this was secured, and I gather from you that it is to be secured, in the last resort, by a neutral authority able to enforce its will upon the different parties.

(Chairman.) By arbitration rendered compulsory by legislation.

(Professor Gonner.) Exactly.

349. (Mr. Taylor.) I understand that you do not come here as an opponent of the rebate system generally considered, but merely as complaining of the rebate system not safeguarded as you would desire?—I have come here neither as speaking for or against any system, but simply, speaking as a practical man of some amount of experience, to say that all life is made up of compromise, and that we have not yet obtained any compromise other than that of the rebate system. I presume that in that respect we are scarcely singular, when you find that the rebate system has been accepted in practically what I may call all the trades of the world. I have put in a schedule of the rebate system which pertains practically to all the trades.

350. You regard the rebate system as a necessary evil in commercial life—as a thing which has to be accepted?—I am getting too old to feel that we ought to label things by any names. I am afraid we must accept the position as practical men, without wishing to attach any flag to the business.

351. I will withdraw it?—Pray do not withdraw anything, only do not ask me to accept it; that is all.

352. On that question of legislation that Professor Gonner has just dealt with, as a practical man, I observe that there are various foreign lines which either form part and parcel of the South African Conference or are in alliance with it, and it is a little difficult to me at the moment to see how legislation could be applied to them?—That is just the difficulty, and it was on that very point that I ventured at the Colonial Conference to offer my opinion on the draft Shipping Rebates Prohibition Act of 190, which although so styled should have been called Bill not Act. It is just that difficulty that I foresee, and that was why I ventured to ask you just now, I hope not impolitely, what Government you meant, and when you said the Imperial Government, then I conceive the Imperial Government would take a wide view of the whole of the trades everywhere, which would materially differentiate it from any one Colonial Government taking its view from its own trade.

353. Then if rebates are paid as they are on this side, that is, at the port of shipment?—The rebates, as I have ventured to say, are not paid to the consignor in any sense other than as being the medium of the consignee. It is not a final payment.

354. It is a payment that goes out to South Africa?—Yes. It is the consignee who receives it.

355. That is exactly my point. Therefore the real point at which you can apply the screw, either to a foreign or to an English line, would not be England, but South Africa?—I agree, but then I say if you do apply the screw there, you must apply that screw in accordance with the way in which screws are generally driven, namely, according to the surroundings by which I mean in consonance with the general shipping law of the world, and in consonance with the imperial rule.

356. Still, it is a matter of application in South Africa to begin with, because it is there that the shoe pinches, and not in England. That leads me to the other point as regards the comparative indifference, as I understand it, with which your committee looks upon this rebate system—that is to say, you do not come here as violently protesting against it; whereas in South Africa we understand there is a very strong feeling about it. Is it not the case that merchants and shippers on this side find that an opposition is rather a nuisance than anything else?—I have not so found, for this reason, that immediately an opposition comes on, they declare their rates. It is not like it used to be in the olden time, when you would have one sailing ship on, and you would have to go and get your rate every day or every week, whereas a steam line, I venture to say, whether acting as a steam line in conference or in opposition, declares its rates of freight.

357. Yes, but that is not quite the point?—Then where is the nuisance to the shipper?

358. You have got merchants and shippers here who are accustomed to ship by the Conference Lines?—Yes.

359. And whose interest in the rate of freight is nil?—Practically that does not apply.

360. Surely?—It does not apply for this reason: As I have told you, we have all got our houses there, and if we have not got our houses there, at least we provide the money for the people who have their houses there; and it

is to our interest, if you narrow it simply to self-interest, to see that they get the lowest rates of freight.

361. Then really the shoe pinches in England as well as in South Africa?—Absolutely, as an initial position.

362. Then it is to the interest of the merchant here to get a low rate of freight, as well as to his *confreere* in South Africa?—As low a rate of freight as we can get, and the lower the rate of freight we can get, the better we are pleased.

363. This makes it rather singular that the consignee in South Africa should be so averse to the rebate system, while the merchant here apparently has acquiesced in it?—I am sorry, but I did not catch it.

364. I say it is rather singular—that merchants here do not complain of the rebate system, whereas in South Africa they do?—I have already said that theoretically they have a great objection to the words “rebate system.” It is a kind of Mesopotamia with them (in an opposite sense) yet when they came home here—I must not ask any gentleman sitting on this Commission to confirm what I am stating, but they can object to what I am stating if I am stating it wrongly—when they came home here, they came home with a theoretical objection to the rebate system, and yet they were prepared to have accepted the rebate system with conditions such as I have suggested.

365. (*Mr. Birchenough.*) Excuse me, but I must put in a caveat there. They were prepared to accept it as part of the deal?—Well, as part of the deal.

366. (*Sir Alfred Bateman.*) Under certain conditions?—That is what I said.

367. (*Mr. Birchenough.*) I merely emphasize the point—as part of the deal?—I do not think I can put it more plainly or more fairly than I put it in my brief of evidence, which was that theoretically they came home with that view, but that in point of fact the very first thing they did at their first meeting was, I will not say to accept the rebate system, because they did not, but they said, “Give us a certain reduction of the rates of freight.”

368. (*Mr. Taylor.*) May I take it that any merchant or forwarding agent that ships here to his consignee in South Africa has no interest in the sale of the goods at the other end?—Undoubtedly some of us have a very great interest.

369. But there are cases in which the merchant or forwarding agent has no interest?—And even in those cases where they have not an interest, if they do not get the lowest rate of freight the manufacturer would not employ them as shipping agents next time.

370. Quite so; and, therefore, the delays of an opposition is rather a trouble?—On the contrary, because, as I have said, the fact is known. It is not a question of a line going to a given individual to make an individual bargain. The line gives it out and says: “We are going into opposition and we shall charge every body 10s.”

371. Then everybody has to see that he is not bested by his neighbour, but when the Conference Line is running, there is only one rate of freight, and when the Opposition Line is running, you have two rates of freight possible?—Then you have got to make your choice, whether you ship by the opposition or by the conference lines.

372. Your neighbour may be cleverer than you are?—Of course I agree, but I do not see myself where that points.

373. The only point that I was making was that possibly the merchants on this side did not see the advantage of an opposition in the same way that the consignees on the other side did, and that that possibly might explain the difference of feeling between here and South Africa?—In answer to that, I can only give you my personal experience, which was that immediately there was a threatened opposition in the very early days, I wrote to every correspondent and said: What are you going to do, and by what line are you going to receive your goods?

374. May I go to another point?—Certainly.

375. You stated in reply to Professor Gonner that the Colonial Government are in a special position, because they have these large lines of goods to place, and they are able to bring a certain amount of pressure to bear on the conference by being able possibly to charter

vessels completely and entirely with their own line of goods; and that the conference in order to avoid losing those large parcels will make a concession to them where they would not make it to the small merchants?—That is so.

376. May I put a question on that? Who is the agent of the South African Colonies, or who are the agents?—The agent for the Cape Colony is Sir Thomas Fuller; the agent for Natal is Sir William Arbuckle; the Orange River Colony has some other agent, and so on.

377. (*Mr. Birchenough.*) It is a Crown Agent there at present, is it not?—If you will allow me to say so, sir, the honourable member on my left is quite correct, but not quite up-to-date. When the Orange River Colony was not a colony with a responsible government, then the Crown Agent acted, but now that they have a responsible government, they will have an agent of their own if they have not got one.

(*Mr. Reeves.*) They have not got self-government yet?

(*Mr. Taylor.*) After self-government was given, the Orange River Colony and the Transvaal protested against being under the Crown Agents of this country, and they were given leave to have agents of their own. I think I am correct in saying that.

(*Mr. Birchenough.*) For one year.

378. (*Mr. Taylor.*) My point is this, that the agents of the self-governing colonies in South Africa have the control of large lines of goods, and may be taken, I suppose, to represent, or at least they ought to represent, this colonial sentiment which objects to rebates; if anybody would represent it, I suppose they would represent it?—I cannot answer that better than I have done—that when those representatives came home to the Colonial Conference there was the Premier of Cape Colony here and so on—it was just exactly what I have expressed to you. The Agent-General, for example, of Cape Colony would act under the instructions of the Premier.

379. Do you know of any case in which those agents have used the power they possessed to charter outside steamers?—I gave you one as far back as the time when Sir Charles Mills was Agent-General. It was some time ago when there was this Suter Opposition. He did that in 1885, but there has been no line of steamers brought on by the actions of Agents-General since that date.

380. May I take it that for 21 or 22 years, in spite of this Colonial sentiment, no effort has been made by the agents of self-governing colonies to break down a Conference of which complaint is made in South Africa?—The facts would seem to say so, and I am giving you the facts.

381. I only want the facts?—I can only state the facts. There it is—that since Sir Charles Mills acted as Agent-General for the Cape Colony which induced the Suter Opposition of 1885, no opposition has been brought on since by any Agent-General. I cannot, of course, say why the Houston Opposition came on, but I do not think he came on as the result of any prompting from the Agent-General; I think he came on in his own interests as a steamboat owner.

382. I do not want to press you unduly?—I am here to be pressed, and to tell you all I know.

383. I think you have been most successful so far, if I may say so, in not in any way allowing yourself to be pressed unduly. But may I put it this way, that the agents of the self-governing Colonies, which Colonies think so strongly on this rebate question, so far from using their power to break down the Conference by chartering outside steamers, have used their power to obtain preferential terms for themselves and their Governments at the expense of the outside merchants?—I do not wish to attack even a Government, but I am afraid the facts bear out your impression.

384. Do you not think that is a very remarkable state of things? How do you account for it?—I am the less able to account for it in view of the fact that we had a Colonial Conference here, and all these honourable gentlemen came over here, and I think they all came over with the determination and with the expectancy that they would renovate the whole position of the Shipping Trade Conference; and I think they went back, I will not say disappointed, but they certainly did not obtain all they expected.

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385. I take it from you that you are in favour of preference being given to the Governments and municipalities. I think I understood you to say that?—No. What I said was that our opinion is that emphatically we should prefer the arrangements suggested at the Shipping Conference recently sitting in London, to the effect that practically all shippers, including all the Colonial Governments, should pay the same rate of freight, and if there is to be a variation from such an arrangement, it should follow the opinion that this Committee expresses in their memorandum of November 30, 1905, and so on—

386. That the rates of freight should be uniform to all private individuals, firms, limited companies, and corporations whatsoever, except solely Governments and important municipalities?—Yes.

387. I understand you are agent for municipalities?—I am, and so are other merchants sitting on our Committee.

388. I only asked that question because I was going to ask whether you had ever chartered an outside steamer?—No, because the municipalities, as a rule, could not do it.

389. Why could they not do it?—For the obvious reason that supposing you are building a tramway, or supposing you are instituting electric lighting, or supposing you are instituting a drainage system, even a municipality cannot afford to have—I will not say “cannot afford,” but it would be an inconvenience to the engineer to have the whole of his goods dumped down out of one steamer. What is he to do with them?

390. So that it is only in very rare cases that it is convenient to charter a steamer for a special line of goods, and solely for a special line of goods?—You said “very rare cases.” Allow me to say I agree with you emphatically that it is in very rare cases. That is probably why—I do not say it is so, because I am not an Agent-General—a Colonial Government may desire to make an arrangement at a lower rate of freight with the steamers who are going on regularly rather than charter one of their own.

391. If an Agent-General with a Colony behind him were in dead earnest on this matter, having the control in a sense that no other individual exporter has, of large lines of goods, would it not be possible for him if he were chartering steamers to fill up on the general market?—It would be possible undoubtedly, but whether it would be practicable as regards itself or in work is, I should think, an open question. Supposing they are building a railway; they would not desire to have the whole of one cargo dumped down—I use the word “dumped,” but I ought not perhaps; I will say to unload at the same time—because their engineers and their people supplying the labour might not be ready to deal with it. What are they to do with a ship load?

392. You say that these Conference rates cover most of the ports in the United Kingdom as well as on the Continent. Do they cover ports from which no sailing ever takes place?—The goods are brought to the ports from which the sailings do take place.

393. If the steamer were put on from Leith or Aberdeen or some port to which no Conference steamer ever goes, would that be held to be an infringement of the rebate system?—That is a question for the Conference Lines themselves to determine.

394. You cannot give me any light on that?—How could I, because it is strictly a thing within the decision of the Conference Lines. But the Conference Lines do put their steamers on at those ports at which they are most likely to receive freight.

395. I want to look all round this question finally. You say that an opposition is never long lived, because it either finds that it is no use, or else it is absorbed into the Conference?—Generally it is absorbed.

396. It is generally absorbed on terms profitable, I suppose, to itself?—That I cannot say. I do not know whether Mr. Houston has found it profitable or otherwise.

397. According to a part of paragraph 12 of your memorandum of evidence, one of the complaints against the Conference is, “that they have not accorded the same rates to loyal shippers as shippers in the opposition paid under the contracts made before the junction of the Houston with the Conference Lines.” What does that mean?—I have explained that further there. We did approximate, and the rates of freight were after much negotiation found capable of adjustment. It really means

this: When the Houston Opposition came on—and here, for the sake of our conversation one with another, I must speak somewhat broadly—the Conference Lines as Conference Lines in their sum total represented, we will say, 100,000 tons of tonnage—I am only putting it very broadly—and the Opposition Line when it came on represented we will say—I may be giving the wrong proportion; if so, both the Conference Lines and the Houston Opposition must forgive me when they see it—but they may only put on 10,000 tons of tonnage. The Conference Lines immediately said to us as merchants, “Do you think it is fair that we should reduce to a net price our rates of freight on our 100,000 tons, because an opposition has come on offering you 10,000 tons?” Now that point was settled in this way—Taking 100 per cent. as the maximum—

398. Or standard?—Yes, or standard, the rates of freight by the Conference Lines were, as to 20 per cent of the tonnage, reduced to the same rate as the Opposition Line, but as to 80 per cent. the scheduled rates were maintained.

399. It is an excellent thing to get a business man here who answers questions so skilfully. Do you think, having regard to the methods of the Conference, that the different lines composing the Conference are making a very good thing out of it at the present day?—I can only refer you to the quotation on the Stock Exchange of the shares of the company.

400. I came home in a Union-Castle liner the other day; we were 11 first-class passengers and we had a band of 15 performers to play to us. It seemed to us that that was not a very satisfactory thing from the shipowner's point of view?—As I said before, I have not so much interest in the Conference Lines as is represented by this quill pen, but if I know anything at all about it from some years' experience, I believe that all those men are either stewards or sailors; they do not go on board as bandsmen in the sense in which the officers of a crack regiment employ a band.

401. (Mr. Reeves.) You have been questioned as regards the rebate system, chiefly upon rebates as paid upon our goods shipped from England to South Africa; and I think you said that in no case were rebates returned upon such exports retained at this end?—To the best of my belief that is absolutely correct.

402. Does that apply to all refunds made under whatever name—rebate, primage, and so forth?—Certainly.

403. And to everything that is handed back by the Conference Lines to people here?—Certainly.

404. Does the rebate system apply equally or in any way to goods shipped from South Africa to England?—I ought to be able to answer that question, but I am sorry that I do not import now; therefore I could not categorically answer you. Mr. Frederick Dyer is going to give evidence on behalf of the Chamber of Commerce, and he does import goods—I think I am right in saying that he does, but I wish to be accurate, and I am trying to be accurate in all I say. I would rather you reserve that question for him.

405. Under such a system, and applying the system to shipments from South Africa to England, the rebates would be paid over here, and they would come out of the shipping people here?—Not for the agents to retain in their pockets, but to be placed to the credit of account sales.

406. They would come here as in the other case they went to South Africa?—Yes, but not to be retained here.

407. They would be paid here, they would come here, and they would be retained in England?—Not retained in the sense of the consignee in England putting it into his pocket, but retained to the credit of the account sales for remittance back to the consignor of that produce.

408. In that case it would not be the consignee in South Africa—because the thing must go both ways—who ultimately pocketed the rebate paid on all goods going out?—Yes. I cannot see why not. This statement of the consignee clearly means shipments from the United Kingdom to South Africa, but you are putting the position that the consignee for some goods outwards becomes the consignor of produce homeward, and I am answering you. If there be a rebate on that shipment, that is placed to the credit of the account

sales, and therefore finds its way into the pocket of the consignor.

409. Does it not depend upon who is the owner of the goods?—I think not. It goes into the debit and credit of the current account.

410. Then you would tell us that the ultimate destination of these rebates as regards outward trade from England to South Africa is South Africa?—Certainly.

411. And the ultimate destination in the case of the homeward trade is still South Africa?—It is so far as I understand it, and subject to the qualification I have already made that I do not have much goods imported now. I know this, that it would be so, provided we received such shipments.

412. In that case it renders it all the more remarkable that there should be such a strong feeling in South Africa against the rebate system, does it not?—Again I say I cannot account for it.

413. However, not to detain you on that point—I merely mention it—I would remind you that you drew a distinction between what you call the present state of the shipping market—the expression used was “Now under the rebate system”—and what you call the free trade market—that we have a market subject to the rebate and the Conference system, and that there would be a system under which that would be abolished, and you would have what you call a free trade market?—Yes.

414. Then you drew a distinction again between a free trade market and an open market, because this is not a free trade market?—Pardon me, I did not use the words “free trade.”

415. Yes?—No; I said a free freight market.

416. I beg your pardon, I could not have heard you properly. That is a matter of indifference from my point of view. The point is that you draw a distinction between a free freight market and an open market?—No, a free freight market is an open market.

417. Pardon me. You said in answer to me this morning that the market as it is now is an open market?—If I did so I did so in error; that is all I can say.

418. I will tell you why—you said under the present arrangement we can charter steamers?—If I have misled you in any way I am very sorry, but my argument is this: It arose, I think, in connection with the question whether the freights are excessive or reasonable. I said that at the Colonial Conference we endeavoured to ascertain and settle that point by a reference to the chartering market, and we could not absolutely determine the point, because the chartering market usually had reference to one steamer, mostly carrying coals, and that was to be placed in comparison with those steamers under the Conference Lines that went full or not full, and delivered their cargoes at more than one port. Hence the difficulty of determining by that test the question whether the rate of freight was or was not excessive or somewhat unsatisfactory in its results.

419. (Chairman.) That is exactly what you said?—If it is not what I said, that is what I meant to say.

420. (Mr. Reeves.) That is not in the least degree in discussion between you and myself?—I am sorry; I must try and keep that before me.

421. It is quite beside the point, which is that you draw a distinction, as you tell me now erroneously, between a free freight market and an open market. Leaving that, we now come to the point that you claim that the present arrangement is an open market, because it is possible for a merchant here to charter a steamer?—I speak subject to your general ruling, but I am not aware that I ever used the term “open market.”

422. You did?—If I did I must withdraw it. What I said was that if a merchant could charter a steamer and load it wholly himself, and not take cargo from any other person, that could be done.

423. Without losing his rebate?—Without losing his rebate.

424. On his ordinary shipments?—Yes. I also said it was a thing that cannot very well be done at all practically.

425. Pardon me, what you did say to me this morning was, “We do it all the day”?—Pardon me.

426. You said, “We are chartering steamers all the day”?—Now I see where you are. Pardon me, but I was there speaking of sailing ships. We do not ship grain in steamers, except in very small parcels; and I instanced grain. We do not ship timber in very small parcels; and I instanced timber. You will see that that explains to you why I say in paragraph 9 of my brief of evidence: “In regard to the conditions pertaining to the South African trade from Norway and Sweden, these are the same as from the United Kingdom and the Continent, on all goods with the sole exception of timber, to which the rebate system does not apply.”

427. I was going to ask you the question whether you were always to charter sailing vessels?—Always.

428. The point is, then, that in practice you do not charter steamers, and when you do charter anything it is sailing vessels?—I have chartered steamers for timber.

429. I think you said just now, in answer to Mr. Taylor, that you never had chartered a steamer?—I suppose it arose in the way the question was put. Perhaps I misunderstood it. I meant we do not charter steamers to put them on a line from the United Kingdom. I have chartered steamers sometimes for timber when the trade used to be good. We chartered our own steamer, loading it from Sweden or Norway.

430. Then it practically comes to this, that it is something quite outside the ordinary shipment of merchandise?—From the United Kingdom, yes.

431. That it is something extraordinary to charter a steamer?—Not extraordinary, because I say you are doing it every day; but you see what I mean.

432. But you mean to say a sailing vessel, do you not?—I meant sailing vessels, but I also go so far as to say that when the South African trade was good for timber we chartered steamers and sent them.

433. When was that?—Four or five years ago, I should think, or somewhere about then.

434. But only in the case of timber and to carry timber?—Only in the case of timber; but we also charter steamers from Australia in grain.

435. To South Africa?—because it is that I am talking about now?—To South Africa.

436. I should have said between England and South Africa?—You may take it from me, if you will allow me to put it, that so far as loading a steamer in the United Kingdom goes, though you may take all these conditions, it is a thing that is not done in practice.

(Mr. Reeves.) That is what I wanted to get at; it is not done, and, therefore, it is not an open market, because this so-called refuge of the merchant against the holder of the power—the power of the Conference—is in practice in ordinary trade, no good at all and it cannot be done.

437. (Chairman.) Could it not be done? Is there anything to prevent it?—I was endeavouring to meet the question by pointing to a sentence of mine which answers that very point.

438. (Mr. Reeves.) I do not wish to embarrass you at all, but before you go to that, your answer to me just at this moment was, “You can take it from me, no?”—Practically, no.

439. “Practically, no; it cannot be done”?—I will not say it cannot be done. I only said practically it is not done, because you have had a case here in which it has been done, and I read it to you just now. I refer to the “Vortigern.”

440. “Practically not done.” Very well, we have got to this, then—that it is never done. Now I was going to ask you what percentage of the trade between England and South Africa do you suppose is carried in chartered vessels of all sorts; do you think that 10 per cent. of the trade is so carried?—I could not answer that.

441. It is not a question that allows of exactitude, but you probably feel that 30 per cent. is not?—It may be that I am a little bit deaf.

442. You will be quite comfortable in telling me that 30 per cent. of the trade between South Africa and England is not carried in chartered vessels? It is too great an amount to suggest for chartered vessels? 30 per cent. is not carried outside the Conference, is it?—I hope you will not think me disrespectful, but when you use the word “vessels” I would point out that that may cover steamers or sailing vessels. Are you using the word as applicable to steamers?

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443. Both?—Very well; then I could not tell you.

444. If you do not see your way to answer that, could you tell me what percentage of the trade that is carried in steamers is carried in chartered steamers?—Outside the Conference?

445. Outside the Conference?—I should say not 5 per cent.; but it is a difficult question to answer.

446. You told us that ordinary merchants—and I think you define the ordinary merchant as being a man who makes rather small shipments in a regular way?—Yes.

447. You told us that the ordinary merchant did not wish for the abolition of the rebate system?—According to the vote given.

448. But do you think that that vote honestly meant a preference for the rebate system as against its total abolition, or a preference for a modified system as against the present one?—As I told you, I read the whole of that evidence to the meeting, and when I had read the whole of that evidence, I said, "Now, do you prefer the abolition of the rebate system, or do you prefer this?" and they all voted for the retention. I cannot answer it clearer than that. Why am I to put my interpretation upon a ballot, and give it to you?

449. However, the ordinary merchant is utterly unable to charter?—He is.

450. He, therefore, has no recourse as against the Conference, and, consequently, he is at the mercy of the Conference?—Except as the merchants act together for their own mutual benefit.

451. But they cannot charter?—They can charter if they choose to run an opposition.

452. And lose their rebates?—And lose their rebates.

453. But only if they lose their rebates?—They would lose their rebates.

454. Then they are practically at the mercy of the Conference?—I am sorry, but I cannot accept your ruling that we are absolutely at the mercy of the Conference.

455. Let me put it in a different way. There was a Conference held here to which you have referred several times, to which representatives from South Africa came?—Yes.

456. Those representatives represented the trade of South Africa and the Governments, and were very powerful people?—Yes.

457. They represented virtually the trade of South Africa, and the Legislature?—Yes.

458. And the law-making power?—Yes.

459. They came here to fight it out or discuss it with the shipping companies?—Yes.

460. With the Conference?—Yes.

461. And you admit that although they represented the whole power of South Africa, they went away without getting what they had expected or wanted—that is exactly what you said just now to Mr. Taylor?—I may venture to say with all due respect, although you accord me such a high position as to what I say or do not say—it is not that I say it or do not say it, but it is the facts of the case. That makes a very great distinction, because I am perfectly aware, although I do not assume that I am everybody, that everything I say here will be criticised North, South, East, and West, in South Africa. I do not want you to assume that I dictated what resulted from the Conference of all those Governments—nothing of the kind.

462. I did not suggest it. I know the strength of your personal position here, and you put it to us a little while ago that an agent who was in distress with regard to this rebate system said to you, "Soper, you do not feel the effect"; in your evidence this morning you told us a friend of yours connected with the South African trade said that practically?—He came to me as Chairman of the South African Committee and not in my personal position.

463. He said to you, "Soper, you do not feel the effect, but we have got clients over there, and we do."?—I am not aware that I said so.

464. I took the words down?—I cannot see how it arose, but it may have had some explanation other than that you are now putting upon it.

465. However, to come back from that, which is after all a mere episode, the point is that it was the facts of

the case which really showed the weakness of South Africa in fighting the Shipping Conference—not any opinion of yours; but the actual facts of the case showed that South Africa, even when banded together with the help of its Governments, could not get what it wanted out of the Shipping Conference; how, then, could any individual merchant expect to succeed? The point is this, South Africa having failed, you said you did not think that any satisfactory arrangement between the merchants and the Conference would be practicable, I think?—The other alternative which those gentlemen adopted when they came over here for the Colonial Conference was legislation in South Africa.

466. If an arrangement, such as you said would on the whole be preferable to legislation, is not practicable, you would scarcely say it would be likely and probable?—I do not quite see your point.

467. Do you think such an arrangement—a thoroughly satisfactory arrangement between the merchants and the Conference for the abolition of the free freight system—is likely?—I argue that you can only do one of two things; you can either ask for a compromise between the merchants and the shipowners or you must put the law into operation.

468. Do you consider that a satisfactory conference at the present time is probable, or is likely to be brought about?—I have already answered that question by saying that I consider the Conference steamers would be very well advised in listening to the representations of merchants.

469. Pardon me; in their own interest as steamboat owners, I asked you whether it is probable that they would, but you say they would be well advised to do it. I ask do you think it is likely they will?—I cannot say whether they will or whether they will not.

470. Then the outlook as regards an agreement is utterly uncertain?—Uncertain?

471. Yes, because you cannot tell whether it is probable or not?—It is uncertain.

472. It looks to me as though we were remitted to legislation. One more question, and the last one: Do you know at all what percentage is about the reduction that the Governments obtain as compared with ordinary shippers; in other words, what percentage is the concession given by the Conference to Governments as shippers?—I am afraid I cannot answer that as a question of percentage, because, as I have said, the shipments of the Colonial Governments are usually of rails at a net price, whereas our shipments extend over the classes 1 to 5. Therefore I could not answer your question.

473. That would be so much a ton, would it not?—Yes, it would be so much a ton.

474. And you have got nothing to compare with it?—No, because the rates vary according to the locality.

475. But supposing the private person to ship in the same class as the Government?—As a rule I say the private merchant does not ship in the same class as the Government, because the merchant does not ship rails.

476. There are a good many other things which the Government take out besides rails?—They take railway carriages and so on.

477. And they take a great many other things, do they not?—Not much.

478. I know some Governments that do; any way, I will not press you?—I say you cannot make a comparison of merchants' shipments from classes 1 to 5 wherein you begin roughly at 40s. for class 1 and go down to 15s. for class 5—you cannot make an all-round comparative percentage as between such shipments on the whole and the shipments for the Colonial Governments.

479. Do you think 10 per cent., roughly speaking, would be an overstatement of the advantage that the Government receives?—I say this, that there should be no difference greater than 10 per cent.

480. Do you think that it is 10 per cent., roughly?—No, I could not offer an opinion.

481. You could not offer me the roughest estimate?—No.

482. (Captain Collins.) You said that since the Colonial Conference preferential rates are not given to large corporations; are they continually given to Government;

do you know?—The preferential rates are still being given to Colonial Governments.

483. Is it your opinion that the discontent with regard to the rebate system is in a large measure owing to the contrast between the freights accorded to the Governments and corporations and those charged to the general merchants or shippers?—I do not think that that is pointedly the case. I think it is a Colonial general antipathy to the rebate system as such.

484. They do not like it being put on and taken off, is that it?—They do not like being under the control of the Conference.

485. They do not like being tied?—No.

486. I want to ask you a question with reference to paragraph 18 of your memorandum of evidence, where you refer to the injury to British or Colonial trade. Is it within your knowledge that steamers are run from America by the same companies as those steamships running between Great Britain and South Africa, and that lower rates are charged?—The steamships loading from America are the Union-Clan Line, which means the Union-Castle Line plus the Clan Line (they work together in America), the American-African Line, which is Bucknall's (which works by itself in America), the Prince Line, the Houston Line, and the Hansa Line. The Conference Lines, rightly or wrongly, draw a sharp distinction between their action as Conference Lines from the United Kingdom and their action as such from America in respect of their American goods. They do not allow us to call them Conference Lines in America; they call themselves, I think it is, the Allied British Lines, or something of that sort.

487. Do they charge lower freights from America?—I thought I might be asked this question. At the present time the present rates of freight from America to South Africa by the Allied British Lines are:—

Class	1		2		3		4		5	
	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.
Capetown	36	3	31	3	25	0	22	6	20	0
Port Elizabeth	38	9	33	9	27	6	25	0	22	6
East London	41	3	36	3	30	0	27	6	25	0
Durban	45	0	40	0	32	6	30	0	27	6
Delagoa Bay	51	3	42	6	35	0	32	6	30	0

For a few lines such as lumber, hardwood, grain, oil, &c., there are special low rates. At the time of the entrance of the American Opposition in June, 1902, the rates of freight, speaking generally, by the Allied British Lines were more or less the same as now, but the classification was not so established as it is to-day. The rates offered by the opposition in America were, say, speaking generally, in 1902, 10s., in 1903, 10s. to 20s., in 1904, 20s. and back to 12s. 6d., and in 1905, about 20s. During the opposition the rates by the Allied British Lines were practically the same as those by the opposition. In June, 1905, the opposition ceased. Since that date the rates have gradually gone up to the above present enumerated scale.

488. That is since 1905?—Yes.

489. Do you think British trade was adversely affected by those low rates, in your opinion?—At the time of the opposition, yes.

490. (Sir Hugh Bell.) I want to take you to some questions which were put to you by Lord Inverclyde, Mr. Sanderson, and Mr. Barry, as to constitution of your Committee. I understand you to say that you circularise very largely the persons whom you believe to be engaged in South African trade?—Yes.

491. You said you send out as many as 400 circulars?—Yes.

492. I suppose that it has been the custom for some time to send out large numbers of circulars?—We did not do it to the same extent during the fighting and the opposition during the Boer War because everybody's hands were full; but since the closing of the Boer War what you say is correct.

493. Your response to that very widespread casting of the net is not a very satisfactory one, I think?—The year before last there were about 150 people.

494. And last year you said some 40 to 50?—Yes.

495. That is about the number who attended?—That is so.

496. That meeting is held in the autumn of each year—in November, I suppose, or some such time?—Yes, somewhere about November.

497. And that proceeds to elect the Committee?—Yes.

498. And the Committee is 25 in number, I understand you to say?—Yes.

499. I gathered from your evidence that it is 25 in number. The executive, therefore, of the South African trade in England is this Committee of 25?—Yes.

500. From year to year, during the time which elapses from November of one year to November of the next, it proceeds to deal with the business for which it was appointed at the meeting?—Subject to the report which we send to all the members who subscribe to the Committee.

501. Now you see you are giving us some further information which we had not before us at an earlier stage. The result of the circularisation is to obtain a body of subscribers?—Yes, they do subscribe, but we do not block them out if they do not.

502. Each year you circularise them, though they may not subscribe?—Not for subscriptions, but to attend the meeting; and they attend the meeting, because they are interested in the South African trade—not because they subscribe or do not subscribe.

503. I quite understand. I venture to use the expression, that you cast your net very widely?—Yes.

504. What I want to know is, how many do you get into that net in the form of persons who subscribe to your funds, and therefore constitute the body which forms your Committee?—I could not answer the question, but my clerk says there are about 30 subscribers.

505. Quite a small number, therefore?—Yes.

506. I am not endeavouring, of course, to minimise the influence of the body you are speaking of; I only want to know exactly of what it consists. During the continuance of the 12 months the Executive Committee, which is called the South African Merchants' Committee, conducts the business of the association?—And sends the minutes of its meetings to all the municipalities and chambers of commerce in South Africa who subscribe also to this Committee.

507. To all its subscribers in England and to all its subscribers in South Africa?—Yes, composed there of chambers of commerce.

508. I am eliciting from you some very important information as to the constitution of your Committee, which we have not before us?—I am delighted to give it to you.

509. I am sure you are. The number of subscribers you have in England is something like 30, or some such number?—Yes.

510. In South Africa how many have you?—The chambers of commerce, principally.

511. A dozen?—There may be that, but I could not tell you.

512. During the year, as you say, you do the business and you send your minutes to these various subscribers?—Yes.

513. Perhaps, altogether, 100 at the outside, or some such number, I suppose; I am only guessing?—Yes.

514. And you are helping me?—It may be, but I do not know.

515. At this meeting, which was a very important meeting, held in November of last year, very shortly after the constitution of your Committee, a ballot was held?—Yes.

516. You called it a ballot, but was it a ballot?—Absolutely.

517. I ask, because it struck me as rather curious that, having been a ballot, you are able so clearly to identify the one dissentient person. If it was a ballot, how were you able to identify the one dissentient person?—For this reason, that the names of the members of the committee for the preceding year were placed before the meeting, and you can quite understand that, in the conduct of public business, they want to know what were the names last year. They were put down, and when the ballot took place it was found that there were two firms not returned. That is how.

518. I beg your pardon; I have not put my question quite clearly. I was referring to the ballot which you

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took on the ballot paper which has been placed before us ?
—That is the Committee ballot paper.

519. Yes. Was that a ballot in the ordinary sense of the word—a process of secret voting?—It was a small bit of paper, and those two questions were on it, and one of those slips was put round to each of the members.

520. And he answered Yes or No to those?—No. I asked them to strike out which they did not agree with.

521. You said one person was against the rebate system, as it is called?—That is so.

522. You called it a ballot, but I was curious to know how it happened you were enabled to identify them?—Because when the bits of paper were handed back again, I found one piece of paper wherein it was all struck out except that (1) was retained.

523. And you identified that person?—No, indeed.

524. You were kind enough to tell us that you knew his name?—No.

525. I beg your pardon ; I thought you did?—I was speaking of an influential firm which is no longer upon our Committee.

526. You did mention that also, and you regretted that one important firm had not been returned?—I could not know, and I could not be certain as to what the firm was who retained that phrase.

527. I beg your pardon ; it was no doubt my misunderstanding. Then 17 persons accepted the rebate as guarded in the evidence which you were going to submit to us, which would then be prepared and was laid before them?—Yes, and five others who were not there I communicated with by telephone, and they were in favour of (2).

528. But there was one neutral person, and you yourself, being in the chair, refrained from voting?—I did, as chairman.

529. You ultimately communicated with the absent members of the Committee, and so you got 22 members of the Committee out of 25 declaring in favour of the guarded rebates ; is that so?—The Committee is 25 ; deduct the Chairman, which makes 24, one was against and one was neutral, and that reduces it to 22. That is somewhere about it.

530. I want to understand a little more the nature of the arrangement which has existed for a very long time past. You have taken us back to the year 1888 as the period at which there was some kind of arrangement in existence?—Yes.

531. And, indeed, earlier than that, because you give us the case of the "Vortigern," which, I think, was in 1885?—No.

532. Was the "Vortigern" a later ship?—The "Vortigern" has only just taken place.

533. I beg your pardon ; you are right. In 1885 you told us a new line was started with two steamers, the "Natal Merchant" and the "Cape Merchant." I only want to know how long the arrangement has been in existence ; it certainly was in existence as long ago as 1885?—The compact is 1893. That is really our first practical working arrangement.

534. There was an understanding existing in 1892, and that was reduced to the compact, the paper which has been put in, dated March 9, 1893, showing what the nature of that compact was?—Yes, that is really our compact.

535. Then the first agreement is dated January 27, 1898, is it not?—It is called an agreement to distinguish it from the compact, because it is a document which each shipper or merchant firm signs.

536. That is why I call it an agreement. I did not quite understand. I should like to understand from you whether there was comprised in that agreement, as you call it, the provision which produced the incidence of the fine, if I may venture so to designate it, which is imposed upon persons who fail to comply with the arrangement. You took exception to Mr. Birchenough calling it penalising, but I suppose you will not take exception to my suggestion that it may be called a fine. Was that part of the agreement?—It is a part of the agreement. It is of the essence of the agreement that if they do not ship by the Conference Lines they cannot receive rebates.

537. I beg your pardon ; I think not. Did the agreement of January 27, 1898, comprise in its terms all these conditions which are set out in paragraph 7 of your memorandum of evidence, the paragraph which is headed "Conditions of the South African Rebate System"? You were asked a number of questions in explanation of that, and I wanted to be clear whether that re-arrangement was a portion of that method of alleviating the incidence of the rebate?—I have not got the agreement before me, but to the best of my belief it is this : The compact of March 9, 1893, was still in existence and that agreement—

(Chairman.) This is one of the clauses : "In consideration of the continued loyal support of the South African Merchants' Committee and of shippers to South and East Africa who may comply with the conditions herein stated, the steam lines agree that clause 3 of the 'Notice to Shippers' shall not be held to disentitle such shippers to the enjoyment of the commission on their other shipments if compelled under instructions to ship the goods of a client by an opposition steamer." That is a modification.

(Sir Hugh Bell.) That is part of the agreement.

538. (Mr. Birchenough.) It is the interpretation of the agreement?—It is the interpretation rather of the agreement, and that agreement as such is based upon the compact of March 9, 1893.

539. (Sir Hugh Bell.) I am sorry to have to press you, but, really, the whole thing reads to me as though this were a grace accorded by the Shipping Conference to the persons who loyally, as the rather curious phrase is, conformed to the arrangement which existed between them. Am I right in that interpretation?—I do not wish to differentiate too minutely between your question and my answer ; but in the working out of what is called the loyal agreement (which is a phrase amongst shippers, who speak of "loyal" and "disloyal") it was found that one firm at home representing a number of consignees on the other side began to realise that some of those consignees might prefer to have their goods shipped by an opposition and some might not. That was to settle this point as between them—Because the same firm here in shipments to some of their clients, have used the Opposition Line, and in shipment to other clients have used the Conference Lines, are they to forfeit their rebates by reason of the agreement?

540. (Sir John Macdonell.) What is the date of that document?—January 27, 1898.

541. Of even date with the agreement?—Yes.

542. (Sir Hugh Bell.) I do not know that that is exactly the point I am on. I do not know whether there is any other agreement than this, and whether this is apart from the agreement. Does there exist any other agreement than this?—None whatever besides this blue document.

543. (Mr. Birchenough.) What I think occurred is this : Under the original agreement, when Houston came in, cases of great hardship arose. People received requests from their customers in South Africa to ship through Houston, say, and then this question arose, and this document which you have before you is an interpretation?—I am sorry.

544. Is that not so?—It ante-dated Houston considerably.

(Mr. Birchenough.) Perhaps it was at the time of another opposition.

(Sir Hugh Bell.) I beg Mr. Birchenough's pardon but this is 1898, which is long before the Houston Opposition.

545. (Mr. Birchenough.) Perhaps it was another line?—This document ante-dates the Houston Opposition, at any rate.

546. (Sir Hugh Bell.) Should I be using very inappropriate language if I were to say that this memorandum, which can hardly be called an agreement, can it?—No, this is the agreement.

547. Which is the agreement?—The blue paper that is signed by the shipper.

548. This is a mere statement of the persons who are dealing in a certain commodity, the services of shipping, as to the conditions on which they will supply that commodity ; is that not so?—This is an arrangement

whereby those who ship with the Conference Lines are entitled to claim their 10 per cent.

549. This is a notice which the shippers gave again in 1898, or at some such date, and now again in 1904, as to the terms on which they would ship?—Yes, it is the document the firms sign.

550. That document the firms sign?—Yes.

551. That is to say, everybody who ships has to sign the counterfoil there in order to obtain the advantages which are tendered under it?—Yes. That is why I call that an agreement, speaking perhaps somewhat loosely, in contradistinction to the compact of 1893; but that agreement is based upon that compact.

552. Now I want to put it to you again, whether you think I am using entirely inappropriate language if I ask whether this document of even date, as it was at that time, does not amount to a grace accorded by the ship-owners, that is, by the Conference Lines, to certain persons who might otherwise have been outside their rights in this agreement?—I can scarcely say, with all respect, that I consider it a grace, because it was a development which arose in the working out of the agreement, namely, that a firm here may be shipping for more than one person on the other side, and some of those persons might desire their goods to be shipped by any opposition and some by the Conference Lines. Then a point was raised—in fact, I raised it myself—Because we are ordered by the other side to send our goods by this route instead of yours, are the people who keep to you on the other side not to have the benefit of the rebates to which they are entitled? That was the reduction of that put into writing.

553. I am much obliged to you for your answer. I think you have not quite followed my language, but you have got so close to it that I am quite content with the reply you gave me. I think I may further interpret it as meaning that the clause to which I refer in paragraph 7 of your memorandum of evidence having been found to be inequitable in its operation, or harsh in its operation, it was modified to meet certain hard cases?—That is it.

554. Modified by the conciliatory consideration of the Shipping Lines, may I say?—No. It is rather a more correct interpretation of the position than a modification, because you see originally, in the earlier part of the trade, the firm at home did not ship to more than one or perhaps two, but in the development of trade the firm ships to more.

555. I want a little further explanation of terms which are usually apt to be misleading. What is called a rebate is not really a rebate, but, as has been pointed out, is a surcharge which is ultimately to be returned?—It is called a commission.

556. That is a new name for it; we have not heard that name before?—That is the phrase by which we have it in our document. It is a commission of 10 per cent. Originally it was only 5 per cent. The primage was always 10 per cent., but I think it may be accepted that notwithstanding the fact that the primage of steamers was 10 per cent.—I think I am right there—and that this commission is also 10 per cent., it does not necessarily follow that they are the same things, and that they are handing back the same things.

557. But in fact the so-called rebate is an amount which is added on and subsequently taken off?—No.

558. I want to know why not; will you explain?—Because it is a rate of freight and primage, and the rate of freight is fixed and the primage is fixed, and if you abide by that you do not take the rebate, and there is an end of that transaction. If you do take the rebate 10 per cent. commission is returned.

559. You are perfectly right. I was only assuming in the cases where you got the 10 per cent., it was a sum returned to you?—So it is actually returned, because it is first paid, or else the steam lines would not hold the rebates.

560. (Chairman.) Supposing the freight had been agreed to be 42s. 6d., which is a figure I have got here, would that 42s. 6d. include what you call the primage of 10 per cent.?—No, I think not.

561. It would not?—No.

562. Then that has to be added on?—No. Freight and primage have been words used in the shipping trade from time immemorial, and they have always gone together. It is not a question of the freight and adding on this primage, and then taking the primage off.

563. (Sir Hugh Bell.) I am sorry to say I am old enough to remember a good many of these phrases which have passed into desuetude of later years, and it is amusing to find them cropping up again. But do not let us be led away by mere terms. One of my reasons for putting these questions to you is to get rid of a confusion that arises in consequence of the use of language rather inaccurately. May I put to you, as the Chairman has put to you, a freight of 40s., or whatever it may be, being fixed, and there is to be paid in addition to that by the person shipping the goods and paying the freight 4s. more, which is 10 per cent. on 40s.; is that so?—Yes.

564. That is to say, it is an extra payment?—Yes.

565. After some rather indefinite period or lapse of time, varying you know by the accidental time in which the freight is paid, that money is going to be returned?—Yes.

566. Mr. Reeves asked you some questions as to who got it, and I should like a little further explanation, as I did not quite clearly gather from your replies what you intended to convey. Let me take the case of a shipment made in England, we will say in the month of July—I will take a haphazard date without any object in view, as I only want to have something to work upon?—I will endeavour to follow you.

567. You pay the 40s. and the 4s.?—Yes.

568. And you invoice it to your consignee or principal, or whoever he may be, in South Africa?—Yes.

569. "Goods, freight and insurance," and the item of freight is filled in at 40s. plus 4s.?—Yes.

570. Does he pay you?—Certainly.

571. He pays you the 44s.?—He does.

572. That is after some months; can you tell me how many?—15.

573. After 15 months you get back the 4s.?—Yes.

574. What do you do with it?—Place it to his credit.

575. And if the transaction has all been concluded, what have you done with it?—Speaking generally, our accounts are debit and credit accounts running from year to year; but if there is not such an account we should remit the money to South Africa.

576. That is exactly the point; that is to say, to take a solitary transaction, I, furnishing a house in South Africa and buying furniture in England, after 15 months receive back from you 10 per cent. on my freight?—Yes.

577. That is so?—It is so.

578. I being just a casual buyer?—I cannot be answerable for others. I am only supposing what ought to be done. I know that is what we should do.

579. I have no doubt that all the honourable houses—and I have no reason to suppose that there are any other in the South African trade—would do that. Now, I want to put the converse case to you which Mr. Reeves put to you, and which is very puzzling. In the other case, that is in the case of a shipment from Africa, who would get that 10 per cent.?—The shipper of the produce.

580. Is that not very odd?—Not by any means.

581. Why?—Because it is the man who initiates the business and who commences the operation that is entitled to get it.

582. Suppose I bought a thousand tons of Cape plums (which is the only commodity I can think of coming from the Cape at this moment) for my household supplies in London, they would be charged freight and they would be invoiced to me with the rebate, so-called, upon them—the surcharge, as I prefer to call it—by the person whom I had bought them from, would they not?—Yes.

583. Why, when that money is returned, would it not come to me instead of going to the man in South Africa?—As I said before we do not import goods, and, therefore, you must take my remarks as more or less academic.

584. I think you told Mr. Reeves he must ask somebody else; I must ask somebody else too?—Yes, if you do not mind. Mr. Frederick Dyer is going to give evidence.

(Chairman.) One would have thought the 10 per cent. would be repaid to the person on whose behalf freight is paid.

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585. (*Mr. Mathers.*) I think the answer is that the produce in that case is consigned here for sale and not bought?—I said it was credited to the account sales, but that was not the last question which the honourable member put to me.

586. (*Sir Hugh Bell.*) There is one explanation, but I am afraid you will think it a flippant one, which I was going to offer, as to why the buyer in England did not get it, and the buyer in South Africa did get it; and that was that the buyer in South Africa is so much cleverer than the buyer in England. Do you think that is an explanation which would be a plausible or reasonable one?—I do not know.

(*Lord Inverclyde.*) The shipper has sold you those goods knowing he is going to get this rebate.

587. (*Sir Hugh Bell.*) Since Lord Inverclyde has intervened, I would like to put it to you again on Lord Inverclyde's suggestion. Consider the case I am putting to you: I, a buyer in England, buy goods in South Africa and receive an invoice made up in these terms—To so many hundred tons of goods at such and such a price, to carriage to the port of embarkation at such and such a price, to freight on goods to the Port of London such and such an amount, say 40s. per ton, to rebate—I do not know how you would phrase it in your invoice?—To primage.

588. To primage under the shipping arrangement 4s. total such and such a number of hundred pounds. I have paid the 4s. in respect of that primage, as you are pleased to call it, and then after 15 months my shipper in South Africa gets back the 4s. Why should he not refund it to me if you in England refund the amount to him? That is the point?—I do not know why he should not.

589. I am obliged to you for your answer?—For this reason, pardon me, that the business initiated with you; and the business is transacted upon your responsibility.

590. I just want to emphasize the point, and I think I have got it from you perfectly clearly. You say that that which is sauce for the English goose ought also to be sauce for the South African gander?—I cannot see why it should not be, subject, as I said before, to the remark that I do not import goods.

(*Lord Inverclyde.*) Would not the shipper who sold this article, knowing he was going to get this 4s. back, calculate it in the price, and, therefore, Sir Hugh Bell would not have paid the 4s. as otherwise he would?

(*Mr. Birchenough.*) He might or might not, is the answer.

(*Sir Hugh Bell.*) I do not want to dwell upon the question. Mr. Soper very frankly says "I am no longer an importer," and, therefore, I am only answering on the best of my knowledge and belief, and I am answering according to the light of reason, the hypothetical question you have put. He has answered, and I am quite satisfied with his answer, and have no more questions to ask on it.

591. (*Sir Alfred Bateman.*) About the Freights Conference at the Colonial Office last year. If you will turn to paragraph 15 of your Memorandum of Evidence you will see you say that "the rebate system theoretically and as a rebate system was not approved"?—In that I am giving you my opinion.

592. You thought that from what you were told by the representatives of the Governments?—Yes.

593. Then you modify that very substantially by saying, "and yet, generally, it probably would have been accepted had an adjustment with the Conference Lines been attained," and so on. I also take it from your evidence that you and your association were in favour of such a settlement of the question on the lines laid down?—That is so.

594. If only you could have got more reductions in rates and certain other modifications, such as the arbitration?—Yes.

595. I want to know whether you agree with me that important modifications were made at that conference by the shipowners?—The important modification suggested, but not made, was the question of its being a six months' period payable six months after; then also they did make a proposal for a reduction in the rate of freight.

596. And they did make certain reductions?—Yes.

597. They reduced the time of delaying the payment of the rebate from 15 months to 12 months?—Yes.

598. (*Mr. Birchenough.*) They reduced it to three and six, instead of three and nine?—We asked for nine and they agreed to 12.

599. (*Chairman.*) It was 15 months originally; you asked for nine, and they gave you 12?—It was 15 originally, and I think it was suggested on our side, if I may use the expression, that it should work out at nine, and practically the shipowners said: "we will consider 12."

600. (*Sir Alfred Bateman.*) Then there was an important proposal, I think, from the shipowners that competition in rates from the United States to South Africa should practically be done away with so far as English merchants were concerned, and that you would not be able to send your goods from New York to South Africa by competing lines without forfeiting your rebates?—They wanted to hold the Conference Lines as applicable to America as well as to this country, but they were met by the argument: "Whenever we approach you on the question of the Conference Lines applied to America as well as to this country, you say: "Oh, no, we are not a Conference for America, we are the Allied British Lines."

601. I wanted to get from you whether your association held strong views on that point?—I do not know that it was our association so much as the representatives from Cape Town and Johannesburg.

602. I want to get from you whether you and your association attach importance to the proposal of the shipowners, and whether they objected to it or whether they approved it?—I think, as a rule, we held to the distinction that America must take its place and that the United Kingdom should hold its place.

603. I think you said in evidence that since that conference the preference to large shippers has ceased?—Yes.

604. So there has been a result to the good so far as you and your association know?—So far as we are aware. If they had any contracts running, I do not know, but I think I may say, so far as I do know—and I cannot know much—that the contracts which existed have not been renewed except in the case of the Colonial Governments: they certainly have not been renewed with the municipalities.

605. I also gather from your evidence that you prefer an agreement very much on the lines proposed at that Conference to the Legislation which was proposed by the South African Governments?—That is my individual opinion.

606. And also you took it that the South African Governments might have been in a stronger position with the shipowners if they had been secure that the legislation would have been passed?—I am sorry, but I do not quite follow your point.

607. If that protective legislation would not only have been passed in the Legislature of South Africa, but would also have been assented to by the Home Government, the South African premiers here would have been in a stronger position than the shipowners, and they would have had a stronger weapon, would they not?—As I understood the course of that negotiation, it was that the representatives from South Africa endeavoured to arrive at an amicable arrangement with the Conference Lines, and when, as the result of an interview, the arrangement was not considered satisfactory, they then said, "Very well, there is no other course for us but legislation."

608. But you did not take it that they went away with this resolution in their pockets to put in force in South Africa?—I did not understand that.

609. What I wanted to get from you was this—has already by your association you have secured certain modifications from the shipowners?—From time to time I think we have secured certain modifications from the shipowners.

610. What you really want is good will on both sides to secure still more modifications?—I think so.

611. And to provide that in case of dispute you may have some independent authority?—That is so.

612. So that you prefer the agreement on those lines to anything like legislative interference with rebates?—Again I say that that is the general opinion of those with whom I act.

613. You can only speak for your association?—Yes.

614. (*Sir John Macdonell.*) I understood you to say that you had drawn up a paper stating your objections to the proposed colonial legislation; have you put that in?—No. I have drawn up no paper.

SECOND DAY.

Tuesday, 5th March, 1907.

PRESENT:

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

The Hon. G. N. LAWRENCE.
Sir W. T. LEWIS, Bart.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
Captain R. MUIRHEAD COLLINS, C.M.G.
Mr. H. BIRCHENOUGH, C.M.G.
The Hon. W. PEMBER REEVES.
Mr. J. BARRY.

Professor E. C. K. GONNER.
Mr. F. MADDISON, M.P.
Mr. W. H. MITCHELL.
Mr. OWEN PHILIPPS, M.P.
Mr. OSWALD SANDERSON.
Mr. AUSTIN TAYLOR, M.P.
Mr. I. H. MATHERS.

Mr. J. A. WEBSTER, *Secretary.*

Mr. EDWARD HENRY LANGDON, called, and examined.

615. (*Chairman.*) I believe you are a partner in the firm of Messrs. S. L. Behrens & Co., of Manchester, and that you are President of the Manchester Chamber of Commerce and Chairman of the General Foreign Committee of the Chamber?—Yes.

616. You have been a director of the Chamber since 1893?—Yes.

617. I understand you are deputed by the Manchester Chamber of Commerce to give the Commission all the information as to shipping rings and freights that you can?—Yes.

618. I find you are not instructed to suggest any remedy?—That is so.

619. You are willing, of course, that the Memorandum of Evidence which you have prepared should be put upon the records of the Commission?—Yes. *The witness handed in the following statement:—*

Mr. Edward Henry Langdon will say:—

1. I am a partner in the firm of Messrs. S. L. Behrens and Co., of Manchester, and have the honour to be President of the Chamber of Commerce and Chairman of the General Foreign Committee of the Chamber, having been a Director of the Chamber since 1893.

I am deputed by the Manchester Chamber of Commerce to give the Commission all the information as to Shipping Rings and Rebates which is in my possession, but my instructions do not permit me to suggest any remedy. I have been engaged as a shipper of cotton yarn and textiles for over thirty years, having been Managing Partner of my firm for the last twenty years. My business has been chiefly with South and Central America, the West Indies, the Levant, and, during the last few years, with the Far East. I have no personal acquaintance with the Colonial trade.

In the trade to the Western hemisphere goods are mostly sold free Manchester or free port of sailing. In the Levant trade they are sometimes also sold c.i.f. abroad. The bulk of the Eastern trade is done on c.i.f. terms.

COMBINATIONS OF STEAMSHIP COMPANIES.

2. Combines of steamship companies exist on the ocean routes to nearly all markets. These work under a Conference system, *i.e.*, shippers are informed that their goods will be conveyed at specified rates, subject to the specified deferred rebates, the payment of such rebates being dependent upon a declaration by the shipper that he had confined his shipments during a

previous period of six, eight, nine, or twelve months, as the case may be, to the "Conference" liners. Any shipments made by a non-conference steamer subjects the shipper to a forfeiture of the rebate previously earned. This amount may have accrued six, eight, nine, or twelve months under the deferred system.

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ADVANTAGES OF COMBINATION.

3. There are some advantages accruing to the exporting merchant from the operation of shipping conferences, when rates and working arrangements are fixed with an equitable regard for the interests of the merchant. It is of very great importance that there should be a regular service all the year round with the great trading ports, as sailings at regular intervals promote trade and facilitate remittances home. It is equally important that a uniform rate of freight be maintained all the year round, so that merchants can calculate with some certainty the rate which they will pay months forward; when freights fluctuate business becomes more hazardous. Then, again, the good character of steamers as to insurance is rarely neglected by shipping conferences, and attention is paid by the owners to secure good captains and other officers, and to have their stores and the working parts of the steamer in the best possible order. A low rate of freight is neutralised by a higher insurance rate, and when merchants underwrite a portion of their own marine risks it is all-important that the steamers upon which they are run should stand in the highest class in the insurance world. Shipping conferences generally do their best to secure a sufficient number of first-class steamers to work a particular trade route, and they avoid, as far as possible, the chartering of "tramp" steamers, because they know that merchants have to pay higher insurance rates for that class of boat.

RETENTION OF REBATES.

4. Shipowners contend that the rebates paid are a commission or reward for the support given to certain lines of steamers. Exporters maintain that the rebate is part of the freight, arbitrarily retained, and that the amount kept in hand is really the merchant's money. If the Committee decide that the prohibition of rebates is too severe a measure—and I have nothing to say for or against such a proposal—a time-limit for the retention of balances due to shippers ought to be legally enforced. It is also a question whether, under common law and in the absence of express terms in any contract, rebates accruing to shipments made up to the date when a shipper has employed a competing steamer or line of steamers, can be retained indefinitely by a Conference;

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in other words, whether any forfeiture of accrued rebates is enforceable by a conference respecting goods shipped during the time that a shipper has given undivided support to a Conference line. In the Madras trade—monopolised as regards Manchester textiles by the "Clan" line—a rebate of 20 per cent. came into force last April. Previously—for some years—it had been 10 per cent., but a threatened competition induced the "Clan" owners to double the percentage. This rebate is not paid to the shippers until eight months have elapsed, the effect being that the steamship owners are in possession of the rebates for a whole year before they part with any of them. Estimating the freightage of "line" goods at 18,000 tons, the amount of rebate in hand exceeds £6,000 for the Madras trade alone, which is a comparatively small branch of the Eastern trade.

"MANUFACTURERS" AND THE REBATE SYSTEM.

5. Owing to the very efficient distributing organisation in the cotton trade the consequences of the shipping rings have not been brought directly home to the manufacturers.

Excepting always a certain percentage of goods consigned either by the manufacturer or by some one on his account, cotton goods are shipped under one of two systems:—(1) either the exporting merchant has his own branch establishment abroad to which goods are consigned for sale, or (2) the exporting merchant is engaged in the execution of indents received (a) as the result of patterns previously submitted to his clients abroad, or (b) from travellers despatched abroad for the purpose of collecting such indents. The "Export Merchant," therefore, so far as this inquiry is concerned, must be considered to be the "Manufacturer." The export merchant who acts for his own establishment abroad can supply the wants of his customers abroad from his own selection by means of foreign as well as British manufactures if he so desires, but the export merchant who supplies his goods against indents is confined to the actual goods ordered.

PRESENT RATES OF FREIGHT.

6. I hand in paper "A" giving the freights at present ruling to foreign countries in those cases in which deferred rebates are customary, the names of the Steamship Companies, the amount of rebate granted, and the conditions and terms of repayment. (Appendix, No. XIII.) In a few cases only are shippers required to sign an agreement beforehand. In most cases a declaration signed when claiming the deferred rebate that the shipper has not forwarded any cargo by an outside line is sufficient. Only one company (Wm. Johnston & Co., Ltd., Liverpool) that I am aware of pay the rebate deferred when due, calculating the amount themselves, and not waiting for the shipper's claim. All other lines throw the onus on the shipper.

A MERCHANTS' COMBINATION.

7. As an illustration of a merchants' combination, take the Bombay piece-goods trade. For this market it is desirable we should go back to the year 1881. Prior to that date nothing of importance had transpired beyond the incidents commonly experienced in all cases where important traffic is sought by a number of competitors. But in the year referred to, the Bombay "Conference" or "Ring," consisting of the Peninsular and Oriental, Hall, Anchor, and Clan Lines, having for the time overcome all opposition, fixed upon a "through" rate from Manchester to Bombay of 40s. per ton, or 10 per cent. primage. In the circumstances, shippers considered the rate mentioned as fair and reasonable, but after a time the "Conference," thinking to improve the occasion, advanced it to 60s. per ton. Outside steamers appeared upon the scene, and offered lower rates. The situation was met by the Conference offering to return 35s. out of the 60s. charged, to all who supported their steamers, and did not make use of the opposition.

Manchester shippers up to this time had made no attempt to combine in opposition to the Conference liners. Their past experience of a well organised service, together with the advantages of occasional outside steamers and low rates, appeared sufficient to warrant a continuance of the policy which leaves all such matters to regulate themselves. But united action showed itself in an altogether unexpected quarter. It came from Bombay, where the native merchants had not been idle spectators of what was being done on this side. The old system of exporting goods in anticipation of market requirements was giving place to the newer method

whereby natives order their supplies at fixed prices under indent. It became a matter of some moment to them, therefore, if having paid a price based upon a certain rate of freight they learned that the Manchester supplier was receiving returns or rebates varying in amount according to circumstances. They naturally desired to secure these advantages for themselves. But a combination of natives was not seriously considered possible by either shippers or shipowners. Rumours that something of the kind was being organised resulted in an effort on the part of shippers here to bind themselves to support only Conference liners at a fixed rate of 40s. per ton, for a given period. Unfortunately the great body of Manchester shippers entirely underestimated the genius and capacity of Bombay natives to combine. While, therefore, negotiations were proceeding on this side, the Bombay indentors formed themselves into a body called the "Bombay Native Piece Goods Merchants' Association." Negotiations were opened with outside steamship owners, and almost at the moment when the 40s. rate was being decided upon here, an announcement was made that the Bombay Association had placed their first freight contract for the conveyance of all Manchester indent goods at a through rate of 30s. per ton. Even then it was not considered possible that the native combination would hold together many months; but the event happened in 1881, and the Association has continued in active existence ever since.

An incident occurred in 1894 which shows how jealous the Conference are of outsiders. In that year an attempt was made to wrest the contract from the liners, and the tender of a new company at a through rate of 20s. per ton was accepted by the Native Association. The native dealers issued circulars announcing the fact and instructing correspondents in England that "all goods from 1st January, 1895, are to be shipped by steamers belonging to the Manchester, Bombay, and General Navigation Co."

It appears, however, that some misunderstanding arose in connection with the rate, and owing to this hitch the Conference liners approached the new company and bought them out for the sum, it is said, of £11,000, with an important condition added, viz., that the members of the new company were to be debarred from tendering for the next two years. The details of what actually happened have never been published, but the fact remains that the contract was finally arranged with the Conference liners at the enhanced rate of 21s. 6d. per ton.

The following table gives particulars of the contracts entered into from the commencement to the present time:—

TABLE B.
Freight Contracts of the "Bombay Native Piece Goods Merchants' Association."

Year.	Line of Steamers.	"Through" Rates of Freight from Manchester per ton of 40 ft.	Primage.	Returns.	Nett Freights
		s. d.	Per cent.		s. d.
1881	"Inch"	30 0	10		33 0
1882	"Inch"	30 0	10		33 0
1883	"Anchor"	19 0	10		28 11
1884	"Clan"	17 6	10		19 3
1885	"Clan"	17 6	10		19 3
1886		22 6	10		24 9
1887		22 6	10		24 9
1888		25 0	10		27 6
1889		25 0	10		27 6
1890		25 0	10		27 6
1891		25 0	10		28 8
1892		21 6	10		23 8
1893		21 6	10		23 8
1894		21 6	10		23 8
1895		21 6	10		23 8
				2s. 6d. per ton to Native Merchants' Association and 10 per cent.	20 10s
1896	The Conference Lines including the "City," "Hall," "Anchor," and "Clan" Companies.	20 6	10	3s. per ton to Native Merchants' Association not.	19 6s
1897		20 6	10	3s. " "	19 6s
1898		20 6	10	3s. " "	19 6s
to 1899					
1900		20 6	10	3s. 6d. " "	19 0s
to 1905					
1906		20 6	10	4s. " "	18 6s
to 1910					

THE CHINA TRADE.

8. In the China trade in May, 1902, the representatives of the Manchester China merchants effected a satisfactory reduction in the rate on grey drills and sheetings to enable Lancashire makes to compete with the American qualities. The present freight on light goods (*i.e.*, not exceeding 12 cwt. to the ton measurement) is 25s. plus 10 per cent. less 5 per cent. immediate rebate, and 10 per cent. deferred rebate payable in six and twelve months. Drills and sheetings mostly pass as light cargo. The comparison between 1901 and 1906 is therefore:—

TABLE C.

1901.		1902-1906.	
<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>
Add ...	5 0 (10 per cent.)	Add ...	2 6 (10 per cent.)
	55 0		27 6
Less ...	7 6 (15 per cent.)	Less ...	1 3 (5 per cent.)
	47 6		26 3
		Less ...	2 6 (10 per cent.)
		Net ...	23 9

Contrary to the evidence given when the Commission met in 1902 I am informed that the freight now from New York to China is higher than from Liverpool.

The New York rates to China compare with the British rate as follows:—

62½ cents. per 100 lbs. equals \$14 per ton weight or at 4s. 2d. exchange, 58s. 4d.

A ton measurement of 14 lb. sheetings, packed 20 pcs. per bale, weight 11 cwts., 1 qr., 24 lbs.; freight as above 33s. 4d.

Ditto 15 pcs. 14 lb. drills, 11 cwts., 3 qrs., 14 lbs.; freight as above 34s. 6d.

The English Conference rate is 25s.

The German rates to China are as follows:—

TABLE D.

Rate per Cubic Metre.	Rebate.	Terms of Payment.
To Hong Kong, 40 marks.	Deferred rebate 5 per cent.	Payable twelve months from the end of the half-year in which the shipments were made.
To Shanghai, 42½ marks		
To Hong Kong, 42½ marks.	If goods are shipped from Amsterdam, Rotterdam, or Antwerp, 5 per cent. and 5 per cent.	
To Shanghai, 42½ marks		

1 cubic metre = 35·3166 cubic feet.
40 cubic feet = 1·1320 cubic metre.

N.B.—There is no difference in the rate for light and heavy goods. On reference to Schedule "A" it will be noted that the English companies differentiate in their charges between light and heavy goods.

Other long distance voyages from Germany:—

TABLE E.

	Rate.	Rebate.
To Bombay and Calcutta.	15s. per ton or 40 cubic feet at shipowner's option—plus 10 per cent.	Deferred 5 per cent.
To River Plate ..	10 marks per cubic metre or 1,000 kilos. at shipowner's option—plus 5 per cent.	Deferred 10 per cent.
To Japan	42·50 marks per cubic metre—less 5 per cent.	Usual conditions of supporting Conference lines.

RIVER PLATE.

9. Although the Conference system is a guarantee to merchants of regular sailings of first-class steamers, and of fixity of rates, it constitutes a monopoly which prevents merchants at times from availing themselves of a cheaper mode of transport. An instance of this is afforded by the River Plate. The shippers to this des-

tinuation must sign a contract. (Copy put in marked "F." Appendix, No. XXXVII.)

They are prevented from using the Manchester Liners' Steamers, which take goods at 17s. 6d., whilst they must pay the Conference at the following rates:—

To Monte Video and Buenos Ayres...35s. per ton of 40 cubic feet or ton weight at ship's option, with 10 per cent. primage and usual extras for Rosario and other places, the 10 per cent. to be returned as rebate.

This contract has been running for three years. Before that time the Conference lines, by means of the 10 per cent. rebate held in abeyance, had attained more or less a monopoly of the trade, and the rates of 45s. and even 50s., plus the usual 10 per cent. primage, had been charged. At the same time Italian lines were carrying fine goods from Genoa to the River Plate at as low as 15 to 20 francs per cubic metre. No steamship company running from Genoa to the River Plate is actually subsidised by the Italian Government. Some comparatively small amount is granted for the mail service, but I have reason to suppose that this is only for those steamers that carry parcels, and at the end of the year the total sum is only a few thousand francs.

The rates charged for shipments from Genoa to the River Plate for fine goods are not fixed, but at present run from 25 to 30 francs per cubic metre, say equal to from 23s. to 27s. per ton, thus giving Italian manufacturers a substantial advantage over Lancashire producers.

The Manchester liners came into the market and attempted to make an arrangement with the shippers, but the River Plate Conference immediately reduced their rate to 35s. and 10 per cent., and, in view of the much better service they were able to place at the disposal of shippers, got them to agree to the existing contract, which is terminable at six months' notice on either side. The Manchester liners are now quoting 20s. per ton, but would contract at 17s. 6d., and if they ever should be taken into the Conference, rates will probably be screwed up again to the prejudice of British with Italian fine goods.

At to-day's abnormally high prices for cotton textiles the difference on the c.i.f. prices, arising from the lower freight charged by the Manchester liners than the freights charged by the Conference steamers is, roughly speaking, 1 to 2 per cent. on heavy textiles. On a mixed consignment of 100 packages of all classes of Manchester goods. I have calculated the difference in freight to be about 1½ per cent. Should prices fall, of course the difference will work out to a higher percentage. In addition, I give two examples of British goods, which can be as efficiently made in Italy.

At the same time 35s. per ton can scarcely be looked upon as an unreasonable rate for the route, but, as stated, the probability is that as soon as the River Plate Conference absorbs or succeeds in starving out the Manchester liners, rates will again become exorbitant.

AUSTRALIAN TRADE.

10. As to the Australian trade, I have the following information to place before the Commission. Shippers to the ports of Melbourne and Sydney complain that the American shippers have a decided advantage by the open freight market which these enjoy, as compared with the Conferenced English exporters. The Conference running to the Australian ports is composed of the following lines, viz.:—

The Peninsular & Oriental Co.
The Orient Steam Navigation Co., Limited.
The Messageries Maritimes.
Messrs. Anderson, Anderson, & Co.
" Aitken, Lilburn, & Co.
" Bethell, Gwyn, & Co.
" Birt, Polter, & Hughes, Ltd.
The Colonial Line.
Messrs. Devitt & Moore.
" James Dowie & Co.
" Gracie, Beazley, & Co.
" F. Green & Co.
" Houlder Bros. & Co., Ltd.
" Ismay, Imrie, & Co.
" Thos. Law & Co.
" W. Lund & Sons.
" McIlwraith, McEarcharn, & Co., Proprietary, Ltd.
" Marwood and Robertson.
" Wm. Milburn & Co.
" George Thompson & Co.
" Trinder, Anderson, & Co.

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It must be admitted that they are first class lines, and that they give the trade the advantage of weekly boats. I am not aware, however, that the Americans suffer any disadvantage in this respect. The freight rates for soft piece goods by the White Star Line from New York to either Melbourne Wharf or Sydney is 30s. for 40 cubic feet nett. By the direct lines from New York to these ports, viz., by the "American and Australian," by the "United States and Australia," and by "Messrs. Tyser, Limited," the freight rates are 32s. 6d. for 40 cubic feet nett. It is believed these companies are independent of each other, but their rates are the same. How this comes about I cannot say.

In comparison therewith, the following are the rates from London, Liverpool, or Manchester, by all cargo steamers of the Conference, to Melbourne and Sydney, including therein the White Star Line—which carries at such low rates for the American trade.

TABLE G.

	To Melbourne Wharf.	To Sydney.
40 cubic feet	s. d. 45 0	s. d. 42 6
Add 10 per cent.	4 0	4 3
Deduct at once 5 per cent. of 45/- ..	49 6	46 9
	2 3	2 1½
	47 3	41 7½
Rebate 10 per cent. allowed after end of half year following that in which goods were shipped	4 0	4 3
	42 9	40 4½

The rebate is held by the Conference as due to be returned after the expiration of the half-year following that in which the goods were shipped. It is generally returned to the shipper some time within two or three months after the expiration of the half-year. The Conference has thus always in hand what is equal to 11 months' rebate.

On the other hand American shippers of the same class of goods enjoy a rate of 32s. 6d. by several lines of steamers between America and Sydney, whilst the White Star Line actually carries goods from America at 30s. a ton. As an example of the anomalous state of things, take the following instance of parallel shipments of flannelettes from the United States and from England to Sydney, both occurring in the month of January, 1907. The goods carried from New York by the White Star Line in this instance were transhipped at Liverpool to another White Star steamer, so that the additional cost of handling it had to be borne by the steamship company, and yet the charge was only 30s. The very same steamer carried American and English goods from Liverpool to Sydney at differential rates. It is calculated that the difference in freight and loss of interest on the money between the American and English shipments to Sydney is equal to 2½ per cent. on the value of these flannelettes. It is to be noted that the steamers carry the English productions 3,000 miles shorter distance and charge 35 per cent. more for doing so.

Exporters to Australia complain that the Conference use their—the exporters—money for 11 months with no other object than to bind them to the Company. The above transaction is set out below in tabular form :—

Shipped per White Star s.s. "Baltic," New York to Liverpool, December 18th, 1906, thence per same company's steamer to Sydney, N.S.W. :—
2 cases containing 4,810½ yards cotton cloth (flannelette) cubic measurement 95 feet 4 inches.

Through rate of freight, New York to Sydney, via Liverpool, 30s. per cubic feet net.

Amount charged for freight as above, £311s. 6d.
Shipped per White Star s.s. "Majestic," New York to Liverpool, December 24th, 1906, thence per same company's steamer to Sydney, N.S.W. :—
1 case containing 2,555½ yards cotton cloth (flannelette) cubic measurement 50 feet.
Through rate of freight, New York to Sydney, via Liverpool, 30s. per 40 cubic feet net.
Amount charged for freight as above, £117s. 6d.

Summary of above :—

	Total cubic meas. re- ment.	Rate of freight.	Net freight.
3 cases containing goods ordered as one lot.	ft in. 145 4	30s. per 40ft.	£ s. d. 5 5 9

The present rate of freight for cotton goods by all lines of steamers from Liverpool to

Sydney is	s. d. per 40 cubic feet
42 6	
Less 5 per cent.	2 1½
	40 4½

Plus 10 per cent. which is re- funded about 11 months after average date of shipment	4 3
	44 7½

If the above goods had been shipped from Liverpool to Sydney the charge for freight would have been as follows :—

3 cases, 145 feet 4 inches, at 42s. 6d. per 40 feet	£ s. d. 7 14 1
Less 5 per cent.	0 7 8
	7 6 5
Add 10 per cent. for deferred rebate	0 15 5
	£8 11 0
Deduct rebate received about 11 months after average date of shipment	0 15 5
	7 6 5
Add 11 months' interest at 5 per cent. p.a. on 15s. 5d., say	0 0 8
	7 7 1
Total charge for freight, Liverpool to Sydney	5 9 0
Total charge for freight, New York to Sydney (as shown above)	1 18 1

This difference, £1 18s. 1d., is equal to about 2½ per cent. upon the value of the goods.

I put in the stringent form of declaration which must be signed by exporters, in order to obtain the rebates due to them. (Appendix, XXIX. (D).)

I understand Continental lines are not allowed to carry English goods.

SOUTH AFRICAN FREIGHTS.

11. I must leave South African freights to be dealt with by the London Chamber, as I have not been able to obtain any information in Manchester except as regards rebates from the United States to South Africa. These are in a somewhat peculiar position to report upon. Heretofore the usual process of the regular lines rebating 10 per cent. to shippers who gave them the whole of their trade has been in force, but a difficulty has arisen owing to a legal question as to the right of shipowners doing this. so far as the South African trade is concerned. In connection with this a law suit is at present pending. All this results in shippers and shipowners being reticent upon what they are doing at the moment, but so far as I can learn the whole process of adjusting accounts every six months and paying the shipper 10 per cent. is still in force. The 10 per cent., of course, is not paid for another six months, so the shipowner owes the trader for the whole year. It may not be out of place here to describe the terms of the United States law, the Elkins Act which constitutes the legal difficulty, referred to in the preceding paragraph, in the way of paying rebates by South African liners to American shippers to South Africa.

THE ELKINS ANTI-REBATE ACT.

12. The "Elkins Anti-Rebate Act, 1903," is a rigid piece of legislation, which makes it a misdemeanour for any common carrier by land or by sea to offer any sort of rebate or preference to a shipper, under heavy penal-

ties. These ensure a due observance of the provisions of the Act. Competition is thus secured in regard to shipments from the United States ports to British Colonies, with the result of reducing freights from such ports to about half those obtaining from British.

MANCHESTER'S PROXIMITY TO LIVERPOOL.

13. In some cases Manchester loses the advantage of its proximity to Liverpool, as for example in the Java trade. I quote hereon the rates of freight by the Dutch mail steamers from Southampton to Batavia and Java, also statement of freight per Alfred Holt's steamers from Liverpool to Java. Whereas the Dutch mail steamers charge on cotton goods 35s. and 10 per cent. with a deferred rebate of 10 per cent. for six months, Alfred Holt's line charges 37s. 6d. with the same rebate—i.e., he charges 2s. 6d. a ton more for a service not as quick and not as regular to counteract the cheaper charge for carriage from Manchester to Liverpool of 8s. per ton weight against the charge for carriage from Manchester to Southampton of 25s. if per rail or 18s. if per coasting steamer. This is done to buy off the opposition of the Dutch mail lines.

For the guidance of the Commission I also supply the rates of freight charged by these Dutch mail steamers from Rotterdam or Amsterdam to Java.

Rates of freight of Dutch goods to Java :—

From	To	Tariff Rate.	Eng. currency per ton.	Contract Rate.	Eng. currency per ton.
Rotterdam or Amsterdam	Java	22 florins	s. d. 41 4	15 ²⁵ florins	s. d. 31 3

With 10 per cent. rebate from the contract rate all the above freights are per 1,000 kilos—2,200 lbs., or per cubic metre at ship's option.

The railway carriage on cotton goods from Dutch inland towns is as follows :—

To Amsterdam, 5 tons, 7s. 6d. to 8s. 6d.; less than 5 tons, 10s. to 12s. 6d.

To Rotterdam, 5 tons, 7s. 6d. to 8s. 6d.; less than 5 tons, 11s. 6d. to 12s. 6d.

Rates of freight of British goods to Java, per Dutch mail steamers :—

	Cotton Goods in bales and cases, per ton of 40 cubic feet.	Cotton Yarns, per ton of 40 cubic feet.
Southampton to Java	35s. and 10 per cent.	25s. and 10 per cent.

The whole 10 per cent. primage is returned in the form of a deferred rebate under the usual conditions, i.e., every six months, whilst six months is kept in hand. No contract is signed.

Railway carriage—Manchester to Southampton, on cotton goods, 25s. per ton.

Freight by coaster—Manchester to Southampton, on cotton goods, 18s. per ton.

Per Alfred Holt & Co.'s steamers (slower boats) :—

	Cotton Goods in bales and cases, per ton of 40 cubic feet.	Machinery under 2 tons.
Liverpool to Java	37s. 6d. and 10 per cent.	40s. and 10 per cent.

Railway carriage—Manchester to Liverpool on cotton goods, 8s. per ton weight. The whole primage, 10 per cent., is returned in the form of a deferred rebate under the usual conditions (see above).

COMBINATIONS OF MERCHANTS.

14. A combination of native merchants, such as the Bombay piece-goods merchants have made for the regulation of freights—see Table B—is impossible in the Western hemisphere trade, where goods are sold free Manchester or free port of sailing. The supplier is rarely empowered to choose the line of steamers. Instructions as to what line of steamers is to be employed are usually given by foreign buyers. Moreover steamship companies or forwarding agents are regularly soliciting the receipt of cargoes from foreign buyers. These nearly always instruct their suppliers how and through whom to ship. The rebates are as a rule claimed by,

and paid to, the buyers, who in their turn generally refund the same to their clients abroad.

RAILWAY CARRIAGE.

15. Since the date when the Committee of 1901 reported on shipping subsidies many of the Conferences have embraced foreign steamship companies, and the rates from Continental ports are at least the same as from British ports—but in Germany, where the State owns the major portion of the railways, the carriage from inland towns is reported to be considerably below the rates charged by English railway companies for similar distances. My experience is that most German manufacturers quote—when offering their products—free Hamburg, or Antwerp, or Bremen, as the case may be, as they can easily calculate the freight per kilometre per 100 kilogrammes from the published railway tariff.

IRREGULAR SAILINGS.

16. There is a feature in the operations of shipping rings which works to the prejudice of the merchant. This consists in the hard and fast line which the ship-owners decide upon among themselves—and above the heads of merchants—by allotting packed goods according to the days of packing, and assigning these dates to the steamers in course of loading. If a steamer is not full and is not ready to sail, the conferences will not allow the goods they have allotted to one steamer to go by the other which is completing her loading, because such transfer would take away what they agreed upon shall belong to a succeeding steamer.

To illustrate this by a hypothetical case—there are, say, four conference steamers belonging to various lines in the shipping conference, to sail during a month, for which the closing dates are fixed as, A on the 7th, B on the 14th, C on the 21st, and D on the 28th, and in the ordinary way they arrange among themselves for the particular steamers which are to keep these dates. This arrangement is quite satisfactory to the merchant, provided the steamers keep their sailing dates. But steamers are liable to break down, or through stress of weather, or deficiency of labour, or other causes, are unable to keep their dates; and, from lack of finding a suitable steamer to take up the vacant place, three steamers have to carry a cargo destined for the whole four. Dislocation of business follows: there is probably a large "shut-out," and several weeks elapse before the normal regularity is maintained.

The disadvantage to merchants now begins; steamer B, which, say, closes on the 14th, is withdrawn. The three other steamers of the month have therefore to take the cargo of Manchester goods intended for four; A has made final arrangements for her cargo and will not take anything packed later than the morning of the 7th inst., if brought alongside the steamer at Liverpool or Birkenhead by the evening of the same day; but it is otherwise with the steamers C and D. These latter cannot take the Manchester cargoes originally allotted to them because they have to divide B's cargo which fills up C before its turn; C, although not sailing until the 15th or 16th, will not take any Manchester goods packed after, say, the 11th inst.; while the following steamer D stops accepting anything packed after the 14th. And this detention of cargo continues for a longer or shorter period according to circumstances.

This hypothetical case presupposes that the steamers will sail in their proper order; and that if a breakdown should prevent a steamer going on the berth, the order of sailing of the remaining steamers will not be altered. But this is not always so in practice. The actual sailing dates may be:—A on the 12th, B 27th, C 22nd, D 30th; but the Conference lines will not allow the steamer C to take the Manchester cargo assigned to B notwithstanding that C sails five days earlier; there is thus a quite unnecessary delay in preventing C from taking goods assigned to B. The time which elapses between the date of the last packing allowed to be shipped, and the date of the arrival of goods in the foreign port, is the time which the merchant has to calculate for length of interest on capital for this portion of the operation. All unnecessary extension of time occupied is to the detriment of trade.

This state of affairs is applicable to what prevails in the Bombay trade in piece goods from Manchester, the contract for which is between the Native Piece Goods Dealers' Association in Bombay and the home ship-owners. In the arrangements thus made the Manchester shipping merchant cannot intervene, as stated previously, as he is not one of the parties contracting

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with the shipowners. The Native Piece Goods Association in Bombay stipulate in their contract with the shipowners that a certain number of their steamers must load in the Salford dock of the Manchester Ship Canal; but as the steamers loading there for Bombay cannot complete their loading in Salford, they have to put in at Birkenhead to complete their cargoes, thus prolonging the interval between the last day of packing allowed to go on board at Salford and the date of the sailing from Birkenhead. It is not the practice of the shipowner to allow Manchester goods to go by rail or canal to Birkenhead for any steamer which has loaded in Salford.

These double delays, through not allowing packings after a given date to be shipped, and through not allowing goods to follow the same steamer to Birkenhead, add several days' interest to the transaction. These delays, when calculated upon the total amount of goods shipped by these steamers during the year, work out to an average of eight days between the last packing date allowed to go on board and the sailing of the steamer from Birkenhead. Two days, or three days at the most, ought to be a sufficient allowance; this shows a waste of five days' time on the whole of over 300,000 packages shipped during an average year.

In the corresponding trade to Calcutta, which is also under a Conference, the number of days detention between the date of last packing allowed to be shipped and the date of the sailing of the steamers from Birkenhead (no loadings in Salford), works out to an annual average of three days upon the total number of packages carried, or five days less than what obtains in the Bombay Conference. In this calculation, there is not included the loss of time, due to the intervals between the sailing dates; with 68 sailings to Bombay during the year, the average loss of time is an additional 2½ days to the entire cargo carried; and for the Calcutta steamers an average interval of two days on 88 sailings average per annum.

Note.—This loss of time for the interval between sailing dates is inevitable, and occurs on all lines.

The following list gives the total number of sailings of the Conference lines between Salford and/or Birkenhead and Bombay during the last 12 years; the total number of days of detention, for each sailing, between the last date of packing allowed to be shipped and the date of sailing from Birkenhead:—

Sailings of Steamers from Salford and Birkenhead to Bombay, from 1895 to 1906 inclusive.

TABLE II.

Years.	Number of sailings during the year.		Days' detention of Salford loadings sailing from Birkenhead.		Days' detention from Birkenhead loading sailing direct.		Total sailings during year.		Days' detention between last date of packing allowed on board and date of sailing from Birkenhead.	
	Steamers.	Days.	Days.	Days.	Steamers.	Days.	Steamers.	Days.	Steamers.	Days.
1895	32	7'12	5'20	74	0'32					
1896	42	12'11	9'55	60	10'70					
1897	33	7'25	7'83	49	7'88					
1898	29	10'25	8'31	60	0'08					
1899	34	0'07	8'38	69	7'72					
1900	36	8'03	8'47	56	8'00					
1901	40	0'73	9'13	62	9'27					
1902	47	8'70	7'08	67	7'65					
1903	48	8'62	7'43	73	7'81					
1904	25	7'10	7'00	58	7'46					
1905	48	8'87	7'83	78	8'16					
1906	54	7'05	8'11	80	7'00					
Totals	S'ford, 201, B'head, 625.	101'08	65'03	816	93'62					
Average of 12 Years.	S'ford, 21, B'head, 44.	8'72	7'02	68	8'21				On the whole shipments of the year	

For the sake of comparison the following shows the amount of loss of time—calculated on the same basis—

of the conference steamers which sailed from Birkenhead to Calcutta during the years 1895 to 1906, viz:—

TABLE I.

1895 ... 91 sailings...	Average detention on the total shipments of year.	3'35 days.
1896 ... 81	3'11	"
1897 ... 79	3'14	"
1898 ... 85	2'69	"
1899 ... 84	3'40	"
1900 ... 80	2'99	"
1901 ... 88	3'73	"
1902 ... 89	3'57	"
1903 ... 95	3'23	"
1904 ... 98	3'12	"
1905 ... 92	3'03	"
1906 ... 93	3'18	"
Average for 12 years 88	3'21	"

THE MANCHESTER SHIP CANAL.

17. I wish to add a few paragraphs respecting the influence of Conferences on the Manchester Ship Canal.

(a) The system debars traders from using the existing lines sailing from Manchester, as for example, the River Plate steamers.

(b) It therefore also prevents shippers from being able to offer sufficient inducement to steamship owners to come for cargo to Manchester, as they know the merchants are tied by their arrangements with the Conference lines.

(c) Should any one of the shipping lines which is a member of a Conference desire to come and load at Manchester it is impossible to do so owing to the pooling arrangements existing among the different members of the group to which this line may belong.

(d) When Conference members have at rare intervals loaded at Manchester they have been compelled by the other members of the group to charge the same through rate of freight as if sailing from Liverpool, although the charges should be less.

The comparative cost of shipping goods at Manchester and Liverpool respectively is as follows:—

MANCHESTER DOCKS.

TABLE J.

	Per Ton.
Cartage from warehouse to docks ...	2 0
Ship Canal toll ...	4 0
	6 0

	Liverpool Per Ton.	Birkenhead Per Ton.
Cartage from Warehouse to Station Railway Carriage, Manchester to Liverpool or Birkenhead, Station to Station ..	1 2	1 2
Cartage from Station to alongside Steamer ..	6 10	6 10
Haulage from Station to alongside Steamer, Railway Truck or Barge ..	1 3	—
Liverpool Dock and Town Dues 3d. per package, average say 4 packages to a ton ..	—	0 8
	1 0	1 0
	10 3	9 8

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620. (Chairman.) We may take it generally from you, that the statements contained in the Memorandum of Evidence are accurate, may we not?—Subject to a few errata which I sent to the Secretary yesterday.

621. And to which I will afterwards direct attention. You have been engaged as a shipper of cotton yarn and textiles for over 30 years, I understand?—Yes.

622. Your business has been, I see, chiefly with South and Central America, the West Indies, the Levant, and, for the last few years, with the Far East; so that you have not much personal experience connected with the business with the Colonies, West and South Africa, or India?—I have no experience with the

British Colonies, but as regards the Far East, naturally, from my position on the Board of the Chamber of Commerce and attending on 'change every day and mixing with other commercial men, I have a general knowledge of the system under which the business is conducted; although I have not personally been engaged in it except during the last three years.

623. Have you been engaged in business with India?—With India, Japan, and China, in fact with all the large Eastern markets.

624. In the trade with the Western hemisphere, you say the goods are mostly sold free Manchester or free port of sailing, whereas in the Levant trade, they are sometimes sold on c.i.f. terms?—Yes.

625. Where goods are sold f.o.b., the price does not include the freight, does it?—That is so.

626. The freight is paid by the consignee or purchaser?—It is paid for, on account of the buyer, but it is not necessarily paid in the first place by the buyer.

627. Who really pays it?—Sometimes the merchant in Manchester pays it for account of the buyer.

628. Then it is pre-paid freight?—Yes.

629. Is it always pre-paid freight?—Yes. If the seller in Manchester does not pay the freight for the buyer abroad, it may be that the shipping agent in Liverpool pays the freight for the buyer abroad. In the Manchester trade, it is always paid on this side. But I might qualify this—there are some exceptions, but the exceptions are few.

630. Generally it is as you state?—Generally it is.

631. So that where it is sold f.o.b., the price does not include freight, but the freight is paid in Manchester, or, at any rate, on this side?—It is paid on this side.

632. Does the seller in such a case pay it and debit the buyer with it, or how is it done? Who pays it on this side?—The actual payment is sometimes made by the seller; sometimes the seller will send the goods for account to the buyer to some shipping agent at the port of embarkation, and this shipping agent will pay the freight; or sometimes, if the goods are sold for account of a firm which has its chief office on the Continent, then that office on the Continent will be in account with the shipping agent in Liverpool.

633. Now let us take the other case where goods are sold on c.i.f. terms; there the price includes the freight?—It does.

634. Who pays the freight?—The seller.

635. So here, again, the freight is paid in advance?—That is so.

636. Has it been the case for a great number of years that the freight is paid in advance?—I could not give any answer as regards the Eastern trade, but I should imagine it was paid in advance in the Eastern trade, because the bulk of the Eastern trade is done through the banks against bills of lading, and most of the bills of lading that I have seen have got "freight paid" stamped on them. But I should not like to be perfectly sure about that. As regards the Western trade, freight has always been paid on this side as far as I know.

637. So much for the first paragraph of your evidence; now I will go to the second paragraph. I should like very much for you to explain to us as clearly as you can, what the conference system is?—I do not know that I should be able to explain it very much more clearly than I have put it in the Memorandum.

638. Then I will read this, and I will ask you one or two questions on it: "These work under a conference system, i.e., shippers are informed that their goods will be conveyed at specified rates, subject to the specified deferred rebates, the payment of such rebates being dependent upon a declaration by the shipper that he had confined his shipments during a previous period of six, eight, nine, or twelve months, as the case may be, to the 'conference' liners." There is no agreement signed by the shipper, is there?—I think I mention later on in the Memorandum of Evidence that there are two agreements that I know of.

639. Two agreements, do you say?—Yes; I mean two specific cases, the one to the Danube by the Johnston

Line, and the other to the River Plate. The River Plate agreement I have handed in (see Appendix, No. XXVIII). I have brought the other with me (see Appendix, No. XXVII).

640. As I understand it, the rebate system is really formed in the first place by means of a circular issued by the shipowners stating that the freights will be so much, and that a commission or rebate will be granted upon certain conditions?—That is so.

641. Have you in your possession a circular of that kind?—I have several.

642. Will you show me one?—They are not all dated this year. These I have are the latest I could obtain. I am only handing in those in which there have been no alterations. Will any one do?

643. Any one will do?—Here is the Calcutta one (see Appendix, No. XXIX. (c).)

644. I think the Levant agreement had better be read. It is as follows: "An Agreement made this day between the Undersigned and Wm. Johnston & Co., Limited, of Liverpool. First, in consideration of Wm. Johnston & Co., Limited, allowing us a rebate of 5 per cent. off the net sea freight on our manufactured cottons, woollens, and yarns, shipped by their steamers during the year 1906, we hereby agree to ship all our above-mentioned goods during the year 1907 for Piræus, Volo, Salonica, Bourgas, Varna, Kustendjie, Sulina, Toultscha, Galatz, and Braila by the steamers of the Johnston Line from Liverpool at the rates named in the schedule herein. Second, the undersigned undertake not to ship any goods by any opposition line or route either directly or indirectly. Third, the said rebate of 5 per cent. to be payable on the 31st December, 1907, and to be forfeited in case we ship any goods for the ports named, without the written consent of Wm. Johnston & Co., Limited, by any other medium. Fourth, with reference to this Agreement, Wm. Johnston & Co., Limited, hereby grant the shippers who sign same permission to ship to the ports named herein and on the conditions of said Agreement by the Levant Lines without affecting their claim for rebate, but subject to permission being withdrawn by seven days' notice. Fifth, Wm. Johnston & Co., Limited, undertake to maintain a regular service between Liverpool and the ports named, but in case there should be a longer interval between the sailings than 14 days, the undersigned to have the right of shipping by any other lines without affecting their claim to the rebate." This is really a formal agreement?—Yes, that is. That one and the River Plate agreement are the only two agreements that I know of.

645. In the other cases, there are no agreements; is that so?—That is so.

646. There is a circular which contains an offer, and then when a person takes a ship under that circular, the law considers that an agreement is formed; but there is no agreement beforehand. Here there is an agreement on the part of the shippers not to ship any goods by any opposition line. You have brought two of these agreements here?—Yes. I thought the Danube one before me was an exact copy of the one handed in to you, sir, but my copy is dated 1905; yours 1906. In one I have here of 1905 there is one clause omitted, namely, the permission given to ship by the Levant Lines. So there is an extra permission granted now, which, however, does not affect the question. Perhaps you would like to take the South American circular as well, because it differs from the Danube one. (See Appendix, No. XXIX. (e).)

647. This refers to the River Plate trade, and it is dated October 1, 1902. "Notico to Shippers. (In lieu of Rebate Circular, dated 15th March, 1901.) Shippers to all ports of the Argentine, Uruguayan, and Paraguayan Republics are hereby informed that until further notice each of the undersigned steamship lines will pay them a rebate of 10 per cent. on the net freight (i.e., freight without primage) on all goods shipped by their line from 1st October, 1902, except on such as may have been carried under special agreement." Then there are other terms. It goes on to say: "The rebate will be computed every six months, say, up to the 30th June and 31st December, and be payable six months afterwards, but only to those shippers who have up to such due date seen fit to confine their shipments (full cargoes of coals excepted) to the undersigned lines, and have been in no way

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"interested directly or indirectly, either as principals or agents, in shipments by any other steamer from the United Kingdom or from the Continent between Havre and Hamburg (both inclusive) to any port or ports of the Argentine, Uruguayan, and Paraguayan Republics. In the event of these conditions not being complied with, those shippers or agents who have not shipped exclusively by the steamers of the undersigned lines will, in addition to the loss of rebate, be subject to an increased rate of 10s. per ton over tariff rates on all shipments they may desire to effect by the said lines." So that in those cases there is, as it were, a double penalty—loss of the rebate and the increased rate of 10s. per ton?—I think it is 5s. now, but I shall have to refer.

648. In the bill of lading, what freight is mentioned? Is the freight together with the primage of 10 per cent. mentioned?—Do you mean, is it mentioned in two items or in one?

649. In the bill of lading freight is mentioned, of course; is that freight what you would call the net freight, or is it the freight with the 10 per cent. primage?—It is the freight with the 10 per cent. primage.

650. (Mr. Taylor.) Surely not?—I think so.

651. I think the usual form is for the freight to be given, and then for the 10 per cent. primage to be always printed in as an addition?—Is it not added on in the one figure?

(Chairman.) Is that so in a bill of lading?

(Mr. Taylor.) I do not think it is so in a bill of lading; I am not quite sure, but as a rule you have the rate of freight, and then you have the 10 per cent. primage printed below.

652. (Mr. Sanderson.) In many cases, speaking from personal knowledge, the freight is stipulated on the bill of lading at so many shillings per ton, and then follows in print so much per cent. primage. Then, on the margin of the bill of lading, the freight is generally added up—so many cubic feet at so many shillings per ton, so much money; and underneath appears that 5 per cent. or 10 per cent. primage, so much, other charges, so much, and the total at the bottom?—That is what I think it is.

653. (Chairman.) Is there no reference to the contract or circular in the bill of lading?—I think not, as a rule.

654. Still, on the bill of lading the freight which appears is really the freight which the shipper will have to pay if no rebate is granted?—Exactly.

655. Can you tell me who generally claims a return of the primage or rebate? What I mean is this, somebody pays the freight; is it that same person who claims the return?—Where you are selling goods c.i.f., you calculate the rebate that you are going to receive in your selling price, so the seller is sure to claim the rebate. Where you are selling f.o.b. or net-packed Manchester, or free Manchester—in that case the rebate does not concern the seller; but as a rule, the seller works for the interest of his client abroad, and will take care to claim the rebate. He will not forget it, he will keep a memorandum book. Moreover, some of the shipping agents who generally act for the merchants in Liverpool make a small charge for claiming the rebate for you. They will always have their eyes open, and will see that that rebate is not forgotten. As regards who gets the rebate ultimately, going back to when I first came into the business 30 years ago, it was then considered a most unusual thing for any Manchester shipper to hand over that rebate, which was considered one among the many perquisites. But through the stress of competition, and through Liverpool shipowners and shipping agents travelling and touting for business abroad, nearly every buyer knows that he is entitled to this rebate, and, consequently, if a seller does not give it to him voluntarily, and send him a notification that he is credited with it in his account, the buyer is sure within a certain number of weeks to write: "I have not received my credit note for rebate off shipments during these six months," or whatever it may be.

656. That he will say to the seller?—That he will say to the seller, and he will claim it. The position that the sellers take up varies. Some sellers will say, "We have got all the trouble of putting your

goods on board and looking after this business, and we are giving you credit for six months," or whatever the time may be, for the freight, "and we want this rebate as a sort of equivalent for the risk we run in giving you the credit for that length of time." Or other sellers may say, "We will return the rebate, but if we return the rebate we ought to have a certain percentage of profit, in addition to the interest for the outlay of our capital in paying your freight." The competition has got so severe now that in most cases we merchants in Manchester—and I am speaking of goods that we sell free Liverpool or net packed—have to claim these rebates and return them to the client, although we do not get any equivalent for the outlay that we have been put to in paying freight on the goods. It is all a matter of competition.

657. Am I to understand that although the system of rebates has prevailed for many years, there is no definite agreement made between the seller and the buyer who is to get the benefit of the rebate?—That is so—there is no agreement. But I consider that legally the buyer is entitled to the rebate.

658. The buyer is?—Certainly.

659. Because he pays the freight?—He pays the freight, and if you do not charge him a profit on your outlay, that does not exonerate you from returning him the rebate.

660. (Mr. Lawrence.) Then as a matter of fact the consignee practically gets the rebate?—Yes, that is so.

661. (Captain Collins.) He may have a primage of 5 per cent., and he may have a rebate of 10 per cent.; there is a distinction between primage and rebate, is there not?—I only look at the freight as composed of two parts—that part which is actually paid, and that part which is returned—whether you call it primage or anything else is a matter of indifference.

662. (Chairman.) That, I believe, if you will allow me to say so, is the correct view. Primage is a term which about 60 years ago had some meaning attached to it; it was a kind of benefit which the captain got; but that is done away with now?—I believe, but I will not be sure, that when clerks make out our invoices, if the freight is, we will say, 50s. plus 10 per cent., they would not write that, but they would simply work the freight out at 55s., and not trouble themselves at all about the word "primage."

663. (Captain Collins.) If you get an account for shipping goods you get the freight?—Yes.

664. Then 10 per cent. is added for primage?—Yes.

665. And 5 per cent. is immediately taken off, so you get that back at once?—Yes, provided the freight agreed upon stipulates an immediate rebate of 5 per cent.

666. If you were shipping, say, by a sailing ship, you might only have a 5 per cent. primage put on, and if that 5 per cent. is taken off at once you practically do not pay primage. If you were shipping goods, say, to a country like Australia, you might have 10 per cent. primage put on, 5 per cent. would be immediately taken off, and the other 5 is often handed to the packer for the trouble of packing; is that not so?—I do not know anything about the Australian trade; but assuming, again, my example that the freight was 50s. plus 10 per cent., with 5 per cent. immediately returned, then our clerks, in making out the charges for freight, would charge 52s. 6d., and they would not go to the trouble of adding the 10 per cent. and deducting the 5 per cent.

667. (Professor Gonner.) This is rather an interesting point. In your table A there is a 10 per cent. rebate, then 5 per cent. is returned immediately; is that returned irrespective of what they call "loyalty"?—Certainly.

(Chairman.) What is the use of putting it on if you deferred rebate?

(Professor Gonner.) It has nothing to do with the deferred rebate?

(Mr. Sanderson.) I think it would be less confusing if you were to adopt the principle that the 10 per cent., or whatever the primage is that is added to the freight, is to be considered completely separate and distinct from the rebates. The so-called primage is in reality nothing more than part of the rate of freight; the rebate in some cases being 20 per cent., with 10 per cent. primage.

(Chairman.) What I am putting is with reference to that 5 per cent. which is put on and then taken off immediately; I want to know what is the use of it?

(Mr. Taylor.) Would it not be useful in case you had a known disloyal shipper—excuse the word “disloyal”? Supposing you had a man who is shipping by you, and at the same time is shipping by an outside steamer, then he would not get his 5 per cent. back immediately, would he?

(Professor Gonner.) That is exactly what I want to know. Here we have it stated that there is 5 per cent. returned immediately. Could that be withheld under any circumstances from him, or is it merely a species of immediate discount? I agree with what the Chairman has said that there seems very little object in putting it on in order to take it off.

(Chairman.) I dare say Mr. Sanderson can explain.

(Mr. Sanderson.) I cannot, because I am not interested in the China trade, and I have never seen this 5 per cent. returned before. The witness probably will be able to explain it.

(Chairman.) I dare say we shall have some witness who can explain it, but to a layman it appears rather strange.

668. (Mr. Sanderson.) I agree—I have never seen it. Can you explain it?—The 5 per cent. cannot be retained; it is returned at once. My reason for putting it on table A is simply that there is a rebate granted to the Chinese ports, and it was desirable to show the whole freight from beginning to end. That is why the 5 per cent. immediately returned appears on this table. I do not think there is any business at all done with China, in textiles, on any other terms than c.i.f. If there are firms that buy free Manchester, then they will be firms where the head office will be in London, and they will give instructions to ship, and they will take the place of the seller in claiming the rebates. They do this to check their suppliers, believing that they will be able to get the same prices, possibly plus the rebate. There are some firms in London who will buy free on board for the same reason.

669. (Chairman.) There are one or two cases in which shipowners without any request pay back the rebate; but generally speaking it is demanded, is it not?—I only know of one case, and that is the case of the Johnston lines. They are a line existing under very peculiar circumstances, different to other lines. I should think 80 to 90 per cent. of their clients are small Armenian or Bulgarian or Turkish firms, and they have to be very particular, indeed, in everything they do with these men, because they very often change their partners, or firms. They are small men, and sometimes they do not pay their freights exactly up-to-date; so that Johnstons have, we may say, a very large miscellaneous set of customers, quite different, indeed, to the large China, India, and South American houses.

670. So that we may take it, generally, that the rebate is demanded by somebody, and you say generally by the shipper or by the consignee?—What do you mean by “demanded”; do you mean actually sending in the note or the claim?

671. Sending in the claim?—The claiming, as a rule, is done by the shipper.

672. In whose name? What does he write?—He asks for one of the printed forms, which he signs. This is a declaration that he has not used any of the lines which he is not permitted to use under the terms of the circular. It is not an agreement; he signs it and the shipping agent signs it.

673. So that the claim is made by the shipper and in his own name?—It is.

674. And not in the name of the buyer?—There are cases where firms abroad give instructions to send the goods down to their agents at the port for shipment, and then the goods may be shipped in the name of the firm abroad; in that case the firm in England has to obtain an authority from the firm abroad before the shipowner will pay it.

675. But then the claim is really made in the names of those persons in whose names the goods are shipped?—Yes, that is so.

676. (Mr. Lawrence.) They would be the only people the shipowner would know?—That is so.

677. (Chairman.) I see that in paragraph 3 the advantages which appear to you to arise from this system of rebates, are a uniform rate of freight, a regular system, and the maintenance of the freight for a considerable period?—Yes.

678. Are those, in your opinion, important advantages?—In the Eastern trade they are absolutely essential, and the better the trade is the more essential they are.

679. Do you mind telling us—I dare say you would know—why these are important advantages in the Eastern trade?—Because the sales that are made to the Eastern trade are sales that are made for delivery months ahead; in fact there have been sales made, we may say, now well into the year 1908. Therefore, the better the trade, the longer you have to wait for your goods; and the greater delay there is between placing the order and receiving the goods. If you are subject to a rise on the freight, you would lose your profit, or supposing you were subject to a sudden fall in the freight and you took an order at a certain price, and your competitor gets that order two or three months after you, with a sudden fall in the freight, he may undercut you and possibly make a still larger profit than you are making. Then there is another point that struck me in coming down yesterday, regarding another advantage of the regular sailings, which is an important one. That is, that if you have regular sailings there is no loss of interest. Supposing you do not know when your steamer is leaving, you may have to wait five or six weeks, possibly, for an opportunity; you have bought the goods and you have had to pay for those goods when they were delivered to you, so that in that case there will be a loss of interest. But if you can rely on a steamer once a week or twice a week, as the case may be, you will have no loss of interest to calculate. I should like that to be added to my paragraph 3.

680. You mention also that the steamers which are employed under this system are generally steamers of a first-class character?—That is the experience.

681. Therefore, it ensures a lower premium than is the case with other steamers?—Yes.

682. Have you considered the question that these advantages which you consider important could be obtained in any other way than by means of the rebate system?—I do not know whether my instructions from my council permit me to speak in their name, but I can speak in my own.

683. We should like very much, I think, to have your opinion?—My own opinion is this; I am not a shipowner, and I have never been in the ship-owning trade, but I should say that it could be carried out by means of what I call a boycott, and that if a shipowner finds that a merchant is employing other lines he could simply say, “I will not take any of your goods at any freight.” He should have the courage simply to refuse to carry the goods. I should think that if that were the case, the opposition liners would obtain more freight, and then competition would cease, freights would be raised and an understanding arrived at without any necessity of rebates.

684. So that you think that this advantage to which you have directed our attention could be obtained without this artificial rebate system—because it is an artificial system?—Not without a conference, but without a rebate. I do not see why there should not be Conference lines without rebates.

685. In your opinion, a conference might bring about the usual results, because on the one hand any shipowner would say, “If you use other steamers, we will not take your goods”?—Exactly.

686. And then the shippers would have to go to other shipowners who would take their goods at a certain freight, and in that way each party would have power in the negotiations?—That is my view.

687. May I take it, therefore, that in your opinion it is useful to have what we may call a conference system, that is to say, a system according to which conferences take place periodically between shipowners and shippers?—Certainly. The general opinion that I have gathered in Manchester is that in the Eastern trade conferences, for the reasons I have given, are

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most desirable. When I come to the Western trade I have found a great difference of opinion. Many large firms do not object to the conference system, but others say, "We should prefer freedom in doing what we like." Opinion is very much divided.

688. Will you tell us why there is such a difference of view as to the Western and the Eastern trade?—Because as a rule the Eastern trade is done for larger quantities, and it is done for a smaller profit—a minimum profit in many cases, because it is all done on a cash basis; whereas the bulk of the Western trade is done on the credit system, and, naturally, the margin of profit must be larger, and the actual time of delivery is, I will not say not as important, but the line is not drawn so hard and fast that if a shipment is sold, we will say, for January, and is sent on the 1st of February, the buyer can throw it up. There is a give-and-take in the Western Hemisphere—always excepting the English Colonies, about which I know very little.

689. (Mr. Taylor.) Do you include the United States in the Western Hemisphere?—Certainly.

690. Does what you say apply to the United States?—I do not know anything about the United States generally. The United States trade is a special trade—and it is a trade in high-class specialities, of which I have no opportunity of judging.

691. (Chairman.) I see that in paragraph 4 of your Memorandum, you state that at any rate you think a time limit for the retention of balances due to shippers ought to be legally enforced?—That is my opinion.

692. I should like to have a little more explanation of that paragraph. What is the time limit now applied?—It may extend to a whole year.

693. That is to say, the shipowner can retain the balances for a whole year?—You see I give as an example the Madras trade. There, it is not paid till after eight months, and then it is paid on a previous shipment, so there may be nearly a whole year before the merchant receives his rebates. Take the Danube trade, of which I handed in a circular, there it is 12 months, according to the contract, before we receive our rebates back.

694. (Sir John Macdonell.) Do you mean that if the terms of the circular state that the rebate is to be kept for 15 months, that period may be reduced?—I do not think there is any provision exactly stating that it may be retained for 15 months, though it may work out to 15 months.

695. Or say 12 months. If this circular or the contract stated that the rebate was to be retained for 12 months, ought there to be in your judgment some law which might reduce that period?—Certainly, it ought not to be longer than three months.

696. The terms of the contract notwithstanding?—Yes.

697. (Chairman.) Do you think the contract unreasonable in the form in which it is?—Certainly. Then there is a question raised by several merchants in Manchester which I put in as an addendum, but that is a legal question. The question is, whether the shipowners can really retain the rebate for that period during which the shipper has not broken his contract.

(Chairman.) I venture to express the opinion that if the contract is not void on the ground of public policy, the parties are bound by the terms of the contract. Do you agree with that, Sir John?

(Sir John Macdonell.) As at present advised I share that opinion.

698. (Chairman.) Whether a contract *in toto* is void on the ground of public policy is a question which we shall have to consider later on, and we cannot dispose of it now. (To the witness.) Now I come to paragraph 5. Do you mind telling me what you exactly mean by saying "the export merchant therefore, so far as this inquiry is concerned, must be considered the manufacturer"; what is the meaning of that?—I put this paragraph in for two reasons. The first reason is that I thought there might be gentlemen serving on this Commission who would be confused by the term "manufacturer and merchant" as far as it related to the trade in Manchester, and who would not know what very efficient distributing agencies the cotton trade possess. I think Sir Alfred Bateman will bear me out on that

point. Then, secondly, there is a great outcry in Lancashire on the part of manufacturers nowadays, who think that the State ought to interfere more; they want more assistance through consuls and the diplomatic service. I intended by this paragraph to show them that as far as the cotton trade was concerned it is the merchants who are bound to look into this question of the rebate system, because the manufacturer hardly ever comes into direct contact with the foreign buyer in our special trade. In other trades I expect it will be different. I do not know whether Sir Alfred Bateman understands this; but he has been in Manchester very often.

699. Then in connection with paragraph 6 you hand in Table A, giving the freights at present ruling to foreign countries in those cases in which deferred rebates are customary, the names of the steamship companies, the amount of rebate granted, and the conditions and terms of repayment?—Yes. (See Appendix, No. XIII.)

700. Look at the case which you give of Birkenhead to Shanghai, heavy goods 45s. freight and 10 per cent. primage with 5 per cent. immediately returned, and you add "10 per cent. deferred rebate." I do not understand what the 5 per cent. immediately returned means?—The 5 per cent. is deducted at once. It has not anything to do with the deferred rebates you have mentioned previously.

701. Is that on the 45s.?—Yes.

702. It is not on the 45s. and the 10 per cent., but on the 45s. only?—It is on the 45s., and it is 2s. 3d.

703. And that is returned immediately?—It is returned at once.

704. Then what about the 10 per cent.?—That is returned in two instalments.

705. I think Sir Alfred Bateman has just suggested the proper explanation. That 5 per cent. is really very much of the same character as a discount?—Perhaps I had better hand in this China rebate paper. (See Appendix, No. XIV.)

706. Your paragraph 7 is one of very great importance. In that paragraph you show that at any rate in some cases it is possible on the part of shippers or merchants to resist the power of the shipowners?—I put that in because it is the only case that exists, and there is a peculiarity about it. If you compare the present rate of 18s. 6½d. (about) to Bombay with the Calcutta rate of 30s. you will see at once what combination has been able to do.

707. Supposing the freights appear to the shippers in a particular trade to be unreasonable and excessive—I am thinking now of a large trade—would it be practicable for shippers to combine and to say to the shipowners, "Unless you reduce your freights we shall employ other vessels," or would it be impracticable?—I do not think it is possible, because there are always wheels within wheels. There are very often large merchants doing the lion's share of the trade, who are themselves interested in steamship lines—I am bound to say that. Take the China trade. In the China trade the shippers have been met very reasonably indeed a few years ago—I call attention to it further on in my Memorandum of Evidence—by a Liverpool shipowner. They explained to him that they must have a reduction. The great point that the late Mr. Helm made in his evidence before the previous commission, which was I think on rebates or subsidies, was in connection with the American competition in China in certain goods in, I think it was, 1902. The Manchester merchants did not combine to force the shipowner to lower the freights, but they had an amicable conference with him and came to an understanding for a reduction of the rates. This method, of course, is always possible.

708. What I want you to make clear to us, if you can, is how can a conference be of any use if the shippers are at the mercy of the shipowners?—In such a case the shipowner will certainly act as a hindrance, and the advantage of the conference would disappear.

709. Do you think with a great trade it would be impossible for the shippers to combine?—If the shipowners were to raise their freight to such an extent as to hinder our trade, and goods produced by competing nations found their way into the market, the shipowners would, for their own interest, have to reduce the freight—at least that is my view.

710. You say it is to the interest of the shipowners that trade should not be hindered or spoilt?—Or diverted elsewhere.

711. In fact to a certain extent shipowners and shippers and merchants have a common interest, namely, that trade should be as large as possible?—That is so, but I do not say the shipowner always sees it.

712. That is very similar to the case of employers and workmen. Employers and workmen have to a certain extent a common interest; and so in this case also, shippers and shipowners have a common interest from one point of view?—It is the shipowner's interest to get as much freight as he can, and it is the merchant's interest to sell as much as he can.

713. How was it that the Bombay natives succeeded in shipping their goods by other steamers, when English shippers could not succeed in the same way?—I am not in the Indian trade, but from inquiries that I have made I understand that the Bombay native piece-goods dealers, who are one of the most highly intelligent bodies of men existing, combined for other purposes. They heard about these rebates being given in Europe, and they said, "Well, if there are rebates, we must have them, and not our suppliers." They were able to form one homogeneous body, who said to the shipowners, "Take it or leave it." Whereas it is utterly impossible for any body of merchants in England in the cotton textile trade to combine; as I say, there are separate interests in the case of many firms; they may be interested in steamship lines, or there will be jealousy. There is no combination possible for any purpose between merchants in the cotton trade, I am sorry to say.

714. Do you limit that statement to merchants in the cotton trade, or would you extend it to merchants in every trade. It really comes to this: Do you think that merchants generally are so interested directly or indirectly in shipping lines that it would be extremely difficult for them to form a successful combination opposed to the shipowners?—Not for the reason that they are interested in shipping lines, but I say that this interest in shipping lines is one of the reasons in the cotton trade.

715. It would not apply to other trades, do you think?—I do not know; in fact I know nothing about other trades. If you had a body of merchants engaged in a comparatively small trade working together, who are able to regulate the trade prices that they want to sell by, or the terms under which they wish to give credit, then I should think that, for their own special district or port, it is possible that a small body might be able to combine. But it would be the buyers then, and it would not be the sellers; I mean to say, it would be the other side abroad who would have to combine. It is absolutely impossible, I think, on this side in England, as far as I can judge from the textile trades.

716. As far as you can judge, you think it would not be possible for merchants on this side to combine in such a way as to force shipowners to reduce their freights?—If it had been possible, I do not think this Commission would have been sitting. I think nature would have found its own remedy. When the contract in 1881 was effected by the Bombay shippers, the Manchester merchants were actually assembled in the office of one of the leading Bombay houses discussing terms, and had almost come to an arrangement, when a member of another firm entered the room with a telegram from Bombay saying that they had no need to discuss the matter any longer as the matter had been settled on the other side. I was told that by the gentleman who brought the message in. He said they were actually in conference in Manchester in Messrs. Lyon and Lord's office when he came in with the telegram saying that the matter had been arranged.

717. Can you explain this to me? When it is said that merchants complain that the effect of this rebate system is that freights are excessive, what is meant by this phrase?—When the merchant sees that a competing line is able or willing to take goods at x shillings per ton and the conference lines are asking a rate of $x + y$, naturally he says that y is excessive. It is not his business to know whether it pays the shipowner or whether the shipowner is going to get return freights; he simply compares the one rate that is offered to him with another. That is my explanation of the general objection to higher freights, that they are "excessive."

718. (Sir John Macdonell.) But suppose the case of there being no competitive line and no competing freight, what would then be the meaning of "excessive freight"?—I might explain that by taking a trade in which I am hardly interested. I notice that the freight to Bombay is 18s. 6½d., and I notice that the freight to Calcutta is 30s., or 11s. 5½d. more. I have taken this instance because I am not interested in the business at all but am quite outside. I say, "Why for that short distance more is the freight so excessive as 30s.?" Either the shipowners are losing money at 18s. 6½d., or they are getting too big a profit at 30s.; and the conference has no right to say, "We want 30s."

719. (Captain Collins.) Would there be any difference in the port charges that would account for that?—I have had an explanation given to me. I put this case to an Indian merchant yesterday, as I thought I might be asked the question. His explanation is that there are less favourable return freights from Calcutta than from Bombay, and that the shipowner does not calculate his journey out only, but he takes the circular tour, if I may call it so. That does not concern the Manchester merchant, the exporting merchant; he is absolutely indifferent to what comes back.

720. (Chairman.) You are not supposing that there are two amounts of freight for the same work, the same carriage; if so, why do not merchants go to those shipowners who offer to do their work and to do it for less freight?—Very possibly, coming back to my example, the 30s. does not in any way interfere with the sale of the goods, and merchants get the advantages of the regular sailings, as I have mentioned before. I like to keep to something that I am looking at from the outside point of view, because I think I can look at it more impartially. I am instructed to come here not to take any side whatsoever.

721. (Professor Gonner.) The real point is, that a shipper takes some standard of comparison, whether it is some other trade or whether it is some other line, and he says, "It is very much cheaper, and I ought not to pay as much as I do." I suppose that is what it comes to?—That is what it comes to. Naturally he takes the cheapest freight that he can find in making his comparison. That is the case in all trades.

722. (Chairman.) Now we will go to paragraph 8, in which you refer to the China trade?—That paragraph was put in to show the result of a voluntary reduction—perhaps I should not call it voluntary, because it was a reduction after considerable negotiation with the steamship owner, and after he had been shown that his old freight was injurious to the trade.

723. Then this was a case of a reduction brought about really by a conference of the parties?—Yes, a conference between merchants and shipowners. I do not know whether it would interest the Commission, but I have got a list of freights to China from 1884 to 1906, in which they can see the immense reduction which has been effected by this conference.

724. When was the reduction effected?—In 1902.

725. (Professor Gonner.) I think it would be of great assistance to us if you would put in the China freights from 1884 to 1906?—I will do so. I will send it to the Secretary when it has been corrected. (See Appendix No. XIV.) I notice that I have 5 per cent. primeage 5 per cent. rebate against one line, and I am not sure at the moment whether it ought not to be ditto, ditto.

726. (Chairman.) Were these China freights diminished more than once?—They fluctuated.

727. Were these freights fixed for a certain period, say for a year or six months?—There has been no alteration in these freights since 1902.

728. At any rate from one point of view the fixing of the freights would be a great advantage, would it not?—It would be very serious indeed if there was any alteration either up or down in the freight to a market like China, especially at present when there are some contracts running for 18 months ahead.

729. I need scarcely ask you, but in the China trade is the rebate system applied?—It is.

730. How long is the rebate retained, do you know—for what period, I mean?—Half is retained for six months after the expiration of six months, and the other half for twelve months after the expiration of

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six months. May I add this regarding the American rates? At the time when the last Commission sat the freights were lower from the States to China, but from information I have received the freights are higher now from America to China. You will find figures given in paragraph 8.

731. (Mr. Lawrence.) The rate was originally reduced from this side in consequence of American competition, was it not?—That is so. The German rates to China are higher too.

732. (Chairman.) Now take the German rates; do the German shipowners adopt the rebate system?—They do. I have got a circular here giving the rates, if the Commission would like to have it.

733. I think it would be very useful?—It is in German, but I think it would be very useful indeed. It is dated 1st March, 1906. These rates are the last.

734. We can have that translated if necessary. Will you tell me, speaking generally, whether they are somewhat similar in terms to the rebates in this country?—They are payable twelve months after the end of the half-year in which the shipments are made, and there is only one payment of 5 per cent.

735. Can you tell me whether any question has arisen in Germany as to the legality of the rebate system?—I wrote to our legal adviser on the Continent the day I got the summons to come here, and asked that question. I have received the reply that there is nothing in the German law preventing the granting of rebates, nor had he heard of any movement on the part of merchants to do away with them.

736. You know, I presume, that that is very different in the United States?—Yes, and I intend to mention this afterwards.

737. I think we may pass for the present to your paragraph 9, which deals with the River Plate. Here you refer to a contract which is the one that I have already read. That agreement is signed on behalf of the River Plate steam lines, and I see it is headed "Freight Contract between Messrs. So-and-So"?—That means the name of the shipper.

738. So that this is a case where there is a real agreement between the parties?—Yes. That is the second agreement. The other is the Danube one.

739. And it is an agreement made before shipping. I should like to read you the first four lines of your 9th paragraph: "Although the conference system is a guarantee to merchants of regular sailings of first-class steamers, and of fixity of rates, it constitutes a monopoly which prevents merchants at times from availing themselves of a cheaper mode of transport. An instance of this is afforded by the River Plate." Do you mean that here the freighters are obliged to sign a contract, because that is a peculiarity, is it not?—They have to sign the contract in order to be able to ship at 35s., which is not an excessive freight. I finish that paragraph by saying that it is not an excessive freight for the Plate; but there is an opportunity offered at 17s. 6d., and we cannot make use of it.

740. On the other hand, they have the advantage of what you may call a permanent freight and a regular service, for, I suppose, the service is regular?—Very—once a week at least.

741. (Mr. Owen Philipps.) Might I suggest that it is much more often than that?—I say once a week at least.

742. It is always much oftener than that? Is it not two or three times a week at least?—I am not quite sure; I do not know. We confine our shipments to only one line, but I always know that Thursday is our day for shipping. I must correct my statement, as I am forgetting the Southampton steamers.

743. There is a boat two or three times from Liverpool, I think?—I do not know.

744. (Mr. Lawrence.) With regard to the Manchester liners' steamers, to which you refer in your paragraph 9, is that a regular service?—I do not know.

745. How often do they run?—I am not quite sure, and I shall have to inquire about that. You see we are debarred from using them, because we have signed the agreement.

746. But they are regular lines?—Yes, they are

747. (Chairman.) Now we come to paragraph 10 which deals with Australian trade. You say that "shippers to the ports of Melbourne and Sydney complain of the American shippers having a decided advantage by the open freight market which these enjoy, as compared with a conferenced English exporter." I thought you said that the American shipowners also adopt the rebate system?—I do not remember.

748. You do not know whether they do or not, do you mean?—I do not think I said so.

749. I beg your pardon; I daresay I made the mistake. Do you know whether they do?—The only information that I received from the other side was that there was no knowledge.

750. Do the American shipowners adopt the rebate system?—I have no experience. You will notice the difference in the rate at which the American steamers carry. The grievance is that one of the lines comes to Liverpool with the goods, and then goes on at 32s. 6d. or at 30s., whereas from Liverpool we have to pay 42s. 6d.

751. Of course, that is a great hindrance to trade?—I have sent in an example of an actual transaction, where there is a difference of 2½ per cent. on the value of the goods.

752. I see that you say, "I am not aware, however, that the Americans suffer any disadvantage in this respect," that is to say, you do not know whether this American service is regular, or whether the American freights are permanent and fixed?—I do not know.

753. Now I come to the South African freights which you deal with in paragraph 11 of your Memorandum of Evidence?—I did not wish to say anything at all about South Africa, because I could gather no information. The only information I was able to supply was what I had read in the paper regarding the legal proceedings going on at present in New York. I thought it was advisable to mention those two, and to put in the Elkins Act. I have also got the Sherman Act here, if it is wanted.

754. Thank you; we have got those Acts, and we have got the report of the case which has been decided in the United States; so that I do not think we need trouble you about those points?—I would rather you did not.

755. Thank you; you have completely explained that paragraph. Now in paragraph 13 of your Memorandum of Evidence, you deal with Manchester's proximity to Liverpool; will you shortly state what you intend to show by that paragraph?—In justice to Mr. Alfred Holt (who is the gentleman who met us on the China question and reduced his freights) I should like to preface my remarks on this paragraph by saying that I have put it in merely as a public duty. What I wanted to show was that the geographical position of Manchester enables railway carriage to be cheaper from Manchester to Liverpool than from Manchester to London or Southampton; and that the prosperity of the one town is absolutely bound up with the prosperity of the other—the trade of the one town feeds that of the other. There is a line of steamers sailing from Southampton which charges 35s. and 10 per cent. per ton, and it would cost us 25s. per ton weight by rail to Southampton, or 18s. per ton by coasting steamer. The Liverpool steamship owner charges 37s. 6d. freight—half-a-crown per ton measurement more, because our carriage to Liverpool is so much less than the carriage to Southampton. If he charged the same freight as the Southampton boats, he would possibly get more cargo. His steamers do not sail as regularly as the Southampton boats, and they are not nearly as quick; but notwithstanding all that, he penalises Manchester half-a-crown a ton, evidently (although I have no proof of it) in consideration of some advantages he may have received from the steamers calling at Southampton, or in consequence of some agreement made with the Southampton steamers. When I come to deal with the ship canal in my Memorandum of Evidence, I revert to that point of penalising Manchester on account, as I call it, of this proximity to the sea.

756. (Mr. Owen Philipps.) The net result of that arrangement is, is it not, that it gives the shipper the same chance of shipping either from Southampton or from Manchester at equal rates. Does not the rate plus the railway carriage to each place work out as nearly

as possible the same?—Yes; but we say, what right has the shipowner in Liverpool to charge us that?

757. I want to get the fact?—It does work out the same; we grant that.

758. So the effect of the shipowner's arrangements is to put the merchants in Manchester in the position of being able to ship at either port at equal rates?—Exactly.

759. It, therefore, does have the effect of enabling Manchester merchants to ship at various ports at the same rate?—Certainly.

760. It makes all competition on the same basis; is that not so?—That is so.

761. And, therefore, it is an advantage to the merchant to be able to ship at a various number of ports at equal rates; is that not so?—I do not see where the advantage comes in at all. If, as I said before, Manchester is near to Liverpool, it is certainly entitled to the benefit of its geographical position; and, therefore, if the Dutch mail steamers take 35s. from Southampton, the least that the Liverpool steamers could do must be to charge the same rate and give Manchester the advantage of being nearer to Liverpool; when the service is not as regular and is slower.

762. (Sir John Macdonell.) It is a case of undue preference against Manchester?—That is what it is, and that is what I want to bring out. The shipowner may argue as much as he chooses, but he cannot get away from the position that we are nearer to Liverpool, yet because we are nearer to Liverpool we are charged so much more.

763. (Mr. Barry.) I take it that what you object to is this, that in order to secure the advantage of uniformity, the rates against Manchester are levelled up?—That is so, but it is not done to secure the advantage of uniformity on the part of Liverpool. We imagine it is done to buy off opposition on the part of the Dutch lines. In Manchester we have a sort of notion that if the Liverpool steamship owner had said, "We will take it for 35s. or less," then the Southampton boats would reduce their freights as well. We say that our geographical position, which is near to Liverpool, ought to be of use to compel the Dutch liners to come down in their freights from Southampton to Java. We say, "Here we have a weapon for getting freights down without detriment to the Liverpool shipowner, and our weapon is taken away from us most unpatriotically by the Liverpool shipowner."

764. (Chairman.) And you lose an advantage which your geographical position entitles you to?—Certainly. Furthermore, the same Dutch steamers that call at Southampton take goods from Rotterdam or Amsterdam—and that is where the shoe pinches us very much indeed—at 31s. 3d., less 10 per cent., against 35s. net—for it is 35s. plus 10 per cent. and 10 per cent. return. So you have foreign steamers sailing from Rotterdam and Amsterdam taking Dutch goods at a lower rate, and the rate is kept up for English goods, although there is an opportunity on the part of Liverpool of coming to the assistance of English trade and especially of Manchester. That is a point I want to bring out, because a half-a-crown difference really is not worth talking about, for, as one commissioner said, "The rates are the same from both places." But we say, "Here is a weapon to fight the Dutchman, and our own countrymen side with them and prevent Manchester getting the advantage." This is one of the points I feel most on, because Manchester is suffering very much indeed from Dutch competition. There are a great many goods that used to be sold from England which are absolutely stopped now. It is all very cheap low stuff that goes to these markets—common stuff—and every shilling in freight plays an important part; but we are stopped by Liverpool from fighting the Dutch people.

765. (Professor Gonner.) Then you do not think it is an advantage to the shipper to have one cheaper route cut off from him, in order to secure that he shall ship at the dearer rates from all ports? The shipper, if the rates were lower, would have one cheaper route, and I suppose that it is an advantage to him to have the cheaper route?—That is my view, especially in this case.

766. And it is not a good thing for him to have that one remedy cut away from him?—No.

767. (Mr. Owen Philipps.) I take it that your principle objection though is, that under this particular arrangement with the Dutch Company, goods from the Continent are shipped cheaper than goods from Great Britain?—Certainly. I say, "Here is a chance for the Liverpool steamship owner to come to the assistance of English trade, and he throws his lot in with the Dutchmen."

768. (Captain Collins.) Has he combined with the Dutchmen?—I have no reason to know that he has; but why should the Liverpool shipowner charge 2s. 6d. more if there be no arrangement with the Southampton line? If a mail steamer can carry goods at 35s., then a slower boat with a less regular service ought to be able to do the same.

769. (Mr. Taylor.) Who are the people really interested in these goods in Batavia, that is, the consignees; are they Dutchmen?—There are two very large English firms in Batavia, but I should think the bulk are Dutchmen. It is a Dutch Colony.

770. How would they view an effort by Mr. Alfred Holt to bring the rate down as against the Dutch lines, because I suppose they are the people really concerned, are they not?—No; we are the people concerned, because we sell everything c.i.f. Java.

771. You are the people concerned in securing the custom of the Dutch people out there?—That is so, and the Dutchmen out there will probably give the preference to Dutch goods at equal prices.

772. (Mr. Reeves.) Are they Dutch goods or German goods chiefly?—They are Dutch goods chiefly.

773. (Mr. Taylor.) Will the Dutchman give the preference to Dutch bottoms as well as Dutch goods?—I should say he will, certainly.

774. Perhaps Mr. Alfred Holt thinks that if he begins to fight the Dutch steamers, although he may commence by reducing freights, the ultimate result might only be to establish the Dutchmen against himself. I am speaking quite as an outsider, and I do not know; but perhaps Mr. Alfred Holt, weighing up his chances and knowing the people who are really interested in these goods, and who are the customers of the Manchester merchants, are Dutchmen, may question within himself whether it would be ultimately for the good of either his own line or of British trade to fight the Dutch steamers?—It would be equally good to the English steamers if the freights were reduced. Every reduction of freight is an advantage to the trade.

775. (Mr. Reeves.) At present the Dutch have an advantage over the English shippers?—Yes.

776. And if the change were made which you suggest, both would be on the same footing; is that so?—No.

777. Or the Englishman would have the advantage, which?—At the present moment the rates (I am giving you the net rates) are 35s. from Southampton, 37s. 6d. from Liverpool, and 34s. 3d. less 10 per cent. from Holland; therefore, to be on the same footing, both Alfred Holt and the Dutch steamers would have to bring their rates down to 34s. 3d., less 10 per cent.

778. (Mr. Lawrence.) That being the rate for goods shipped from Rotterdam or Dutch ports?—The rate from Rotterdam or Dutch ports being 34s. 3d., less 10 per cent.

779. (Mr. Reeves.) Then practically the English ships would be on the same footing as the Dutch?—If the freight were the same from Liverpool as from Rotterdam or Amsterdam or Southampton.

780. That is practically what you advocate?—That is so. I am not advocating any alterations in the rates, except that generally I wish rates to be as low as possible; but I wish to show that Manchester is suffering in this particular instance.

781. Because it is not being allowed the advantage to which its geographical position fairly entitles it?—That is it.

782. (Chairman.) I think I will go to paragraph 14 now. There you state that a combination of merchants, such as the Bombay piece-goods merchants have made for the regulation of freights, is impossible in the Western hemisphere trade, where goods are sold free Manchester or free port of sailing, and that it is very difficult for any combination of merchants to successfully oppose shipowners. You say, "The supplier is rarely empowered to choose the line of steamers."

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Instructions as to what line of steamers is to be employed are usually given by foreign buyers; and the rebates are as a rule claimed by, and paid to, the buyers, who in their turn generally refund the same to their clients abroad." Whom do you mean by "their clients abroad"?—The firms they sell to abroad. At the commencement I explained how, when you asked me what was done with the rebates. This paragraph ought to be connected with the paragraph in which I show the very strong line of division between two classes of merchants in the Manchester trade—the one class with their own establishments, and the other class who have not their own establishments, but who obtain their business either by means of travellers or by means of patterns. A combination of merchants having their own firms might possibly be effected, but I think it would be very difficult because there would not be sufficient. But a combination among firms of the second class who obtain their orders on indents is impossible, because the steamship owners or the forwarding agents in Liverpool are as keen after trade as the merchants, and they generally have agents abroad soliciting the forwarding of the shipments of our clients; so that we are repeatedly getting these instructions from our clients, "You have to use these and these lines." Furthermore, a client abroad will not confine his purchases necessarily to one firm in Manchester; he may have eight or ten firms that he buys from. Then it is a convenience for him to have an agent in Liverpool, to whom all these firms send the goods to be put on to one bill of lading, or, especially in cases where there may be consular invoices to be made out, he saves money by having one consular invoice for the whole shipment. So, as I said before, a combination on the part of merchants on this side is absolutely impossible.

783. (Professor Gonner.) I do not quite understand the last sentence in paragraph 14, where you say, "The rebates are as a rule claimed by, and paid to, the buyers." Is that the foreign buyer?—I think that should be altered.

784. It ought to be "sellers," ought it not?—Yes, you are right, it should be "sellers." We are so accustomed to call ourselves buyers in the ordinary commercial line in Manchester, that I got confused.

785. "Their clients abroad" are, of course, the buyers?—Certainly.

786. (Mr. Reeves.) I think you said that the rebate as a rule goes to the client abroad?—I did earlier on this morning.

787. "As a rule," you say, but there is no rule without exceptions; are there exceptions to this rule?—Certainly. I expressed my view previously, I do not know whether it is legally correct, or not.

788. (Chairman.) In paragraph 15, on railway carriage, you say, "Since the date when the Committee of 1901 reported on Shipping Subsidies many of the conferences have embraced foreign steamship companies, and the rates from Continental ports are at least the same as from British ports; but in Germany, where the State owns the major portion of the railways, the carriage from inland towns is reported to be considerably below the rates charged in English railway companies for similar distances. My experience is that most German manufacturers quote, when offering their products—free Hamburg, or Antwerp, or Bremen, as the case may be, as they can easily calculate the freight per kilometre per 100 kilogrammes from the published railway tariff." I suppose in this way the German Government, which owns the railways, confers a great advantage on the German shippers?—The German railways have three tariffs—I am speaking of textile goods—and they have special tariffs for goods that are intended for export, which are based, as I say, per kilometre per 100 kilogrammes. So a manufacturer has only to look up the distance and buy this book for 3d., and he can work out at once what his rate of freight will be, and so it is easy enough for him to quote free port but not free on board. The English railways include in their charges collection and delivery. The German railways do not collect and do not deliver, and a separate body of men has to be employed for that purpose. I mean the manufacturer must either cart his stuff down to the railway station or employ someone to do it, and on its arriving at the port he, or the buyers resident in that port must either put the goods on board at his expense or the manufacturer may have a general agent who does it for him under contract at a price. So that in comparing railway rates on the Continent with railway rates in this country,

those two points ought to be borne in mind. Furthermore, the German railways have a certain time granted them by law for delivery of the goods; it does not matter how many hundreds of thousands of packages are delivered in Manchester up to 6 o'clock at night from warehouses—they will be delivered in Liverpool the next morning. You have a dispatch in England which you have not got on the Continent. The German railways start with not counting the day on which the goods are delivered to them. Supposing goods are delivered on a Thursday, five minutes past 12 midnight, the time which they have by law for delivering those goods, according to the distance, starts at 12 midnight between Friday and Saturday, so that 24 hours of the first day on which the goods are delivered do not count at all.

789. (Mr. Lawrence.) Practically the conditions of the service as rendered by the railway companies in each country are different?—Entirely. I am only stating this in justification.

790. The English railway companies have to give a great many more advantages than the German companies do, for which they do not get paid unless the rate is higher?—Then, of course, the German railways have, besides their free tariff, four different special tariffs for certain classes of goods, such as machinery or artificial manures, etc., etc., for which they have special rates.

791. (Chairman.) Is it the case that their rates for carriage to German ports are comparatively lower than their other rates of carriage? There is some evidence that I have come across that the rate of freight in Germany from some inland towns, a manufacturing town, say, to a German port, is less than the ordinary rate of freight?—I believe it is; the State will also assist a manufacturer in certain cases. Take a cotton-spinner, for instance; if he wants to build a mill he will be able to approach the railways and say, "I have got this site for a factory offered to me; what will the rate of carriage be for my goods that I am going to export?" and they will make an arrangement with him.

792. That is to say, the German Government, who own the German railways, favours in that way the export trade?—It does. Would it be of any use to you to have the German Australian tariff?

793. I think it would, if you would be kind enough to leave it?—I shall be pleased to do so. (Handing in same.)

794. Now I think we can go to paragraph 16; your evidence under this head appears to me to be perfectly clear?—I should like to correct it in one sense.

795. Then will you make your observations on paragraph 16?—Paragraph 16 was handed to me by a very strong advocate of the conference system. He wanted to show one point where the conference system failed by the unnecessary hardship inflicted on the merchants in allocating goods to certain steamers, and, in case of accident, preventing them going by others.

796. (Mr. Owen Philipps.) Is it not the case that this allocation to certain steamers is confined entirely to certain trades, and that it is not a usual thing?—That is so; it relates to the Indian trade.

797. It is not generally applied to shipments by conference steamers, is that not so?—I have never heard it applied in the trades I am interested in.

798. (Chairman.) But it applies to the Indian trade, you say?—Yes.

799. (Mr. Owen Philipps.) And not to conference steamers in other trades?—Exactly.

(Chairman.) Could you put to the witness some questions showing the reasons why it applies to the Indian trade and not to other trades?

800. (Mr. Owen Philipps.) I have no actual knowledge of the Indian trade. I conclude that you have a very good service on the Indian trade; is that not so?—You can judge from the tables how good the service is.

801. The fact that there are such a large number of sailings is greatly to the advantage of the shipper, is it not?—It is, but take the average delay. I divide the delays into two. There is the delay that is inevitable between one steamer and the other. I worked that out, and divided it by two to get the average delay. If it is five days between a steamer, it will be 2½ days average. I say in paragraph 16, "This loss of time is inevitable."

and occurs on all lines." I refer there to the interval between the sailing dates. In addition to that, owing to the detention on account of its being a conference, there is in 12 years an average loss of eight days on all the shipments, which is a very serious item in the Eastern trade, where the business is done on such a small margin of profit.

802. Seeing that the great majority of the trade in this country in conference steamers is carried on without this restriction, I take it that it would meet your views if the Bombay trade was put on the same basis as other trades in this respect, and if this restriction were removed?—Exactly. I should like to make an observation on Table H., which appears in paragraph 21. I should not like it to go forward that there is a complaint of delay owing to steamers coming up the Ship Canal; the same delay occurs on the Birkenhead shipments as on the Salford or Manchester Dock shipments.

803. (Chairman.) Then do you want the heading of that table altered?—No, but I should like to put it in evidence that Table H. is no reflection on the steamers coming up to Salford. I am very anxious to do that. If you will examine the delays, you will find that they are equally so from Birkenhead. I meant the question of delay to apply equally to Birkenhead as to Salford.

804. That will be put in as part of your evidence, which, if you will allow me to say so, has been very valuable evidence?—Do you wish to ask me anything about the Ship Canal?

805. I will leave it now to the members of the Commission to put other questions?—Thank you.

806. (Mr. Lawrence.) In reference to paragraph 9, where you deal with the River Plate shipments, I rather understood you to say that the steamship owners stipulate that on breaking an agreement not only does the shipper lose his rebate, but he has to pay an extra freight if he returns to the conference steamers; is that so?—If he does not sign the agreement, he does not get his 35s. freight, and if he ships by any other steamer he does not get his rebate.

807. Then he may have to pay an extra freight, and he does pay an extra freight, 35s. being the rate fixed?—Any firm signing the agreement pays 35s.

808. And if the firm does not sign the agreement?—Then the firm pays 40s.

809. (Mr. Owen Philipps.) Is it not the case that the regular rate is 40s., but there was an agreement made with the shippers that those who signed a contract for so long should have a reduced rate?—That is so. It is the same thing, but the other way round.

(Mr. Owen Philipps.) It is so, but it is not penalising.

810. (Mr. Lawrence.) I only want to know the fact. As a matter of fact he does pay a higher rate if he does not sign?—He does.

811. In reference to the Australian trade, you give us some statistics about the shipments from this country to Australia in regard to the rates of freight, showing that goods which have come via America are carried at a less rate of freight than if they went direct from this country?—That is so.

812. Have you any figures to show the volume of trade that comes via America at a lesser rate of freight?—I have not.

813. It would be very interesting to know that?—I think you could ascertain it.

814. (Professor Gonner.) How could it be ascertained?—I think if I wanted to ascertain it, I should have to write to the Board of Trade or to Mr. Worthington.

815. (Sir Alfred Bateman.) You could get it from the transshipments at Liverpool, I suppose?—But that would only give you those goods that come via Liverpool.

816. (Chairman.) Do you think the Board of Trade could supply us with information?—I think so.

817. (Mr. Reeves.) Are you aware that the Australian Government publishes figures showing the imports from the States to Australia?—I have never examined the colonial figures.

(Mr. Reeves.) The Australian Government does so, and those figures show a very remarkable growth in the trade between the States and Australia.

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818. (Sir John Macdonell.) May I ask you whether before any change is made in the rates the merchants engaged in your trade are consulted?—I could give you no experience of the Eastern trade, but I do not think they have been consulted. Neither can I give any experience as regards the Colonial trade. Speaking for the other trade, we have never been consulted.

819. You have never been consulted?—Never, but we have had a notification that on and after such and such a day freights would be raised or reduced.

820. Without your being consulted in any way?—Without our ever being consulted.

821. Can you tell me whether in your experience you have known cases in which the rebates have been forfeited without the parties claiming to be entitled or actually entitled to these rebates being consulted before the forfeiture?—I have never heard of any; you see I am not likely to.

822. I am asking you to tell us from your general knowledge?—I have never heard of any rebates being forfeited.

823. You have not known of such a case?—I have never heard of one. I should think if there were any big amount forfeited among our competitors or friends, we should hear of it in Manchester.

824. But in your experience you have not heard of such a thing?—Never.

825. You have pointed out in the course of your evidence the advantages which this system of rebate offers; would these advantages apply equally to merchants who ship small quantities occasionally? You pointed out the advantages in the way of a regular service, high-class steamers, and other advantages; are they equally applicable to merchants sending goods from time to time?—Do you mean to a merchant who would get an order once in three months or once in six months?

826. I mean one whom you have called in your evidence "a small man"?—I do not see why the advantage should not be equally great for him. He will be just as anxious to have a regular steamship service as the big man—I mean by that, that if he has goods to ship he will be as keen on getting these goods away as quickly as possible as the big man is, and it will be a matter of great interest to him, naturally.

827. Do you think that, all things considered, the system works out as advantageously for the small man as for the large man?—Always provided that there is no hidden agreement between any conference line and the big man, which is not known, by which the big man gets a return.

828. You have now come to a point on which I should like a little information. Are there discriminations between the big man and the little man?—Not to my personal knowledge.

829. Might I press you for an expression of your opinion as to whether such discriminations are ever made?—There is a strong feeling in Manchester that there are discriminations made in certain cases.

830. In your judgment is that strong feeling based upon facts?—I am not in that business, so I could not say.

831. If it were the case that there were discriminations made, and that there were preferences made between large and small shippers, in your judgment is that a practice which ought to be continued or checked?—I consider it to be perfectly fair. In saying that, I am speaking from my own personal point of view, and I know that I shall be in opposition to many people. If a shipper can supply a steamship owner with a certain portion of his cargo, and if he will take so many hundred or thousand tons, will guarantee the shipowner, good years and bad years or for the whole year, to fill up a portion of his ship, I consider that merchant has a perfect right to have a special agreement with the shipowner, because he is assisting the shipowner.

832. I will not argue whether it is right or wrong, but would you think that that practice, if permissible, ought to be secret, or do you think that such agreements or preferences should be disclosed?—They should not be secret.

833. They should not be secret, you say?—No, certainly not. As I say, if I go to a manufacturer and

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I can give him a thousand pieces of goods of one quality to make—a regular line—I think I am entitled to buy that cheaper than a man who buys 50 or 100 pieces; and the manufacturer may possibly make a bigger profit out of me at the lower price. In the same way, the steamship owner may be able, possibly, if he is secure of his freight, to ship at a less expense to himself than if he has to wait for cargo.

834. You told us that in your judgment combinations were not practicable between the merchants. Has any attempt, so far as you know, been made to arrange such a combination?—There has been a conference between merchants and shipowners, by which certain rates have been secured. You see the China trade, and then, again, the Constantinople-Levant shippers met the steamship owners, and came to an agreement.

835. Has there ever been an attempt, so far as you know, to form a combination which would be a counterpoise?—Do you mean a fighting combination?

836. That is a word that, perhaps, would do?—Not that I know of.

837. Do you see any possibility of forming a combination among the merchants who have houses of their own abroad?—I could not judge of the Eastern trade, because I have no experience of it; but I should doubt it there, because so many of the Eastern merchants, the large merchants, are interested in steamship lines. But coming to the Western Hemisphere—and here I am talking of South America—it would be absolutely impossible.

838. You mentioned in your evidence one of the obstacles in the way of a combination was the fact that many of the merchants had interests in shipping companies, as I think you said?—Yes.

839. Do you think it impracticable for merchants by combination to get a controlling interest in some of these shipping companies?—I do not think I am capable of answering that. I think it is more a question to be put to a shipowner.

840. You said, I think, in your Memorandum that in consequence of the Elkins Act shippers in America get certain advantages; do you know whether or not since the Elkins Act has come into operation freights from New York have been raised?—I do not know anything about it. All I know is from a letter from a friend in New York who is a large exporter. I wanted to get to the foundation of the rebate question. Perhaps I may just refer to what he writes to me. He says: "In order to test the rebate phase of the question, the gentleman in charge of the export department of A. B. offered the South African-Australian lines a contract; but while these lines were quite willing to quote rates, they intimated they could not make any agreement as regards the rebate end of it." That is the last information; that was written on February 4, from New York, in answer to an inquiry I made regarding rebates in consequence of the Elkins Act. I got a large firm of export merchants to say they had some cargo for South Africa and Australia, and what would they do with it—and this is the reply, that they are quite willing to quote rates, but they can say nothing about rebates.

841. That hardly answers the question that I wish you to answer. In your Memorandum you say, "Competition is thus secured"—that is, by the Elkins Act—"in regard to shipments from the United States to British Colonies, with the result of reducing freights from such ports to about half those obtaining from British." Has there not recently been a rise in the freights from New York?—I do not know.

842. (Mr. Mitchell.) You gave us three important cases in which rates from foreign countries were considerably lower than those from British countries; the first being the case of the River Plate, showing that the rates from Italian ports, such as Genoa, were considerably lower than from English ports; the second from American ports to Australia, although in one case at any rate the goods were actually brought to Liverpool first, and then carried to Australia; and the third (perhaps, the smallest one) from Dutch ports. I suppose, if it is the case that the rates from foreign ports are considerably lower than those from British ports, that must be very prejudicial to British manufacturers, and it must tend, must it not, to a steady increase in the trade of foreign manufactures in those countries?—Certainly. I gave a calculation as to one

article from America to Australia, and I have handed in two examples from Italy to the River Plate (see Appendix, No. XXVIII.); and in regard to the Dutch case, I think I have explained fully how we were handicapped.

843. Of course, we know that the Americans are exceedingly anxious to push their trade with our Colonies, particularly so in the case of certain of the Colonies; and if they can send their goods at a very much lower rate than we can send ours, in some cases sending them first to Liverpool, then there must be a steady influence at work to promote the import to Africa and Australia of American goods in preference to British goods, which must be a very dangerous thing for us?—As I said, I have no experience of the Australian trade, and the examples I gave were examples handed in by a Manchester firm of shippers to Australia. Whether it is only an individual case, or whether it is an article that will establish itself, I am unable to say.

844. Do you think that this result is mainly brought about by the conference system, and the system of deferred rebates?—Certainly, in so far as the conference liners prevent a merchant from seizing an opportunity of a lower freight if it is offered.

845. You have spoken of certain advantages which are gained by the conference system, but here is a very important point, indeed. Do you think that in spite of these advantages we have, at any rate, this effect, that by their system the conference are able effectually to maintain a rate on goods shipped from this country which is considerably in excess of the rate from other countries?—Do you mean to ask whether the conference rate acts advantageously to Continental companies?

846. Here we have a fact to begin with; I want to know whether that is the result of the conference system, and does the conference system put it in the power of shipowners to effectually maintain this higher rate to the disadvantage of the British shipper?—I should not like to say that the competition of foreign countries is brought about by the conference lines.

847. Certainly not, but it may be encouraged?—It may be encouraged, and certainly as regards the Dutch goods it is very much encouraged.

848. Are you of opinion that it is the fact that we have this conference system so largely in use in this country, which enables the shipowners to maintain these higher rates?—Certainly; the conference system naturally enables it.

849. You are not allowed to suggest any means, perhaps, by which you can get these rates reduced as long as you have the conference system; but, I think, you rather did suggest something yourself, and that was a case of boycotting?—Yes. That is the only suggestion that I can make.

850. (Mr. Sanderson.) I wish to ask very few questions, as you have given your evidence, I think, very fairly to both sides. Does the rebate system in fact act beneficially to the small exporter as against the large man who is able to ship thousands of tons; does it protect his interests, or not?—Do you mean, does the conference system do that?

851. The conference system as at present employed?—There is no doubt it protects the smaller man from having to pay more—

852. Than the big man?—Yes—always provided there is no hidden agreement.

853. But you have already said that you know of no hidden contracts whatever?—That is so.

854. (Mr. Barry.) You are not at liberty, of course, as was said just now, to suggest any remedy as against the conference system, but might I ask this question: Would not the principle of open competition secure as good and sure a service as that provided by the conference system?—My own view is, no, because there will be years of good trade and there will be years of bad trade. Take that small trade to the Danube. Here we have a specified agreement on the part of the shipowner to send a steamer once a fortnight. Those steamers may go out empty, but the steamers have to go, or the shipowner breaks his agreement. The regularity of sailings in bad times is a great advantage. Of course in prosperous times or in fairly good times competition would be an advantage, but in bad times the competition would disappear, and probably the regular lines not being supported in the good times would not run there as regularly.

855. Speaking generally, what do you say?—Speaking generally, I think that the conference lines are conducive to regularity of sailing.

856. In paragraph 3 of your Memorandum of Evidence you go on to say that the maintenance of a uniform rate is an advantage. If that uniform rate is uniformly high, that neutralises the advantage, does it not?—Certainly.

857. In regard to the China trade, I noticed that there was a very important reduction from the rates prevailing in 1901 as compared with those prevailing in 1906, the reduction being exactly one-half; was that the direct result of a conference between the merchants and the shipowners?—Yes. It took some time—I do not know how many weeks or months, of negotiation. The negotiations were commenced by the merchants, and I believe it was one gentleman in Liverpool who was able to grasp the situation, and who saw that it was absolutely essential to do something for the merchants in Lancashire. I suppose he made his calculation that by increased cargo he would recoup himself for the reduction.

858. Since that reduction to one-half came in force, has there been any movement on the part of the shipowners to increase it?—None that I know of.

859. (Sir Alfred Bateman.) That reduction came in force in 1902, did it not?—1902 was the date of the reduction.

860. (Mr. Barry.) I do not think you give us the figures for 1902 in your Memorandum, but you do give the figures for 1906, and you show that at that time the net freight was reduced to 23s. 9d.?—Table C in that paragraph is perhaps a little misleading, and the second column might perhaps be marked "1902-06"—at any rate, that would make it clearer.

861. There has been no movement on the part of the shipowners since the reduced rate came into operation to increase the rate, has there?—I have not heard of any.

862. Then we may assume they are satisfied with the present low rate?—With the present rate—not low rate.

863. With the present lower rate?—With the present lower rate.

864. As the effect of the conference was satisfactory in the case of the China trade, is there any disposition on the part of the Manchester Chamber of Commerce to go in for further conferences in regard to other trades?—The Manchester Chamber of Commerce is in a very peculiar position, and would not be able to do it. It would have to come apart from the Manchester Chamber of Commerce.

865. In the case of the China trade, was it initiated by the Manchester Chamber of Commerce?—They may have figured as having done it; but I should not like to be sure without referring. It originated really with the merchants in the China trade independently, although they may have made use of the organisation of the Chamber of Commerce—I am not sure of that point, and I do not think they did, but they may have done. There are two distinct ways of doing a thing—either you have to start it independently, and then you may make use of an organisation that exists to do the clerical work, or to assist you; or you may start your action through the organisation. I believe in the case of the China trade that it was started outside, and I do not know whether the Chamber of Commerce came in at all; I am rather ashamed that I do not.

866. Then in regard to the Australian trade, according to paragraph 10 of your Memorandum, it appears that British shippers are at a considerable disadvantage as against American shippers from New York, the freight rates being 32s. 6d. as against 40s. 4½d. net. Do you know whether the rate of insurance on the American ships is higher than that on the British ships?—I am afraid that in the examples which have been given here the insurance has been omitted altogether. I am not personally conversant with it.

867. If it were higher in America, that would, of course, bring the rates closer together?—I should think that if the insurance had been higher from the States, the firm that gave me these figures would have mentioned it, because they are a reliable firm, and they are not likely to bring forward an example and not disclose any matter which might tell against them.

868. But you have no positive information on the subject?—I have no information.

869. There is one other point, and that is in reference to some important evidence you gave us as to the penalising of Manchester in having to pay 37s. 6d. as against 35s. from Southampton. That difference in the freight you think has come about through an arrangement between the shipowners of Southampton and Liverpool?—Yes, I do; but, strange to say, at Liverpool it is the same gentleman who met the China merchants. I do not know him, and it is rather a puzzle to me that he should make such an arrangement after meeting the China merchants in such a satisfactory manner four or five years ago.

870. Have the shipowners at Liverpool afforded any explanation at all why they imposed that additional 2s. 6d. upon Manchester shippers?—To neutralise the carriage to Liverpool and to Southampton, and to make the two rates almost equivalent.

871. Manchester say they have nothing to do with that?—Exactly.

872. There is another point in your Memorandum which is not quite clear to me. May I refer you to paragraph 14? If a merchant in Manchester receives an order from a client abroad, but has instructions to ship by a non-conference steamer and he does so, does he run the risk of losing his rebate on his general shipments by the conference line?—We have had that question out with the conference liners, and we have told them, say, that we have got instructions from John Smith in South America to ship by a non-conference line, that we sell to him free Liverpool, and that we having nothing to do with how he chooses to ship—that is not our business—but we send those goods down to the non-conference liners, as we cannot help it. The conference liners have always met us, and would meet any respectable firm by saying, "If you cannot help it, we are sorry." Of course if they found out that there was any underhand work going on, it would be different, but with a respectable firm who come to the conference lines and state, "We have shipped goods by Manchester liners—two or three cases"—I think they would meet them. We have always informed our shipping agents in Liverpool of the fact, and said, "They are for the account of So-and-So, and we have nothing to do with them." We do not pay the freight, and we decline to pay the freight, although we pay the freight as a rule for our clients. We simply say, "We cannot pay your freight," and then it is a matter for the client, through his forwarding agent, to settle. It would be penalising the respectable merchants unnecessarily if the conference liners insisted on carrying out the agreement to the very letter, when we are carrying out the spirit.

873. Is the feeling in Manchester very strong that they are not afforded the full advantages of the Ship Canal by the conference lines?—I should like to make a few general remarks, if I may, as regards the feeling in Manchester on the whole question.

874. (Mr. Taylor.) Is this official? In other words, is this your personal opinion, or how are you speaking?—I am speaking personally, if I may do so, Mr. Chairman.

875. (Chairman.) Do, if you please?—Last March, I think it was, or at any rate early in the year, the Associated Chambers of Commerce in their circular requested evidence regarding grievances arising from shipping rings. When I received this circular, I instructed our secretary to write a small paragraph, and to see the editors of the two leading Manchester newspapers, with the result that two paragraphs appeared to the effect that the Secretary of the Chamber of Commerce would be very pleased to receive any grievances, so that they could be put forward in the proper quarter through the Associated Chambers at that time. We only received an intimation from one firm, trading with Australia, that they would be ready to help. Then the Commission is appointed, and we receive a letter which is laid before the Board of our Chamber, and it is resolved to give evidence but not suggest any remedy. The report of this Board meeting appeared in the Manchester papers, and also a short leader—not inspired, but written of their own accord—in the "Manchester Guardian." I am specially anxious to say that it was not inspired. With the exception of this Java business and the Australian business, we have had to go and ask for our evidence, and we have had none sent in voluntarily. Of course

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the merchants in Manchester have been very kind indeed. As soon as I went round myself, and told them, "I am going to London; I am going up like a barrister with a brief, and I want my evidence from you," I got it with pleasure from the different sources, and that evidence I have put together in my Memorandum. But as regards any voluntary coming forward, notwithstanding the—what shall I say?—general outcry, there has been none. I think that ought to be stated. Excuse me, sir, but I think you were asking about the Ship Canal?

876. (Mr. Barry.) Yes, I was?—The Ship Canal did not give, and are not able to give, any opinion either for or against conferences. You must remember that the Ship Canal is not a carrying company; it is the owner of a waterway which ships go up and down, and, therefore, it is quite natural that they should not say anything; and they do not. They have supplied me with certain figures and with certain facts, but as for giving any opinion, they will not do so, and they ought not to do so. I have given my own reasons in the Memorandum how I think conferences interfere with the Canal.

877. I suppose the fact remains that the people of Manchester, who have made great sacrifices and incurred heavy liabilities to get their canal, feel it a grievance that the advantage of 4s. 3d. per ton, which is the difference between the Manchester loading and the Liverpool loading, cannot be secured by them?—Certainly the merchants do. The merchants say, "If we send our goods from Manchester, why should we pay the same as from Liverpool, when it should be 4s. 3d. less?"

878. In regard to that reluctance or indifference as to giving evidence before this Commission, does that arise, do you think, from any fear of coming to loggerheads with the conference lines?—Reluctance on our part?

879. On the part of the merchants in Manchester, who have not shown any alacrity in supplying evidence?—I look upon it more as a matter of indifference. They think if they can get other people to do the work, they rest satisfied.

880. (Mr. Maddison.) With respect to your evidence on the Manchester Ship Canal, the purport of it is, I gather, that you think the influence of conferences upon that undertaking has not been good?—I do; but I specially want it noted, please, that that is my own personal opinion.

881. You have made that perfectly clear. On this point I do not understand you to draw the conclusion from the indifference or apathy, or whatever it is, of the Manchester shippers, that they are necessarily in conflict with your own view as expressed here?—I do not quite follow you.

882. You told us that you had to seek for evidence about the influence of the conferences on the Ship Canal?—No; that I had to seek for general evidence.

883. It was the general evidence you were referring to then, was it?—Certainly.

884. Although I quite understand that you have expressed your own opinion, would you say that that is the opinion of the majority of Manchester merchants and shippers in the textile trade?—There are some shippers who do not say so, but who are of the opinion that the disadvantage of having the Ship Canal—

885. They think it is a disadvantage?—There are some who think so.

886. But that is only a question of whether there should or should not be a ship canal, is it not?—No. I mean to say this, that there are some shippers who would be very happy if steamers did not come by the Ship Canal for the goods.

887. They would be happy if the ships did not come up?—Yes; there are some.

888. These people would really be against the canal altogether?—Not necessarily, because you must bear in mind that the canal is not built only for the export trade of Manchester. I have the figures here. The exports by the Ship Canal are insignificant as compared with the imports, and the Ship Canal has created trades in Manchester which never otherwise would have come.

889. Does that apply to textiles?—No; it has not created any textile trade, but it has created large

engineering works, and it has created the fruit trade. Then it has made Manchester one of the largest centres for the distribution of provisions—which is outside the scope of this inquiry.

890. You talk about the Manchester liners; how many existing lines from Manchester are there?—There is a French line to the Mediterranean, there is the Bombay conference line, there is a line to the Persian Gulf, there is a line to Australia, and then there are the different Continental coasting lines.

891. Are all of these lines out of the conferences?—The Bombay line is in the conference.

892. Then there is one line that is in a conference?—Yes. That comes up to the Salford Docks, Manchester.

893. Are we to gather from your evidence that even where the conference steamer does come up to the canal there are great difficulties in the way of using it?—No. I have tried to show by one of the tables that the only difficulties which arise are the detentions by the arbitrary rules laid down by the conference that each steamer has to take certain goods; and I qualified my evidence on the point by saying that the same detention applies to steamers which load in Birkenhead equally with those which load in Salford.

894. The difficulties I was referring to are those you mention in paragraph 17 (c), where you say, "It is impossible to do so, owing to the pooling arrangements"?—That I can explain to you. The conference liners have some kind of pooling arrangement between the different companies, and if any single line, forming part of a conference, would feel inclined to come up the canal to Manchester and load, but the other members of the conference say "No," that company cannot send its steamer up to Manchester, because then it would lose its share in the pooling arrangements of the conference in question.

895. Does that rule or arrangement of the conference apply in an exceptional degree to the Manchester Ship Canal, as compared with other ports?—I should imagine (without having any knowledge of it myself) that if a steamship line forms part of a certain number of steamship lines, and they agree that they will only sail from certain ports, and the majority of those steamship lines say "No, you must not go to Antwerp or to any other specified port, because we are not going there," a liner, if it did go, would be debarred from its share of the pool, just the same as if it ran to Manchester contrary to the wishes of the majority. I do not see that Manchester is any different to any other port, if the majority of the liners decide that it is to be a port where they are not to call.

896. Do you know that that is the case?—No. I am not a member of any conference, and I do not know anything about that.

897. But you are a shipper, and goods have to be shipped you know, so you must have some general knowledge?—I have no knowledge at all. If A, B, C, D, and E are members of a conference, I do not know what A, B, C, D, and E have arranged among themselves to do. If A or B wanted to go to Manchester, or to Rotterdam, or to any other port, and the other four lines say, "We do not want to," I have no knowledge at all of what happens then.

898. (Chairman.) That is to say, you do not know anything of the agreements between the shipowners themselves?—I know nothing, except I was shown in confidence a copy of the pooling arrangements between one large conference line of steamers. It was shown to me that a very heavy penalty would be incurred by a member of that conference who broke through any agreement they have made among themselves by going to any port which would be objected to by the other members of the conference.

899. (Mr. Maddison.) Then one of the results of a conference is that a particular port may be boycotted?—Certainly.

900. Altogether?—Certainly.

901. Do you think that is in the interests of trade?—No, I do not.

902. Then I see in paragraph 17 (d) you tell us that on the rare occasions when a conference steamer gets up to Manchester, there is again a disability by charging the same through rate of freight as if sailing from Liverpool?—Exactly.

903. Although the charges from Manchester should be less?—Certainly.

904. So that speaking of it as a matter of practice, I take it you would say that the conference arrangements do act detrimentally to the Ship Canal?—No doubt they do to the Ship Canal.

905. Is there any particular reason why most of the lines that use the Ship Canal are out of conferences?—If I answer your question, I might be leading the members of the Commission to infer something I do not want them to infer. I have mentioned to you that so far there are four lines that come up to the Ship Canal to load—I am not talking about steamers that bring cargo to Manchester—that is to say, the Prince line, the Bombay conference line, the Persian Gulf line, and the Australian steamers. Of those four lines, one is in the conference and three are not. I do not think you can draw any inference at all from that; I think it is chance that the three are not in the conference.

906. Chance?—I think so. I do not think you can draw any deductions from only four steamship lines.

907. Is there in your opinion an attack, if I may use the word, on the Manchester Ship Canal as such by these conferences, on account of Liverpool as against Manchester?—No, I do not think so for one moment. I think that a steamship line, if they found it would pay, would not care whether it was Manchester or Liverpool, but it would come.

908. Then why do you think they boycott the Manchester Ship Canal?—I do not like to use the word "boycott." I do not know that it is a boycott. "Boycott" implies something unpleasant, something hostile. I do not believe it is a question of hostility at all; it is a question £. s. d.—will it pay them?

909. If Manchester is put, as it were, amongst the prohibited ports, how can they tell whether it would pay them if they do not try?—Coming back again to my case of the five, A, B, C, D, and E, they may say—I do not know—"We are quite satisfied; we can employ all our steamers without coming to Manchester, and we can show such a return that we find it is not worth our while trying."

910. Looking at the question broadly, as you have in all your answers, if I may say so, would you say that the practical effect of it is an actual restraint of trade as far as the Manchester Ship Canal is concerned?—Yes, I think it would be so.

911. Just one general question. You have expressed yourself very clearly that the conference arrangements do not act detrimentally to the small man; indeed, I think you state they work almost advantageously to the small man, provided there is no hidden arrangement?—That they are advantageous to the small man in proportion to the large man?

912. Yes, provided there is no hidden agreement?—Exactly.

913. Do any of these conference arrangements forbid hidden agreements?—It is an agreement between two parties that if each party carries out what they propose to do, each party will benefit, one party by a certain number of sailings, and the other party by a certain rate of freight. There is nothing said in that agreement about a special arrangement with anybody else, and that would be a question I should say I could not reply to; it would be a question for the law if two parties had made an agreement and there is an undisclosed contract between one party and somebody else which acts to the detriment of the other, whether that agreement would not be null and void. That is a matter of law, and I cannot say.

914. Assuming the rebate system is continued, would you be in favour of making it illegal to conclude such an agreement?—Certainly I should.

915. Would you say that the general tendency of conference systems is to increase rates?—I should say "Yes," because if that tendency did not exist, there would be no conferences.

916. Do you think that in a free market rates would fall?—Yes, they would naturally.

917. By that you do not just mean, do you, the rates at a particular time, but that there would be a permanent fall in rates in a free market?—I think, like everything else, it would find its level in time.

918. Would the level be lower, higher, or the same as the present limit?—That would depend on the rates ruling in the country at the present moment. I could never imagine that a free market could make a lower rate, say, for Bombay.

919. (Chairman.) I suppose if there were a free market, the rates would be varied, would they not?—Certainly they would.

920. (Mr. Taylor.) Because the circumstances would vary?—Naturally. In answer to the question whether the free market rate would be lower, I say that would depend on the circumstances of the case, because, as I said before, the rate outward from England is also dependent on the rate inward—that is, on the amount of traffic that you get back. It would be a case, I should say, of the survival of the fittest lines in the long run.

921. (Mr. Maddison.) Of course that would operate with the competitive rates just the same, and the ship-owner would take them into account as he does now?—Yes; he does it now.

922. I understood you to say that as in the China market (I think you said) or the Eastern market generally, orders were placed a long time ahead for execution—I think you said a year or more than a year ahead—and that, consequently, it was a great advantage to have fixed rates?—It is absolutely essential. But I do not want you to understand that all business is done 18 months ahead.

923. No, and I do not. But what I want to put to you is this: In putting this advantage of the fixed rate in reference to these long-ahead orders as against the advantage of the lower rates of a competitive market, which would you say would be the greater advantage?—That would depend upon the nature of my business. If I was engaged absolutely and exclusively in the China trade, I should say fixed rates are preferable. If I was engaged in a trade where I do not pay the freight, where my client pays the freight, and where there is not that keen competition, and where orders are not booked so many months ahead, I should say competition would work possibly as well as or perhaps better—I will put it perhaps better—than the fixed rate. It is a very difficult question, and a question almost impossible to reply to, and it does not depend only on an individual portion of the cotton textile trade.

924. You have given us an instance where, in your opinion, the Dutch have an unfair advantage over ourselves. Looking at foreign competition generally, would you say that the conference system helps or hinders us in that competition as compared with a free market?—As regards the Dutch trade?

925. Carrying your mind away from just the Dutch, and that there was an unfair advantage given to the Dutch by certain arrangements which exist—I believe I am correct in that?—Yes.

926. Carrying your mind from just the Dutch, and looking at the general question of foreign competition as it is affected by freight rates, would you say that a conference system helps or hinders us as compared with a free market?—I should say that at the present moment, the conference system does not hinder us, because the English steamers have been able, very largely, to bring the Continental steamers into line with them. Do you follow me?

927. Yes, I do; you mean that they are really in the conference system, if I may so use that phrase?—Yes. Whether through pressure, or how they have worked it, I do not know, but the large German lines you will find are in the conference. You will find that many of these rebate forms of shipment which I have handed in, including from Havre to Hamburg or from Antwerp to Hamburg, are for lines which are in the conference.

928. I think I am correct in saying that you favour the conference system, but you would prefer it without the rebate system?—Certainly.

929. You gave us interesting information—interesting at any rate to me—about the difference in the service, &c., between the German and the British railways and their rates; have you any information which would enable you to tell the Commission what you think would be the net difference, after all these allowances have been made, between the German and the British rates?—No, I have not personally, but it could be worked out easily.

930. Could you tell me if it is much?—I could not tell you. I only know there is a general outcry regarding

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the cheaper rates in Germany, and I thought it might be mentioned to this Commission. It was desirable, as I wish to put everything as fairly as possible, to call the attention of the Commission to the fact that there were certain charges included in the rates in England which are not included in the rates in Germany on the one hand; and then I thought it was very desirable for the Commission to know how easy it was for a German manufacturer to calculate his rates, owing to the very simple way in which these tables are made out and placed within the reach of every manufacturer. I might qualify that by saying that if anyone went to Germany, and wanted to find out the rates from one place to another, he might find certain difficulties in calculating them without the assistance of an expert, because there are many qualifications and alterations. Then I always assume that a man who starts in business to manufacture a certain article is an expert in the article, and, therefore, the rates that he is interested in, as they only concern that one article, can be ascertained at once.

931. (Professor Gonner.) Do we not sometimes in discussion fall into a double use of the word "conference"? Sometimes I have noticed. I think in both question and answer, that the word "conference" alludes to a conference between the shipowners and the merchants; but, of course, technically, these conferences that we are talking about are conferences between the shipowners, are they not?—They are.

932. What you would like to see, I gather, is another kind of conference—a meeting of the merchants and the shipowners in some form or other, so that they might agree, as in the China case which you gave us, upon the nature of the freight and so on; is that so?—I was asked whether I thought it was possible for a combine of merchants to be effected.

933. I am not speaking of merchants only?—One minute, please; I am leading up to your question in my answer to you. I said I did not think it possible, but I called the Commission's attention to what combinations of merchants have done, and then I believe I used the words "in conference with the shipowners." Perhaps it would have been better to use the word "conference" in this inquiry entirely as meaning combinations among the shipowners, and to use in the other case the word "negotiations" with the shipowners.

934. That is quite clear, I think. Then there is another question which has been put to you twice to-day, and I do not know if I have quite gathered your definite opinion upon it. The question was put to you as to the relation between the small man and the big man with regard to shipping conferences. When you say that it is advantageous to the small man, do you mean that it is as advantageous to him, or do you mean that it favours him to a greater degree than it favours the large man?—I should think the conference system would favour the small man to a greater degree than it would the large man, in this sense, that he feels safe.

935. Then you think, on the whole, that the small man gets rather more out of it, probably in security, than the large man does?—In security, yes—naturally.

936. In reference to your very interesting Table A. which you have given us in regard to conferences, did any information come to you when compiling that as to the dates when the conferences were formed?—The tables were made by my shipping clerk. I said, "I want this worked out. Write it out for me, and send it down to each shipping line to correct." So I did not inquire at all when the conference lines came into force. I believe you will find a note opposite to the River Plate giving the date, but that is the only one. I can give you the date of the Danube one; it is 10 or 12 years ago, and it is renewed each year.

937. Do you think it would be possible for us to find out roughly the time at which the conferences in their present form originated?—I do not think there would be any difficulty at all in writing an official letter to the Liverpool Chamber of Commerce, or the London Chamber of Commerce, and asking for the information. They have nothing to hide, and they can give you the dates; there will be no difficulty whatever in that.

938. They seem to me to have developed at or about 1890, a little before or a little after in some cases; and it is rather an interesting thing to get some time when this movement begins to develop?—Of course, it is quite natural when some able shipowner discovers

the power of a deferred rebate that everybody else should fall in line with him.

939. That is the thing; and one would like to know the date of the discovery. Then there is a small point I should like to ask you about. When you were speaking of the allowance of the rebate to the foreign buyer of goods by the seller, I did not quite understand what you meant to convey. Would the seller have to allow the rebate to his foreign client before he received it himself from the shipping company?—No, certainly not.

940. It would not come to that?—No, certainly not.

941. The allowance would not be made at all in that way?—No. If you are selling c.i.f., the allowance is in the price, that is to say, you take the allowance as part of your profit; but where you are selling freeport in England, or free Lancashire, the rebate is a promise to pay on the part of the shipowners, and would not be credited or handed over to your client abroad till you have received it yourself.

942. Of course, there is a tendency to forestall the time when the rebate is paid, if the allowance is made in the price?—It is not exactly an allowance made in the price. You are selling goods, we will say, c.i.f. to a man, and you want 5 per cent. profit on that, or 2 per cent. profit, or whatever it is; you make your calculation, and you say, there is such and such a percentage of profit in the rebate.

943. So you assume the rebate?—You assume the rebate as a part of your profit.

944. And you assume the date at which the rebate is paid. As to the management, as it exists, of the conferences, there are one or two points. In your opinion, as I gather, the merchant or the shipper is really at the mercy of the conference; that is, he is not a party to the agreement in the ordinary sense—I mean he is not a consulted party, and he has to accept the terms which are put to him; is that not the case?—He is bound to, or else he cannot get his goods shipped, at least, he cannot get his goods shipped by a regular line, and he may have to wait.

945. And these terms may be varied, and are varied in most cases you say—in the cases with which you are personally acquainted—without any consultation?—Yes, they are.

946. He is not consulted, and the terms are really dictated to him?—Excuse me, I would like to qualify that. In regard to the Bombay conference, they advertise for tenders for a contract to trade for a certain number of years, and then there are negotiations.

947. With regard to Bombay there is that arrangement, you say?—Yes, and there are negotiations each time the contract is renewed.

948. I do not know that you attach much importance to the fact that a forfeiture of the rebate has never been exacted?—I mentioned that it had not come to my knowledge.

949. Of course, if the monopoly is perfect there would be no occasion to exact the forfeiture, would there? The more complete the combination the less chance there is of the forfeiture becoming due. I do not attach importance to this absence of forfeiture, because it only seems to me to prove what a very efficient instrument the deferred rebate has been in the hands of those who have used it. Do you not rather take that view?—Do you mean that if there is no competitive line open to take your goods, there is no question of forfeiture, because the question does not come in?

950. Yes; I am referring to the absence of the exaction of the forfeiture?—Of course, if there is no other line it is naturally obvious.

951. Do you not think that everything points to this—that the deferred rebate system has been very successful in excluding other competition—at least that is what it seems to me to point to?—There is no doubt that the deferred rebate system has made any competition for all outside steamers much more difficult.

952. Would you say very difficult?—Very difficult, and, perhaps, in some cases impossible.

953. Then we come to the nature of the combination or conference itself, upon which there are one or two points that I should like to put to you. From your evidence, I have rather formed the conclusion that in the case of a conference it is desirable that if

possible there should be a combination of the shippers or the merchants; but you have told us to-day that combinations of merchants are very difficult, and in some cases impossible, is that not so?—Yes.

954. At the same time, you would regard it as supplying, as it were, a sort of balancing power to the power of the conference; that is to say, if you have got combination on the one side you would regard combination on the other side as desirable, would you not?—I do think that if steamship owners were to meet the merchants in conference it would be an advantage to them, and also to the shipowners, because I believe that when men come together, questions would be ventilated which might be of benefit to both sides, without in any way interfering with the shipowner, who would always have the power of saying what he wants to do, and who would also have the opportunity then of hearing the general views.

955. The condition, as it seems to me, of such a desirable result as every one coming to an agreement, would be that the merchants should be able to combine, and you have pointed out, I think, that it is very difficult for merchants to combine in the trades with which you are acquainted?—Certainly it is in the Western trade, as I call it.

956. It is practically impossible, I think you said. So that conference, or rather negotiation between the body of shipowners and the body of merchants or shippers becomes more and more difficult. Supposing there was a combination or rather a negotiation between the shipowners and the merchants, you get there two parties interested, namely, the merchant who wants to ship the goods, and the shipowner who is to carry the goods; and they combine to determine the rates. Have you thought of what the effect might be on the party who is not represented, namely, the consumer—because, after all, I suppose the consumer is the person who benefits or suffers most by alterations in price?—I never look to the consumer, because I think he is quite capable of looking after himself—in this way—that if prices are too dear, or if they do not suit him he will stop buying, and then there is keen enough competition, certainly in the cotton textile goods, for something to be produced which will satisfy his wants. So that I do not think I have ever looked at this question from the point of view of the foreign consumer; and I should require to think about that.

957. If you look at the Colonial consumer, with whom we should have more sympathy, perhaps, than with the foreign consumer?—I say I have not thought of the consumer.

958. You do see that there is his interest to be considered; and I am bound to say that I think there is a good deal to be said for the view that the consumer is not able always to take care of himself as fully as you think, and that he does suffer very much, by alterations in the price. However, you say you have not considered the matter from that particular point of view?—I do not see that the consumer suffers, speaking from the point of view of the consumer abroad. If the consumer gets his goods at 30s. from the United States instead of at 42s. 6d. from England, I do not see where the consumer suffers, because he gets his goods cheap. On the contrary, it is to the advantage of the consumer abroad that he gets his goods cheaper from the United States than from England. I believe it is the English manufacturer and the English shipper who suffer.

(*Professor Gonner.*) That is quite true. If there is American competition it is much cheaper, but in some cases that has been cut off, and in those cases I think the consumer might suffer. We will take the instance which you quite rightly put before us—that very startling instance of the 37s. 6d. from Liverpool and the Manchester rate as against the Dutch lines from Southampton. There you see the Manchester manufacturer and the foreign consumer are both affected, and they are both cut off from the advantages which they should derive from Manchester having a fortunate geographical position. In a case like that, the interest of the consumer, I think, is worth thinking about.

959. (*Chairman.*) May I put this question in connection with that? Of course, if the freight is uniformly higher, I mean generally higher, that is really paid by the consumer?—Yes, it is.

960. Because the price would be higher if the freight is higher?—Yes, the price would be higher in that case.

961. Of that there is no doubt. Then you say the question generally arises in cases where the consumer does not sustain any loss or injury by reason of the fact that he can get goods cheaper by some lines than he can by other lines. If the freight rate were uniformly higher, and they all were in the same class and had to pay the same freight, then, of course, the higher the freight the worse for the consumer?—Certainly; but I should like to make this remark, that the difference in the freight is repeatedly nothing like what the fluctuations in the market values of the goods might be. There are articles to-day which are 50 per cent. higher than they were four years ago. The consumer has to pay more for them, or he must buy a lower article. The reason why I do not trouble myself about the consumer at all is that the fluctuations in freight, as regards the consumer, are not an appreciable quantity when you compare the fluctuations in the cost of the article.

962. (*Professor Gonner.*) Still they are in themselves serious; otherwise they would not affect the producer?—They affect the producer in competition, and naturally the cheaper the producer can produce or deliver, or the cheaper the merchant can deliver, goods on the other side, the greater the consumption; but at the same time you must bear in mind that the fluctuations in the value of the article in six months or in three months may at times be considerably greater than the fluctuations between the highest and the lowest freight.

963. One quite appreciates that point, but of course what one wants to bring out is the fact that the interest of the consumer is really an important interest, and that it might be neglected, even if you got agreements between shippers and shipowners, because the consumer might not be represented, and you might so arrange matters as to take him out of one form of monopoly into another form of monopoly, and you would have two parties in the ring instead of one party in the ring?—I believe that the producer of an article has a right to a monopoly, provided it is not injurious to the common good. By that I mean that if I by my ingenuity or by my staff's ingenuity, produce an article, I have the right to get the highest market price I possibly can for that article, because if I put too high a price on I shall not be able to sell it, and I shall lose the consumption of it. That is why I say the consumer does not concern me.

964. That, of course, is the argument of the shipowner with regard to his combination—that he has the right to the highest freight which he can possibly obtain by any means which he has in his power?—No, excuse me, there is a difference there.

965. We have all heard the shipowners' argument?—Excuse me, that is where the difference between the shipowner and the manufacturer comes in. The shipowner says, "If you ship your goods by anybody else, I penalise you." The manufacturer does not say anything of the kind. He says "Buy my goods at this price or leave them alone," but he does not penalise you if you go to his neighbour and buy his neighbour's goods. There is a great difference, you see, there.

966. That, of course, is their method of working. If the shipowner—I must point out the argument even if you do not agree with me—is sufficiently ingenious to introduce a system which will bring all the shipping lines into a combination, he has not to penalise anybody?—That is true.

967. He has secured his point?—Yes.

968. By ingenuity he has attained the position of the merchant who has a monopoly of an article. That seems to me to be the point. Of course I do not want to press the matter, but I think the consumer is rather a dominant feature in the programme. To turn to another subject. You were asked several questions about the effect on rates of freight of these conferences, as against the effect of competition, and you were asked if you thought that competition would bring down the rates of freight—you will remember that Mr. Maddison asked you the question. Of course, that is a very difficult question to answer in the abstract. What I want to ask you is this: How can a normal rate be ascertained if you do not have some element of

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competition? The normal rate has to be ascertained by a species of agreement between the parties, has it not? If you take the rate as ascertained by competition, one sees that competition will bring about a relationship between those who supply an article and those who demand that article?—Yes.

969. If you abandon competition, which for certain reasons it seems to be generally agreed has to be abandoned—at least many people think it has to be abandoned—in the case of transport, would it not be very difficult to determine what the rate should be, unless you accept an artificial rate determined by the strength of the two bodies who are contending?—I do not see how you can fix the rate by legislation. I can only say that in shipping and in transport, as in everything else, in the course of time matters must find their own level, because if the rates of the combine are raised to an excessive extent, then independent lines will come in and will convey the goods at a price which will enable the merchants to say, "We do not care, and we will forfeit our rebate that we have had till now." I am assuming that the combine makes use, as you assume, of their power to inflict too high a rate of freight. I think then, like everything else in this world, it would find its own level, and oppositions would spring up who would see the excessive rate asked for by the other people, and would possibly be able to offer a less rate, in which they would include paying to the supporters of the other lines the rebates they have got to forfeit. It is a hypothetical case, but it is an answer to yours.

970. It is, of course, a hypothetical case?—I do not know if you quite follow me. If you have driven the rate to a high amount, the higher you make that rate the more you will drive everybody into a combine against the higher rate, and by competition you may possibly be able to repay the merchants for the rebate they are going to lose by going over to the other line.

971. That is quite so, if they use their power to press it to an extreme; but of course we all see, and you see I am quite sure from what you have said, that there is a good deal of margin before that is reached, and that excessive rates have occurred or at any rate rates which the merchants call excessive. There is another point: you stated that you thought the period should be limited during which the rebate is deferred to three months, I think?—I mentioned three months.

972. I suppose that is in order to enable a merchant to terminate, as it were, the arrangement with as little loss as possible?—No. I look upon it in this way: As I say in my Memorandum of Evidence, the shipowner maintains that the rebate is paid as a commission for the service rendered to him in giving him the cargo. I say, "No, it is part of the freight which he retains to use as a penalty, but it is my money." The shipowner says it is his money, and I say as a shipper, "No, it is not his money; it is my money, and he ought not to have the use of it for an extra long time, and that three months is long enough for him to be able to employ the money." The shipowner's reply to that will be that it is as good as having no rebate at all to have it for three months only.

973. Is that the only point of view from which you look at it?—That is simply a question of convenience. You cannot say anything else. There is no logic in saying three months, any more than there is in saying six months.

974. You simply say it should be as short as possible?—Simply I wish to have it as short as possible.

975. The point is rather an important one, because really the rebate is deferred in order to insure the shipper doing something after the transaction is over, and, of course, the longer it is retained the heavier, so to speak, the possible penalty is. That is a point I was going to put to you. Is it in view of the fact that you want him to be able to get out of it with as little penalisation as possible that you say it should be shorter?—I glanced through the report of those abortive negotiations between Donald Currie and his colleagues and the South African gentlemen before I came here; and I found that the shipowners stated that three months was absolutely too short a time. I do not know what time they offered. I am putting forward three months, as I say, for no logical reason at all, but simply because the shorter it is the better, and also on the principle that if you ask for three months and they have got 15 months you may come to a bargain. But I say there is no logic in it at all.

976. I am not suggesting that there is any logic in that arrangement. The point I wanted to know about is whether by shortening the period you seek to prevent the merchant being so closely tied as he is now. Of course, the longer the period, the more closely he is tied, is that not so?—I do not look at it from that point of view. I am looking at it from the point of view that he should not be out of his money for so long. If you will take what I say about the Madras trade, you will find there an example, I think.

977. You did not look at the shortening of the period from the point of view that it would be making the combination less perfect?—No. I looked at it, as I say, from the point of view that he has money belonging to the merchant which they ought to have the control of.

978. Practically, you feel, as I gather, the conference system is essential, but the deferred rebate system you feel is not a desirable element in the conference system?—That is so.

979. Do you think the conference system proper—and by conference I mean a combination among shipowners—could be secured without the deferred rebate system?—I think it was your Chairman asked me that question at the commencement of the proceedings, and I said I thought there could be a boycotting, by the shipowners saying, "We will not take any of your goods at any rate."

980. That seems to me a most serious action, and it would be worse than the deferred rebate, I should have thought. It simply amounts to this, that if there was a boycott, then the other people would be bound to form a combination which at present you feel to be unlikely, and then there would be a regular fight on rates?—At present, if the steamship owner says, "I will not take your goods because you are shipping by the other line," even if there was no penalty for what has occurred in the past, the shipper would think of it for a very long time before he ventured to put his goods on board an opposition line. He would weigh that very carefully indeed, even although he would not be penalised for what has happened in the past.

981. I see what you mean; it comes to the point that I was asking about last, namely, the question of the term of the deferred rebate. The shorter it is, of course, the more he would be in a position to do that?—Yes, that is so.

982. If the period is very short indeed, he would be able to make his own choice?—You can understand that a merchant, if he runs the risk of being boycotted, would be very chary about going to an opposition line, because, also, the opposition line would know at once he was boycotted by the conference liners, and would raise their freight. They would be perfectly justified in doing so. They would say, "We have got him now, because he cannot go back to his original conference liners," and they would raise the freight, which would have the same effect possibly as the deferred rebate.

983. Another way of doing it, I suppose, would be to have differential freights, that is, a higher rate of freight for the man who does not ship wholly by them; there would be no question of a rebate to him, and you would merely charge him that. That would be less severe than a boycott, would it not?—Certainly.

984. But the point of view that I am doubtful about is, if supposing you had that system you would still get regularity of service, and fixed rates. As I understand the argument on behalf of the shipowners, it is this—that a deferred rebate gives them a real security. Under the system which you are suggesting they would have less security, and you might suffer in your regular service. I gather that your chief insistence is that there should be a regular service, and that there should be a fixed freight?—For the Eastern trade?

985. For the Eastern trade, yes; but he would be met by a very severe handicap if you had this boycott through the combination, I take it?—I cannot see that the handicap would be worse than the deferred rebate for the shipowner. The shipowner I think would be better off, and I am confirmed in that opinion the more I think of it.

986. You think that would secure the same end as is secured by the rebate?—I think so—always provided that there is nothing in the English law to prevent such an action. I do not know about that.

(*Professor Gonner.*) Of course, it is a question whether English feeling would stand a boycott.

987. (*Mr. Owen Philipps.*) You mentioned that the merchant is never consulted before rates are altered. I put it to you that it is the case that merchants continually express their views as to rates to the shipowners, if they think the rates are too high?—I have no experience except in one line, where I have repeatedly in former years expressed my opinion that the rates were too high, but no notice was taken of my views. I really could not speak on that subject. You see that would be a question that would have to be replied to by firms that have their own establishments abroad; they would be more interested in it than a firm carrying out indent orders.

988. In your opinion, would it be quite easy for merchants to form an association or combination among themselves in different trades to negotiate with the shipowners, should they desire to do so, in the same way as they have done in the African trade? There is nothing at present to prevent merchants combining in other trades as they have in the African trade, is there?—No, there is nothing to prevent it, but I doubt whether they would.

989. Therefore, we may assume that they have not found it necessary to do so, but if they did find it necessary to do so, they could follow the example of the African trade and negotiate with the shipowners through an association?—I do not know much about the African trade. Do you mean South Africa?

990. Yes, we have had it in evidence that they have elected a committee, who have negotiated with the shipowners in the past?—If what I have read so far as the negotiations of the South African shippers with the steamship owners is any guide to any other merchants who are going to combine, then there is not much advantage in doing it, judging from the results of that combination, as far as I can see.

991. (*Chairman.*) You mean, I take it, that they have not succeeded in reducing the freights?—I do not know that they have succeeded in reducing freights. I believe if there was any important subject that two or three of the merchant firms in the textile trades wished to bring before shipowners, it would be done much more expeditiously by two or three respectable merchant firms interviewing one or two of the leading shippers in Liverpool or London—wherever they are—than by a combination of merchants. You must bear in mind that if you form a combination of merchants, you have to give your reasons why you will not admit certain members, and there is a great deal of jealousy, and there are wheels within wheels, in consequence of which it would not be desirable to admit every one. That opens up a big question, so that any assurance that the business could be carried on far better by one or two leading firms than by an association formed for the purpose, must be a matter of uncertainty.

992. (*Mr. Owen Philipps.*) As a matter of fact, that is practically what there is in most of the trades now; is that not so?—I have had no experience, because we have no firm of our own abroad. You can possibly inform me on that, with regard to the River Plate, whether you did consult merchants or not; I do not know. I cannot ask merchants in Manchester, "Were you consulted?" You would be able to inform the Commission—I do not mean me.

993. Naturally, there will be other gentlemen giving evidence before the Commission, but as far as you have really had to do with it, you have not approached shipowners and asked them to meet your views about rates when you thought a particular rate was too high?—No; but I have shown the example of the China people in 1902, who were negotiating with Mr. Holt, and who succeeded in their negotiations. In the Danube trade I have tried once or twice, but I have not succeeded.

994. (*Chairman.*) In the China trade who succeeded?—The merchants; by mutual agreement the freight was reduced.

995. What merchants took part in those negotiations? Was there a committee formed?—I believe there was a committee formed, but I cannot say whether it was formally constituted. The late Mr. Thompson and Mr. Killick went down to see Mr. Holt in the name of all the China merchants. Whether they were deputed after a meeting, or whether there was a com-

mittee formed, or, as I said before, whether the Chamber did it, I could not say.

996. (*Sir Alfred Bateman.*) Was not Mr. Thompson at that time President of the Manchester Chamber of Commerce?—It is quite possible he was at the same time; but I do not know.

997. Was that not some help to him in the negotiations?—I do not think so.

998. You think not?—It may have been; but Mr. Thompson was a partner of Stewart and Thompson, one of the largest China houses, and, therefore, that would carry weight. Of course, being President would naturally carry weight, too.

999. Was not mention made of it at the meeting of the Chamber of Commerce?—Naturally, we did mention it.

1000. As rather a feather in the cap of the Manchester Chamber of Commerce?—Certainly, we claimed it.

1001. But you do not think the Manchester Chamber, as such, took a part in it?—I do not know, and I should have to refer for that. I do not say they did it; I cannot say for certain.

1002. I remember it.—I hope they did.

1003. (*Mr. Owen Philipps.*) As far as your experience of conferences and the rebate system goes, have they had the effect, where they have been strong conferences, of keeping the rates, say, from Hamburg, on a parity with the rates from English ports?—When the last Commission sat, our Manchester witness gave strong evidence that these rates were lower. I may remark that I find the rates are the same now, and that most of the steamship companies have entered into that conference. During the morning I answered one gentleman—I forgot who it was—to the effect that one of the advantages of the conferences was that they brought the Continental steamers into line. I do not remember really to whom I was replying, but I said so.

1004. (*Mr. Taylor.*) You said that the Manchester liners took goods at 17s. 6d. to the River Plate as against 35s. by the conference; is that so?—They quote 20s. but they take 17s. 6d.

1005. This 35s., which is now charged to the River Plate, was a reduction from the 45s. to 50s. formerly charged, was it not—that is in your Memorandum of Evidence?—Yes. They used to charge 45s., and even 50s., and now they have come down to 35s., which is, I suppose, as low as they care to come to keep out the Manchester liners, even at 17s. 6d.

1006. I presume they do not keep out the Manchester liners?—No, but they get the bulk of the freight. There is a large quantity of the stuff that is shipped by the Manchester liners from Manchester which is Continental goods. They come to Manchester, and are transhipped there to the Manchester liners. The Manchester liners, as I am told, do not take very large cargoes from Manchester in consequence of the merchants not wishing to break with the conference lines. But you must bear in mind that there are other goods besides textiles, and that they might take rails or machinery.

1007. Or rough goods?—Yes, or rough goods.

1008. Do you happen to know what result these Manchester liners at their rate of freight are showing? Have you studied their accounts?—I have not.

1009. Would it surprise you to learn that they are not making anything at all?—No, it would not surprise me.

1010. Or that they were even losing money?—It depends.

1011. Are Manchester merchants interested in the Manchester liners commercially—I mean as shareholders?—I really do not know. I think there is one Manchester merchant interested—I forgot his name, but I believe he is. Do you happen to know the name of the chairman?

1012. The chairman of the Manchester liners is, I think, Sir Christopher Furness?—I asked, because it might have brought something to my mind if you had mentioned another name that I thought of.

1013. You were speaking of a free market in tonnage to Professor Gonner a short time ago, or Professor

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Gonner was speaking to you of a free market in tonnage; have you any idea what a free market in tonnage is?—I think I answered the Professor that you could not fix anything by legislation.

1014. I mean what in practice is a free market in tonnage. You want your goods conveyed to the East; supposing for the present regular service at stated intervals and at agreed rates, which is now supplied to you by the conference, you had what is euphemistically described as a free market in tonnage; does that convey any idea to your mind? What is a free market in tonnage?—A free market would be a market where the shipper can go to any ship when he likes without suffering any penalty for any of his other acts. That would be the only explanation I could give of a free market.

1015. A free market means the existing lines, does it not?—No, not necessarily.

1016. But it might mean that?—No. It means the lines existing at that moment.

1017. I want to get at it in practice, because this is an important point. I want to know what you understand by a free market in practice?—A free market means, on the part of the shipper, that he has the liberty to put his goods on board any line that is sailing at that moment to the market he wishes to send his goods to; or that he has the power of going to any other steamship line and saying, "If you send a steamer up within the time that suits me, I will put my goods on board your steamer." That is, in addition to the line which exists at the time, he could make use of any other line that he can induce to take his goods to the port that he wants to send them to, within the time that will suit the shipper.

1018. (*Chairman.*) You mean to say, if I may be allowed to put it so, that in your opinion the free market exists if, and only if, a merchant can employ any ship for the carriage of his goods, without being subject to any penalties?—That is so.

1019. (*Mr. Taylor.*) Then really I do not think a free market in your view means anything more than the abolition of any penalties, such as the rebate system. I do not think it goes further than that?—No.

1020. It does not mean the abolition of a conference?—Certainly not.

1021. Conferences did exist for a long time before anything in the nature of deferred rebates was adopted; I suppose you know that?—I expect they did. I suppose so.

1022. As a matter of fact, steamship owners did agree to run steamers at short intervals at certain rates of freight for years before a system of rebate and primage was adopted. Do you think that was a free market?—Yes, because there was no preference.

1023. A conference of steamship lines not having a system of deferred rebates would meet any outside competition by lowering rates. They agree amongst themselves on certain rates of freight, and if any outsider came in they would lower those rates of freight against him. That was their then way of meeting outside competition, was it not?—Yes; and that would be a free market.

1024. That then was a free market?—Yes, because it was in the power of the merchant, if he was strong enough, to induce competition.

1025. And to ship as he pleases?—Yes.

1026. So really it does come back to this, that a free market under present circumstances does not mean the abolition of the existing regular service and agreed rates of freight, and the substitution of those by a system of casual steamers calling at pleasure; it only means the abolition of this deferred rebate system. You said something about substituting for the deferred rebate system a boycott; I could not follow the advantage of that at all from the shipper's point of view, and I presume you were speaking as a shipper. What are the advantages of a boycott? If a conference were to say, "If you ship by an outside line we will not take your goods," what are the advantages of that from any point of view? Is not the system of deferred rebates better than that?—No. I should think the shipper then would be able to weigh with himself the consequences without any monetary penalty. He would be able to ship by an outside liner without any monetary penalty, and he would only do so if he really thought it was worth his while.

1027. May I follow that for a minute? I cannot see in that the abolition or the reduction in freights. All it seems to amount to is this, that if a conference says, "I will not take the goods from So-and-So any more," So-and-So is bound to ship by another line, if he can get it—by an opposition line. Then all that has happened is that the conference has shared a portion of its trade with the other line; is that not all?—How do you mean that they are obliged?

1028. They have handed over to the opposition a portion of the goods which they might have carried?—Yes, but then the opposition line would be strengthened.

1029. Exactly, and then all you get is another conference line, practically?—Practically, yes.

1030. You do not abolish the conferences?—No, but you abolish the rebate, and I was asked about the rebate.

1031. You do not want to get rid of competition really? Do you get rid of competition by that means?—Not unless you are strong enough.

1032. With regard to the retention of balances, Professor Gonner went into that very closely. Do you think the payment of interest on deferred rebates for these long periods would meet the case at all?—No. It might in the case of a large firm, but I am not talking of a large firm. It might in the case of a firm with a large amount of capital, but in the case of a firm with a small amount of capital they would want to handle the money rather than the interest; they may want to use the money; I do not know whether you follow me. I do not mean by a large firm, large in the way of capital. A small firm may be a large shipper, and a firm with very little capital may be a large shipper; and then as to the money which is withheld, it is not only a question of interest, but it is a question of having less resources at their command.

1033. They would have to lock up so much capital?—Yes.

1034. So that really the only way to meet that is to make the return earlier than it is?—Exactly.

1035. I take it that you are quite clear now that the Continental rates of freight are not lower than the rates from England?—They are lower to India, strange to say.

1036. Are they lower to India?—So I am told, but I cannot get at the actual facts. I am told they are 15s. from Hamburg to Bombay and Calcutta, but I cannot be sure.

1037. On the whole you do not think that is a result of the conference system, do you?—No. There are very few goods that go from Germany to India in competition with the English goods.

1038. Then there is this great difference in the Australian trade as between the United States ports and the English ports of 10s. or 12s.; do you remember that?—It is 12s. 6d.

1039. Would you say that the conference system had anything to do with that?—I do not know anything about the Australian trade, and I would rather you put that question to some gentleman who comes from the Colonies.

1040. I only mentioned it because I thought it was in your Memorandum of Evidence?—I put it in as a statement of what actually does occur.

1041. I think you admitted that the conference system might really be more of an attraction to the small man than to the large shipper, or at any rate not less beneficial?—It would be more beneficial to the small shipper than to the large shipper, because even if there were no opponents the large shipper might be able possibly to make a contract at a lower rate than the small shipper—always with the assumption that there is no hidden return to the large shipper.

1042. Is that not another way of stating that the large shipper, or a combination of large shippers, might be able to charter steamers for themselves outside the conference altogether? Have they not always got that resource, much more readily than the small shipper has it?—The large shipper?

1043. Yes. As a matter of fact, does not the shipowner know when he has to deal with a large shipper who holds considerable lines of goods, that that man is much more in a position to charter outside if he wishes it, and much more likely to bring on an opposition?—I do not think in the textile goods there is any shipper who would be able to charter a steamer.

1044. I see what you mean; they would not be able to find the dead weight?—That is so.

(Chairman.) Why is that?

1045. (Mr. Taylor.) You cannot very well ship all "fine" goods in one ship, but you have to have a fixed cargo?—Thirty years ago we used to charter a sailing vessel in Liverpool, and we would always have to buy some hardware or something to give it dead weight and in order to pay us. Then there was a difficulty in filling them up at times, and we bought rice merely to fill up, and sold it when it arrived on the other side.

1046. On the general question, do you see any alternative except this idea of boycotting? Do you still adhere to that, or do you see any alternative to a conference system with rebates? Does it seem to you that the rebate system is an illegitimate outgrowth of the conference system?—From a merchant's point of view, yes.

1047. I thought merchants did not object to the conference lines agreeing on rates of freight, and agreeing amongst themselves to keep out outside competition by lowering rates of freight when an outside competitor appeared; but when they went further than that, and arranged to agree that the shipowners either by force majeure or other means should hold a portion of the shipper's money, and only return it in return for absolutely secure support, do you think they went too far?—Yes.

1048. You do not think it is a business transaction?—No, I do not.

1049. That is, from the merchant's point of view?—Yes.

1050. What do you suggest as an alternative?—Since I have given my opinion regarding the boycotting, I should like, I think, after the questions you have put to me, to reconsider that remedy. I suppose I can do so?

1051. (Chairman.) Yes, certainly?—I should not care at once to say that I want to withdraw that remedy, but I should like to reconsider it. You see I came here not to suggest any remedy, and I should like to see how that would work out. But that does not affect the point that rebates are, from the merchant's point of view, unjustifiable.

1052. (Mr. Taylor.) But you go so far as to say that from the merchant's point of view, deferred rebates are unjustifiable?—Yes.

1053. While you do not indicate any remedy, you think this is going too far on the part of the conference. Still, I suppose you would admit from the point of view of the conference it is a very natural step to take. They have to supply the shippers with a regular service in good times and bad times; they have to sail full or not full; they have to sail from this country with uncertain prospects homewards, and they practically agree on a service which is very superior to the ordinary kind of steamer. Now, they want to secure themselves in that position, and if that position is to be jeopardised at any moment by the irregular action of outside steamers, are you surprised that they should take care of themselves?—No. Steamship owners are not likely to put on lines and run their steamers, unless they are pretty confident of a financially satisfactory result. Assuming, for one moment, for the sake of argument, that the River Plate rate, being in conference, was 35s., then if they did not think 35s. would pay them, they could ask 40s., because they have got the power to do so. I acknowledge all that the shipowners are doing for the merchants, and I did so in my Memorandum of Evidence—regularity of sailing and so forth—but they do it with their eyes open. Nobody compels them to build fresh steamers, and to put fresh steamers on. They go into the business like everybody else, and they have to take the risks with the rewards.

1054. Do you think on the return they are getting?—I do not know what their return is.

1055. No, and I do not; but evidently you think they must be getting a proper return, or else they would not be doing what they are?—Exactly.

1056. I take a different view, I must say, about that. There is something in the Memorandum I have here, I think, to the effect that the shipowners in the South African lines "are of opinion that the rates of steam freight to and from South Africa are not higher than

the situation warrants, for the simple reason that the shipowners are not earning the profit they are entitled to." Would you accept that statement as finally settling the amount of profit the shipowners are entitled to?—Who say that?

1057. I am referring to a conference between the South African Merchant's Committee, and the steamship owners engaged in the trade with South Africa. That was put in by Mr. Soper at our last meeting?—That was the old conference, was it not?

1058. (Mr. Birchenough.) It is the existing conference?—I do not know what right the South African merchants have to talk about the profit of the steamship owners of South Africa any more than I have, unless the South African steamship owners have had the kindness to show them their balance-sheets.

1059. (Mr. Taylor.) They say here that the rates of freight "are not higher than the situation warrants, for the simple reason that the shipowners are not earning the profit they are entitled to"?—I cannot give a reply as to what the profits of the shipowner are.

1060. You cannot accept them as the arbiters of the profit they ought to get?—No. I can only refer to the balance-sheets of any steamship companies that publish them in the Press.

1061. They are generally very unsatisfactory, are they not?—I am afraid I have not examined them.

1062. (Captain Collins.) Do I understand that you would be in favour of a law making rebates illegal?—I think I offer no suggestions. I should rather not give any opinion of the legality or illegality of it.

1063. In connection with your table A, I am afraid I do not understand how the figures are arrived at. The rate of freight, you say, in the third column is 32s. 6d.?—Where to, please? and where from?

1064. Manchester to Calcutta. Then you come to the net freight, which is 30s.; how is that net freight arrived at?—32s. 6d. and 10 per cent. (which is 3s. 3d.) is 35s. 9d., and taking off 5s. 9d., for the deferred rebate leaves 30s. You will see that the deferred rebate is 5s. 9d.

1065. I did not know that the net freight was called net freight after the rebate was taken off it?—That is the net freight which is paid by the shipper after he has got his returns.

1066. But he pays 35s. 9d. when he ships his articles?—He pays the 35s. 9d. certainly.

1067. The 5 per cent. immediate return is only given in some cases; it is not given in all cases, I see?—No, it is only given in the case I have mentioned, that is, Birkenhead to China.

(Captain Collins.) I do not understand. I thought in the case of primage they always give 5 per cent. at once.

1068. (Chairman.) Do you mind telling me, once more, how you arrive at the 30s.?—The rate of freight is 32s. 6d.; the 10 per cent is 3s. 3d.—that makes 35s. 9d., and 5s. 9d. is the exact return, which leaves 30s.

1069. (Mr. Birchenough.) That 5s. 9d. is a great deal more than 10 per cent.?—Yes; it is between 13 and 14 per cent.

1070. (Sir Alfred Bateman.) These are all variable percentages you will find, and they are not always 10 per cent.; sometimes you will find 10 per cent. plus 5 per cent. in the table?—Each line varies.

1071. Some are 10 per cent., some 20, and so on?—Yes.

1072. On the first page of your Memorandum you say that in the Levant trade the goods are sometimes sold c.i.f. abroad, and that the bulk of the Eastern trade is done on c.i.f. terms; can you give me any idea as to what proportion of the cotton exports is exported c.i.f.?—I have only got the yardage here, but I could tell you the different markets, and also tell you which is c.i.f., and which is not.

1073. I only want the rough proportion?—I could not give you that. India is the biggest market of all in cotton goods, but it is only in the yardages that I have the figures here. China comes next, and the bulk of the trade to China is c.i.f.

1074. My point is this, that in making your declaration of the values of exports, I presume that the

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freight will be included in the values if they are sold c.i.f.—I do not think so.

1075. You think not?—No.

1076. Then you would deduct?—Certainly we should. I am speaking from personal experience. My shipping clerk, in sending in his Customs return, would take the rough value on this side without adding freight and insurance.

1077. That is what I wanted to get, but it is a little difficult to test it by experience?—So far as I know, but I do not know whether other firms do it.

1078. In your firm you deduct it?—We do, owing to the system which we have in making our Customs declarations. The man who does it does not know what the price is on the other side, so he is compelled to take the Manchester price.

1079. You give the Manchester price not knowing what the freight is?—He knows what the freight is, but he does not know what the c.i.f. price is.

1080. In reference to paragraph 8, which deals with the China trade, I think you have already told us Mr. Thompson had a great deal to do with this settlement in 1902?—Yes.

1081. But you do not seem to realise that Mr. Thompson had a greatly increased support from being President of the Manchester Chamber of Commerce at the time?—As I say, that might have been the case.

1082. But you do not know it of your own knowledge?—According to the history of the negotiations, which was given to me by another gentleman in Manchester, who is a very large shipper to China—it was he who did it, and he had nothing whatsoever to do with the Chamber of Commerce. It was he who was a great friend of Alfred Holt's.

1083. Do you not think that the Manchester Chamber of Commerce, which as we know is a most important body, would have a great deal of authority and influence in making arrangements with a combination of shipowners?—I do not think the Manchester Chamber of Commerce as the Manchester Chamber of Commerce would move.

1084. Would they not be willing to do so?—They would not move, because, as I say, there are other interests concerned.

1085. At the close of paragraph 9 you say that the Manchester liners may be starved out before long?—That is the opinion of one of the largest River Plate merchants.

1086. And you fear in that case that you will pay higher rates, and that the rates will again become exorbitant?—Yes.

1087. Do you not think the Manchester Chamber in such a case as that would be able to render important service?—I do not think it would.

1088. Then in reference to paragraph 10, referring to the competition from America to Australia, do you think that the statistics would show any considerable increase in the United States cottons to Australia in consequence of that reduction of freight from the United States?—I should not be able to give an opinion, but judging from what I read at the present moment in the newspapers, the United States internal trade is so good, and there is such a boom on, that as long as they keep to their present tariff restrictions I do not think there is any fear of excessive competition from the United States in any neutral market.

1089. Not even to North China in drills?—The drill business they will keep as long as it does not pay English manufacturers to make it. In reference to the sheeting business, as soon as they get better labour laws in the South and higher wages are paid and shorter hours, then that trade will decrease. The trade that we shall have to face in China is Japan, and Japan will be the keenest competitor that we shall have all over the East, so long as the United States keep to their present Protectionist policy.

1090. Then you are not afraid of the influence of the lower rates of freight in the United States as making their competition with you keener in neutral markets?—I am only speaking as far as concerns the cotton trade, and I am speaking without any knowledge of the Australian trade. I am only speaking generally.

1091. But you are speaking rather particularly, are you not, of the China trade?—I thought that question

might come up, and I have a memorandum here regarding the competition between the American drills and sheetings and the English drills. My informant says that the causes of the American drills and sheetings being preferred to English drills are that there is less size in them and that they are purer, but there was no reason at the time for the English manufacturers not to have made them in the same way if they had not had other outlets for the production of their looms. There are one or two chops of English sheetings well established in China already, in competition with the sheetings made in the United States. These are all made in the Southern mills, where they have now got automatic Northrop mills and cheap wages. When you come to the drills, English drills cannot compete with the American drills in China, but as soon as the English manufacturer finds it worth his while to make them, we shall see a change. English machinery is employed on more remunerative articles at present.

1092. (Mr. Birchenough.) I unfortunately had not the advantage of hearing your evidence this morning, as I was unable to be here, so I may possibly be asking you one of two questions which have already been put to you; if so you will excuse me. You have stated in your evidence-in-chief, I think, that it is important that a uniform rate of freight should be maintained; you have also stated that you consider such uniform rate of freight as is ensured by the conference arrangement is rather in favour of the smaller man. Do conferences of which you have personal experience always as a matter of fact treat all their customers alike, or do they give preferential terms, say, to some very large shippers?—I explained this morning that there is a strong feeling in Manchester that such terms are granted in one or two cases, but nobody has any personal knowledge of it. I went further, and I said as long as such terms were not kept secret and were disclosed, I thought it was only fair that the man who could guarantee to fill a very large portion, or a large portion, on so many voyages of a steamer in the year, ought to have the right of having better terms than the man who only occasionally sent cargo down.

1093. Then really you have already answered that question. I have rather gathered from what you say that you do not attach very much importance to the period during which rebates are withheld?—Yes.

1094. Except in so far as such withholding may inconvenience the man with a small capital?—I look upon it as the merchant's money, not as a commission, as the shipowners do; and I say it ought not to be withheld. Three months is the maximum time, but I said I had no logical reason for proposing three months. I say that as being perhaps the shortest time which a steamship owner would retain the money, and in order to use it as a lever to commence bargaining.

1095. You would agree, I suppose, that the longer the rebates are withheld the more unpopular the system becomes?—Certainly.

1096. But holding the rebates for so long a period is from the point of view of the merchant a serious grievance?—It is.

1097. Therefore the shorter the period you can get rebates withheld, the less unpopular the rebate system would be?—That is so.

1098. It has been maintained that it is a great advantage to have uniform rates; do you think, as a practical man, that in a free freight market rates of freight would fluctuate more violently and more seriously than the prices of ordinary commodities?—I do not think they would.

1099. You do not?—No; they would fluctuate.

1100. Would they fluctuate more violently than the price of cotton, for instance?—Than cotton?

1101. Or any other commodity?—I do not think they would fluctuate as much as the price of such articles as are dealt with on what I call future exchanges.

1102. You really do not?—No.

1103. So that the fear of violent fluctuations, in the absence of conference arrangements, in your opinion is not a very serious fear?—Perhaps I might be allowed to explain what I mean. The fluctuations in freight for a business that is going to be done, that is not done, that is for a future business—do not matter; but if it is after a business has been done and goods have been sold at a price fixed on a freight ruling at the time, that then it

will be very serious if the freight is reduced to a competitor after the day on which an order has been fixed, because he would come in cheaper, and as a rule where you sell goods for a certain delivery you can often safeguard yourself against competition by knowing what there is of the article in the market which is going to be sold against you. Or, supposing that you have sold based on a certain freight and the freight is raised, your profit may entirely go, because you take your orders for delivery 15 or 18 months ahead. This would then necessitate on the part of the merchant to obviate that rise in freight, that every time he has to take an order he should make a contract with the shipowner for so many cases to go in 12 months or 15 months, which would be a possibility, but a most tremendous piece of work each time.

1104. That is one case, and at the same time I should like to put to you this case: A manufacturer has to take certain risks; if he is taking orders ahead for a certain period, he cannot always cover himself as regards material; he cannot always ensure that the rates of wages will not be raised upon him; and he cannot, I am sorry to say, be sure that his other expenses will not go up within a certain period. Therefore he has to take certain risks. My point rather is: Do you think the free freight market would fluctuate beyond the legitimate averages of the other conditions of the general cost?—To keep to your analogy, a manufacturer can nearly always cover himself in regard to his raw material and in everything that he uses in his mill up to the time that he is occupied on the order, and the only portion perhaps of his cost that he is not always able to cover is wages; and there even in the later labour troubles there have always been a certain number of months before the wages have been either raised or lowered. That is the only thing that I see on which he cannot cover himself.

1105. That is in the cotton trade?—I am only speaking for the cotton trade. He can cover himself for his coal, and he can cover himself for his oil, and he can cover himself for his tallow, his yarns, his dye stuff, and whatever he uses; and nearly always he knows what his wages are going to be.

1106. (*Mr. Owen Philipps.*) So really unnecessary fluctuations in freights are things strongly to be deprecated from the cotton trade point of view?—From the c.i.f. trade point of view, they are very much to be deprecated. Of course even a lowering in freight might be a disadvantage to a man who has taken a contract, because his competitor comes in so much cheaper.

1107. (*Mr. Birchenough.*) I am very anxious not to argue, but I still come back to the simple question, do you think, with your experience as a practical man, that given a free freight market you would have very violent fluctuation in freights?—In bad times, yes; in good times I do not think so.

1108. I am satisfied with that. One other question, as the hour is rather late. You said that you consider the conference system had been an advantage in so far as it had brought foreign steamship lines into line with British steamship lines?—Yes.

1109. Is it not the fact that goods can always be carried more cheaply from German inland manufacturing towns to foreign or British Colonial ports than from British inland manufacturing towns to the same foreign and Colonial ports? Have you any experience on that point?—I have no experience, except I told the Commission this morning that it was easy enough for a German manufacturer—much easier than for an English manufacturer—to calculate the rate of freight from the place where his factory is to the port. But at the same time, a great deal of the outcry against the excessive English rates has to be discounted, because in the English rates collection and delivery are included, whereas in the German rates the collecting charges and the delivery charges are not included, and special arrangements have to be made for that purpose. I also remarked that the very quick mode of transport in England ought to be borne in mind

when we compared the two rates, as the German railways have got an inordinate length of time by law within which they can deliver goods. I have got a book which I shall be very pleased to hand to you, which will show you the regulations, if you desire.

1110. But you cannot give the Commission any light upon the manner in which the German rail freights are manipulated, so as to ensure a lower through rate than our corresponding rate, in spite of the conference arrangements, from German inland towns to foreign and Colonial ports, can you?—The German railway being a State railway, if a man wants to build a mill or start a new industry in a certain town, he will approach the Commissioners for the district, and his request will be forwarded from department to department till it reaches the highest authority in Berlin, or wherever it is, and he will receive a reply after six months or twelve months whether they are able to grant him special facilities or not. They will do everything they possibly can to grant him facilities for the carriage of his goods.

1111. Is it not quite easy for the Germans, with their view of trade policy, to neutralize the effect of the arrangements which have brought their shipping lines into conference with ours?—No, I do not think so at all. Do you mean that they could recoup themselves by means of a lower through rate for the higher rate which is now charged from the German ports than was formerly the case?

1112. Yes?—I have no experience, but I doubt it very much.

1113. You have no experience of that?—No, but, as I say, I doubt it very much. I do not think there is sufficient margin.

1114. I am not sure that you quite understand the point. A State railway can accept any amount it likes as its share of a through rate. Supposing say, that you have got a 10s. railway rate from a manufacturing town to Southampton and a 42s. 6d. rate from Southampton to Cape Town, that is 52s. 6d. for the through rate, and supposing you have a rate of 42s. 6d. from Hamburg via Southampton?—Yes, and it used to be 30s.

1115. Your State railway in Germany could quite easily accept 5s. for the same distance by rail if it chose, and could make the through rate 5s. less than the British rate?—Yes. But then you are opening out a very much bigger question. I do not want to argue it, but I do not think the difference between the old freight—I do not know what the German steamers used to charge—and the freight which they do charge can be recouped to the State by the railway portion.

1116. Do you mean to imply that the conferences have got the German rates up?—Certainly; I mean the steamship rates are up.

1117. They are?—They are the same as from England.

1118. Do you mean that they were lower before?—Certainly they were. They have the rebate system as well. I have just handed in the book of German-Australian and the German-African rates.

1119. I think they have also practices which a little undo some of these points; for instance, our conferences have the right to say whether they will take goods by measurement or by weight. I am told that the German steamships have not the same freedom of choice, conference or no conference. I do not know whether you have any information on that point?—I can tell you in two minutes.

1120. I see we are just getting a little far afield?—The Australian rate is on the weight or measurement, at the ship's option.

1121. Is that so in Germany?—Yes, that is their Australian rate; and it is so with their South African rate.

1122-3. That is in Germany, too, you mean?—Yes,

*Mr. E. H.
Langdon.*
5 Mar. 1907.

THIRD DAY.

Tuesday, 12th March, 1907.

PRESENT :

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

Lord INVERGLYDE.
The Hon. C. N. LAWRENCE.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
Captain R. MUIRHEAD COLLINS, C.M.G.
Mr. H. BIRCHENOUGH, C.M.G.

Mr. J. BARRY.
Professor E. C. K. GONNER.
Mr. F. MADDISON, M.P.
Mr. OWEN PHILLIPS, M.P.
Mr. I. H. MATHERS.

Mr. J. A. WEBSTER, *Secretary.*

Mr. FREDERICK WILLIAM GRIMWADE, called, and examined.

Mr. F. W.
Grimwade.
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1124. (*Chairman.*) You are a member of the firm of Grimwade, Ridley & Co., Australian and New Zealand merchants, of London?—Yes.

1125. Your firm has been shipping merchandise to Australia and New Zealand for the last 55 years to a very great extent?—Yes.

1126. You yourself have been connected with the firm for 26 years?—Yes.

1127. You have had very great experience, and are ready to give evidence with respect to the matters this Commission has to inquire into?—Yes.

1128. You have given us a statement of the evidence you propose to give, and I will just read the first part of it: "With reference to rings or conferences, I am of opinion that as a whole these have been beneficial to British and Colonial trade, for the reason that rates of freight have been kept more or less uniform, which has been satisfactory both to the merchants and to the shipowners, to the former because they knew whenever they were shipping goods that they would be at about the same rate of freight, and to the latter because they knew that they would get what freight was going, and could therefore keep their ships well up to date and have plenty of tonnage to meet the requirements of the trade." When you speak of rings or conferences there, what do you mean? Do you mean a combination of shipowners?—A combination of shipowners and the loading brokers, as they call themselves.

1129. What you really mean is that it is useful and expedient that representatives of the shipowners and representatives of the merchants and shippers should meet from time to time?—Yes. Of course they never have done so, as far as the Australian trade is concerned.

1130. Then you go on to say, "With regard to the system of deferred rebates, I consider these entirely indefensible, as the retention of rebates for twelve months gives the conferences undue power over merchants and shippers by supplying them with large sums of money belonging to merchants and shippers, thus creating an unjust position and one that cannot possibly be for the good of trade; and in my opinion the system of deferred rebates should be done away with by legislation." I will ask you one or two questions about that paragraph. Is your reason this, that the rebate system places the shippers too much at the mercy of the conference lines?—Yes, exactly.

1131. And that it enables them to charge excessive freights and impose unfair conditions?—I would not say "excessive freights"; but it allows them practically to do what they like with the merchants and shippers.

1132. After all, the only thing you complain of is that the freights are excessive, I suppose?—I do not know that I complain that the freights are excessive, as long as they are kept uniform. I do not mind particularly what the freights are, as long as it is a moderate rate of freight. I do not think I complain of their being excessive.

1133. What is it that the shipowners are enabled to do by the rebate system? What is it that you complain of?—Nowadays they do not seem to meet the com-

petition if there is any fighting. The regular people, who otherwise would have their rebates withheld, have to forward their shipments by the conference lines. The shipowners have, to a great extent, done away with the advantage of the conference by giving preferential rates for contracts for large quantities of certain articles.

1134. So your main complaint is this, is it not—that the freights are excessive?—I do not think so as far as Australian trade is concerned.

1135. But that where there is an opposition and the opposition shipowners ship at a lower rate of freight?—Yes.

1136. The conference lines do not reduce their freight then?—Not always.

1137. That is, you would say, that the merchants who are subject to the rebate system are obliged to see their competitors shipping their goods at lower rates of freight?—Yes.

1138. That is one complaint that you make?—Yes.

1139. Do you complain that the system of rebate does not ensure uniformity and permanence of freights?—It does not as it is carried on at present.

1140. Do you think freights have varied too much?—Yes; I mean that I think the shipowners have granted preferential rates for certain contract quantities of goods. That is my chief objection to it—not that they have fluctuated very much.

1141. Can you illustrate that a little by giving us cases in which they have granted preferences to shippers?—They granted a preferential rate on heavy chemicals, but they did not advise all the shippers of it; they advised only some of them, and therefore other firms were at a disadvantage.

1142. Have they been in the habit of preferring some shippers to others?—Not that I am aware of, and I should not like to say that. I know that my firm, who ship considerable quantities of chemicals, were not advised of the preferential rate on chemicals, and that we found out by complaint from our friends on the other side. Naturally we did not like that.

1143. We are considering now the advantages and the disadvantages of the rebate system; and what I want to see clearly is, how what you complain of is the result of the rebate system. Do you object to it because you are obliged to ship with these conference lines whilst they may be favouring other firms?—It practically amounts to that. I believe before my time when the conferences were first started there was an agreement as well, signed by the shippers, and that agreement was that the firms should ship by the conferences only and at the lowest rates of freight. We have always been under this impression till recent years, when they have granted those preferential rates.

1144. What trade are you now speaking of?—The Australian and New Zealand trade. I am not much acquainted with other trades.

1145. As regards the New Zealand trade, the shippers there are subject to the rebate system, are they not?—In the New Zealand trade, yes.

1146. Now your next paragraph is as follows: "With reference to a remedy, I think one can be easily arranged by a strong combination of the merchants on the one hand and of the shipowners and loading brokers on the other (so that the views of neither party should unduly preponderate). I think the most satisfactory arrangement would be for merchants to sign an agreement to ship only by certain lines, and in exchange for this for the conference to agree to give the lowest rates of freight, and in the event of outside competition to agree to put on a ship or ships if necessary at the fighting rates, and give the merchants in this vessel or these vessels their proportionate space for cargo; but I hold that with the strong combination named above this event would be very unlikely to arise, owing to the strength of such combination." As regards that paragraph, may I ask what you mean by the "lowest rates of freight"?—They are fixed for special articles, and the firms who sign any agreement should have the lowest rates which are going for certain articles. There are different rates of freight on all ships for different classes of goods if they are going to Australia and New Zealand.

1147. Then the agreement should in your opinion stipulate that if there are ships outside the conference lines which ship at a lower rate of freight, then the conference lines are to ship the merchant's goods also at a lower rate of freight?—Yes.

1148. How would you make the shipper liable if he, or his consignee, ship by other lines?—If they sign an agreement, would they not be liable in the courts of law?

1149. You want your rights secured you then?—Yes, certainly.

1150. Then you go on to explain your meaning more distinctly in the next paragraph: "I would suggest that agreement-shippers should be charged the usual current rates of freight, less a special allowance of, say, 10 per cent. when paying freight, and that non-agreement-shippers would have to pay the full rate without this allowance; this as an inducement for them to sign an agreement, as if there is no inducement the majority of merchants would not bind themselves, so that they might have a free hand in the event of a fight." That is to say you suggest that the shippers who agree to ship only by ships belonging to the conference lines should have to pay the ordinary freight, less 10 per cent.?—Yes, or some arrangement like that.

1151. On account of the advantage they give to the shipowners?—Yes.

1152. Your last paragraph is: "I am also of opinion that any agreement between the merchants and shippers and the shipping conferences should contain a provision that all British freights should be at least on a par with the Continental freights to the Colonies." Is there not this difficulty about that? In case a foreign Government gives bounties to their own ships to enable them to carry goods at a lower rate of freight, would you still oblige the British shipowner who gets no bounties to carry at that lower rate of freight? Do you follow me?—Yes, I follow you, and I quite see that there is an objection in that.

1153. There is a considerable objection to it, is there not?—Yes, there seems so, no doubt. But I think the Australian Conference have some agreement with the conference in Germany, for instance, at present. They are supposed to have some arrangement.

1154. (Lord Inverdyke.) You speak from your experience of the Australian and of the New Zealand trade?—Yes.

1155. What lines of steamers run to Australia and New Zealand?—The P. & O., the Orient, the Tyzer Line, the Thompson Line, and the White Star, etc.

1156. These lines all form the conference, do they?—They all come into the conference.

1157. So they have a conference?—Yes.

1158. They carry at equal rates?—Yes.

1159. And give a rebate?—All of them give a rebate.

1160. What is their rebate?—10 per cent.

1161. How long afterwards do they pay it?—From 6 to 12 months.

1162. Has your firm signed an agreement issued by these conference lines?—No, we sign no agreement now. In the old days they used to, when this conference, I

believe, was originally started, but that was before my time.

1163. (Mr. Owen Philipps.) Are you quite correct in saying the rebates are only paid from nine to 12 months after? It is 12 months altogether, is it not—six and six?—They have generally got nine months in hand, but we are paid every six months.

1164. (Lord Inverdyke.) The rebate is paid you every six months, but they have nine months in hand?—Yes, they hold it in hand for nine months.

1165. You say you have no agreement?—That is so.

1166. How does the thing work? Can you explain it to us?—It has simply come to be an understanding now that shippers who only ship by the conference lines are supposed to have the lowest rate of freight, and in exchange for that they give you this rebate. If you were found to be shipping through any outside line that rebate would be withheld.

1167. For 12 months?—Anything that they had not paid you. If you had just been paid your rebates you would be more fortunate than if you were just expecting your six months' rebates.

1168. Do you know of any case where the rebate has been withheld?—No, I do not.

1169. Are there many steamers outside the conference lines that run to Australia and New Zealand?—No.

1170. Not with a full cargo?—I do not think so—not from British ports at any rate. Of course, there have been fights.

1171. I do not mean in the case of fights, but I mean in the ordinary course of business?—As a regular thing I think there are very few.

1172. Am I to understand that one of your complaints is that people who ship large quantities of goods, say, several hundreds of tons, get a lower rate than people who ship small quantities, something like 25 or 30 tons?—That is only on certain articles, I believe.

1173. Do you think it is unfair that a person who ships, say, 500 tons should get only as low a rate as a person who ships 30?—I do not see why they should. I do not believe in it myself. I believe in an equal rate of freight.

1174. Whatever the quantity?—Whatever the quantity.

1175. As regards the last paragraph of your Memorandum of Evidence, in which you say there should be an undertaking that British freights should be on a par with Continental freights, I suppose you know that shipowners at all events claim that the expenses of British ships are a great deal more than the expenses of foreign ships?—Yes, I suppose they are.

1176. Do you not think, therefore, that a British shipowner is rather handicapped, and, if possible, is entitled to get a higher freight?—Of course, it puts the merchants and manufacturers in England in a bad position, if the freights from England are to be higher than the freights from foreign ports.

1177. My point is, that the British shipowner is not altogether to blame, perhaps?—I do not think that the British shipowner is entirely to blame in everything. I do not want to look at it entirely from the one point of view.

1178. From this point of view, would it not be rather hard on the British shipowner to bind him to charge no more than the foreign shipowner? It would mean less profit, I suppose, to the British shipowner?—Yes, I suppose it would if he has to pay more for his ships, and if they cost him more.

1179. (Mr. Lawrence.) You stated that preferential rates are given to big shippers; is that known throughout the trade and by shippers generally; that is to say, do the trade, generally, know that if a man ships a large quantity he does get a preferential rate; or is it a sort of secret arrangement as between the shipowner and the shipper?—In every instance they have not advised the shippers, but it has been found out from the other side.

1180. Then it is a secret arrangement, practically?—Yes, at first I suppose it is. Since the conferences the shippers do not as a rule inquire the freight every

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time they want to be shipping goods—it has been that advantage to them.

1181. Is the rate constantly shifting?—No.

1182. You state that you think that the deferred rebate should be dealt with by legislation; all the shippers get the deferred rebate in the same proportion as they ship, do they not?—I do not know, and I cannot answer that.

1183. Why do you say it should be dealt with by legislation if it is the same to everybody all round?—I do not think it is a just system that the shipowner should hold this money in hand.

1184. Then is your objection to it because of the time that the shipowner keeps the shipper's money? Is that your objection, or is your objection to the principle itself?—It is because through the rebate system they do more or less what they like with the shippers. They have got them in their power by the deferred rebates.

1185. (Sir John Macdonell.) You say, as I understand, that the system of conferences has been satisfactory to the merchants on the whole?—Yes, on the whole.

1186. At the same time you think that under this system the shipowners can do what they like with the merchants?—Through the system of deferred rebates.

1187. Is this system satisfactory, as far as your experience goes, to all classes of merchants—I mean the system of conferences; I will come to the rebates in a moment?—I should think so. As far as my experience goes, from discussing the matter with them, I should think the majority of merchants approve of a system of conferences.

1188. Whether they are small shippers or large shippers?—I should think so.

1189. Of course, the shipping brokers are in favour of the system?—Yes.

1190. They have voted, have they not, in favour of it? Do you think they have any special motive for being in favour of the system?—I think it has been good for them from the financial point of view; I suppose everyone in business must consider that.

1191. They are paid a commission upon the freight, are they not?—Yes, on the rate of freight.

1192. In your judgment has this system decreased competition very much in certain trades?—I do not know that it has decreased competition, but it has put it all on an equality, more or less, as far as the freight is concerned.

1193. Do you mean that the freights now are equal?—More or less, generally speaking, they are equal for all shippers.

1194. And, so far, that is an advantage?—I think, certainly, it is a great advantage.

1195. As I understand it, you approve of the conference system, but you do not approve of rebates?—That is so.

1196. Is not the rebate the keystone of the conference system?—I cannot see that it is, if the shipowners and the shipbrokers get what they want by other means.

1197. I will come to the other means that you suggest, in a moment. First, of all, I understand that you object to the rebate system, because, as you say, the shipowner retains your money?—Yes.

1198. In what sense is it your money?—It is an agreement to give you that money back.

1199. On certain conditions?—Yes.

1200. Do you suggest that in any court of law such a sum has been recovered?—I have never heard of it.

1201. Do you suggest that counsel of eminence have advised that without fulfilling the conditions you could recover that money?—I should think not.

1202. In what sense, then, do you say that this sum in the hands of the shipowner is your money?—If we fulfil certain conditions that money is returned.

1203. And if you do not fulfil them?—If you do not fulfil them, you do not.

1204. Then I may take it that it is not your money?—I do not look at it from that point of view.

1205. Supposing that you abolished the system of rebates, are you certain that in all circumstances there would be a regular service?—I think so if you had agreements.

1206. If you had agreements of what kind?—Agreements binding the merchants and shippers to send by certain lines.

1207. Let me see if I understand that suggestion. Suppose, first, that you had no combination on the part of the shippers, do you think that the system which you suggest, namely, that the shipowner and the shipper should have an agreement such as you describe, would be effective?—I certainly think so.

1208. If there were no combination between the merchants and the shipowners?—Yes, I should think so, because in signing the agreement, they have got a benefit. I do not think it would be effective, unless they were allowed some benefit for signing it.

1209. I am assuming that they get a benefit?—In the case I am assuming, where we had no combination of merchants, if I was offered that advantage, with the stipulation that in the event of a fight they would meet competition, I should certainly sign an agreement.

1210. Do you think that the individual merchants would be able, effectively, to deal with the combined shipowners?—No. I think that has been unfortunately the case hitherto, as far as the merchants are concerned.

1211. That is what I am inviting your attention to. In order to make your system effective, that is, the system which you describe in your Memorandum, is it not essential that there should be combination on the part of the merchants?—To make it more effective it is better.

1212. But to make it effective, would it not be necessary?—I do not think so at all.

1213. Do you tell me that if each merchant acted entirely on his own account, without any combination, there would be an effective system?—I think so.

1214. I suppose it is a great advantage that there should be a regular service from England to the leading ports in the Colonies and elsewhere?—Undoubtedly.

1215. Suppose the rebate system were abolished, and suppose, for the sake of argument, that your suggested system proved non-effective, might not the result be that merchants would go with their goods to ports at which there was a regular service?—I suppose they would, but it seems to me so unlikely a contingency.

1216. But if it did happen?—Then no doubt merchants would have to go to ports, where there was a regular service, if the whole system of British shipping broke down through going away with the rebates.

1217. I am inviting your attention to this contingency.—I do not put it higher than that, but I want the matter cleared up in my own mind. Supposing that by some change, such as you have indicated, there was a decrease in the number of regular services to the Colonies or foreign ports, and that by some system, such as the rebate system, or some other system existing on the Continent, there were regular services to those ports, I suppose there would be a diversion of trade, would there not?—Yes, I suppose there would be.

1218. You have made one or two suggestions about preferential rates, and I should be much obliged if you would kindly clear up my ideas in regard to these points. You think that there should be absolute uniformity of rates irrespective of the quantity shipped?—Yes, exactly.

1219. Is that principle carried out in regard to other forms of carriage?—It is with regard to the railways, is it not?

1220. Is it so in regard to railways? Suppose, for the sake of argument, you took this to be a true description of the state of things as regards railways—that a railway company is required to charge equal rates for like services, and that according to another kind of legislation the onus is thrown upon the railway company, when it does charge different rates, to justify that inequality. Supposing, for the sake of argument, that I am roughly describing the legislation affecting railways, would you think that legislation applicable to shipping rates?—I do not quite follow, I am afraid.

1221. I put it to you that according to railway law an account is taken of the fact whether a man sends a truck load or a part of a truck load?—Yes, it is so.

1222. Would you apply that to shipping?—No; I am entirely in favour of the uniformity of rate. I mean if you do away with the uniformity of rate, I do not see the good of the conferences at all—not as far as the merchants are concerned.

1223. You believe in absolute equality?—I believe in absolute equality.

1224. One witness said he would admit of one exception, and that was in the case of shipments made by governments and municipalities; would you think that a just exception?—I do not myself see why they should have any advantage over the ordinary merchant.

1225. He suggested that there might be grounds for the exception, first in the fact that governments and municipalities represent the community, and secondly that as a rule they ship no articles which compete with the ordinary traders. Do you think these good grounds for making the exception?—No, I do not.

1226. At all events you would think that if there are any exceptions to be made, any deviations from the rule of perfect equality of charges, these exceptions should not be secret?—Certainly; and that every one should have the option if they grant special contracts, of entering into a contract at the same rate of freight.

1227. I see you state that there should be a provision in what you regard as the model contract to the effect that no British rates should exceed those at Continental ports?—Yes.

1228. But you admit an exception in the case of Continental vessels receiving subsidies?—Yes.

1229. And I understood you to admit a further exception, when the working charges were higher in the case of a British vessel?—Well, yes, I suppose it must be.

1230. Would you not also admit some further exceptions? Suppose that the Continental rates were rates to a port from which there was always a back cargo, and suppose the British rates were rates to a port from which there was not a back cargo; would you say that the rates should be equal? Do I make myself clear?—Yes, I understand you, but it was a point that had not struck me.

1231. Would you not admit an exception there?—Yes, I suppose it may be so.

1232. Then taking into account all these exceptions, how much of your rule is left?—There is very little of that part of it, I admit.

1233. Just one other point—and again it is only to make the matter clear to my mind. The alternative remedy or alternative scheme which you suggest is, that the merchant should be bound to observe the contract of not shipping by another line, and that he should be liable in damages?—Yes.

1234. Have you considered what would be the nature of those damages? Would they be a very strong inducement to him to observe the contract?—I have not considered the damages, but I suppose they would be assessed on the proportion of cargo that he is in the habit of sending and the freight that he would pay the conference.

1235. I am not sure that I have followed you. I am not wanting in any way to criticise your evidence; I am wanting to make it clear to my mind. Supposing a merchant had entered into a contract, by which in the event of his being loyal his goods were shipped for, we will say, 30s. per ton, when the general rate to the outsiders would be, we will say, 40s.; supposing that a few weeks after he had entered into that contract an opposition line came along offering shipments at 25s.; and supposing he turned his back upon the contract that he had entered into and shipped by the opposition line, what do you suggest would be the measure of damages?—I should think the damages would be assessed on the average amount of cargo that he would have shipped during the period of that agreement.

1236. I am putting to you a case where he has shipped none before?—If in previous years we will say, for instance, he had been in the habit of shipping 2,000 tons of cargo, the damages would be assessed on the basis that the conference would make so much profit out of carrying so much cargo at that rate.

1237. I will not ask you whether in point of law that would be the measure of damages; but that is how it presents itself to your mind?—That is how it presents itself to me. Of course, I do not profess to know anything about the law.

1238. (Mr. Birchenough.) You say in your Memorandum of Evidence that conferences have been on the whole beneficial to British trade; do I understand that the main merit that you claim for conferences is that they have secured uniform rates for all shippers?—Yes, certainly; they have secured more or less uniformity of rates.

1239. Have they, as a matter of fact, effected this, or do they from time to time make special bargains with particular shippers?—As a rule they have effected that, but they have made special bargains, and one of my objections to the rebate system is that the regular shippers, because of these rebates, have to continue shipping.

1240. If such bargains are made, or if the preference were given to large shippers, would you say that the chief merit of the conference disappears?—Yes.

1241. To that extent?—Yes, to a great extent.

1242. Do you think that in a free freight market rates would as a matter of fact fluctuate any more violently than the prices of the ordinary commodities fluctuate in a free market?—I think so, certainly, judging from what I have heard in the past. Since I have been in business the conference, as far as Australia and New Zealand are concerned, has always been in existence.

1243. But you think that in a free freight market, if one can imagine such a thing, there would be very violent fluctuations in rates?—I think so, certainly.

1244. Could you just explain to us, please, the character of the rebate that is charged in the conference with which you are acquainted? Is the rebate an addition to the scheduled rates of freight?—It is a discount from the scheduled rates of freight.

1245. How is it charged? In connection with one conference, with which we are acquainted, there are scheduled rates of freight; these are charged, and then 10 per cent. is added as primage. Is that the case in the conference you are acquainted with?—That is the case in the Australian trade.

1246. It is, therefore, an additional charge to freight?—No. A part of that primage is returned, and then in addition to that there are the rebates which are paid at the end of six months.

1247. There is rebate as well as primage then?—Yes, but the rebate and the primage having nothing to do with one another.

1248. They have not?—No, not in the Australian trade.

1249. Do I understand that primage is charged in addition to the scheduled rates of freight?—Yes.

1250. Is it that portion of the payment which you regard as the merchant's money?—No; it is the rebate that we regard as the merchant's money.

1251. I am trying to get at your point of view. Do I understand that you consider that the conference makes charges, in addition to what it perhaps can afford to make, and holds that money as a sort of hostage for your loyalty?—That is what it very much amounts to.

1252. That is how you look at it, rather?—That is how I look at it.

1253. That is to say, an unnecessary charge is made from the point of view of the earnings of the company, which is returned to the merchants in the case of their being loyal?—Yes, that is it.

1254. In the conferences with which you are acquainted, do the shipowners consult the merchants when they make changes, either in the rates of freights or in the classification of goods?—No, not as far as I am aware.

1255. There is no consultation between you?—No.

(Mr. Birchenough.) Now I come to the last paragraph in your Memorandum of Evidence, "I am also of opinion that any agreement between the merchants and shippers and the shipping conferences should contain a provision that all British freights should be at

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least on a par with Continental freights to the Colonies."

1256. (Chairman.) I think you give up that?—I think that clause had better be given up. I see the objections which have been raised.

1257. (Mr. Birchenough.) Excuse me, please do not give it up for a moment, as I want to ask a question upon it, and it is rather an important point. Have you any knowledge of cases where British shipping companies have charged lower rates from foreign ports, say, to colonial ports, than from British ports?—On a through rate of freight, yes.

1258. I quite understand that your proposal may have been riddled by the questions that have been asked. Suppos—as I think we have either had oral evidence or have got evidence in writing before us—that a British company, loading ships in foreign ports, charged a lower rate from those foreign ports to, say, our Colonial ports, than the same shipping company, loading ships at Southampton or London charged; have you any knowledge that such is the case?—No; because no English companies, as far as I know, load ships at Continental ports for Australia and New Zealand. They take goods at through rates of freight which come to London, and, in instances, they do give lower freights than they do for corresponding goods from England.

1259. When you drew up this paragraph, you had no cases in your mind of British ships charging less in that way?—No, I had not that in my mind.

1260. (Chairman.) I think it will save time if I ask you this. After what has passed (and you have given your evidence very fairly), are you inclined to withdraw that last paragraph?—Yes, certainly. I think the objections raised are strong.

1261. (Mr. Barry.) I gather that you consider the maintenance of uniform rates, which is secured by the conference system, is quite satisfactory to merchants?—Yes.

1262. Do you happen to remember when any other lines were competing with the conference lines, what the rates of freight were? Were they lower?—When there has been any fight on they have been lower, certainly.

1263. Were they considerably lower?—They were very much lower.

1264. So that the uniform rate which you have secured, has been obtained at the disadvantage of its being a much higher rate, in other words, the uniform rate is a much higher rate than that which would have prevailed before, when there was open competition?—I do not know that from personal experience, but when there has been any fight with any outside competition, the rates have gone down very much. They have fluctuated. If the rates fluctuated for some time, then, so that the shipowners would be able to make anything out of the trade, they would have to charge very much higher rates, if for certain times they took very low rates.

1265. So that, notwithstanding, the rates which have been secured have not been altogether an unmixed blessing?—I look upon them as an unmixed blessing.

1266. Even if they are much higher?—Yes; I mean as long as they are not kept absurdly high, so as to make foreign competition very strong. As far as the Australian trade has been concerned, I do not think that the rates have been kept up to an excessive standard.

1267. The retention of the rebate for nine months you look upon as a very serious matter, I think?—Yes.

1268. Do you think it goes some distance to neutralise the advantages of the conference system and of the uniformity of rates?—Not the uniformity of rate, but I think it goes to neutralise the benefits of the conference system.

1269. Do you know whether in your circle of merchants the feeling is very strong on the question of the prolonged retention of rebates?—There is a divergence of opinion, I think.

1270. You think there is a majority of the Australian and New Zealand merchants who object to the retention of the rebate for nine months?—Yes, I think the majority of them do; but I should not like, perhaps, to make that as a definite statement.

1271. I notice that you are in favour of a strong combination of merchants acting with a combination of shipowners?—Yes.

1272. I would like to put this question upon that, as I am not quite clear about it in my mind. Would it not be possible for a strong combination of merchants and a combination of shipowners to make mutually satisfactory arrangements which would be of disadvantage to the consumer in New Zealand and Australia?—I suppose it would be possible to do so, but I do not think the merchants would do a thing like that. It would be against their interests in the long run, and must be, for them to make arrangements which are unfavourable to consumers. It is eventually the consumers that the merchants have to get at.

1273. It would be quite possible to make such arrangements, would it not?—It is quite possible, but I do not think it is at all probable.

1274. In regard to the last paragraph of your Memorandum of Evidence, could you give any instances where Continental rates were lower than the rates from British ports?—I have withdrawn that part of it. It was the present low rates from Hamburg that I had in my mind at the time I wrote it; but I do not think I had sufficiently thought that matter out.

1275. Have you any recollection of the rates from American ports, say, from New York to New Zealand or Australia? Were the American rates by the conference lines lower than from British ports?—They have been, but my firm do not ship any goods practically from America, so I have no experience of that.

1276. But you remember that the rates have been lowered?—They have been, I believe.

1277. By the conference lines from New York?—Yes.

1278. I noticed that in replying to a question of Lord Inverclyde's, you said that the expenses of running a British ship are greater than the expenses of running a ship from a Continental port?—Yes.

1279. That is so, no doubt; but would that fact not be neutralised by the British ship being built cheaper than the Continental ship?—I suppose it would, but that part of the evidence I think I have withdrawn. I think the objections which gentlemen have raised in cross-examining me, have proved the undesirability of it.

1280. I did not want the question of the disadvantage to the British shipper to go forth without some of the advantages being also put on record. You have a strong objection to any secret contracts that may be made for freights, I gather?—Certainly.

1281. Is it not a fact that freight brokers under an agreement are bound to notify to the Australian Merchants' Association any special contract entered into?—They have agreed to do that; but that is of recent date, though.

1282. That has recently been done, you say?—Yes, within the last 12 months, I think, speaking from memory.

1283. That would practically remove your objection to the question of secret contracts, would it not?—That only applies to the members of the Australian Merchants' Association, I believe.

1284. That is so, I understand?—I believe in perfect equality. I should like to see every one members of the Australian Merchants' Association, but if they are not members, I think they should be treated on the same equality as the members of the association.

1285. (Mr. Madison.) In assessing the value of conferences, I gather that you lay great stress upon the uniformity of rates?—Yes.

1286. And that you are not so much concerned with the freight rates?—Not so long as it is a fair rate of freight.

1287. In the absence of a free freight market, how do you know it is a fair rate?—I can only compare it with what rates are being taken from Continental and other foreign ports.

1288. Then you have no home comparison at all?—No.

1289. Although you have admitted in regard to the paragraph you have withdrawn that there are so many different conditions prevailing here that you cannot

compare them?—In regard to the lowest rates of freight I suppose there are.

1290. As a matter of fact, according to your own personal experience in the Australian and New Zealand trade, you have no means of comparing British freights outside the conferences?—I beg your pardon, but will you just repeat that.

1291. In your personal experience of the Australian and New Zealand trade, you have no means of comparing the conference rates with any other home rates from here to the Colonies?—No, because there are practically no outside lines from here to Australia and New Zealand.

1292. Therefore you would say that the consumer should really be protected in a close market of that kind?—I do not see where the consumer suffers myself.

1293. I think you have already admitted that you thought rates would be lowered in a free freight market; you would lose uniformity, and you might lose other things?—You would lose uniformity, but I do not know that, taking it all the year round, you would have lower rates. If you are going to have a 5s. freight this month, and an 80s. freight next month, you are no better off than if you have a uniform rate of, we will say, 35s. or 40s.

1294. Would there necessarily be such a fluctuation as that?—I believe there used to be in the past. You had the fluctuations in the rate even in the same vessel, if it did not fill up. I am not speaking now from personal experience, but I know that we have shipped as low as 5s. per ton; and I do not think I can remember anything at a higher rate than 80s. per ton.

1295. But taking it all round, apparently, you do not think that the consumer has to pay in the end higher rates under the conference system than he would otherwise do?—I do not think so.

1296. You told us in your evidence that you are very much against the system of deferred rebates, and you have given as your reason that it places the shipper in the complete power of the shipowner?—Yes.

1297. That is the system which prevails now, and it is an essential portion of the conference system?—With all conferences they have that system, I believe.

1298. Therefore, it comes to this, that you think it good for the consumer and good for trade generally, for the shippers to be in the complete power of these shipping conferences, as they are to-day?—No, I do not think so. I do not think that they would be in the complete power of the shipowners if they had an agreement instead.

1299. My point is, that at present they are in the complete power of the conferences, according to your evidence through the system of deferred rebates, or at least that you say you are in the complete power of the shipowners, or in their power?—In the power, I will not say in the complete power, because if there are certain conditions existent, for instance, if there is an outside competition and you are offered freight at a certain amount for a certain period, then you can put your rebates against that. You are in the power of the shipowner, but you are not in the complete power of the shipowner.

1300. You are in the power of the shipowner, but you place so much value upon uniformity of rate, and regular sailings that you regard it as good for trade, even with the deferred rebates?—That is a very difficult question to answer.

That is just why I want an answer to it.

1301. (Chairman.) I think you are opposed to the system of rebates?—I am opposed to the system of rebates.

1302. (Mr. Addison.) My point is, that the system of deferred rebates at present is part of the conference system everywhere; is that so?—Yes.

1303. Now I want to ask you whether, having regard to that fact, you still believe that the conference system is good for trade?—I still believe that uniformity of rates is good for trade.

1304. If you had to choose between the alternative—no conference system or a conference system with the deferred rebate, which would you take?—That is a thing which I should want to consider.

1305. You cannot give an answer now, or you are not disposed to?—I am not disposed to give it.

1306. Your alternative is instead of rebates to have agreements?—Yes.

1307. I want to ask you in what way would agreements place you less in the power of the shipowners?—I do not say that they would put you much less in their power, but they would put you in a better position, which, in my opinion, is less in their power.

1308. Would you say how that could happen?—Take it that you have signed an agreement to have the lowest rate of freight; in several instances they have granted lower rates of freight to other persons, and then with such an agreement, when you found it out, I maintain that you would be able to demand a rebate on the goods carried during the time when these low freights were charged.

1309. But you would not see your competitors' agreements, would you?—No, but you would hear about it from the other side pretty quickly.

1310. You would hear about it from the other side you say?—If we pay higher rates of freight we very soon hear about it from the other side.

1311. Is the value of the agreement in your opinion just this—that it would prevent preference?—Yes.

1312. And there is no other value in the agreements or the deferred rebates but that; is that your point?—I think the shippers are in a more equitable position as against the loading broker and the shipowners.

1313. But such agreements might still contain provisions for deferred rebates, might they not?—I do not see that. Why should they? I suppose if you could make an agreement you could make it anything you like; but I should not propose an agreement like that.

1314. You gave an answer in reply to a Commissioner to the effect that you thought, if there was a free freight market, it might divert British trade to foreign ports where they were getting more regular sailings, and, I presume, uniformity of rates?—Yes.

1315. I will ask you whether you think that the lower rates would not be a sufficient attraction to keep the trade on this side, and without any danger of its going to foreign ports?—But I very much doubt if, as an average, you would get lower rates.

1316. Still there is a kind of sporting chance to get lower rates, and would it not operate, as it does in trade generally, to attract shippers to place their cargo under those lower rates?—I think they would only place them there while those lower rates were ruling.

1317. Would you say that the general tendency would be towards a lower plane of freight rates if there was no conference?—I do not know that there would be much.

1318. Do you think there would be a little?—There possibly might be, but I cannot enter into what might be.

1319. (Mr. Owen Phillips.) You have told us that these rings or conferences, in your opinion, are beneficial to trade, but that you object to the deferred rebates, and you have submitted another suggestion for meeting the shipowners instead of having deferred rebates. Is it your idea in that proposal to give the shipowners reasonable protection in their trade?—Certainly. I should like more equality between the merchants and the shipowners than I think at present exists.

1320. I think we would all agree that the more they work together the better. With reference to this scheme, you are probably aware that a somewhat similar arrangement does exist at present in certain trades?—I had no idea of that.

1321. In case of an agreement, the shipowner would have no protection when the time of the signed agreement expired; is that not so?—Yes.

1322. Would you suggest any special time for the agreement?—No, I think that 12 months is a reasonable time.

1323. I want you to look at it from the point of view of the protection of the shipowner. Once every 12 months, every merchant would be absolutely free?—Exactly so.

1324. Therefore, the scheme you suggest would not give shipowners any protection in their trade against outside influence at that particular time; is that not so?—Yes; but then I propose that they should agree

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to put on ships at a fighting rate. What would be the advantage of leaving your regular source of freight if they are going to meet the competition?

1325. I put it to you, would you get the advantage of uniformity of rate if there was a sort of fighting time every year?—I do not suppose that every shipper would sign the agreement at the same time—he would not necessarily do so.

1326. You are recommending combinations, are you not?—Yes.

1327. But you suggest that they should have agreements with shipowners, all running at different times?—I do not think it matters. If you are dealing with a combination, I take it you would be dealing with a combination of reasonable men, and that when their agreement is up, if the shipping conference had served them well, they would not object to renew their agreement, it having that clause in that in the event of a fight the conference would meet the competition. I cannot see any objection to it myself from a shipowner's point of view, and I have been trying to put myself in that position.

1328. You told us that in the Australian trade, one of your principal objections to a conference, as at present worked, was that they gave these special rates—and you quoted heavy chemicals—but that they did not reduce the rates generally?—Yes.

1329. Is the Commission to understand from an answer that you gave to a subsequent question, that that only applied to the previous state of affairs, or does it apply to the existing and present state of affairs?—They still give the preferential rates for heavy chemicals in contract quantities.

1330. Without letting you know?—Not without letting me know, because we do know.

1331. I mean without letting all the people in the trade know?—I believe so. They let the Australian Merchants' Association know; but my own firm, for instance, found it out by complaints from the other side.

1332. If action of that nature ceased, one of your great objections to the present régime would be removed, at least so I gather from your evidence?—One of them; but I object to the system of deferred rebates.

1333. I understood that?—I cannot see any defence for the deferred rebate system.

1334. (Professor Gonner.) I take it that your view is that all arrangements between the shipowners on the conference lines, and the shippers of goods should be definite and precise?—Exactly.

1335. You object to the vagueness which characterises them at the present time?—Yes.

1336. I do not know whether these arrangements are ever committed to writing in any form?—No, they are not.

1337. Then the shipowner practically does not give any guarantee to perform any particular service; it is merely an understanding?—It has got to an understanding now.

1338. Do you think it would be much more satisfactory if the understanding were embodied in some form of agreement?—Yes.

1339. Whether you had such a system as you describe, or whether you had the present system, you would like to have the thing definite and precise?—Yes, but I object to the rebate system.

1340. I realise that; but, at any rate, you would like it definite?—I would like an agreement; I think that would be more satisfactory both to the shipowners and to the merchants.

1341. With regard to the Australian freights, has there been any reduction in freights to Australia, owing to the fear of outside competition, either the presence, or menace, of outside competition, at any time—within your experience?—When outside competition has taken place, freights have been reduced.

1342. That has taken place within your experience?—Yes.

1343. Have the freights after competition has been withdrawn, sprung back again?—Almost immediately to what is reckoned the normal level.

1344. Has there been what one may call a more or less permanent reduction of freight?—No.

1345. The level has been very much the same then?—Practically.

1346. Now I come to the question of the agreement which you suggest, but which I did not quite understand. Is the agreement to be, as it were, between the conference lines and the combination of merchants?—No; it would have to be made with the individual.

1347. But it would be a common form, I suppose?—Yes.

1348. The form would be agreed upon between the combinations?—Exactly so; it would be agreed to between the combination of merchants and of shipowners.

1349. And only the details and the signature would be individual?—Yes.

1350. It is essential, of course, to such a condition as that, that you should have a combination among merchants?—Yes.

1351. In order to settle the agreement?—Exactly so.

1352. We have had such differing evidence as to the possibilities of that. Do you think it is possible to secure a combination among the merchants and shippers?—Yes.

1353. Would there not be too much jealousy or points of mutual difference between them?—I do not think there ought to be.

1354. Do you think it practicable?—I think it should be practicable.

1355. Has there been any approximation among merchants for this purpose? You have mentioned the Australian Merchants' Association; does that aim at relationships with the shipowners?—Yes.

1356. It was founded for that purpose, was it?—I do not know that it was founded for that purpose exactly, but it was founded for the protection of the Australian and New Zealand trade.

1357. Good relations with the shipowners would be one form of protection, of course?—It is chiefly the relations with the shipowners that come into consideration.

1358. Does it embrace most of the houses dealing with Australia and New Zealand, or a large proportion of them?—It embraces a great many of the larger firms.

1359. But it has not become universal, or nearly universal?—No, unfortunately not.

1360. It would be much stronger, if it were universal?—Yes.

1361. There was a question which another Commissioner asked, I think, upon that. Of course, it is quite conceivable that if you had a very strong combination among the merchants, acting in conjunction with a very strong combination among the shipowners, the price of the article shipped might be high. I understand you do not agree, and that you think the merchants would always keep the prices moderate even when in combination?—Yes, I certainly think so.

1362. Has it not always been the argument of parties acting in combination, that their interest has always been to reduce the prices of commodities?—To reduce the prices?

1363. I have heard of several trusts and unions which have been formed, and I have been told that their object was to reduce the prices of commodities?—I think that, perhaps, the shipowners and the merchants are not exactly working for the same end, and, therefore, you would get between the two a fair arrangement, provided you have a strong combination on each side. That is my opinion.

1364. Then you trust to what we might call internal dissensions within the monopoly in order to secure a reasonable price for commodities?—Yes, that is my opinion.

1365. The point, which it struck me, you were aiming at was this—you are advocating in your evidence a system whereby at some point of time the merchant would cease to be bound by an agreement?—Yes.

1366. At present, I suppose, the system of deferred rebate is a very subtle device whereby he is permanently bound?—Exactly so.

1367. So there is never any point of time at which he can get free from the system, without losing a large sum of money?—Exactly so.

1368. Is that your chief objection to it?—That is my chief objection. By that means the merchants are more or less in the power of the shipowner.

1369. That is exactly the point. It is not because the shipowner is using a large amount of money which some people describe as the merchants' money, and others describe as the shipowners' money—I think that is quite immaterial—but it is because the merchant is never free?—Yes.

1370. And never gets free?—That is my chief objection to the system.

1371. I gather that the shipowners consider that in such case they would suffer, because there would be a time when the merchant would get free?—Yes, certainly.

1372. There would be a moment at which, of course, the merchant would be free to make new arrangements?—Yes.

1373. But at present there is not?—No.

1374. (*Captain Collins.*) You do not consider that the deferred rebate forms a proper part of the freight charge—at least, I understood you to say so in answer to some previous question; but you consider it an excess charge tacked on to the freight; is that it?—That is what it practically amounts to.

1375. You referred to preferential rates; am I to understand that there are no secret rebates, and that you have no knowledge of any secret rebates or of any preferential or increased rebate being given secretly to any firm?—No, I do not know of any such system in the Australian trade.

1376. Do you know whether the system of rebate applies to cargoes from Australia to England, as well as from England to Australia?—No, I do not know. We do not do any import trade.

1377. You do not know anything of the operation of that trade?—No.

1378. Do you know whether the combination or the conference admits of merchants chartering vessels to Australia for their own goods? Could you charter a vessel, and load her by yourself, supposing you had enough?—I should say not from any British port—at least, not without sacrificing your rebates.

1379. You do not know whether they include that in the conference?—I do not think they would repay you your rebates if you chartered a ship and loaded it at a British port, even with your own goods.

1380. (*Chairman.*) Do you know for certain that that is so?—I am not certain about it.

1381. In the South African trade that is the case, and the shipowners there do allow it?—I was not aware.

1382. (*Mr. Lawrence.*) And it does not affect the rebate?—I have never heard of it in connection with the Australian and New Zealand traffic.

1383. (*Chairman.*) You have had no experience of it?—No, I have had none.

1384. (*Captain Collins.*) I notice in a communication from New South Wales these words: "Supposing a Colonial house has 1,000 tons of cargo to ship to an Australian port, and he takes independent action and charters a vessel away from the combination, then a vessel will be placed on the berth in opposition by the combination, who will reduce freight rates and suffer temporary loss to force the merchant to desist from direct chartering." You do not know anything about that?—No, I do not.

1385. (*Sir Alfred Bateman.*) Do I understand that you are a member of the Australian Merchants' Association?—Yes. I am a director of that Association, but I do not come here to represent them in any way.

1386. Do they often meet?—Yes; on an average, about once a month, I should say.

1387. Do they communicate with the shipowners?—We have communications with the shipowners, when there is anything that we think needs a conference.

1388. Do not the shipowners communicate to them the classification of goods, and the freights that they

charge?—No, but they have agreed now, if they give any special rates, to communicate those. That is a recent thing.

1389. They have agreed to communicate them in the future, you mean?—Yes, in the future; but in the past they have not done so.

1390. Was not the instance you gave of a lower rate for heavy chemicals caused simply by a re-classification?—I do not think so.

1391. In your trade have you not had a classification—Class 1 so much, Class 2 something less?—Yes.

1392. Does that not exist now?—That still exists; but if firms make a contract for a certain quantity of heavy chemicals to be shipped during a certain period, they get reduced rates.

1393. Then there is a classification, but it is not always adhered to?—Exactly so. It was not in that instance.

1394. You have not brought with you any forms, or bills, or documents of any kind, to show your relations with the shipping companies, have you?—No.

In your business I do not know whether you have got forms of agreement, but, I think, you have some forms which you get from them when you claim a rebate?

(*Chairman.*) Do you claim a rebate?

1395. (*Sir Alfred Bateman.*) Or do they pay it without your claiming it on the freight that you have paid for the goods that you have shipped?—That is a part of the business that I have not done personally myself. I think they give you particulars, and you claim the rebate then.

1396. But you have never seen such particulars?—No.

1397. And you do not know, in fact?—That is so.

1398. In the third paragraph of your Memorandum of Evidence I notice you state that your chief objection to the deferred rebate is that it gives to the shipowners undue power by supplying them with large sums of money; would your objection be removed or lessened if those rebates were paid into third hands, to be kept till they were either to go back to the shipping company or to come to you?—I do not see that that would be any great advantage.

1399. You speak as if there was an agreement that you should supply the shipping conference with these large sums of money?—Of course they have that advantage, but that is not my chief objection to the system of deferred rebates.

1400. Your chief objection is the power it gives them over you?—Exactly so.

1401. Have you any statistics to show any loss or divergence of trade to Australia from this country, either to the Continent or to the United States, caused by lower rates from the Continent or the United States?—No; I have got no statistics.

1402. Do you think you have lost trade by these lower rates from the United States or from the Continent?—Personally I have not from the United States. I think in answer to one of the other Commissioners I said I did not do American business; so personally I have not lost anything there. But since the German low freights, no doubt to a certain extent we have lost trade through them.

1403. Still, you cannot give us any statistics which would show a comparison between the year when the freights were the same, and the year when the freights were reduced on the Continent?—No, I have not got any statistics. It is only the goods that you can buy cheaper in England which can be shipped to more advantage from the Continent at these lower rates of freight.

1404. (*Chairman.*) Is there no written agreement between the shipowners and the merchants?—No.

1405. And the shipowners have not issued any circular containing the terms on which they would return the rebate, have they? There is no circular, is there?—Not now. When the conference to Australia was originally started, I believe there was an agreement signed as well.

1406. How long ago was that?—I am afraid I do not remember that. As long as I have been doing business, the conference has always existed. I should think it is about 25 or 26 years ago, or perhaps a little more.

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1407. There is one question I have been asked to put to you : You spoke about the distinction between primage and rebate ; will you explain that to us? Have you a bill of lading here which shows that?—No ; I did not bring any papers with me.

1408. The bill of lading would mention the freight, I take it?—It does not in every instance.

1409. The bill of lading generally mentions the freight, does it not?—No ; generally it does not mention the freight in the Australian trade.

1410. Where is it mentioned?—We have a separate freight account.

1411. (Lord Inverclyde.) The ship's manifest, I suppose, shows it?—Yes.

1412. And the accounts are made up from the manifest?—Yes.

1413. (Mr. Lawrence.) Is there nothing on the bill of lading to state what the rate of freight is, or what price is charged for the carriage of the goods?—As a rule, speaking from memory, I think it is not mentioned, unless you are only shipping a few lines ; if you are shipping various articles I do not think it is mentioned.

1414. (Mr. Owen Philipps.) The freight is paid in England, is it not?—Yes.

1415. (Chairman.) The freight is prepaid, then?—In our own instance it is, and I do not think many firms pay it on the other side, because there is an extra rate if it is paid on the other side.

1416. What does the freight which the shipowners get consist of? Does it consist of what may be called the net freight, and then of primage and rebate?—Yes.

1417. What does the primage amount to ; what is it per cent.?—Ten per cent. on steamers and 5 per cent on sailers.

1418. And the rebate?—That is 10 per cent.

1419. So together it is 20 per cent.?—No, one is added and one is allowed.

1420. Which?—The primage is added.

1421. Is the primage 10 per cent.?—The primage is 10 per cent.

1422. That is added?—That is added to the freight.

1423. What does the rebate amount to?—That is 10 per cent.

1424. (Lord Inverclyde.) But you get the primage back?—Half of the primage is paid back, I think.

1425. (Chairman.) Half of the primage is paid back immediately, is it not?—Yes, I think so. It is paid back at the time of paying the freight.

1426. So it is a kind of discount, and really what is left is 15 per cent.?—No, only 10 per cent.

1427. Will you just explain it? The primage is 10 per cent., of which 5 per cent. is returned?—Yes.

1428. And the rebate is 10 per cent.?—Yes.

1429. Five and ten make fifteen?—Yes, but the shippers never get the 5 per cent. of the primage back ; they never get the whole of the primage refunded.

1430. (Professor Gonner.) Is the whole of the 10 per cent. paid, or is part of it a discount which is not paid?—Part of the primage is paid, yes.

1431. Is it paid by the shipper at all?—It is refunded at the time the freight is paid.

1432. (Lord Inverclyde.) Take a rate of 40s. ; what you really pay would be the 40s. rate, then you would pay 5 per cent. primage?—Yes.

1433. Then in six months you get 10 per cent. off—off what? Off the 40s.?—Yes ; off the 40s.

1434-5. (Mr. Lawrence.) Plus the primage?—No ; off the nett freight.

Mr. FREDERICK DYER, called and examined.

Mr. F. Dyer,
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1436. (Chairman.) I think you have been nominated by the South African section of the London Chamber of Commerce to give evidence before us?—Yes.

1437. You have been good enough to furnish us with a memorandum of the evidence you propose to give, and that Memorandum of Evidence, I understand, has been laid before the South African section of the London Chamber of Commerce, and has been approved by that section?—Yes.

1438. You are the chairman of Dyer & Dyer, Limited, and you have been in the Cape trade since 1859?—Yes.

1439. You have resided and carried on business in the Colony for 30 years?—Yes.

1440. And since 1889 you have carried on business in London?—Yes.

1441. You tell us the rebate system was first introduced into the Cape trade in March, 1886?—Yes.

1442. And was started on the lines of the Calcutta Conference, which appears to have been the origin of the shipping conference?—Yes.

1443. Can you tell us anything about the Calcutta Conference ; we have not yet heard anything about it?—I am not quite sure, but I think I have something here in reference to it.

1444. I only want generally to know what the Calcutta Conference was?—I have here an extract from an article which appeared in the "Syren" some time ago in reference to the Calcutta Conference. I believe it was the first time that we ever heard about a conference of shipowners to protect themselves as against freighters. The paragraph that I refer to says : "The fight and drop in rate commenced. From 50s. per ton the rate fell to 30s., and perhaps 20s., before the opposition boat sailed. All merchants who had shipped the previous week at 50s. found their goods depreciated abroad ; others, tempted by a low rate, shipped more goods than were required or ordered."

1445. What was the date of that?—I think it was in 1884 or 1885, but I could not be quite sure on that point. I really do not know whether this statement is quite correct ; I think it is myself. So far as I know the statement has never been challenged as it appeared in the "Syren," which was a paper devoted to shipping matters.

1446. You think the idea of the Calcutta Conference can be gathered from that document?—Yes, I think so.

1447. That document you will put in?—I can put it in. It is just an extract.

1448. Then you say the rebate on the homeward cargo was not allowed till 1887, and that 5 per cent. was then the rate?—Yes.

1449. You go on : "Towards the end of 1891 serious opposition was offered as against the then existing lines by Messrs. Bucknall Brothers, and in view of this threatened opposition a deferred rebate circular offering 10 per cent. was issued on the 9th of January, 1892." When you say "offering," do you mean "requiring"?—It was offered, because shippers were quite at liberty to take it or not.

1450. That is what you mean?—I mean that in that way it was offered. If we did not take it, we lost our rebate, and we were free to ship by other steamers.

1451. Then you go on to state what we have heard before, namely, that there are seven British companies associated with this rebate system, and that it also applies to two German, one Swedish, and one Danish line regularly trading to South Africa?—Yes.

1452. Then you say, "There is considerable traffic from New York to South Africa, but freights by the steamers engaged in this traffic are not now subject to rebate"?—That is so.

1453. Now I will ask you a question as regards that last paragraph. Do those steamers carry regularly, do they advertise the days when they will sail, and do they sail on those days whether full or not?—I really could not tell you that. They advertise, and, as far as I know, they sail on the day that they say they will go.

1454. You have not heard of any complaints of the service from New York being irregular?—I have heard of none.

1455. Do you think you would have heard of them, if there had been any complaints?—We ship goods in most of the steamers that go to South Africa, to East London more particularly, and I have had no complaints from our people on the other side.

1456. Have the rates of freight from New York varied very much during the last two years or so?—I do not quite know about the last two years, but they have varied considerably, and I think I say a little later on in the Memorandum, how very much they have varied.

1457. Have they varied more frequently than the rates of freight from England?—Yes.

1458. Do you think that it is the system of rebates which has occasioned this maintenance of freights from England?—I do.

1459. Then you go on to say, "There is no rebate on timber carried by the Swedish line"?—That is so.

1460. "That the rebate system obtains with all the regular lines to the Eastern and Colonial ports"; but then there is a difference in the case of the Cape trade, which you point out, because there "the deferred payment extends to nine months, computed every six months, namely, on the 28th February and the 31st August"?—Yes.

1461. In most of the others, as in the other case, the rebate is paid in six months?—Yes.

1462. And in one or two instances within a shorter time?—Yes.

1463. I want to get these facts in order of date. I dare say you can carry back your mind to the period, to 1892?—Yes.

1464. I dare say you know that on March 2nd, 1892, there was a meeting of African merchants held in London, of which Sir Donald Currie was the Chairman?—Yes.

1465. At which a resolution was passed for the appointment of a committee of merchants to confer with the conference lines as to the rates of freight and other matters?—Yes; I have got a copy of the proceedings of that meeting.

1466. We have got that also, thank you, but I want to get these facts in order of date. Then in October, 1892, certain resolutions were passed by the merchants' committee which were presented to the shipowners?—Yes.

1467. Mr. Soper, who was giving evidence here, has given us a copy of those resolutions. Certain negotiations then took place between the merchants' committee and the shipowners?—Yes.

1468. And those also have been put in by Mr. Soper?—I believe so.

1469. Then on March 9th, 1893, an arrangement was come to which is known by the name of "The Compact"?—Yes.

1470. That also Mr. Soper has put in. As regards the compact of 1893, I see you say in your Memorandum of Evidence, "By a compact made between the conference lines and the merchants, it was agreed that the conference should at all times maintain a sufficient number of sailings and at fixed rates of freight, and that each steamer should sail on the advertised date. (But it was understood that the system should not interfere with any firm chartering a steamer on its own account to carry only the goods of that firm. This freedom of action, however, has rarely, if ever, been operative, mainly owing to the inadvisability of one firm dumping down in the Colony a big cargo of miscellaneous merchandise all at one time.)" By that you recognise that it would be very inconvenient for a merchant to fill a steamer with goods of his own?—Yes.

1471. And, therefore, although he was at liberty to do so, he has not availed himself of that liberty, because it would not be profitable or expedient for him to do so?—That is so.

1472. Freight rates have really varied a good deal since 1894, have they not?—They have varied a great deal in the Cape trade; very lately indeed there have been some minor changes, but they are very small things.

1473. There have been changes of rates and classifications which have not been extensive, you say?—They have not been extensive.

1474. They have been made from time to time, but they have been made after consultations between the Merchants' Committee and the lines generally?—I cannot remember one instance where they have been changed in consequence of the merchants discussing it with the steam lines.

1475. Those changes have not been the result of negotiations between the Conference Lines and the Merchants' Committee, have they?—As far as I know, they have not been. There was one change made when we first met the steam lines with reference to the freights to East London. So far as I know, that is the only case. It was pointed out to them that the proportion was not fair, and they gave way to a certain extent on that. That is the only case that I remember.

1476. Have there been many meetings between the Merchants' Committee and the Conference Lines?—Yes, there have been a good many since 1892.

1477. But not many changes brought about by means of those Conferences?—Not many changes.

1478. That is to say, the shipowners have stuck to their own views?—As a rule they have done.

1479. I mean generally?—As a rule they have.

1480. To go on to the facts in order of date, on January 27, 1898, there was a meeting of the Merchants' Committee and of the Conference of steamship owners?—Yes.

1481. At that meeting a formal agreement between the shippers and the shipowners was adopted?—Yes.

1482. That has been put in by Mr. Soper. On the same day the shipowners issued a circular to which you refer in your memorandum of evidence in the following way: "When the rebate system was first inaugurated it was understood that a buying and shipping agent in the United Kingdom became a principal so far as the claiming of rebate was concerned, i.e. if he consigned to 'several marks in South Africa'—is that right, 'several marks,' should it not be 'several firms'?—They are generally called marks in the trade. It really means several firms or several consignees, but it is usually put in that way when we are writing about things of that kind.

1483. "If he consigned to several marks in South Africa and one of those constituents proved disloyal to the Conference Lines, the rebates on the whole of his consignments—not only to the disloyal constituent, but to all the others—would be forfeited. By an agreement in 1898—that is the agreement I have referred to as having been put in—it was laid down that the disloyalty of one consignee should not render the loyal consignees liable to forfeit their rebate." Is that quite right, "that the disloyalty of the one consignee should not render the loyal consignees liable to forfeit"—ought that not to be "consignors"?—No, "consignees," because the consignee eventually gets the rebate from the shipper. The shipper draws it from the company, and then credits it out of the consignee.

1484. "It was understood, moreover, that the Conference Lines could then charge any such disloyal shipper a higher rate of freight on goods subsequently shipped as well as withhold payment of rebates already accrued." That is the agreement of 1898?—This agreement of 1898 did away with that to a certain extent, and only the disloyal man suffered and not the others.

1485. You know that the Chambers of Commerce in South Africa, and the merchants in South Africa, very strongly object to the system of rebates?—Yes, I know.

1486. Do you know why they object?—It is quite impossible to say. I have read a very great many reports about what has been said, and all that kind of thing, but I have never been able to get at the real inwardness of it.

1487. I do not know whether you would assist me on this point. There are really three possible cases, are there not? For instance, you may be selling goods to merchants in South Africa?—Yes.

1488. Or you may be consigning goods to merchants in South Africa for sale, which is the second case?—Yes.

1489. And the third case is that you may be buying for South African merchants and forwarding the goods to them, you acting as the agent for the South African merchants?—Yes.

1490. Those are three possible cases?—Yes.

1491. Now we have been trying to obtain information on these points, and what we should like to know very much would be the form which the transactions take in those three cases. Let me take the first case. Suppose you are selling goods to the South African merchant, or to a merchant in South Africa, and shipping them on his account; would that be on the terms of c.i.f. generally,

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Mr. F. Dyer. or f.o.b.?—A merchant does not do very much of that ; it is generally the manufacturer who does it, or the people who manufacture the goods and take orders direct from the merchant on the other side. That is a sale on an order from the other side.

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1492. Is the freight generally pre-paid?—Always, except by sailing vessels. By sailing vessels sometimes it is left.

1493. We will talk of steamers now?—I understand you do not speak of sailing vessels now.

1494. You say the freight is always pre-paid ; what is the freight now ? Just give me a figure which I can deal with ; take any case?—By a Union-Castle Line mail steamer the rate to East London is 53s. 9d. first class—this information I believe is quite correct—the second-class freight is 40s. The mail steamers take no third-class or fourth-class goods now. By the intermediate steamers, which are steamers that would not carry the mails, the rate is cut down on first-class goods to 48s. 9d., and on second-class goods to 38s. 9d. Then the intermediate steamers carry third-class and fourth-class goods at 32s. 6d. and 30s. respectively.

1495. I take the freight of 53s. 9d., which is the first figure you gave me. Who pays that freight, the shipper?—Yes.

1496. In all cases of course?—Yes.

1497. Does he get a receipt for it?—Yes. A freight note is made out by the steamship owner, or whoever the agent is that works the ship, and it is sent in on the Monday morning after the vessel sails on the Saturday, as a rule.

1498. Have you a copy of a freight note here?—I am not quite sure whether I have a freight note with me, but I have got an invoice. Anyhow, I could easily furnish one.

1499. We should be obliged if you would?—I will furnish one with the amount, the names being left out, of course.

1500. Keep to the figure of 53s. 9d. always. Then there is the freight note?—I have not a freight note with me, but I have got nearly all the others.

1501. The freight note you mention is "Freight " 53s. 9d."?—Yes.

1502. Then you send the invoice to the merchant in South Africa?—Yes.

1503. Does the freight note refer at all to the rebate?—No.

1504. It simply mentions the freight?—And the primage.

1505. How does it mention it? Just tell me. Does it say, "Freight and primage 53s. 9d.," or what does it say?—It says so many tons, so many cwts. or feet, at so much per ton; and that is extended. If there are more lines than one, for instance, if there are first-class goods and second-class goods (if you take the mail steamers), that is also extended; the total is made up, and then 10 per cent. is added at the foot. That is the primage, and that has to be paid for, or it is supposed to be paid for by a cheque.

1506. It has to be paid for, at any rate?—Yes.

1507. That is freight and primage, therefore?—Yes.

1508. Is any part of that returned? In some trades we have heard that 5 per cent. is returned; is that so in the South African trade?—No, it is not returned until nine months after the account is made up, at the end of six months, in the Cape trade.

1509. That is the rebate?—Yes.

1510. (*Lord Inverclyde.*) Is the primage never returned?—No. It is called a rebate on the freight. Nothing is said about the primage, except that they take it. It is the usual thing.

1511. (*Mr. Birchenough.*) Is 10 per cent. deducted from the freight and the primage?—No, I think it is only deducted from the net amount of freight, but I really cannot tell you, as I am not quite sure about that. I think the 10 per cent. is deducted from the net amount of freight and not the gross amount that one pays, but I should not like to be quite certain. It never occurred to me to inquire.

1512. (*Chairman.*) But you would be able to supply us with that information, would you not?—I could supply it, certainly.

1513. What we should like to have, and what we should be very obliged to you if you would furnish us with, would be these documents—a freight note and an invoice?—I will let you have those.

(*Mr. Birchenough.*) Could Mr. Dyer furnish us with a *pro forma* statement, an imaginary but representative statement?

(*Chairman.*) That is exactly what I meant.

(*Mr. Birchenough.*) With the subsequent transactions showing the return of rebate, taking a six months' account.

(*Chairman.*) Yes, without mentioning any names, you know?

(*Witness.*) Certainly; I can do that.

1514. (*Sir John Macdonell.*) Can you take a typical case?—Yes.

1515. (*Chairman.*) So that that will show the form which the whole transaction assumes from beginning to end?—Yes.

1516. I should like to go on to one or two questions at this point, if you will allow me. There is a freight note which states 53s. 9d. and 10 per cent.?—Yes.

1517. Now, may I suppose that you are selling these goods to a firm in South Africa? Then you send that form of invoice?—Yes.

1518. What does that invoice state—the price?—I have got one here. I have got an exact copy of one for the goods shipped to my own firm there, and also a copy of one for other goods shipped to the Harbour Board. I think it is, of East London, or to the Town Council of East London; so one is our own affair, and the other we are acting as agent for. Do you want to know how it is entered?

1519. We will take those documents to be put in. I should like to know from you what is the form of it, and what you put upon it?—First the mark on the packages is given in the margin, then the numbers of the packages, then it says what are the contents—for instance, 48 cast-iron oblong hydrant covers—then it gives you the weight and so on, and the price, the cash discount being taken off. Then the freight is charged.

1520. Now, what is that freight?—The freight in that case is 38s. 9d.

1521. Is that the freight mentioned in the freight note?—Exactly the same, and the 10 per cent. is added on to that, *i.e.*, the primage is added on and shown on the invoice.

1522. Just as the freight is?—Shall I pass it up? It is a very simple thing. I had two small ones sent down, as I thought you might like to see them.

1523. Is it the same figure as is in the freight note?—Exactly the same. That is the freight, and that is the primage.

1524. That is what you find, I suppose, in the freight note?—That is what you find in the freight note.

1525. I am very much obliged to you for making that clear to us. Who claims the rebate?—We do.

1526. (*Sir John Macdonell.*) That is the shipper?—The shipper.

1527. (*Chairman.*) Do you send a letter?—No, we make it up on a form like *this*. *This* contains the whole of the particulars.

1528. After what period?—This is made up six months after. If we begin shipping in January, this is made up to the end of June, and then nine months after the end of June we get the money.

1529. I see that applies to a great many shipments?—Yes, it does.

1530. In fact, to all the shipments made during the period of six months?—Yes. I think, if you will look at this bill of lading that I have here, that will show you what a tremendous lot of lines, as we call it, go out in one ship. It all has to be detailed on the bill of lading—every article, or every bunch of articles, as it were.

1531. (*Mr. Lawrence.*) Because they come under different classifications?—Yes. The freight note shows what these classifications are. That, for instance, is £100. It is worked out on the bill of lading in the manner that you see, but the detail of the cost of each different article is not put on the bill of lading, nor the price.

1532. (*Chairman.*) Where is the rebate mentioned?—The rebate is not mentioned at all until it is collected,

and then, when it is collected, a credit note is sent, like that, to the consignee.

1533. What do you mean by saying that it is collected? Who collects it?—We collect it. We send the shipowners that, and then nine months after they send a cheque for the total amount of what we claim. Then it is dissected, and a credit note—for instance, here is a credit note—is given. On this you will see “£48”; that is for one item. You referred to the term “marks” just now; these are the “marks.” We do not put the name of the firm there. This shows the total of our own shipments to our own people or their constituents. That is the amount collected and dissected, and a credit note like that is sent out at the end of nine months. When we have collected the money from the shipowners, then it is credited out.

1534. (Lord Inverclyde.) To the various bodies of merchants?—To each party; all is sent out.

1535. (Chairman.) You get from the shipowners these amounts?—Yes. Here is one showing the total amount to one firm of £500. This gives all the details. It is worked out by the shipping clerk. I had that taken out, because I thought perhaps it might be interesting. It has been only done in pencil, and then checked, but that is an exact copy of what we keep in the office. When this is made up and sent in, we keep a record of it like that, so that we can tell to whom each sum is allotted. It is all dissected, as I have said, and each mark, as we call it, gets credit for the particular amount that is due to it.

1536. You have told us that you have sent invoices to the South African marks?—Yes, and the invoices are like that.

1537. (Mr. Lawrence.) Do you charge them a commission? Is that a custom of the trade? I see that 2½ per cent. is charged here?—That is the custom of the trade.

1538. (Lord Inverclyde.) That means that off the rebate the merchant keeps 2½ per cent.?—Yes, when we collect it.

1539. (Mr. Lawrence.) That would be for the trouble of collection?—Yes. We have to do all the collection.

1540. (Chairman.) You give that firm, or that mark, credit for the rebate less that?—Yes.

1541. Is the merchant in South Africa, the consignee, in all cases credited with the rebate?—I should think so. So far as my own firm is concerned, he is in every case. I think he is in all cases, most distinctly.

(Chairman.) It is very important for us to see that document.

(Mr. Birchenough.) It is a very important thing for the Commission to have before them, because it shows the nature of the various interests concerned.

1542. (Chairman.) May I take it that in all cases of freight the shipper gets the 10 per cent., and in all cases he pays over to the consignee that 10 per cent., minus the commission?—Certainly.

1543. (Mr. Birchenough.) You have no doubt about it at all?—I have no doubt about that.

1544. At any rate he ought to get it?—He ought to get it; there is no question but that he ought to, and I believe it is done. There may be some isolated cases where it is not done, but still I should say it is done generally. No firm of any respectability would think of withholding the rebate.

1545. (Chairman.) So that you do not think that the aversion of the commercial people in South Africa to the system of rebates, is due to the fact that they do not get the rebate paid to them?—I do not think that is so now, but I can conceive that when this system was first inaugurated some of the up-country firms did not receive the rebates. But I cannot speak to that from my own knowledge, as I do not know.

1546. So much for the earlier period, but do you think that the objection, which you know strongly prevails in South Africa, to these rebates is due to the fact that, generally speaking, the merchants in South Africa do not get paid these rebates?—No, I do not think so.

1547. (Mr. Birchenough.) That kind of feeling dies hard, does it not?—Yes, very hard.

1548. And you hear the echoes long after it has ceased to exist, do you not?—Yes. My own opinion is that the opposition is due to the feeling that the rates of freight are too high, and I believe they think that they would do better in a free freight market.

1549. (Chairman.) To sum up what you have just told us, in all cases the shipper pays to the shipowner the freight, plus 10 per cent. primage, and that amount is mentioned in the freight note, and also in the invoice which the shipper sends to the consignee in South Africa?—That is right.

1550. The shipper collects the rebate and credits the merchant in South Africa with that rebate, less 2½ per cent. commission?—I do not know about that. That is what we do, but others may charge 5 per cent.

1551. Shall we say then “less a commission”?—Less a commission for collecting.

1552. (Mr. Birchenough.) Less an agreed commission?—Yes.

1553. (Chairman.) Of course you pay that sum to the merchant in South Africa after you have received the return of the rebate from the shipowner?—Yes.

1554. We are very much obliged to you for having made that point clear?—I hope that I have made it clear.

1555. Were you a member of the Merchants' Committee at the South African Shipping Freights Conference which met in London in December, 1905?—I think so. I have been on the Committee ever since it was first started.

1556. An attempt was made, was it not, by the delegates at that Conference to induce the Conference Lines to reduce the freights?—Yes. I am not quite sure that I thoroughly understood your previous question or to what you were referring. I remember now. You were referring to the meetings that took place when Mr. Jameson was here, and the delegates from South Africa. I was one of those who were appointed by the Merchants' Committee to attend a meeting of that Conference. Six of us went, I think.

1557. So I gather from the Blue Book. At that Conference the delegates tried to induce the Conference Lines to reduce the freights, did they not?—That is so.

1558. Did you succeed in obtaining some concessions?—I only attended one of the meetings. Mr. Soper for the Merchants' Committee, and Mr. Mosenthal for the South African section of the London Chamber of Commerce, attended all the meetings. It was not necessary for any others of us to go. Some concession was offered, but it came very late as far as I understand, and it was not considered to be enough.

1559. I want to direct your attention to some part of the evidence given before us by Mr. Soper, who was the chairman of that Merchants' Committee, was he not?—Yes.

1560. Mr. Soper says, “If, on the other hand, the “rebate system is retained, the following conditions “must be secured:—Reasonable rates of freight; “modification of the terms of the rebate system inclusive of adequate protection; the abolition of pre-ferential contracts; dispatch of steamers on fixed “dates; undertaking by shipowners not to take cargo on “ships' account, except coals to fill up; new classification of goods and at the reduced rates of freight; and “the system of arbitration defined above to cover all “points in dispute.” That is Mr. Soper's view?—I quite agree with him. I also think that some modification has to be made with reference to the differential freights now charged at the different ports. I should not like to say what direction that should take, but I think that when the whole thing is gone into, that is one of the matters which should be taken up. On several occasions it has been mooted, but it has never come to any satisfactory conclusion.

1561. Do you agree with that part of Mr. Soper's evidence?—I quite agree with that.

1562. Do you think the system of rebates acts injuriously, unless those conditions are complied with?—I think that more particularly the question of the arbitration of disputes between the shippers and the shipowners should be very clearly laid down. What I mean is, that in any future agreement which is made, the arbitration clause should be very strictly enforced, as it were, and that that should be one of the points that we should maintain right through.

1563. That arbitration should be made compulsory?—Yes.

1564. That you consider very important?—I think it is a very important point indeed.

Mr. F. Dyer. 1565. Is that partly because the system of rebates places, to a certain extent, the merchants at the mercy of the shipowners, in your opinion?—Yes. We are in that position. It is very difficult indeed to see how one can act independently while this rebate system is in vogue, unless one is prepared to lose all one's accrued rebates.

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1566. So that, in your opinion, the system of rebates, to a great extent, restricts the freedom of the merchants to make terms with the shipowners?—It is rather difficult to answer that question. One does not like to lose the rebate, and a shipper must not lose sight of the fact either that he acts more or less for other people on the other side, and if he loses it here, he cannot give it to the consignee on the other side. So that altogether it is very difficult to say how one can advocate any other system than the rebate system if you are to keep trade in regular grooves.

1567. Then you would prefer a rebate system with an arbitration added to it?—Quite so; and the other points that Mr. Soper has mentioned.

1568. When you speak of reasonable rates of freight, what do you mean by that?—I think the freights to the Cape, considering the distance the goods have to be carried, should bear relatively some proportion to the freights which are paid to, say, Australia. For instance, the Australian rates are just about the same as we now pay to the Cape, although the distance is pretty nearly double. We have always contended that the rates to the Cape are relatively too high as compared with the rates to other countries.

1569. Do not shipowners say that the return cargoes are extremely uncertain and inconsiderable there?—They do.

1570. Is that true?—That is true, to some extent.

1571. But still, notwithstanding that, you think the freights too high?—I do.

1572. Even taking into account that fact, you consider the freights too high?—Yes. I think the Merchants Committee has always contended that the rates to the Cape are too high.

1573. As regards preferential contracts, I suppose you do not deny that if a Colonial Government or municipality undertakes to ship a very large quantity of goods, then the shipowners may reduce the rate of freight to them, do you?—My own opinion is, that they ought not to do it. They have said, on more than one occasion, "If your firm can give us a thousand tons in one steamer, we will make a certain reduction." If they said that to the Government, well and good. But I do not see why the Government should get lower rates than the merchant shipper, because if the shipowner cannot afford to carry Government cargo cheaper than they can carry merchants' cargo, at some time or other the merchant has got to pay for any loss that is made on the Government cargo. It is quite true that, in the case of rails and other unperishable articles, a reduction might be made, and, perhaps, ought to be made; but I think to take the thing right through and say, "We will carry Government cargo at 15s., and we will charge the merchant 25s." is not fair—it is not fair to the trade of the country.

1574. Do you think that the ordinary freight has been higher by reason of the fact that the shipowners have demanded a less freight from Colonial Governments in the past?—No, I could not say that.

1575. Not?—I could not say that.

1576. Then what is the evil?—I am not dealing with the past. I would deal with the future, and say, as I have contended in more places than one, that in future the Government cargoes should not be carried at a less rate than our merchants' cargoes.

1577. Is that to prevent competition? What objection have you to it?—It is because, I think, we should be all treated alike. It was understood in that compact that we were all to be treated alike, and there was no exception made in favour of governments or of municipalities or of corporations, or of anyone else; we were all to be treated alike—that was the understanding.

1578. What harm does it do to you? I merely want to ascertain the fact?—I do not know that I can put it very clearly, but I will try. Suppose the Conference Lines have to charter a steamer, as they have had to charter over and over again, and they pay 25s. dead weight, we will say for argument's sake, and they charge the merchant 35s., but they go to the Government because they want to fill this ship up, and they say, "If

"you will give us so much, we will take it at 15s." I contend that such a proceeding is not fair to the merchants who are regular customers of the shipowners. Year in and year out they get all the cargo that has to go to South African ports. Regular customers ought to be treated just in the same way, I think, as irregular customers. Government stuff goes irregularly, and municipal stuff goes irregularly. Sometimes they have got big orders, sometimes small. It is so with the merchants' cargo, to some extent, but not to such an extent as that. I have always failed to see why a Government, supported by the public, and supported more in South Africa by the merchants than by any other class, should get a preference over the merchants' class in those shipping rings, except, as I said before, in the case of unperishable articles. Those are quite different; they do not want so much care, and so on, and there are not likely to be claims for damage. That stuff ought to go cheaper, and we have always contended that it should go 10 per cent. cheaper.

1579. As regards the despatch of steamers on fixed dates, you have really no great complaint, have you?—None whatever. On one or two occasions that has not been done, but there has been no cause for complaint. I may say that.

1580. Then Mr. Soper mentions an undertaking by shipowners not to take cargo on ships' account, except coal, to fill up; I think the shipowners agreed to do that, did they not?—Yes, they did, and I think they have stuck to it. Sir Charles Cayzer once contended that, notwithstanding the compact, he was perfectly at liberty to take cargo to fill his ships up with, but I do not think he has done it since that time.

1581. That is one of the concessions which were obtained, I think, at the Conference over which Sir Alfred Bateman presided?—Yes.

1582. The next condition is the new classification of goods, and at the reduced rates of freight. What you propose is, that if the Conference Lines and the Merchants' Committee cannot agree as to the reduction of freight and the classification of goods, that question should be referred to arbitration; is that not so?—Yes, I think so.

1583. There is now no opposition line, I believe, for the carriage of South African goods?—No, there is not.

1584. Notwithstanding all you have said, you seem to have the same difficulty as Mr. Soper laboured under. Mr. Soper said (Q. 292) that after 50 years' experience of the South African trade, he had not the slightest idea why this general, this emphatic and almost fanatical opposition to rebates, exists in South Africa. You do not understand why that feeling exists, do you?—One cannot very well put it into words. There is no doubt that, to some extent, the South African merchant would like to have some say as to how his goods should be sent to him. He has no option now. The goods are obliged to go in the Conference Lines, and he has to pay the rate those lines like to charge. There is no moving away from it, but he thinks he ought to be able to move away from it, and that if there was a free-freight market and no rebate, he would be able to get away from it. That is not the opinion here.

1585. I wish to point out that he also had the same objections which you have to the rebate system. You have a strong objection to the rebate system unless it is modified?—Yes, I have. I think the rebate system, as a system, tends to steady trade, and I do not see what else we could put in its place to do that; but I do think that the present way in which it is worked does not give the merchant in London sufficient elasticity in the way he should do his shipping business.

1586. If the rebate system were modified in the way in which you and Mr. Soper and the Merchants' Committee desire, it may be that the feeling in South Africa would be less intense?—I think so.

1587. Do you agree with Mr. Soper that unless these modifications which I have mentioned are obtained, or unless some of them are obtained, legislation will be expedient or necessary?—It is very difficult for me to answer that question.

1588. It is a difficult question?—It is a very difficult question indeed. There may be some means of the Government stepping in and deciding that some steps should be taken; but I do not see myself where it could come in very well without interfering, as I think I have said in my memorandum of evidence.

1589. Mr. Soper has referred us to you on this particular question. I find that at question 404 he is asked, "Does the rebate system apply equally or in any way to goods shipped from South Africa to England?" He answers, "I ought to be able to answer that question, but I am sorry that I do not import now; therefore, I could not categorically answer you. Mr. Frederick Dyer is going to give evidence" and he will be able to do so. Therefore I put to you this question: Does the rebate system apply equally to goods shipped from South Africa to England?—Yes.

1590. In that case, who gets the benefit of the return of the rebate?—The consignee on the other side. The rebate is collected here nine months after the account is made up, just exactly the same as the rebate on goods shipped from this side; and then a credit note is sent to the consignee on the other side for the amount collected.

1591. (Mr. Lawrence.) Less commission?—Yes, I think commission is always charged, in our case certainly it is, as we should not do work for nothing, and there is a good deal of work involved in it.

1592. (Chairman.) So that as regards goods which are shipped from South Africa, exactly the same system prevails?—Yes. Very little merchandise comes from South Africa—scarcely anything except some return thing or something like that. It is nearly all produce—wool, hides, skins, feathers, mohair, and stuff of that kind—but exactly the same system obtains.

1593. You can undertake to say that?—Yes. We are constantly getting shipments from the other side and receiving consignments.

1594. In your memorandum, you mention certain instances in which the Conference Lines have not observed the terms of the compact of 1893. "With reference to the working of the rebate system on the South African trade"—this is your evidence—"it may be said that the Conference Lines have not always acted up to the spirit and letter of the compact of March, 1893, as they appear to have granted preferential contracts to mining corporations and to municipalities, whereas it was understood that all shippers, great and small, were to be placed on exactly the same terms." You have spoken to that already?—Yes, I have.

1595. You think that no preference ought to be shown in any case at all?—I think that should be so, with the exception of Government rails, which I think it would be quite reasonable and fair should be taken at a lower rate—but nothing else.

1596. Then you go on to say, "It has also been contended that loyal shippers in the Conference Lines have not been adequately protected, notably in the case of the advent of the Houston Line in the general shipping trade to South Africa. When the Houston Line first advertised a regular line of steamers for this trade and quoted lower rates than had been current, some influential shippers took advantage of those lower rates and entered into contracts extending over a number of years with the Houston Line. It is believed that one at least of those large contracts has not yet expired, and that the Conference Lines are now taking goods under this contract at a much lower rate than loyal shippers are paying." In that case, of course, the cargo which has that preference gets an advantage over other shippers?—Certainly.

1597. You go on, "It is but fair to say, however, that for a time the Conference Lines granted certain reductions on some freight, with a view to meeting this competition, but when the Houston Line was taken into the Conference, these reductions were discontinued although some of the contracts remained in force." That is a complaint which you make?—Yes.

1598. That of course cannot be remedied by legislation, and you do not propose any legislation on account of that disadvantage, do you?—No, I do not. I think that we were not fairly met. It has been pointed out to the shipowners over and over again that loyal shippers have been under disabilities by not being able to get the same freight for their goods as these men who were disloyal to the Conference Lines and entered into contracts with Houston. That has been pointed out to them over and over again.

1599. But you have had no response to that?—No, not beyond this, that they did give the loyal shippers a reduction—I think it was so much on 20 per cent. of the cargo to the different ports—while the Houston Line was still running in opposition. The disability that one labours under now is this—if I am right in presuming,

and I believe I am right, that one of those large contracts is still running, that means that goods are being carried by the Conference Lines at a lower rate than anybody else is paying. You may say, "Why do you not take action? and why do you not go to the law?" but one does not want to go to law on these things.

1600. It is a very bad thing to do?—Yes, it is. A merchant avoids going to law on any point if he can help it.

1601. Nor am I at all sure that you would gain your lawsuit?—I am not sure; the law is a very uncertain thing.

1602. Do you think that you could get that complaint remedied by bringing pressure to bear upon the shipowners; is there any chance of that?—Pressure has been brought to bear.

1603. You have tried it?—We have tried it. We had several meetings about it.

1604. You have tried and failed?—We have tried and failed.

1605. But your great complaint is that the rebate system has enabled the shipowners to keep in hand large sums of money which the merchants do not wish to lose?—Yes.

1606. I want to direct your attention to the opinions of the Chambers of Commerce. Do you remember the memorial presented by the Association of Chambers of Commerce of the United Kingdom in 1898? There was a memorial of that association, which I think, with the exception of Glasgow, takes in all the Chambers of Commerce really, which was presented in the year 1898. That memorial stated, "That at the recent annual meeting of this association the following resolution was carried by a large majority: 'That the maintenance of shipping rings by the action of which goods are charged higher freights from British than from foreign ports is most injurious to our trade, and that the Government be urged to discontinue the payment of any subsidies to shipping lines which give preferential rates to goods from foreign ports.'" I dare say you remember that?—Yes, I remember that. I think I was there when it was passed.

1607. That memorial is set out on page 48 of the Interim Report of the South African Shipping Freights Conference, 1904. I find that the London Chamber of Commerce is one of the members of the Associated Chambers?—Yes, it is.

1608. Have you any reason to believe that the Associated Chambers have changed their opinion on this question?—I think that that was a question of subsidies more than anything else. Just at that time, a good deal was being said about the low rates from America and also from the Continent—more particularly from Germany—and I think that the members were actuated by those facts when they were drawing up that resolution.

1609. That is exactly what I wanted to make clear. The position of things has somewhat changed since that time, has it not?—I think so. For one thing, I dare say that those who were instrumental in having that resolution passed, saw that little good was coming from it, and the thing has just been allowed to drop more or less. I really cannot tell the reason, but it has not been discussed much lately by the Chambers of Commerce.

1610. The memorial says, "The excessive rates which the shipping companies are able to demand in consequence of the above action would in any case have a tendency to check the development of our foreign and colonial trade by forcing up the prices at which the goods would need to be sold, but the whole question assumes a vastly more serious aspect from the fact that the shipping companies which are in league in this country to keep up the rates, carry cargo from foreign ports and to our foreign and colonial markets at rates much less than those they charge from this country, whereby great encouragement is given to our foreign competitors in trade." That is the view which was taken then; is that a view which you know is taken now?—I have not heard any views expressed upon it just lately. There is no doubt that there was a good deal of feeling about it. I find that so late as 1903, the rates from America to South African ports were about 10s., and on the same goods from here I think the lowest rate would have been 20s.

1611. The last paragraph of the memorial strongly confirms a statement which you made about a minute ago. "It is not suggested," this memorial says, "that there is

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Mr. F. Dyer. " anything illegal in the action which the steamship companies have taken, nor is it at present proposed that the evil shall be dealt with by legislation, but it is most strongly urged that no shipping company which acts in the manner complained of is entitled to receive Government subsidy if it be possible to make other arrangements for the services which the Government require." So that that is the only remedy which they then suggest?—You see the subsidy is only granted to mail steamers, and the subsidy is granted for carrying the mails and for nothing else. There is no other subsidy that I know of that is paid to any of the other steamship companies.

1612. (*Lord Inverclyde.*) You mentioned that you consider the rates of freight to South Africa are high?—Yes.

1613. And you gave us the different classes of rates which, I understand, are according to the different classes of steamers which sail; is that so?—Yes.

1614. The slower the steamer, the lower the rate; is that what it is?—There are also going to the Cape the intermediate steamers of the Union-Castle Line, and all the other lines in the Conference carry at the same rate, with the exception of the mail steamers. What I mean is that the intermediate steamers of the Union-Castle Line, the Bucknall steamers, and the Clan steamers carry at the same rate to Cape Town, 48s. 9d. first class, and so on. There are the same rates for all classes by the whole of these steamers other than the mail steamers.

1615. Then there are two classes of steamers—the mail steamers and all the other steamers?—Yes, and the mail steamers only carry two classes of goods, the first class and the second class.

1616. Does your remark about the high rates apply to both kinds of ships?—Yes, to all classes.

1617. Even in the case of the mail steamers, you do not think the service they render entitles them to a rate as high as they get?—I think the rates are too high considering the distance which the goods are carried, as compared with the rates prevalent from London to other parts of the world.

1618. You also spoke about a subsidy, but I understand there is no subsidy in the South African trade?—Except the mail subsidy.

1619. But that is not a subsidy, is it? It is paid for carrying the mails?—Well, you may put it so; I do not mind.

1620. The mails are cargo?—Exactly. But it is called a subsidy; they speak of the mail subsidy.

1621. Is it paid by the British Government?—I think a portion of it is paid by the British Government, and a portion by the several Colonies.

1622. In your Memorandum of Evidence, you refer to an agreement made in 1893 with reference to the forfeiture of the rebate; that, I suppose, was a concession got from the shipowners, was it not?—Yes.

1623. What pressure did you bring upon the shipowners to give you that concession?—We talked the thing over among ourselves first, and then represented to the steamship companies that it was unfair because one consignee was disloyal that all the other consignees of that particular shipper from this side should suffer; and I think they saw that it was reasonable.

1624. We have been told that the merchants are so much in the hands of the shipowners in consequence of the rebate system, that they do not get any adjustment of any grievances, so I wanted to know what induced the shipowners to give way on this point?—I think they saw that it was quite a reasonable request.

1625. You say the rates of freight are too high; why cannot they also agree with you that they are too high?—I do not think two rights make a wrong, or the other way about. You can very often get a concession on one point from the party you are dealing with, when you cannot get it on another point. I cannot tell you the why or the wherefore at all.

1626. What I wanted to get at was whether you were able to put any pressure upon the shipowners to give this concession—it was a concession, was it not?—Yes. The only pressure, as far as I know, that we could bring to bear was by pointing out how unreasonable and how unfair it was that the loyal shippers should suffer because one man had not kept his compact, as it were.

1627. You would in the same way say that some of the rates of freight are unreasonable?—I did not say "some." I think I said all.

1628. All the rates of freight are unreasonable?—I think so.

1629. The shipowners do not agree with you upon that, I presume?—They have not agreed so far.

1630. Then you refer to the preferential contracts which have been granted by the shipowners to mining corporations and to municipalities. I suppose that those bodies give a large volume of traffic to the shipowner?—Yes, I think they do.

1631. Does any merchant ship a quantity in tons as large as some of these corporations do?—I should think, taking all the year round, you would find that the merchants ship more goods to South Africa than the various Governments do.

1632. That is not quite what I mean. These bodies make one large shipment at a time, do they not?—Yes, and they make perhaps larger shipments at a time than a merchant does.

1633. Than a single merchant would do?—Yes.

1634. Does not the principle rule throughout all the trade of the world, the larger the order the less price you pay for it?—No, I do not think so. Take the Standard Oil Company, for instance; I believe they would sell you 100 boxes and at the same price that they would sell you 10 million boxes of paraffin—just the same.

1635. If I am a buyer of 50,000 tons of coal, I surely buy my 50,000 tons cheaper than the man who only buys 100 tons?—I am not at all sure that you would. It would entirely depend upon the market at the time.

1636. I have experience in buying coal. Then you say that some of the arrangements under the compact of 1893 have not always been strictly adhered to; what does that refer to?—As a matter of fact, the classification has been altered two or three times without its being referred to the Merchants' Committee at all.

1637. You mean goods have been changed from Class 1 to Class 2?—Goods have been taken out of one class and placed in another without its being done in conference.

1638. Is it part of your bargain that that should not be so?—Yes, it was understood so.

1639. You are a business man; you do not "understand" things, but you put them down in black and white?—It has been always admitted that these things should not be done.

1640. Is this a clause in your agreement?—We have no agreement.

1641. Mr. Soper told us that this blue paper which I have in my hand was taken as the agreement?—It is called a compact, but it is no agreement.

1642. Is there not such a clause in this blue paper?—No.

1643. Mr. Soper told us that this was practically the agreement?—This blue paper is really the claim for the rebate.

1644. Is that the only way in which this arrangement of 1893 has not been carried out?—Yes.

1645. Have you ever known a case where a shipowner refused to pay the rebate on account of the merchant shipping by an outsider?—No, I do not know of any such case within my personal knowledge. I have heard of it being done; but it has never been drawn to my notice in figures or in writing.

1646. But you know that there are such cases, do you?—I believe there are such cases; I cannot speak positively.

1647. There is one thing I do not quite understand about the invoices you have put in. On this invoice of goods from Dyer & Dyer, London, to Dyer & Dyer, Cape of Good Hope, there is a commission of 2½ per cent.?—Yes.

1648. Of course the freight and the primage is on the invoice, and the 2½ per cent. is added on to that?—Yes.

1649. Therefore, to you as a merchant, the higher the freight, the better for you?—As a commission merchant, certainly.

1650. That also refers to the rebate too, does it not, because you take 2½ per cent. off the rebate and, therefore, the bigger the freight, and the bigger the rebate, the bigger your commission?—Quite so.

1651. In that way, you would not object to higher freights?—It so happens that we have a greater interest in South African trading than we have in London commissions.

1652. That is what I want to get at. The commission is really a small matter, and does not weigh with you?—So far as we are concerned, Dyer & Dyer in London is a different firm from Dyer & Dyer, Ltd., although they both have their quarters in London. Dyer & Dyer in London receive invoices from Dyer & Dyer in South Africa, and the transactions are carried out exactly the same as though they were two distinct firms.

1653. That I quite understand, but what I wanted to get at was, whether it was of greater importance to you to have a low freight, or whether it was of greater importance to you to have a high freight with a commission?—It is of greater importance to us to have a low freight, certainly.

1654. (Chairman.) Will you allow me to interpose, as I think it is only right to Mr. Dyer that I should. There is one clause in the compact of 1893 in the following words: "Important reasons having been adduced that it may be reasonable for rates of freight to be increased, it is agreed that the shipowners shall judge when such increase shall take place, it being understood that the rates of freight are not to be increased until after reasonable notice has been given." That is what you were referring to, I think, and so I thought it right to mention that?—Yes, that is what I was referring to, but I cannot say that the rates have been increased. It was an understood thing that a re-classification of the goods would take place, and that the increase or decrease of freights would be talked out between the Merchants' Committee and the shipowners.

1655. (Lord Inverclyde.) The Chairman has asked you some questions about imports, because when Mr. Soper was here we did not get that point quite cleared up, and it was not quite understood why the consignee should get the rebate. Suppose a man in South Africa is selling some produce in this country, in his price to the man in this country does he take into account that he is going to get a rebate off his freight, when he makes his price?—I really cannot tell you that, but I should think he did. As a rule, produce is not sold to be delivered in England, although it is sometimes, and I know some cases where it has been done and is being done now.

1656. How is it sold?—It is sold to be delivered on this side. As a rule, it is not done at the c.i.f. rate. As a rule, it is consigned from the other side to an agent here; the agent disposes of it and renders the proceeds and account sales to the consignee. But there are cases where produce is sold c.i.f. to be delivered.

1657. Who gets the rebate in those cases?—The man who sells it.

1658. Does he take it into account when he makes his price?—That I cannot tell you; I daresay he does.

1659. We were told you were the person to ask about this?—How can I tell you? I cannot tell you what a man on the other side carries in his mind; it would be quite impossible. In my case, certainly I should calculate all that in making my price.

1660. I suppose in selling goods in this country from South Africa there is competition?—No.

1661. Not in making the prices?—No.

1662. Suppose a man has produce in South Africa to sell in London, then taking all the goods on the market as equal, the lowest price will get the sale, will it not?—In the case of produce coming here, most of it is either bought on the other side on commission, or it comes here to be sold by public auction, and it has to take the run of the market. Of course the man who buys cheaper on the other side has a better chance of making a profit on his purchases.

1663. A man who gets the rebate ultimately in South Africa will be able to sell lower than a man who does not get any benefit from the rebate?—Certainly, but I think they all get the rebate as far as I know. There are no opposition steamers coming from the other side.

1664. Your evidence, as I understand it, really amounts to this, that you have not a great deal to complain of, and that the only thing you suggest is, that there should be some more definite system of arbitration?—Certainly.

1665. That really is what your evidence leads up to—It is arbitration that you want?—Lower rates all round and arbitration in any case of dispute.

1666. All merchants want as low rates as they can possibly get?—Yes. *Mr. F. Dyer.*

1667. It does not follow that because you think a rate is a reasonable rate, therefore it is a reasonable rate?—Perhaps not. *12 Mar. 1907.*

1668. There is another side to the question?—Perhaps so. I only go, as I said before, on this fact that we are paying almost as much, if not quite as much, as they are paying on similar goods to, say, Melbourne or Sydney, which is just twice the distance.

1669. The Chairman has already pointed out to you that the question of back cargo has been taken into account?—Exactly; but I should like to know if it is a fact that all the steamers coming back from Australia get full cargoes. I think you ought to take that into consideration too.

1670. I presume the arbitrator would take that into consideration?—He would, no doubt; therefore, let us have arbitration.

1671. (Mr. Laurence.) I gather from your evidence that it is not the question of rebates *quâ* rebates that you are objecting to, but it is the incidence of those rebates, that is to say, the length of time which the rebate is retained, the conditions which shipowners lay down when their contract is broken, and the question of arbitration; those are your three main objections?—Those are my three main objections.

1672. But you have no objection to the rebate as a rebate system?—I think it tends to steady trade.

1673. We have heard a great deal about the rate of freight and the question of the reasonableness of the rate of freight; how are you going to define what is a reasonable rate of freight or not, and who is to decide?—Everybody wants to get their work done—

1674. As cheap as they can?—As cheap as they can. It is very difficult. I think you know that Sir Donald Currie did offer some reduction after that conference in London two years ago. I think that some mean between that offer and what was demanded by the people at the Cape might meet the case. However, that is a matter that ought to be gone into. If the merchants are right in saying that the rates as compared with the rates to other places outside of the United Kingdom are high, then some reduction ought to be made.

1675. That would depend much on whether the shipowners thought so, would it not. They might say, looking at the present rates of freight, that they did not get an exaggerated profit or even any profit at all?—Yes, they might.

1676. Surely it is a condition of trade?—I daresay it is.

1677. On which no one man can decide as to what is reasonable or what is unreasonable. It would come under the conditions of trade, would it not?—There is no doubt that if a person has a monopoly of any kind, either in the purchase or the sale or the disposal, he can do what he could not do if there was an open market and not a monopoly.

1678. Undoubtedly?—As a rule and in the main I believe that the merchants have been fairly treated, and that we have nothing very much to complain of, except that the rates are higher than we consider they ought to be, and that we have no means of appealing in a matter requiring redress, as in the instance of Houston coming into the trade and taking considerably lower rates than we were paying to the Conference Lines.

1679. If the rate of freight was unreasonable shipowners would be getting exaggerated profits, and in that case some other shipowners would learn of it, and then would they not start steamers in opposition if they thought there was plenty of money in it?—Houston did start on that supposition.

1680. Houston has been brought in; would they not start again?—They would not in the present state of the Cape trade, because it is deplorably bad.

1681. Because there is not enough trade?—There is not enough to go round with the present steamers just now.

1682. You do not advocate any legislation to deal with any of these questions which we have been discussing. Are you enamoured of legislation and State interference with prices?—For the purpose of making it compulsory on both parties to go to arbitration in the event of

Mr. F. Dyer. disputes, I should say "Yes, legislate"; but I do not see how else legislative action can come in.

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1683. Or be effective?—Or be effective.

1684. (*Sir John Macdonell.*) A word or two on the last point mentioned with respect to arbitration. Let me see if I clearly understand your proposal. Do you suggest that in every contract of affreightment the law should imply an arbitration clause; is that what you mean?—A: to the rates?

1685. Yes, as to the rates?—No, I do not think that would be possible.

1686. Just let me see what this arbitration clause is to be. Suppose that you ship a certain amount of goods by a certain line and that there is no specific agreement as to arbitration; what is to be implied by the suggested legislation?—I do not think that the arbitration clause would come in at all in that way. I think whenever arbitration has been talked about, it has been more in reference to bigger questions. For instance, when the Houston Line first came into the competition, certain firms seceded from those who were shipping by the steamers in the Ring, and they lost their rebates, because they could get their stuff carried at a very much lower rate. Then, suppose the Conference Lines were not to come down in their rates to the rates that Houston was accepting, and were to say, "No, we cannot do that, it is quite impossible; let him lose the money, but we cannot lose the money". I say in a case like that it would be only fair that the merchant should be able to say, "Well, I cannot pay you 40s. a ton when the opposition is taking 20s." Then the Conference steamer would say "All right, you can go over to Houston, and let your goods go by his steamer at the 20s.; and lose your rebate." I say that that is a position which ought not to exist. The merchant ought to be able to say to the shipowner "Yes, that is all very fine, but you know we cannot lose all our rebate, and another thing is that we do not want to sever our connection with the old line of steamers that we have been dealing with for so many years," and so on, and so on. "We want to keep that connection, but we do want you to be reasonable and to see that our competitors are not getting their stuff at just half the freight that we have to pay. Now what are you prepared to do?" "We are prepared to do nothing." Then I say if we could—I am not sure that we can—but if the Government could pass some Act that would make it compulsory on either or both to submit a case like that to arbitration, I think the whole thing would be cleared up very well.

1687. You have assisted me much. As I understand, this arbitration clause is to be confined to determining under what circumstances it would be fair and reasonable to enforce the penal or forfeiture clause?—Something of the kind.

1688. Would you confine the operation of the arbitration clause to that?—I think I would, but one would like to consider a little bit about it. As far as I have been able to judge, it seems to me that there may be other things which could be submitted to arbitration, but I think that is the main point.

1689. Would you have that implied in every contract between shipper and shipowner?—Yes, I would. Where a contract is made I should have an arbitration clause inserted.

1690. But the arbitration clause would not extend to such matters as whether or not a particular rate of freight was reasonable?—No, I do not think that; and I do not see how arbitration could interfere with that.

(*Sir John Macdonell.*) Again will you assist me? Would this arbitration clause be implied in all contracts of affreightment, whether the ship was a British ship or whether it was a foreign ship?

1691. (*Chairman.*) Where there is a contract?—Where there is a contract, I think so. It would come in the charter party if it was a foreign ship. The charterers would take care that a clause of that kind was inserted, I should think.

1692. (*Sir John Macdonell.*) I see how you could enforce that in regard to British ships—at all events I see that it might be practicable. But would it be easy to enforce that as regards foreign ships?—I think first one would have to understand what the facts are. Do you take the leading in England of a foreign ship?

1693. I will take that case first?—Then I think you could certainly have a clause like that inserted in the charter party.

1694. I am not trying to put you into a difficulty, I just want to see if you can assist me?—I do not think there would be any difficulty at all in insisting on an arbitration clause being inserted in the charter party of a foreign ship.

1695. Provided the goods were loaded in London?—Yes, or even if they were loaded foreign. All sorts of clauses come into a charter party, and there is no reason why an arbitration clause should not come in, as far as I know; but mind, I am not speaking as an expert.

1696. In your view, as far as you have considered the matter, that would apply even if the goods are loaded at a foreign port?—Yes. There is no reason why an arbitration clause should not come into a charter party, as far as I can see.

1697. (*Chairman.*) All that is limited to a case where the foreign shipowner has been a party to the contract?—That would be so.

(*Sir John Macdonell.*) I am not arguing with you, I am assuming that, and I understand that all your answers include that?

(*Chairman.*) The point is whether the contract was made in London.

1698. (*Sir John Macdonell.*) That is a point that I was coming to. Hitherto I have been talking of cases which would come under a London contract; but supposing the contract were made elsewhere than in London?—Do you mean elsewhere in the United Kingdom?

1699. Outside the United Kingdom. Have you thought of that case?—No; and I think it is not likely ever to come before one as a practical issue. Nearly all the charters for foreign ships which are made in London or which are made in the United Kingdom, are made here and are not made on the other side where the shipowner may dwell and so on. They are made in London as far as my experience goes.

1700. That is your experience?—We have chartered a good many at different times, and it has always been done through an agent in London.

1701. Passing from that point to another which you have suggested, you say that in your view the freight ought to be reasonable?—Yes.

1702. I suppose you mean just as at common law every carrier's freight is supposed to be reasonable?—Yes.

1703. So that the same principle should apply to freights between shippers and shipowners?—Yes.

1704. You have suggested that the test of what was reasonable was the distance. You mentioned one element to be taken into account was the distance, when you spoke of the fact that the freights to South Africa were substantially the same as the freights to Melbourne, which was a much further distance?—Yes.

1705. Is it the case that freights generally are governed to any large extent by mere distance?—I cannot say. Taking East London and Durban in South Africa as compared with Cape Town and Algoa Bay, I think the difference in distance is not very much—not more than 300 miles. I think from Algoa Bay to Durban, although I should not like to confine myself to that; yet the difference in freight is 7s. 6d., so the distance does come in in that case certainly.

1706. I am not saying that this element does not come in; no doubt it comes in very much on the same route. But does not your experience show that there may prevail the most diverse rates of freight as measured by mere distance? Does not back freight, I mean return cargo, come in as an element?—No doubt that comes in.

1707. Does not the volume of trade come in as an element?—I daresay it does. I do not know, but I suppose they have slack times in the Australian trade, the same as they have in the Cape trade.

1708. As I understand you are opposed to all preferential rates, including preferential rates to municipalities and colonial governments?—Yes.

1709. Would you, under those circumstances, take into account the extent of the shipments?—No, I would not, with the exception of rails and one or two things of an unperishable nature.

1710. Why make those exceptions?—Because they are unperishable, and because they make good ballast and are cheap. They cost say from £5 a ton, as against ordinary merchandise, which costs say £20 a ton. There is no claim and can be no claim for damage to things like that, but there might be a very considerable claim for damage to a thing like this desk, selecting that as an instance for argument's sake.

1711. Would you extend your exceptions to all commodities and articles which have the same characteristics as rails, that is, are not liable to claims for damages and such like considerations?—I would only make that one exception, because I think that is a thing which is cheap. There are other things like salt and so on, but then they are perishable. An iron rail is not likely to be injured, and it is not a thing which is likely to be lost. A thin bar of iron may be lost and you cannot tell in the checking and so on; but you are not likely to lose an iron railway rail.

1712. You told one Commissioner in answer to his question that in trade generally no better terms were offered to the purchaser of large quantities than to the purchaser of small quantities. Would you say that on further consideration?—I did not say that no better terms were offered. I said there are some cases, and I believe the Standard Oil Company is one, where they fix a price for 100 or 1000 cases, and if you wanted a million you could not buy them at less money. I daresay there are heaps of other things of which that is true. We will take the American ploughs, which go largely to South Africa. I know that sometimes orders for 3,000 of those ploughs have been given, but you could not buy them for less than you could buy a couple of hundred; the maker would not sell you 3,000 at a lower price than he would sell you 200.

1713. Might not that be the case of a monopoly—or a quasi monopoly?—No, I do not think so. There are several makers of these ploughs. I am speaking of some time ago now, and I do not know quite what it is just at present, but as far as I know it is exactly the same. There are lots of other things of the same sort too; there are plenty of things.

1714. One word with reference to a point which I ought to have mentioned earlier. You speak not merely on your own behalf, but on behalf of the South African section of the London Chamber of Commerce, I think?—Yes.

1715. Is that section composed of much the same persons as the South African Merchants' Committee?—Very much the same. There are more members of the London Chamber of Commerce belonging to that section of course. The number of members of the South African section of the London Chamber of Commerce is 207, and I think, although I am not quite sure, that that is considerably more than the number of members represented by the Merchants' Committee.

1716. Mr. Soper told us that the South African Committee consisted of 25 members?—That is 25 elected by the whole of the shippers. He was talking then of the Committee.

1717. I am not desirous to go much into these details. At all events the composition of your section is substantially the same as that of the body on behalf of which Mr. Soper spoke?—It is very much the same.

1718. A large proportion—you will tell me what proportion—of your members consists of persons who are shipping agents, I think?—Yes.

1719. Is a large proportion composed of persons who are exclusively shipping agents?—Nearly all of them are commission merchants as well as shipping agents. I should think myself that "commission merchants" would be the proper term to apply to them all, rather than "shipping agent;" the shipping comes in naturally with the order for the goods. I mean a man may be a shipping agent without being a purchaser of the goods; that is, he may have the goods sent to him as agent for the ship.

1720. Are a considerable proportion of your members gentlemen whose main business it is to act as agents?—They act as agents after purchasing the goods, and also in shipping the goods. There are some who belong to the South African section of the Chamber who do very little in the way of shipping, but not many. They are nearly all buyers, that is nearly all merchants and shippers too.

1721. I gather from what you have stated that a regular service is furnished by the Conference?—Yes.

1722. But the Conference is under no express obligation to sail at a particular time?—It was understood, and has always been taken as the custom now since that compact of 1893, that they should sail at the advertised dates; and I think they have done so.

1723. I am assuming that you are right, and that they have done so. I see that in a document which was put in by Mr. Soper there is a copy of the resolutions dated October 10, 1892, which were adopted by the South African Merchants' Committee, stating one of the demands of the merchants to the effect, that the present steam lines and combination should bind themselves under penalty to sail on the advertised date?—Yes, that was a clause that we wished to have inserted in that compact, but no penalty was ever fixed to it.

1724. And no penalty has ever been fixed?—That is so.

1725. Then is the state of things at the present time that under your agreement—assuming there is an agreement—you are liable to forfeit under certain circumstances the rebate, while the Conference is under no circumstances liable to any penalty?—That is so.

1726. I gather from what you have told us that there are no regular meetings between you, the merchants, and the shipowners?—There are no regular meetings, although we have met several times.

1727. You have met several times then?—Yes.

1728. But so far as you are concerned, the term "Conference" is rather a misnomer?—So far as the shipowners are concerned.

1729. So far as the shipowners are concerned they confer with themselves?—Yes.

1730. The point I put to you is, have they in your experience on any occasion conferred with you?—They have frequently asked us to meet them in conference, and we have done so. We have asked them on occasions to meet us, and they have done so.

1731. In recent years. Have they done so recently?—Not quite recently. I think there was one meeting the year before last, but I was at the Cape. I have some indistinct recollection of it, but I am not sure and I should not like to say it was so. I always attend the meetings when I am in London.

1732. At the end of your interesting memorandum of evidence you say, speaking of legislation, that you are "at a loss to understand how any such legislation would be made effective without interfering with international laws and favoured nation clauses in existing treaties with foreign countries." I think I see what you mean, but will you just explain a little more clearly what you had in your mind when you made that observation?—I do not know if you saw what took place at a conference in Bloemfontein a little more than two years ago. It was proposed, I think I am right in saying, at that meeting that unless the steamers carrying goods to South Africa took lower rates, and the owners did away with the rebate system, Bills would be introduced into the various Parliaments with a view to enforcing certain penalties against ships which did not conform to these regulations. It occurred to me that a vessel loaded in Germany with goods bought by Englishmen in Germany, or at any other parts of the Continent—perhaps in England and sent over there to be transhipped—might go to Capetown, say, for argument's sake, and be politely told, "You cannot come and land your stuff here, because you are not conforming to our laws and regulations."

1733. That is what you had in view?—That is what I had in view.

1734. (Mr. Birchenough.) In your memorandum of evidence you deal with the case of the forfeiture of rebates on the part of houses in London, who represent perhaps half a dozen or a dozen buyers in South Africa, and you say, "By an agreement in 1898, however, it was laid down that the disloyalty of one consignee should not render the loyal consignees liable to forfeit their rebate." Has this undertaking on the part of the Conference been loyally carried out by them?—I think so.

1735. Would the Conference bring pressure to bear upon their principal to induce him to keep his little flock in the fold?—They might do so; I do not know.

1736. But you know of no cases of hardship which have arisen to principals?—Not since that.

Mr. F. Dyer.

12 Mar. 1907.

Mr. F. Dyer. 1737. That is, not since 1898?—Yes. There were some, I believe, before that. I do not know that of my own knowledge, but they were talked about.

12 Mar. 1907.

1738. Still that is an evil which has disappeared practically, if it existed?—Yes. I do not know whether you ever saw this notice to shippers relating to the commission in respect of shipments, and dated January 27, 1898. It is worded a little differently to what those circulars were before that date. I have underlined the words "of any consigne." That circular was drawn in that way so as to show the different position to that which obtained before that arrangement of 1898 was made.

1739. I want to know whether it has created a certain amount of feeling, and whether that feeling is still existing?—I have heard nothing about it lately.

1740. I rather gathered from your evidence that the Conference has not always consulted the merchants quite so fully as they expected when the compact was signed?—Yes, that is so.

1741. Have they varied either their freights or their classifications without consulting the merchants?—I think they have.

1742. I suppose that alterations of classifications might have the effect either of increasing freights or of reducing them?—Yes.

1743. And you might have no apparent alteration in freights, but an alteration in classification which would be to the disadvantage of the merchants?—Yes.

1744. Or, on the other hand, the Conference Lines might really make considerable reductions in their freights by removing goods from one classification to another?—Yes.

1745. Have they done so?—Yes, they have done so in some cases; I believe I am right in saying that, but I could not tell you exactly when and where. I have an indistinct recollection that they have done so.

1746. There is another question arising out of that. Have the Conference Lines of late years modified their freights to different ports in South Africa to the advantage of those ports. Do you see my point?—Yes, I see your point. I do not think they have of late years.

1747. You are at East London?—Yes, I am at East London.

1748. East London has not had an advantage conferred upon it by a reduction to East London as compared with Capetown or Algoa Bay?—No, I think not. I think the difference between the ports is just the same now as it was five or six years ago, so far as I can make out from the list which is before me.

1749. The Chairman examined you upon the conditions which were suggested in Mr. Soper's evidence as those which should be made if the rebate system were to be continued. The first one was reasonable rates of freight, and you have been fully examined on that point?—Yes. Would you like to know what the rates to the Australian colonies are as compared with ours to the Cape? I have got some figures here on that point.

1750. Will you kindly give them to us?—Yes. I will give them as I got them from the Secretary of the London Chamber of Commerce. They are as follows:—

	To Sydney.	New Zealand.	Hong Kong.	Calcutta.
Bar iron	20/-	22/6	20/-	10/-
Oil and stores	32/6	40/-	40/-	15/-
Fine goods, i.e., ordinary drapery goods...	42/6	55/-	47/6	20/-

All the above rates are subject to the addition of 10 per cent. for primage, and are subject to the rebate return usual in each trade. I may mention that the rates to Melbourne and Adelaide are at present 2s. 6d. over the rates to Sydney, although this excess is now in course of adjustment, and that the rates to Tasmania and West Australia are about 7s. 6d. over the rates to Sydney.

1751. (Chairman.) You put in that table with the object of showing the Australian freights as compared with the South African freights?—Yes. Some of the companies now do not show a freight list.

1752. (Mr. Birchenough.) The second condition which Mr. Soper put forward was the modification of

the terms of the rebate system. On that I should like to ask you what modifications you suggest. Do you suggest, for instance, a shortening of the period during which rebates can be withheld?—Yes.

1753. I do not think that so far you have made any suggestion as to the length of time?—The Cape shipper is the only one that has to wait nine months for his money, as far as I know. I have got a list here of most of the other arrangements about rebate on freight, and they are all six months with the exception of one—Aden, Bombay, Colombo, Madras, and Calcutta—which is payable in four months, whereas the Cape is nine months, as you know, from the time the account is made up.

1754. What would you regard as a reasonable time?—My own opinion is that they ought to return it within three months.

1755. That is to say, you would make up the accounts six-monthly?—Yes.

1756. And then give them three months in which to examine the accounts and repay?—Yes.

1757. That would give you the maximum of nine months?—That would give the maximum of nine months instead of fifteen months as at present.

1758. Or an average, say, of six?—Yes.

1759. Are there any delays in addition to that?—No, not that I know of. They are very prompt in paying at the due date.

1760. There is no delay for the examination of the accounts?—No.

1761. I suppose it would make no difference to you whether it was a six-months' account settled in three months, or whether it was a quarterly account settled in six months?—No, not at all.

1762. That is a matter of convenience?—Yes. I would rather have a three-months' account settled in three months; that is to say, I prefer quarterly accounts.

1763. But would you as a practical man of business regard as a reasonable time, six and three?—I would rather not say. My own opinion is that there is no reason why they should keep our money for nine months. They would collect some of it in the first week in January, with the primage and freight collectively, and they would keep it then until the end of March of the following year, which is unreasonable.

1764. Would you care to answer this question: Would the withholding of the rebates for the maximum period of nine months give them an efficient grip on their customers?—It is done for that purpose now, and it does give them a grip. But when the Houston steamers came on the berth, this grip was not sufficient to hold all of them, and some of them went away and made contracts with Houston to take their goods.

1765. Am I right in saying that even then they would have 12 months' rebates in their possession? There would be the six months' accounts from January to June?—Yes.

1766. And then they would take three months to repay you that six months?—Yes.

1767. That would be an extra three months' rebate in their possession?—Yes.

1768. And if you forfeit you would forfeit the nine months?—That is so.

1769. Looking at it, if we can, from a shipowner's point of view, would you regard the rebates for nine months as a sufficient hostage for their purpose?—I can hardly look at it from a shipowner's point of view, but to me it seems, and always has seemed, rather an arbitrary arrangement that they should keep our money for nine months or even more—even 15 months in some cases—after they have collected it.

1770. May I put my question in a form in which perhaps you can answer it. Nine months' rebates would represent a very considerable sum of money out of the pocket of a man who did a fair business in England?—Yes.

1771. I should like to ask you upon the next point, which is, the abolition of preferential contracts. I think you have been questioned by the Chairman and one or two of the Commissioners upon the incidence of preferential contracts. It has been suggested that a

ordinary shipper can have no grievance in the case of preferential contracts being made with the Colonial Governments and municipalities, because they do not compete with the ordinary merchant. Now, take the case of the large mining companies who may have had preferential contracts for freights: they would compete with the ordinary merchant, would they not?—I should think so in many cases.

1772. Are you personally acquainted with the Johannesburg trade?—No.

1773. If a large mining company bought all its stores in England, and shipped them under a preferential contract with the South African conference lines, the local firms at Johannesburg, which might have tendered for the supply of stores to the mines controlled by that financial group, would be at a disadvantage owing to the freight, would they not?—Certainly.

1774. So that really such preferential contracts as are made with the large mining corporations are disadvantageous to the ordinary merchant?—Yes.

1775. I suppose that also might apply in the case of municipalities?—Yes.

1776. Municipalities do put up their tenders to local merchants, do they not?—Yes.

1777. So, to some extent, preferential contracts with municipalities are disadvantageous to the ordinary merchant?—Yes.

1778. Therefore, we really come back to the Governments?—Yes.

1779. There, I understand, you except rails?—Yes, when we have met and talked about it.

1780. Would you confine yourself to rails, and exclude, for instance, articles like cement and construction materials?—I would not exempt anything else at all but rails and stuff like that which does not come into ordinary sale by merchants in South Africa. You see, cement is an article of consumption all over the place; everybody gets it and everybody imports it. Then it might be, as was the case in war time (and before the war I have known it too—years ago), that the Government might get out a lot of stuff and have a surplus, and then they might have to sell it. Every pound's worth that is sold by auction belonging to the Government, when they do not want it and they must get rid of it, is a disadvantage to the ordinary trader or merchant. You can never tell when these things are going to happen.

1781. I suppose you would except rails on the ground that the railways in South Africa are owned by the Governments, and that under no circumstances would the Governments buy their rails from local merchants?—That is so.

1782. There is one other question I should like to ask you: Can you tell us whether British shipping companies carry goods from foreign ports at lower rates than from British ports?—The steamers belonging to the conference lines carried goods from New York at very much lower rates than they were carrying them from London.

1783. They were British companies that did that, were they not?—Yes.

1784. Is it your experience that those very low rates from New York which ruled about the year 1902-3 stimulated the import of American goods into South Africa?—I should think, perhaps, they did, so far as the food-stuff was concerned; but I do not think they did any injury to the trade of the United Kingdom. It very likely diverted trade from Australia and the Argentine to New York, but I should not like to say positively that that was so, although I should think it was so, because they carried stuff from New York at 10s. and so on, whereas the Australian freight would have been 25s.

1785. What about heavy articles like stoves?—It may have made a difference in stoves, and there may have been several other things besides stoves that it made a difference in.

1786. (Chairman.) Take furniture?—I do not think it made much difference in furniture. The class of furniture that goes from America is so very different from what goes from London or from England.

1787. (Mr. Birchenough.) In competing—makes it would have a tendency to divert trade from the United

Kingdom to America, would it not?—Yes; and I may instance one case, namely, barbed wire. I was informed that on account of the low rates from New York for barbed wire, a great deal goes from New York and other places in America to the Cape; indeed, goods were actually shipped at Liverpool, taken over to New York, and then reshipped at New York for Cape ports.

1788. Can you tell us why you can always get goods carried more cheaply from Hamburg to Cape Town than from London or Southampton to Cape Town?—No, and I did not know that that was so.

1789. You did not?—I do not think it is so now. It was so once.

1790. But it is so no longer?—I do not think it is so now.

1791. Do you think the conference arrangement with the German lines is strictly carried out?—I think so.

1792. Do you know whether the German lines take goods on exactly the same terms as the British lines, that is to say, have they the choice between measurement or dead weight?—I cannot tell you. We have never shipped by the German lines.

1793. (Mr. Mathers.) Is there any provision made for what is called a disloyal shipper purging himself of his disloyalty and getting back to the fold?—Any provision made where?

1794. In this conference or agreement?—I do not think it needs any provision. All he would have to do is to send his goods down to the ship. They would be taken and in six months he would make up his account for rebate and get it in the nine months, the same as everybody else.

1795. So when he transgresses he has not to go through any form of absolution?—No. I believe that in one or two cases a shipper that was disloyal had to wait before his goods could be shipped, and I think in other cases they have had to pay more freight for going by the mail steamer.

1796. With reference to what you said about *pro rata* freights for distance, do you not think the port charges at the terminal points have a great deal to do with that?—I dare say they have, but then the port charges do not vary very much, I think.

1797. I know two ports quite close to each other, and they vary very greatly?—I do not know anything about them.

1798. It has a great deal to do with the freight?—I must not ask you a question, I suppose, about port charges, but still I should like to know what is the highest port charge that you know of.

1799. I know that some years ago the port charges at New Orleans used to be 30s. per registered ton, and in Savannah they were 20s. Therefore, on a ship of a thousand tons the port charges at New Orleans would be about £1,500, and the port charges in Savannah or Charleston for the same ship would be £1,000; the one port being in the Gulf of Mexico and the other on the Atlantic Coast, but there is not a very great distance between them?—I am not sufficiently posted in those things to know. As far as the Cape ports are concerned, the difference is not much. There is no port charge in Algoa Bay, although there are port charges in all the other places, but against that they have to pay boat hire to get the goods from the ship to the shore.

1800. The port charge in St. John's, New Brunswick, is about four dollars a foot, and in Halifax it is merely nominal, and yet the two ports are within 200 miles of each other?—Only one is up the river and the other is not.

1801. One is in the Bay of Fundy?—I dare say there are certain instances connected with the long-distance journeys that one does not always take into account, but they cannot be of such a nature as to warrant the same rates to, say, Algoa Bay as are paid to Melbourne.

1802. (Mr. Barry.) The ground has been so well covered that there is only one point that I would like to ask a question or two about. A previous witness told us that the man in Africa, whether he was the purchaser or the seller, ultimately received the rebate; in other words, whether he was the consignee or the consignor, he got the advantage of the rebate; do you confirm that statement?—Yes, I should think in a general way I could.

Mr. F. Dyer. 1803. What puzzles me is this: That being so, if the full benefit of the rebate is retained in South Africa, why should the feeling in South Africa be so strong against rebates, and why is it so comparatively placid in London? Can you explain; is there any valid reason for that?—I really do not know how to explain it. I have seen reports of speeches made about it, and the whole trend of those speeches has been in the direction of lower freights:—"We cannot get lower freights because of the rebate. Let us do away with the rebate and have lower freights."

1804. So that it is not so much against the rebate as a rebate, as it is against the high rates of freight?—I understand it to be so entirely.

1805. Do you think that it is at all possible under the existing system that the rebate does not reach the purchaser in South Africa?—I think there may be isolated cases where the rebate is kept by the shipper here, but I should hope they are very rare cases indeed, and I do not know of any cases at all. I do not know anyone who would be likely to retain the rebate. I do not know any shipper at all who would be likely to do such a thing.

1806. You have handed in some highly interesting documents, such as invoices and credit notes, and understand that there is nothing notified on the face of the invoice about the rebate?—No, nothing.

1807. Do you think it would be a salutary thing to do, to have it notified on the face of the invoice that the rebate is returnable to the purchaser on it being paid over to the shipper on this side?—No, I do not think so. In the case of an entirely new business and new people utterly unacquainted with the trade to the Cape it might do so; but everybody is so well acquainted now with it, and everybody who knows anything about business, Cape business particularly, knows that the rebate is due a certain time after the shipment is made; and so I do not think it matters.

1808. The fact remains, I suppose, that some people do not know?—When the rebate was first introduced we had memoranda printed and used to put them on the invoices, somewhat in the manner that you suggest now; but it has been dropped years and years ago, because everybody is used to this style of business now.

1809. I suppose there would be no general objection in the South African trade to doing it?—I do not think so at all.

1810. Do you think that the fact that under the existing system a rebate is a certain source of revenue to shippers, inasmuch as they get in some cases 25 per cent. of the rebate as commission for the work done, has anything to do with the difference in feeling?—I do not think they would ever get as much as that.

1811. They get 2½ out of 10, do they not?—I cannot tell you. There are people who conduct their business in altogether different ways. For instance, I believe some merchants in England charge 1½ per cent. for work done in shipping and so on, and others charge 3½ per cent., while others charge 5 per cent. I presume that whatever they charge as commission on the purchasing and shipping, they would also charge on the recovery of the rebate.

1812. Do you think that the fact of the rebate being a certain source of revenue to shippers on this side would account for any of the difference in feeling between that which exists here and that which exists in South Africa on the general question of rebates?—No, not a bit.

1813. You think not at all?—I do.

1814. On the question of the preference given to Governments and municipalities, is it your opinion that but for that preference which is given there might be a general lowering of rates? Does the preference given to the Government tend to keep rates up?—Yes, I think it does, and I think it has done in the past. I think it is very likely that if it were understood that the Government and the corporations were to have no advantage at all in the rates, they would very likely come to a lower level all round.

1815. So that in effect the preference which is now given falls on the shoulders of the merchants?—I always have contended that it does, directly or indirectly—and on the trade of the country, of course.

1816. (*Chairman.*) I think there is one fact which we ought to have on record. Do you remember that there

was a Memorandum by the Board of Trade on the proposals of the South African Shipping Freights Conference in connection with treaty rights?—Yes, I do remember something about it.

1817. I think we had better have the reference to it, having regard to a question which Sir John Macdonell put. That memorandum is to be found on page 85 of the Report of the South African Shipping Freights Conference?—I have not got the Report of that Conference with me, but I will take that reference from you.

1818. (*Mr. Owen Philipps.*) I would like to clear up one matter arising out of the last Commissioner's reference. For collecting the rebate which you refund to your South African correspondents, you say you charge 2½ per cent. on the total money collected, but you really mean that you charge one-fortieth and not 2½ per cent. ?—Say that we collect £20.

1819. How much do you not return?—10s.

1820. In other words, one-fortieth?—Yes.

1821. You have told us that one of the great causes of complaint in South Africa against shipping rings, and especially against deferred rebate, is that the shipowners carry cargo for the Government at 15s.—I would not say that; they carry at all sorts of rates.

1822. I meant approximately 15s., but the statement is that they have given them preferential rates, which seemed comparatively low rates, and I did not mean to tie you down to the exact figure. You told us that the shipowners approached the Government when they wanted to fill up a chartered boat, offering to carry cargo at low rates?—I think I said they might have approached them. I have no positive evidence that they did do so.

1823. I should like to put it to you whether it is not much more the other way—whether it is not that the Government have taken advantage of the fact that they have these large quantities of cargo to ship in order to squeeze shipowners by refusing to pay the ordinary rates?—It is quite possible that it may be so.

1824. What I want to get at is that if there is a question of legislation for the purpose of obliging all rates to be equal, you want to oblige the Government to pay commercial rates for their goods?—Yes, that is so.

1825. (*Professor Gonner.*) In your Memorandum of Evidence you say that in 1891-92, owing to a serious opposition offered by Bucknalls, the rebate was increased from 5 per cent. to 10 per cent. ?—Yes.

1826. Was the freight increased at that time?—I do not think it was.

1827. So that if it did not lead to an increase of freight, it means that there was a reduction in the charge made owing to the appearance of competition; in other words, the threatened competition of Bucknalls led to what was equivalent to a reduction in the total rates?—I do not think it did.

1828. If there was an increase of the rebate of from 5 per cent. to 10 per cent., and the rate remained unaltered, would it not amount to that?—No. Take a 20s. rate of freight; the primage would be 2s., and 2s. would come back as rebate, so it would be just the same.

1829. Was the primage less before then?—No, it was 10 per cent.

1830. And you only got back 5 per cent. ?—Then we only got the 5 per cent.

1831. So it was an advantage?—Paying the 10 per cent.

1832. Getting the 2s. back, instead of only getting one of the two shillings?—Yes, certainly.

1833. It did benefit the shipper therefore?—I think I am right in saying that that 5 per cent. was returned in six months instead of nine months, so that they increased the amount and increased the time for paying it in.

1834. They took it out on the other side?—Yes.

1835. At the same time, there was what amounted to a reduction in the freight charged, because there were 2s. coming back instead of 1s. ?—Yes, it was a bigger return to the shipper.

1836. That shows the advantage which was given to the shipper through the conference of a little competition somewhere?—Yes.

1837. The point that strikes me as so difficult is, that in all the suggestions you make, although you have stated that you desire the maintenance of the rebate system, provided there be a reasonable rate of freight, yet we do not see any proposition as to how the reasonable rate is to be secured?—That is so.

1838. You said your arbitration would not relate to that?—I do not think so. I think that must be a matter of arrangement between the shipper and the shipowner. I do not know whether you remember that in the conference which took place at Johannesburg they suggested that all rates should be 20 per cent. lower than then obtained, but when it came to winding up the conference here in London in 1905, Sir Donald Currie offered about 5 per cent., I think it was, instead of 20 per cent. Now it occurs to me that if an arbitration had taken place, and if arbitrators are to be appointed to go into the price and the other items of the contract, some reasonable arrangement might be arrived at.

1839. You think that there might from time to time be a conference between the parties—using the term "conference" in the broad sense?—Yes.

1840. To determine what the uniform rate of freight in the future shall be, is that so?—Yes.

1841. So that every now and then rates might be revised?—It was understood by some of us when making that compact of 1893 that such meetings would take place, and that these things should be discussed.

1842. If there was not an agreement, and if you could not get an agreement by such a conference, what then?—As the thing now obtains we should have to submit to pay whatever they charged.

1843. In other words, it does come to this, that under present conditions the last word rests with the shipowners?—That is right.

1844. You think that in some ways an equivalent weight should be given to the word of the shippers?—Yes.

1845. How that is to be secured, of course, will be a different question. It has been suggested, I see, that the rebate has not been forfeited in many cases?—Although the shipper has contravened the understanding?

1846. You said you have not known one, I think?—I do not know of any.

1847. That might be due, might it not, to the perfection of the monopoly, and to the consequent fact that the occasion did not often arise?—It may be so.

1848. There is only one other question, and it is that difficult question about the reason of the feeling in South Africa. You have been asked several questions about that. The point which has occurred to me is this: Do you think that the feeling in South Africa is partly owing to the fact that the South African stands more in the position of the ultimate consumer than the merchant on this side, and that, therefore, attaching a rather exaggerated weight to the element of freight, he imagines that his goods are sold to him very much dearer. Do you think that that is possible?—It may be. I dare say that the man in the street and the farmer and the importer on that side talk about these things. The farmer, or the man in the street, will say, "Certain sets of things are conveyed here," and the merchant may say, "Look at what high rates of freight we have to pay," and so on, and there may be a feeling which gradually permeates through the community on those lines.

1849. I merely want your opinion, because it has been rendered quite apparent, I think, to the Commission that there is very strong feeling among South Africans, but that the South African merchants on this side are less affected by that feeling?—I think that the South African merchants who live in London all see how the question bristles with difficulties; but the people on the other side think you have only got to put yourselves together and work together, and then you will get everything you want from the shipowners, including lower rates. They cannot see the difficulties we have to contend with in trying to get a change.

1850. It may be partly that they do not see the difficulties, which is very probable, and partly, perhaps, because they imagine that the freight is a more

important element in the ultimate price than it need be?—Yes. *Mr. F. Dyer.*

1851. They are the consumers, of course?—Yes. *12 Mar. 1907.*

1852. It is impossible to avoid recognising the fact that the interest of the consumer may be different to the interest of either the shipowner or the merchant; there is that possibility, is there not?—Yes.

1853. (*Sir Alfred Bateman.*) I have three or four questions to ask you, chiefly in connection with the London Conference. I think I saw you there once last year?—I was there.

1854. But you did not attend with Mr. Soper and Mr. Mosenthal?—No. They were deputed, one by the Merchants' Committee, and the other by the South African section of the London Chamber of Commerce, for the purpose, and there was no necessity for anyone else to attend.

1855. But you followed the proceedings all through, I suppose?—Yes, through reading the reports.

1856. And, I suppose, you followed the negotiations pretty closely?—Yes.

1857. Were you of the opinion that the proposed agreement might have been considered as almost practicable—that there might have been something in it that would have been satisfactory; or do you think it was hopeless?—I happened to see something of Mr. Hosken and Mr. Jagger on the way home, and I thought from the first that it was not likely to result in any good. There is no reason at all why good might not have resulted from that conference.

1858. You are aware that several important concessions were made by Sir Donald Currie at that time?—Yes. That was a little late, was it not?

1859. You have mentioned one important concession already, namely, that the time for the retention of the rebate was reduced from 15 to 12 months, that is, from six and nine to six and six?—But it has not been reduced.

1860. I mean it was offered?—It was suggested.

1861. That would have helped you, I suppose?—Yes.

1862. As you said just now, the reduction in rates was very small compared with what you wanted?—Yes.

1863. It was only 5 per cent.?—I took just a comparison there. I said that it was about 5 per cent.; I thought it was about 5 per cent., but I am not quite sure that that is so.

1864. There is also a proposal for arbitration by somebody appointed by the Board of Trade in the case of an alteration of the classification?—Yes.

1865. That, I suppose, was somewhat important from your point of view?—I think it was.

1866. These were all proposals that came to nothing because an agreement was not arrived at?—No, they never came to anything.

1867. But still they afforded some basis?—Yes, I agree they did.

1868. Then there was another clause which Sir Donald Currie proposed, and I wanted to know what you think of it. He said that a clause must be inserted to penalise those shippers who used the United States' competitors in the way of ships?—Yes, I recollect that, but it is difficult to see how you are going to do that unless you have got a rebate system obtaining in America, or something like it.

1869. Supposing the rate from the West to the Cape was 10s. and by the conference 35s., would you mind being prevented from using the United States' route to South Africa by a clause in your agreement with the conference?—I do not think I should mind it at all, because sending them round by New York would be a very inconvenient way of sending our goods to the Cape.

1870. I dare say you will remember that the South African Government representatives took great exception to that proposed clause?—Yes, I recollect. As far as I am concerned, the idea of shipping goods to South Africa via America, even if it were to save £1 a ton, would be so inconvenient, and the delay would be so great and altogether so tiresome, that I do not think I should take advantage of it myself.

1871. What has rather struck me in your evidence is that you have not expressed so much dissent from the system of rebates as was expressed by Mr. Soper at

Mr. F. Dyer. the London Conference in 1905?—No, I do not think I have.

12 *Mar.* 1907. 1872. Do you think that the feeling has changed here in that respect, and that the feeling of the South African merchants against rebates is less strong than it was?—I think so. I frequently hear members of the Merchants' Committee talk very strongly against the rebates, and I have heard in years gone by members of the South African section of the London Chamber of Commerce talk very strongly against the system. But it so happens that at both the meeting where Mr. Soper's Memorandum of Evidence was submitted and the meeting where my Memorandum was submitted to the members of the South African section of the London Chamber of Commerce, I do not think there was a dissentient voice against our admitting that the rebate system did tend to steady trade. No opposition was expressed towards the rebate as a rebate *per se*.

1873. In fact you think the views of London have rather softened towards a rebate system of some sort?—It is either that, or people have got tired of agitating against it. I will say it is one about as much as the other.

1874. Even in 1905 the London views were mild compared with Mr. Jagger's?—Quite; very mild.

1875. I speak as the chairman who was the buffer between the two?—Yes, I recollect.

1876. Even since that time, your views have rather softened, and you think, so far as South Africa is concerned, that some sort of agreement is not impossible?—It ought not to be impossible.

1877. Bringing in the points that we have had before us of a certain reduction of rates, of arbitration when necessary in questions of classification, and of a reduction of the time during which rebates are retained?—Yes.

1878. There is only one question I would ask you now, and that is about the United States rates to South Africa. They went down, as you say, to 10s. four or five years ago?—Yes.

1879. Can you tell me what they are now?—They are very nearly up to the existing rate from the United Kingdom.

1880. Very nearly the same?—Very nearly the same, but not quite the same, I think I am right in saying.

1881. (*Chairman.*) Do you remember the report of the South African Shipping Freights Conference which has been issued?—Yes.

1882. I want to read you a passage from it: "In view of these comparatively slight concessions, which formed the final offer of the shipowners, the conference had no other course left but to terminate the negotiations, and the following resolution was accordingly adopted and communicated to the shipowners: 'That the Shipping Freights Conference is of opinion that no good purpose is to be served by the prolongation of negotiations with the shipowners, since every effort on the part of the conference to arrive at an agreement upon a reasonable basis has been met by wholly inadequate concessions. It is, therefore, resolved that the negotiations be closed, and that the shipowners be advised accordingly.'" That was the result?—Yes, that was the result.

1883. Then the report goes on to say, "Having failed to arrive at any agreement with the shipowners, the conference proceeded to deal with the second matter referred for its attention, namely, the discussion of legislation"; and then there was a copy of a draft bill prepared?—Yes.

1884. And the Board of Trade pointed out that that Bill was open to certain objections and that the matter was to receive the careful consideration of His Majesty's Government. Then the result was that the conference decided to adjourn and to advise the High Commissioner to re-assemble it in South Africa?—Yes, that was the result.

1885. (*Sir Alfred Bateman.*) I think you will remember that when that report was made, we had not even got as much as the 5 per cent. reduction of rates?—No; that came afterwards.

1886. That came at odd days from Sir Donald Currie?—Yes. The final offer from Sir Donald Currie came just before Dr. Jameson left; at any rate I think it was only submitted the day before Dr. Jameson left.

FOURTH DAY.

Tuesday, 19th March, 1907.

PRESENT :

The Right Hon. ARTHUR COHEN, K.O., *Chairman.*

The Hon. G. N. LAWRENCE.
Sir HUGH BELL, Bart.
Sir D. M. BARBOUR, K.C.S.I., K.C.M.G.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
Captain R. MUIRHEAD COLLINS, C.M.G.
The Hon. W. PEMBER REEVES.

Mr. J. BARRY.
Professor E. O. K. GONNER.
Mr. F. MADDISON, M.P.
Mr. W. H. MITCHELL.
Mr. OWEN PHILLIPS, M.P.
Mr. AUSTIN TAYLOR, M.P.
Mr. I. H. MATHERS.
Mr. J. A. WEBSTER, *Secretary.*

Mr. THOMAS HALL SISSONS, called, and examined.

Mr. T. H. Sissons.

19 *Mar.* 1907.

1887. (*Chairman.*) You are the President of the Hull Chamber of Commerce and Chairman of Sissons Brothers & Co., Ltd., of the Hull and Liverpool Red Oxide Co., Ltd., and of the Hall's Barton Ropery Co., Ltd., I believe?—Yes, I am.

1888. In the proof that you have been kind enough to give of your proposed evidence, you state that a resolution was moved and passed by the Council of the Hull Chamber of Commerce to the following effect:—"That in the opinion of this Council the system of Shipping Rings or Conferences carried on by means of deferred rebates is detrimental to general trade, and a loss to merchants in the matter of rates and

contracts with foreign countries, and requires remedying by suitable legislation"?—That is the resolution that was passed.

1889. Is that your opinion also?—That is my opinion.

1890. In connection with what countries have you had experience?—The experience of the various companies that I am associated with is pretty well all over the world, except where we are debarred from exporting in consequence of hostile tariffs.

1891. As regards those exceptions, in what part of the world do they take place?—We do ship to the United States, but, of course, the business done there

is very restricted in consequence of their tariff. We ship also to France, but it is restricted there. We did at one time a very important business with Germany, but they put on tariffs to protect their home industries, and that stopped a great amount of the business which we originally did with that country.

1892. Let us take those countries in order—France, Germany, and the United States. Now what has prevented you from trading with France?—As I said, we do a limited business with France, but their duties are very high for many of the manufactures that we are interested in. The principal business that I am interested in is the manufacture of paints, colours, and varnishes, and there is a very high duty, indeed, in France upon many of those goods, though some few can get behind the tariff barrier walls.

1893. But the restriction of your trade there is the result of the duty?—Yes, it is.

1894. And it has nothing to do with rebates?—That is so.

1895. Now take Germany, has the result there anything to do with the rebates?—No.

1896. Do you say the same with regard to the United States?—Yes.

1897. It is a difficult subject I know, but will you explain as clearly as you can in what respect the system of rebates is, in your opinion, injurious to British commerce?—As you will see in the proof of the evidence that I propose to give, the bulk of the foreign trade that we do with countries, where we can export, is done through London shipping agents from time to time. Very often opportunities are offered for shipping at very much less than the current rates of freight; and when we have put those offers of cheaper freights before the London agents, they have replied at once that they cannot make use of such opportunities, because of the deferred rebates which they would lose by doing so. Then I might say that to South America in particular, at times the Continental houses, I mean the German manufacturers of similar goods to what we deal in, have the opportunity of making use of these lower rates, to the detriment of English trade.

1898. You have spoken of being offered lower freights, were those offers from other shipowners?—I mean to say, that the German shipowners have offered more favourable terms for carrying from their ports to a South American port, for example, than the English lines are willing to accept from an English port to the same South American port.

1899. So that German freights are proportionately lower than the English freights; is that what you mean?—Some time back, we were in the habit of sending goods from Hull to Continental ports in order to avail ourselves of the cheaper freights from Continental ports than we could get from English ports; but latterly, the gentlemen interested in the shipping trade have no doubt made arrangements with these foreign shipowners, and now when we have applied to them to make use of these cheap rates obtaining in Continental ports, they have refused to take our goods, because they could not take British goods. I should like to say, that all that English manufacturers, from my point of view want, is an equality of rate. Assuming that the British shipowners would give us the same facilities at the same terms, I do not mind what those terms are; as long as they are on a level with the terms given to foreign manufacturers we should be satisfied.

1900. (*Mr. Owen Philipps.*) Is it not the case that at the present time the great German companies charge exactly the same as the English companies to South America?—I believe it has been very much levelled down, as I told you.

1901. Are not the English manufacturers on exactly the same terms, who ship by our big English lines, as the German manufacturers who ship by the German lines?—I should have to refer to my shipping clerk to answer you. I could not answer as to that at once. But you are perfectly correct in saying, I think, that arrangements have been come to by which the lines, so to speak, put the various ports on a level. At that time, there was competition, and we actually paid freight from Hull to Antwerp, say, in order to go to other ports, and it was cheaper to do that than to ship direct from English ports.

1902. But the result of the Shipping Conference has been to bring the rates up to a practical equality, has

it not?—I believe so, to a very much greater extent, or, at any rate, so far as the English firms are concerned, but it might possibly be that a German manufacturer might have relations with his own shipping lines, do you not see, which might give him better terms than an English manufacturer like myself could make with them; because the arrangements between the English lines and the foreign lines would prevent the foreigner taking the British goods.

1903. Is it not the case that the actual arrangement between the English lines and the foreign lines is that the foreigner is not allowed to carry goods for a British merchant from the foreign port at a cheaper rate than the English lines charge?—I could not say, as I have no knowledge of that. It is impossible for me to know that unless I had the documents before me.

1904. I did not know whether you had?—No. I have not.

1905. I thought you might put in the tariff rate of the German lines. Have you got such a document?—No. I have no knowledge to that effect, and I could not have it.

1906. (*Chairman.*) Would those gentlemen, whom you call your shipping agents, be able to give us more particular information on these points?—A great deal of the Continental and foreign trade, in fact, the greater bulk of it, is done through the London merchants, who possibly finance the people abroad. If goods are required, the foreign buyer sends his orders or indents to the London shipping house, and then order it from ourselves or other merchants, who ship it abroad to their correspondents, and they, as a rule, make their own arrangements with the foreign line by which they ship.

1907. (*Mr. Lawrence.*) Do they get the commission or rebate, or does the manufacturer get it?—They get it. Whoever makes the arrangement with the shipping line, of course, would get the rebate.

1908. (*Chairman.*) I should like to ask you once more, who does get the rebate?—The house, whichever it is, the merchant, whoever he may be, who makes the arrangement with the shipowner.

1909. (*Mr. Lawrence.*) Is that the man whom you call in your proof the shipping agent?—The shipping agent, or the merchant—whatever you like to call him. As a rule, they are merchants or financiers, and have agents abroad. They are principally centred in London, also in Birmingham, I should say, and it may be in Wolverhampton.

1910. (*Chairman.*) Could you give us a description of the business? For instance, state exactly what your business is in these matters?—Sissons Brothers are manufacturers of paints, colours, varnishes, and oils, and we take orders for those. The Ropery Company are, obviously, manufacturers of cordage, and the Red Oxide Company have a special branch of colours.

1911. So you are manufacturers, are you not?—are manufacturers.

1912. I suppose you sell what you manufacture?—Certainly.

1913. To whom—I do not want any names?—We have, ourselves, agents in various colonies, and we have agents in foreign countries. Through those agents we make our goods known to foreign buyers, and, sometimes, if it suits them, they order them direct; at other times, if they require financing, through London, they will get to know of our goods through our representatives and travellers, and then send their indents to the house through whom they are doing business in the city here.

1914. (*Captain Collins.*) In case I was ordering direct from you, then I suppose you would get the rebate, because you would ship direct then, would you not?—No, we do not, because, as a rule, it is so small. We have never got any rebates ourselves,* and we have no arrangements with the shipping lines.

1915. (*Sir David Barbour.*) Who has got the rebates in those cases?—Whoever makes the arrangement with the line. The quantities we ship direct are limited, and it is not worth while making any arrangement.

* Mr. Sissons subsequently wrote to say that this statement is incorrect, as in some cases his firm have obtained rebates which have generally been credited to the buyer for whom they shipped the goods.—J. A. W.

Mr. T. H.
Sissons.

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Mr. T. H.
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1916. Do you pay the freights, or does the agent?— Sometimes we may pay the freight and sell c.i.f.; otherwise, we ship f.o.b. Naturally, as English manufacturers and merchants we sell f.o.b., if we possibly can.

1917. But you do occasionally pay the freight?— Sometimes we pay the freight.

1918. And in those cases you have not got the rebate?—In those cases we have not got the rebate ourselves.

1919. The amount is small, you say?—The amount is too small to make it worth while.

1920. (Chairman.) I suppose those shipping agents are very often merchants, are they not?—They are merchants—essentially so.

1921. Are they general merchants?—I should call them general merchants and financial agents.

1922. And it is through them that you ship your goods?—When we get orders through them.

1923. I will just read the fourth paragraph in your proof: "The bulk of the trade my companies do with foreign countries passes through the hands of London shipping agents, who make their own arrangements as to shipping and freight. I am, therefore, unable to give particulars as to how they are affected by the present system of deferred rebates, except that we have been instructed by some of these agents that they could not avail themselves of cheap rates which we have put before them from time to time, because doing so would risk the loss of primage accruing on previous shipments." Kindly explain this a little to me. You speak of putting before them cheap rates; who offered those cheap rates?—We have written over to foreign ports, such as Hamburg, Antwerp, Rotterdam, or Bremen, as the case may be, and asked what the rates of freight from any one of those ports would be to, say, a port in South America or elsewhere; and finding it would be less than what was quoted by the English lines, we should then write to our London correspondent and say, "If you like we can ship at such a rate of freight from Hull to Antwerp," for example, "the freight from Antwerp to South America is so much, and you will see there is 5s. per ton," or whatever it may be, "between them and the English rate." The reply of the London gentleman is, "I cannot ship that way, because we have such an arrangement that if we do it we shall lose the whole of our deferred rebates."

1924. Of course, before you could make use of the cheaper rate from Antwerp you would have to send the goods from this country to Antwerp?—Certainly. Even then, in days gone by, the freight was so much more favourable from the Continent that actually it paid to do that. May I explain in particular that it often arose because through the combination of the shipowners the ship takes the option of charging either by weight or by measurement; that is, assuming that so many barrels weigh a ton, if the freight was 25s. a ton, dead weight, then assuming that the measurement was calculated in their way, the freight would come, as a rule, to about 25 per cent. to 30 per cent. more. Really, the ship avails itself of the option of charging whichever may be the higher rate. We find the rates on the Continent are always dead weight, which is an important matter to us in our business; whereas the English lines claim to have the option of charging on measurement, which really means about one-third more.

1925. We have been told that the system of rebates has at any rate two advantages, one that the service is more regular than it would be without that system, and the other that the freights are not so often varied. What do you say as to that?—I should like to say at once that in giving evidence before this Commission, I have not the slightest feeling of hostility towards the shipowners in any way whatever, and I think that the interests of manufacturers and shipowners are bound up together, very much.

1926. I agree with you?—What injures one is very likely to injure the other. I would like, also, to say that I sympathise very much with the difficulties which English shipowners have through the Government bounties which are given to foreign lines. All that I want in giving evidence as a manufacturer is equality.

1927. Do you think that that equality could be brought about by legislation?—I think a good many

difficulties might possibly be remedied if some arrangements were made. Are you asking me to say what I think might be done?

1928. I think we should very much like to hear you on that point?—It occurred to me that to obtain equality, and to obtain a remedy for what merchants may think is pressing too heavily upon them, if those shipping rings were required to be incorporated and to file their rules and regulations much as limited companies do, then the public would know what they had to meet. If, further, something like a conciliation committee could be arranged—the same as has been arranged to settle trade union disputes—I do not say with compulsory powers, but that it should be a sort of conciliation board, so that a manufacturer might put his difficulties, in case he could not come to terms with the ring, before an impartial tribunal, and the shipowner could do the same, then, possibly, such an impartial tribunal might reconcile the difference and make things go smooth where there is restriction now. That is merely a suggestion which has occurred to me.

1929. Am I right in interpreting your views in the following manner? You think that in the long run shipowners, shippers, and merchants have a common interest?—I do.

1930. If the trade is diminished, of course, the shipowner's business is injured, so that they have a common interest?—Exactly.

1931. But, on the other hand, of course, the shipowner wants to get as much freight as possible, and the shipper to pay as little freight as possible?—Exactly.

1932. In that way their interests conflict. Then you say—and if I may say so, I quite appreciate that view—that that position of things is somewhat similar to the position of trade unions and employers?—Exactly.

1933. And from that you infer that it would probably be advantageous if the shippers formed themselves into some kind of combination?—Exactly.

1934. So as to present a more united front, as it were, to the shipowners. In addition to that, you suggest that where a body of shipowners cannot agree with a body of merchants there should be a conciliation board on which both parties are represented?—That is my suggestion.

1935. Thank you; I am much obliged to you. Then you go on in your proof to say that the system in England of the ship claiming to charge freight on either weight or measurement, at the ship's option, is misleading to shippers and detrimental to English business, as many of the Continental lines are willing to quote by weight only. Why do English shipowners desire to have that option of charging by either weight or measurement?—I should say there is no doubt that it arose, in the first instance, from what are known as soft goods, such as fabrics made in Manchester, Leeds, and other places, which are light in specific gravity and yet take up a great deal of room; so that a ship carrying a large quantity of cotton or silk or woollen goods would require to take either ballast or heavy goods, like iron or lead or what not, and to put these lighter goods on top. But it is obviously fair that such goods should pay more than the heavy ones. At the same time, with goods like our own it presses very heavily, when we are competing with a Continental manufacturer of the same class who has the option of weight only.

1936. (Mr. Owen Philipps.) You have made the statement—which is a very interesting one I am sure to many members of the Commission—that the Continental lines are willing to charge by weight only, while the English lines charge by weight or measurement at the ship's option. Can you give the Commission a concrete example where you have ever shipped measurement goods by weight only, by one of the Continental lines in recent times, because such an instance would be very interesting?—May I ask what you mean by "measurement goods"?

1937. I will put my question in another way. Do you know a concrete instance in your experience where you have ever shipped in recent times by one of the big Continental lines, goods that measured more than 40 feet to the ton weight, shipping them by a weight rate?—I have not got those figures in my mind. I am speaking about my own trade only, you see. We

are manufacturers, as I have explained, of paints and colours. The great bulk of the goods that we require to ship for South America are put in packages weighing about 23 lbs. each, and these iron kegs are packed in casks. Supposing that the weight of the cask is 5 cwt., or half-a-ton, then from the Continent we could ship it at so much per ton, but the English lines, who have taken these goods to South America, say that cask measures so much more, and it works out about one-third extra.

1938. I want to be quite clear about this point, if possible. You spoke of the Continental lines; take any of the great lines, the Hamburg-American, the Hamburg-South American, and the Norddeutscher Lloyd; can you give me a case on one of those three big German lines?—From memory I cannot.

1939. I did not know whether you had brought one with you?—I have not, because, as I have explained, we do the great bulk of our trade through the shippers, and I did not wish to go into concrete matters, as I could not do that sufficiently fully.

1940. (*Mr. Taylor.*) Would you say that all your goods shipped by the Continental lines went on weight only?—I am not a dictionary, and I cannot carry in my mind all that we have done. I should have to refer to my shipping clerk to answer that.

1941. Is that not really the point?—As a rule, my shipping clerk informs me that we can get quotations by weight on the Continent, while, as a rule, the English lines would require weight or measurement at their option.

1942. (*Sir Alfred Bateman.*) You have put in a resolution passed by the Council of the Hull Chamber of Commerce; can you tell us how that resolution came to be passed, and when?—I have not got the date, but the resolution was passed after our Chamber was applied to by your Secretary, who asked whether we would consider the question, and whether our Chamber would delegate anybody to give evidence before your Commission.

1943. I only wanted to know whether you had a full discussion about the matter before this resolution was passed, and how long a discussion did you have?—The discussion might have been for half-an-hour or a quarter; it was not a particularly full one. The feeling was this: that anything in the shape of what I may describe as a tied-house is detrimental to the general interests.

1944. Did a number of your members or some of your members come and say, "We have suffered," or "I have suffered from these deferred rebates"?—No.

1945. Did any of them say, "My goods have had to pay more for freight"?—No. As a matter of fact, I knew more about it than most of the gentlemen who were present. We generally held the opinion that anything in the shape of a tied-house was obviously detrimental to the general interests.

1946. You did not have concrete instances before you?—No.

1947. I hoped we might have had from you some concrete instances of damage to the Hull trade arising from the better rates or rather lower rates from German ports?—May I say that I believe a very large quantity of German manufactured white lead is sent away to foreign countries in competition with English manufacturers, partly because they sell cheap, and partly because the German houses have the advantage of cheaper rates; and, in consequence, that particular industry has been promoted in Germany to the detriment of the industry here.

1948. As regards your statement that you used to send goods to Germany and then on to other places by the German lines, can you tell us whether the sending of goods to Germany was done by rail to the South of England and then by ship to Belgian or Dutch ports, or by ship all the way from Hull?—It necessarily must go by ship.

1949. That is, it went by ship from Hull?—It went by steamer from Hull to whichever port we wanted, whether it was Bremen or Antwerp or Hamburg or wherever it happened to be. We have vessels running practically about twice a week from Hull to those ports.

1950. And although you shipped from Hull to Hamburg, say, and then from Hamburg on, the two rates

together worked out to less than the rate for shipping straight from Hull?—Certainly, or else we should never have done it. It is obviously detrimental to us to have to tranship, because it injures your package. You would never dream of doing it unless you were forced to do it.

1951. Now you have practically given that up?—We have had to give it up, because the foreign lines have been arranged with without a doubt.

1952. In speaking of rates of freight and what you pay on your particular goods, I suppose you pay according to a classification scale, that is to say, goods in the first class pay so much, goods in the second so much less, and so on; is that not so?—Exactly. To take my own trade, especially paint, white lead would go at a lower rate than coloured paint, the idea being that it is heavier and takes up less space, I presume. Then, naturally, it goes in greater quantities.

1953. So you are interested very much in the question of classification?—We are interested in the question of classification, certainly.

1954. What you have suggested is some power of arbitration or conciliation between shipowners and shippers; I suppose it would suit your interests in cases of dispute in classification, if there were some body that could be called in either from the Government or the Chambers of Commerce to help to settle the question between shipowners and shippers?—Yes. In venturing to make the suggestion, personally, I think myself that it ought to be done entirely on conciliation, and that there should be no compulsion about it; because I think it would be very wise to ascertain how the thing would work before you sought to make anything compulsory. I think it ought to be entirely optional and entirely by good will, and that it should be conciliation only and absolutely to begin with.

1955. You do not want to have powers to give any body appointed by Government, or any other body, the power of arbitrating, do you?—I would not venture to make such a suggestion. I do not think it would be wise until you saw how the thing would work.

1956. Do you complain as regards the rebates, particularly of the length of time which these rebates are kept?—No. It is simply this—that it ties the hands of the English people at times, and puts them at a disadvantage with their foreign competitors. That, I think, is also detrimental to the interests of the shipowner himself. I think the two interests ought to work together. The English manufacturer ought to support the English shipowner, and the English shipowner, on the other hand, ought to give him equal facilities to what the foreign manufacturer has at his disposal.

1957. Have you had any special experience of the rates of freight to South Africa?—We have, but our trade is limited practically to South America, and what I know is complained about by some people does not affect me personally to any great extent.

1958. So you did not follow with particular interest the reports of the conference in London last year?—No, not particularly. We do a certain amount of trade in South Africa, but it is not to a very great extent.

1959. (*Sir Hugh Bell.*) I should be glad to be clear as to the nature of your business. I understand you to say that you have agents abroad in foreign countries?—We have.

1960. Who transmit orders occasionally?—Very constantly.

1961. Direct?—Some direct, and some through London agents.

1962. I want to distinguish—some you say direct?—Some direct, and some through London agents.

1963. When they transmit a direct order, what do you do then? We will assume it is to any foreign country you like; South America you mentioned, and I will assume South America. Your South American agent transmits an order, then what do you do?—We execute it and send the documents either through a bank—

1964. I beg your pardon, but you do something much earlier than that; you ascertain how much it will cost to get the stuff there?—Of course.

1965. I want to know how you proceed?—The order is given out to our shipping clerk, who writes to a

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London shipping agent who has nothing to do with it, but is simply a forwarding agent, "What is your rate of freight for such goods to such a place?" As a rule, these rates are fairly well fixed. Supposing it was to the River Plate, we know pretty well what the rates are, as they are not continually fluctuating day by day. We should write to our London shipping agent to say, "Will you engage so much room for the next steamer for Montevideo or Buenos Ayres," as the case might be.

1966. You would know by referring to papers in the office what the rate of freight would be?—We should.

1967. Or if you are in doubt, then your shipping clerk inquires?—He inquires in London of the people who have the matter in hand.

1968. If your order is a firm order, at such and such a price, you then proceed to execute it?—Certainly.

1969. And you deliver the goods?—Certainly.

1970. If it is an inquiry as to price you then write to your agent, I presume, and tell him that you can do it at such and such a figure?—Certainly.

1971. That is the process, is it?—Yes.

1972. That is as regards your agents abroad?—That is so.

1973. Would you give us any indication as to what proportion of your foreign business is done in that way—I do not mean to say exactly, but is it a half or is it a quarter?—Say a half of it.

1974. One-half of it is done in that way?—Yes.

1975. So that really it is quite an important proportion of your foreign business?—Yes.

1976. In that matter, of course, you are immensely interested in the rates of freight?—Of course we are.

1977. Having quoted the price, and got the order, and delivered the goods, you hear no more about it till you get paid?—Exactly.

1978. You are not interested in the fact that the person whom you call the shipping agent is going to get something back?—Supposing we sell goods, cost and freight, to the River Plate, of course, we are interested in the matter, but we have not ourselves made any arrangement with any particular line with regard to this rebate, though a great many of the London firms with whom we correspond have made such arrangements.

1979. By the London firms, do you mean the shipping agents?—The shipping agents and merchants. I speak of shipping agents and merchants, but the people who are simply forwarding agents are another set of people altogether. There are people in London who are simply forwarding agents, and who have nothing to do with the merchants; those are the people we employ when we ship direct on a direct order.

1980. You use three different terms, and I would like to be clear as to how you are using them. You use the term shipping agent as indicating a man who has, however, nothing to do with the ship?—That is so. When I use the term "forwarding agents" I mean people who are interested in receiving goods from ourselves and other people, and handing them over to the various ships and forwarding them on, and then simply making a certain charge. They may get a commission from the shipowner or not—I do not know; but they charge us a small commission for attending to our business, we having no office available for the purpose in the city.

1981. That is, two people of whom you have spoken, the shipping agent and the forwarding agent, are separate persons?—Yes, the forwarding agent's is a separate class of business.

1982. Then there is the merchant?—The shipping agents that I refer to in my proof, are London merchants who do the financing. Those people attend to the whole of the business as well. Whereas if we want simply to ship goods in London from ourselves direct to any foreign place, we should simply go to a forwarding agent and instruct him to deal with our goods the same as we should deal with them ourselves in our own town.

1983. Then in reference to this parcel that we are imagining you are shipping to the River Plate, you hear no more about it; your account is paid and there is an end to the matter?—Exactly.

1984. No return is made to you?—No return is made to us.*

1985. Do you complain of that?—I do not complain of any bargain when I have made it. If I make a bargain with a shipowner or anybody else, it is done with, and although I have felt it is too high, yet when I do my part and they do their part, I am not going to complain about that.

1986. You know, as a matter of fact, that the person with whom you have corresponded—the forwarding agent in this case; not the merchant, you know, but the forwarding agent—is charging you a commission; that you see upon the face of the account, I presume?—Certainly.

1987. You know of your general knowledge that he is going to get something back under certain contingent conditions, do you not?—No, I cannot say that. We go to a forwarding agent and we give him certain instructions; we pay him a certain charge for doing our work, and then we have done with it.

1988. You do not know of your own knowledge that he is going to get something back?—I know nothing more.

1989. But you suspect it, do you not?—No, I cannot say that I do. I have never even thought about it. I was not aware of it. He might or he might not.

1990. I am not using the word "suspect" in any invidious or improper sense?—I understand that.

1991. I merely want to get from you whether, as a matter of fact, this method of returning a certain amount of the freight is one of which you are conscious and which you resent; I think you are conscious of it?—You use rather a strong word when you say "resent."

1992. I will say dislike?—I dislike, as a general principle, all tied-houses, which interfere with absolute freedom, but I do think that the British shipowner wants protection against the foreign Government bounties, and I am willing to listen to anything in reason, so that our shipowning industry should go on in a smooth way, and so that they should wish to have regular lines of steamers running to the places we want to ship to. But I want our shipowners to be in a position to put us, with regard to the rates, on an equality with our foreign competitors; that is my only point.

1993. I quite understand that desire on your part, and it is not an uncommon one. What we are upon is not the question of foreign bounties, but the question of shipping rebates, and I want to get from you whether you feel some sort of annoyance or dislike or aversion, to the arrangements under which somebody who has made a bargain with you subsequently gets something back from somebody else?—I do not think it has hit me so hard as to cause any such strong feeling, as the words that you are making use of seem to imply.

1994. Will you suggest a word?—I think on the whole it ought to be a little more open. I have suggested how I think it might be done, namely, that whatever the rules of the shipping rings, which these gentlemen find it necessary to inaugurate in order to protect their own interests against undue competition, those rules should be open to the public, and that if there is any friction or difficulty there should be a mode of talking it over quietly, instead of simply leaving a single shipper in the hands of a great company.

1995. But you must know that there have been put in before us the precise rules under which the business is transacted?—Yes, given to this Commission; but have these rules been published so that the public can see what they are?

(Chairman.) If I may so, I have considerable doubts whether under the new Act the forwarding agent would, under the circumstances you describe, be entitled to retain the rebate. You also have doubts, I think, Sir John?

(Sir John Macdonell.) Yes.

(Mr. Taylor.) And I suppose the shipowner would get into discredit for giving it?

(Chairman.) It is an awkward question.

* See footnote on p. 77.—J. A. W.

(*Sir John Macdonell.*) The Act is all qualified by the word "Corruptly."

1996. (*Sir Hugh Bell.*) Are we not interrupting the course of Mr. Sissons' examination? I am sure it must be in the minds of all of us when Mr. Sissons is giving evidence that there are possibilities which might arise under the new Act; but that is neither here nor there. What I was upon, if I may go back, is this; you complained of want of knowledge, but I thought probably the whole world was aware that the exact rules under which these rebates are given are public property; for a very few shillings, I think you can get an immense mass of Blue Books on the subject; do you know that?—I have a paper here, does that deal with it (*producing same*)?

1997. That appears to be a notification that under certain circumstances some portion of the money which you have agreed to pay to this forwarding agent will be handed back to you?—It seems to me that you have put a thought into my mind, if I may say so. I had no idea that forwarding agents got anything of this nature. They may or they may not. They may get not only the commission that we pay them for doing our work, but, possibly, they may get something from the shipowner.*

1998. That never occurred to you before?—I never thought about it till you put it to me; but, perhaps, that is a good piece of information.

1999. That is an amount of naïveté that one hardly expects from a Yorkshireman—I am one myself. You have now given us the history of the order which comes to you from your own agent abroad, and I have endeavoured to get from you whether you feel any ground of complaint in the fact that somebody gets something back from the shipping authority?—I have no fault to find with our forwarding agents, and with regard to what they obtain, it is between them and the shipowners they go to; I have nothing to do with that, and it has not interfered with me.

2000. That kind of business you say represents something like half of your trade?—It might.

2001. I do not mean to bind you to that?—It represents a very considerable proportion.

2002. It may be 30 or 40 or 50 per cent. of your foreign trade?—Yes, exactly.

2003. Now I want to ask you about the other kind of business, which seems to me to be rather simpler. Business comes to you from a merchant, I will not say a London merchant, but a merchant?—Yes.

2004. In that case the merchant asks you to give him a price for the goods in which you deal?—Yes.

2005. He does not ask for delivery at all, except in London or to your own port, does he?—I would not say that.

2006. I want to know?—Many persons apply to us for the price of the goods. They say, "What is your price for cost, freight, and insurance to a particular port abroad?"

2007. In that case it falls under the other category, and you make all the arrangements?—We have then to make the arrangements. If a man simply asks me, "What is your price f.o.b. Hull, London, or Liverpool?" of course, I tell him, and then he does that himself.

2008. He gets the price delivered, and he takes any commissions that come to him, and so on?—That is so.

2009. And you do not complain?—No, we have no ground to.

2010. But a good many of your orders come from London merchants or British merchants under the same conditions as the orders from your agents abroad, that is to say, an inquiry that you will quote delivered Montevideo; is that so?—They come in many ways. But with regard to a great many of these orders that I have referred to as being dealt with through London financial agents, our goods get known, we will say, in a foreign port, and the foreign buyer writes to A.B. in London "Buy so much of Sissons' this, that, or 'the other.'" Then he has to come to us and the order simply comes to us through this London man, and the London man pays us in exchange for our

documents, and he gets his money back in the way that he arranges with the foreign buyer.

2011. You invoice, perhaps, c.i.f. or it may be f.o.b.?—Yes, according to circumstances, certainly.

2012. You have got the money you bargained for in payment, and you are no more concerned about it?—Precisely.

2013. Therefore, you have no complaint that your London correspondent gets back something from somebody else?—No; I have no objection to that.

2014. I distinguish between the two cases, and there was some little conversation among the Commissioners indicating why one may distinguish. In the first case you may have a ground for complaint, although it has not suggested itself to you, but in the second case you think you have no ground of complaint; is that so?—That is so.

2015. One of your serious complaints appears to be that foreign dealers get freights on better terms than you can; is that so?—That is so.

2016. And you are now faced with the assertion from English shipping lines or English merchants—I do not know quite which—that they cannot quote you from a foreign port?—That is so. We have had freights, we will say, to South America, and we had the alternative a year or two ago of sending our goods from Hull to a Continental port, and shipping direct to South America from there. Wishing to do that again, we have written to the foreign forwarding agent—I will not say of any big line; I could not say what line it is—but we have written to the foreign forwarding agent saying, "What can you quote us to 'such and such a port abroad,' and the reply is, 'We can no longer take British goods.'"

2017. That was said by a man who is a foreign forwarding agent?—Yes.

2018. That is to say, by a man in, we will say, Bremen or Hamburg?—Exactly.

2019. He says, "I do not want to deal with you"?—They do not quite put it in that way; they say they are unable to do it.

2020. And that is a ground of complaint?—It is rather a statement of fact, that the influence of these shipping combinations has become so powerful that they have extended their influence even to inducing the foreign shipowners to decline to take British goods. It is simply an indication of the power of combinations; that is the fact I am stating.

2021. The suggestions that you made in response to the Chairman a little while ago, are rather in the nature of clipping the wings of these powerful birds of prey, the Shipping Conferences, are they not?—I did not put it quite in that form. You rather wish to put stronger terms into my mouth than I wish to make use of. All I want to do is to say that I wish, so far as my opinion goes, that the business should be arranged in an amicable way to the mutual advantage of both the shipowner and the manufacturer; and that might be done, I suggested, by a Conciliation Board.

2022. You think at present that the shipping lines have powers which you consider it would be desirable to curtail in some way?—I think that no one likes to be dealt with too arbitrarily. As I say, personally, I should wish to work in the most friendly way with the English shipowner, but I should like to be on an equal footing, so that I could meet him on equal terms. If I have a powerful combination to deal with, and I am simply one manufacturer, I am helpless. I do not wish to be helpless, but at the same time I want to treat them as fairly as I hope they would wish to treat me.

2023. I have a difficulty in seeing who are the parties to your proposed arbitration. Is it Messrs. Sissons Brothers against all these shipping Conferences, or is it all the paint manufacturers of England against all the shipowners?—I was not seeking anything so big as that. What I suggested was, that when you have to deal with a powerful combination of shipowners and it is simply one manufacturer or one shipping agent who has to deal with this great combine, then, assuming that they cannot come to terms, and they think they are not well treated, there might be, I think, wisely, a Conciliation Board to put the case

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before, in the first instance, to see how the matter worked.

2024. It would require some powerful influence to be brought to bear upon a Conference to induce it to submit its case to such a tribunal, would it not?—If an opportunity of settling the matter amicably was not made use of, then the Government would take such steps as they thought proper.

2025. In fact, you have not given very much attention to the question; it is rather a general suggestion than a specific suggestion?—Precisely; that is all I think I was justified in putting before the Commission.

2026. (Sir David Barbour.) You said that what you wanted was equality of rates, I think?—I did.

2027. You did not care so much what the rates were, but you wanted equality?—So long as we are on an equality with foreign manufacturers and merchants, I do not mind.

2028. Are you not putting that opinion rather too strongly? Supposing that both foreign shipowners and British shipowners charged double what were fair rates—putting an extreme case—would you not object to that? It would be equality, but it would be equality at an unreasonable rate?—I put it also that the interests of the shipowner and the merchant are the same. If the shipowner puts his freight at such an exorbitant sum that the foreign buyer could not buy my goods, he would prevent me manufacturing them, and he would have nothing to carry.

2029. That would be the case in the long run; but looking at the particular case before him, would not the shipowner, if he had the power, be inclined to take about double the ordinary rate of freight if he could?—I do not think he would, for the reasons I have given, any more than I should myself; if I tried to raise the price on my goods to such an absurd price that people resented it, they would discontinue buying from me, and would seek some other sources.

2030. In that case there is competition, but in the case I am putting to you, it is the shipping ring which regulates the prices of freights all round. Of course, if you individually put up the price of your goods, your customers will go to somebody else?—Exactly.

2031. But if it is a shipping ring which has got a complete command of the trade of a particular country, and if there is no check upon them, they could put up the rate to anything they like?—They could put it up to the highest amount at which the foreign people would continue to buy the stuff.

2032. I quite admit that, but that might be a very high rate of freight, far beyond the market rate?—I think the question of mutual interests would settle that. It applies just the same to the great railway companies. They have got Acts of Parliament, and they have got monopolies in their own district; in England, we will say, from point to point the rate is sometimes a little too high, but it is never so outrageously high that it stops business altogether.

2033. Do you not think if any persons have got the monopoly of anything they are apt to put the price higher than what is fair?—They are apt to put it as high as people are likely to pay.

2034. They put it as high as will give them the most money they can make out of it?—Exactly.

2035. I am only asking you to qualify your statement, that all you want is equality of rates. You want equality of rates, and at the same time reasonable rates?—I should like to add that—equality, at reasonable rates. I am much obliged to you for the suggestion.

2036. You want equality of rates on reasonable terms?—Yes. I am much obliged for the suggestion. I had put that hastily down.

2037. As regards the question of freight on weight or measurement, that has nothing to do with the shipping combination or the shipping ring; that seems to be a trade custom. Shipowners in this country go more by weight or measurement, and you say abroad they go more by weight?—I think it is part and parcel of the power that the combination gives them. They say, "We will do it in that way, and we will only do it in that way, because it is the rule of our ring." Abroad, for reasons best known to themselves, not to me, they have given us greater facilities.

2038. Do not shipowners in this country who do not belong to any combination adopt the same principle of charging freight on weight or measurement?—That is the rule; it is the custom that has been made in England.

2039. Do the Shipping Rings, or Shipping Conferences, adopt that principle to a greater extent than it is adopted by British shipowners who are outside the Conferences; do you know if that is the case?—I could not reply to that. You see, the ports that we are mainly shipping to are pretty nearly all controlled by the combinations.

2040. So that you cannot answer that question?—No, I cannot.

2041. (Sir John Macdonell.) Can you state what is the practice as regards sailing vessels; is it by weight or measurement?—I cannot say that, because, as a rule, we do not give a full cargo, and, therefore, we are necessarily in the hands of the various lines. It is a very serious thing. If you had a cargo of coal or a cargo of iron or of anything else you could make your own arrangements, and do as you like, of course, subject to arranging with the owner of the vessel, whatever it might be; but when you are only shipping 10, 20, or 50 tons of goods, of course, you must go by the line that is running, and then you have to comply with the conditions of that company.

2042. (Sir David Barbour.) You are anxious to protect British shipowners against the unfair advantage which you think foreign shipowners get, owing to the bounties that they receive from their Governments?—I think that the shipowner requires very great and very careful consideration in consequence of that.

2043. If the British shipowner can enter into a combination with a foreign shipowner, the necessity for specially protecting him is not so great; if you find that he can make terms with the foreign shipowner the problem solves itself, does it not?—Then comes in the merchant's case. If it is as I say, my alternative of shipping by the foreign lines to South America is cut off, in consequence, as I think, of arrangements made between the English shipowners and the foreign shipowners; therefore, if you say the shipowner does not require any further protection because he can protect himself, then what about the merchant?

2044. Then there are difficulties on both sides?—Of course there are.

2045. What do you think of the proposal to make the rebate system illegal as a possible remedy for the difficulties that are alleged to exist—simply to say that if a shipowner is stating his freight he must state the net freight that he charges, without a rebate?—I do not like to give you a definite answer to that. As I said, so long as the foreign bounties obtain, I think our English shipowners require a great deal of consideration. Of course, it is against my personal interests to say this, but I do think that the British lines want protecting, providing they protect us at the same time. I should be saying something very unpopular if I said that I should not be at all unwilling, personally, that the English shipowners should have bounties, providing they enter into an agreement that these rates of freight should be on a level with those to our foreign competitors. But that is outside practical politics, I suspect, and, therefore, it is no use saying it.

2046. (Captain Collins.) You say, that so long as foreign bounties obtain, British shipowners require protection?—May I say that I said they require very careful consideration?

2047. Have you any knowledge how these foreign bounties compare with the subsidies paid by the English Government, such as the Postal subsidies paid to our own steamers?—I know one or two lines get fees from the Post Office for carrying the mails, but that is about all. That is the only subsidy we have got, except, possibly, the Cunard Line get something.

2048. You have nothing to put before us showing what the German Government does with regard to the subsidies granted to its shipping?—No, I could not give you the details.

2049. Your objection to the rebates is principally, I suppose, that they increase the rate of freight, or you think they do?—Or, rather, that they prevent

a person who is tied by them making use of a good offer. We have again and again ourselves had these complaints made—to speak of the River Plate trade—“You are charging us 30s. per ton”—we will say—“but we can get the same goods from Germany for 20s. per ton.” Then, what I say is, that if the English manufacturer is to be protected, the English lines ought to be willing, when this case comes, for a time to meet the competition and to put us on a level, otherwise, our orders will be taken away by the Germans, and once they get away, we may not get them back again.

2050. Do you say you can ship from German ports now to South America at cheaper rates than you can from England?—At times.

2051. I thought you were referring to what you can do now, but you were referring to the past and not to the present condition of affairs, in answer to one of the Commissioners, I now take it?—At the present time, I believe, that, taking the freight from Hull to the River Plate, it is more than it is from some of the Continental ports; but it is not sufficiently cheap from Germany to enable me to pay the freight across by the English lines; so the probability is—I will use arbitrary figures—that, assuming the rate of freight to the River Plate is 20s. from a Continental port, and it is 30s. from ours, we cannot afford to pay 12s. a ton to take it across to Bremen or Hamburg, as the case may be.

2052. Are not the larger German steamship lines members of the Conference?—Do you mean members of the same Conference as the English boats?

2053. Yes?—I believe they are now, but at one time they were not. I expect a great many of these cheap freights would not be on the great lines, but would be on tramp steamers which are put on from time to time.

2054. Do you allege that the Combination, or Shipping Ring, or Conference brings influence to bear upon these outside lines, and that it is in consequence of their influence that they refuse to give you even a quotation from foreign ports to South America?—I can only tell you exactly what I know myself, but I have it from the forwarding agent abroad—“We can ‘no longer take British goods.’” You must draw the inference yourself, the same as I have to do; I cannot say it positively; you can only infer it.

2055. Then you said that shipping from foreign ports you can, as a rule, ship by weight?—Yes, we can get quotations, as a rule, by weight for our goods, while, as a rule, we cannot get them in England.

2056. Taking the German ports, do you know whether that has anything to do with the practice of making through rates from inland towns which Germany applies—the railways only carrying by weight, therefore, the quotations must always be by weight?—I cannot say what induces them to do it. There is simply the fact that we have been able to get in the past quotations by weight abroad, when we could only get by weight or measurement in England.

2057. Do you ship to Australia?—Yes.

2058. A very large amount?—An increasing amount, I may say.

2059. Are the freights to Australia reasonable, as rates, in your opinion?—I do think so, but I should like to qualify that. I think the rates for those long distances are reasonable, but when you say reasonable they are not always in proportion to those of our competitors. I do not find fault with any of the rates we have paid, but I will give you an illustration of a New York rate. Supposing we are paying 15s. per ton from Hull to New York, that is a very reasonable rate, but sometimes I have been able to ship from Liverpool, from works that I am interested in near Liverpool, for 7s. per ton; so it is not reasonable in proportion, though, in itself, it is a very reasonable rate.

2060. Do you suffer from foreign competition in your trade to Australia?—Yes. The foreign competition is growing, both from the United States and from Germany.

2061. From the United States do they quote through rates?—I cannot give you any information about the rates; I can simply reply that there is competition, and a growing competition.

2062. Are the shipments from the United States generally direct or via Liverpool?—I cannot answer that, but I should guess direct.

2063. You have said that you would appoint a conciliation committee?—Yes.

2064. I suppose such a committee would have to be brought into existence by legislation, would it not?—Of course, Parliament could do anything.

2065. So any remedy of the existing state of affairs would in your opinion have to be introduced by means of legislation?—I think so. I do not think it would be possible to do it in any other way.

2066. (Mr. Taylor.) You say, in your proof, that the system in England of the ship claiming to charge freight on either weight or measurement at the ship's option is misleading to shippers and detrimental to English business, as many of the Continental lines are willing to quote by weight only. I understand you to qualify that by saying that you really do not know whether to-day these foreign lines would quote for weight only as against the English ships?—I have found to-day, at the present time, that the lines which we formerly made use of no longer will take British goods at all; so it is immaterial what their system is, if they will not take your stuff.

2067. Then if they will not take your goods, how do you know that they do not charge on weight or measurement?—I cannot tell you what they are doing now. If they do not take the goods at all, the thing is at an end.

2068. Then exactly what has happened is, that the trade has been divided, and an arrangement has been come to between them for the English companies to confine themselves to British goods, and the Continental lines to Continental goods?—I expect so. I infer that from the reply we got from the forwarding agents abroad.

2069. Therefore, this paragraph in your proof ceases to be of any importance?—No, on the contrary, and very much on the contrary. If the German lines are doing for the German manufacturer what they formerly did for us—and I expect they are—then the English manufacturer is at a disadvantage, because the English shipowner will say, “I must have weight or measurement,” while the German manufacturer will go to the German shipowner and get weight only.

2070. Let me follow that up. The German shipowner might take weight only, but he might take it at a higher rate?—Quite so, but my experience is, that it has always been at a lower freight—invariably so, I may say.

2071. That is to say, if you have a cask weighing half-a-ton and measuring 30 feet, it weighs half-a-ton dead-weight, and measures three-quarters of a ton cubic?—Yes.

2072. The shipowner in England would insist on charging for three-quarters of a ton at the same rate as the German will charge on half-a-ton?—That has been our experience in the past.

2073. That has been your experience in the past, but owing to the fact that the German now says, “I will ‘not take British goods at all,’” and seeing what has happened, you would suspect that the German manufacturer is still getting the benefit of the weight rate?—Yes, I would.

2074. And to that extent British trade is being handicapped?—Yes.

2075. I only put that question so as to know exactly what you think happens under the existing conditions. Would you say that was the result of the deferred rebate system?—I should say it was a result of the powerful combination which the deferred rebate system enables the shipowner to establish.

2076. Is there not a deferred rebate system in Germany?—Of course, there may be.

2077. Is the difference in freight, if it exists, between England and the Continent due to the deferred rebate system, or is it due to some other cause?—It is due to a great combination of which the rebate system is a part, and an essential part, at the present time.

2078. And without which the combination could not continue as effectively to exist?—Exactly; that is what I think.

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2079. When you speak of lower rates and cheaper rates being available from the Continent, I understand that they are not now available to you because British goods are not taken?—Quite so.

2080. But they were available?—Yes.

2081. You speak of tramp steamers being put on in Germany; do you think that made the rate?—I think there is very little doubt about it. I referred to a rate of 6s. or 7s. per ton from Liverpool to New York; that would not be as a rule by regular lines unless there was some cutting going on, but it would be carried by odd steamers put on. It would be odd steamers on the Continent working on the same lines that would bring about such a thing as that.

2082. You could have tramp steamers from England?—Exactly, but the deferred rebate system prevents the London shipper making use of them. The very fact of the trade being tied up prevents them being put on; and that is the very object of the Shipping Ring.

2083. Might that not apply equally in Germany? If there is a deferred rebate system in Germany, would not the German manufacturer be equally barred from using an outside tramp?—If the same conditions obtain in Germany as in England, of course, the effect would be the same; but you are asking me now a hypothetical question on something which may or may not exist, and my reply is, I do not know.

2084. With reference to this system of deferred rebates, the Hull Chamber said in its resolution that it is detrimental to general trade; what do you really mean by that?—I mean to say, that anything in the nature of a monopoly is detrimental to general trade, because it means that whoever has got the monopoly, as I think a previous Commissioner put it to me, charges more, because he has got the monopoly, and, therefore, he cannot do quite such a big trade.

2085. The effect of this monopoly, if it be a monopoly, is that you get a regular service at stated intervals, high-class steamers, and cheaper insurance. Supposing you did away with that monopoly and fell back upon casual steamers of an inferior character, do you think that the result would be equally detrimental to general trade?—I think my previous replies show that I fully realise all that. I fully realise the advantage to English commerce of these regular lines and of the good service that we are getting. I said the shipowner ought to be treated with every possible consideration, so long as he on his part treats the manufacturer in the same way.

2086. So that really what we come back to is that you do not object to a combination of this kind and a deferred rebate system, provided it is kept under proper control of some character and has some limit to it?—There should be some limit put to it. I want some control, so that the mutual interests of both shipowner and manufacturer should be properly respected, and so that the single manufacturer should not have to deal single-handed with a powerful combination, any more than a single workman should have to deal with a very wealthy manufacturer. Just the same as the working man has his trade union to back him up, we ought to have some conciliation board to come before when we have to meet a powerful combination such as these shipping conferences apparently are. That is all.

2087. I suppose, to put it in a concrete way, it would take the form of a combination of merchants in each trade, which would deal with the Conference Lines in regard to that particular trade, through a conciliation board voluntarily formed?—That is about my idea, whether it would be a wise thing or not.

2088. And if the conciliation board did not prove satisfactory, then I suppose you would suggest that the Board of Trade should have power to step in and impose terms?—Yes, after having the experience of testing it in the more friendly informal way which I have ventured to put before you.

2089. It would be adding a little bit to the duties of Mr. Lloyd George, for instance, if he had to fix rates of freight, rebates, and so on for all the shipping lines?—The members of the chambers of commerce, as probably you know, have suggested that we should have a Minister of Commerce, and a much more efficient system of dealing with commercial matters.

2090. And this would be a part of that?—It might be a part of it, and it might be a very desirable part.

2091. (Professor Gonner.) Do you think that combinations among the merchants in a particular trade

could be easily formed?—Not very efficiently. I should think that matters of this sort might better be done through the already existing organisations of the chambers of commerce. I myself would suggest in the first instance that, rather than make such a very complicated affair as that, any merchant who thought he had a grievance might put it before his own chamber of commerce, who then might communicate with whatever officials there were or whatever conciliation board was established, and they would see whether something could not be done.

2092. If there was a conciliation board established, how would the conciliation board be formed? Would it be formed, as I understand, on the one side of a certain number of shipowners or of representatives of the shipowners, and on the other side of a certain number of representatives of whom—of the chambers of commerce, or of the shippers in the particular trade?—I should say myself that the only practicable way would be to ask the Board of Trade themselves to appoint the conciliation board, and not leave it either to the shipowners or to the merchants to do. Three or four I think would be quite plenty; I think very big committees are too cumbersome. A conciliation board of about three would be much more likely to be useful than a very big one.

2093. Do you mean one board for the whole country?—That is the thought which occurred to me; but you are putting rather too heavy a responsibility upon me in asking me to suggest this. It is all on my shoulders, but I was asked to give you my idea.

2094. I am very much obliged to you, and I am sure we are all very much obliged to you for the suggestion. The point I was putting was this: I thought the conciliation board would probably represent the parties in a particular trade, but that is not your view?—No, I do not think it should represent a particular trade. It is so important; you see it is a question of the freight for all trades and all goods which are to be carried from point to point.

2095. Would it be the shippers and shipowners of a particular line as it were—from England to China, we will say, and so on?—I think a conciliation board of business men appointed by the Board of Trade could call in expert evidence on any particular trade to deal with any particular point as it arose. I do not think it would be possible for even this Commission to suggest a board to meet every possible contingency.

2096. It would really be something like the Railway Commission, would it not?—That was the foundation of my thought—that the same principle which applies to railways and to all the difficulties that you have to deal with inland might be applied to maritime matters.

2097. I understand now. Of course the ultimate price which is charged to the consumer for goods naturally includes the freight. The consumer, I suppose, imagines that the freight forms a very large element in the price, and we have found that there is more feeling apparently among the consumers in the British Colonies with regard to rebates than there is among the shippers or merchants in this country. Do you not think it is possible that they think that the monopoly increases the price to them very much?—They may do.

2098. You do not mind the amount of freight being rather high, provided it is the same to all your competitors?—I think it is essential in the interests of trade that the shipowner should have a remunerative business, otherwise the shipowner will not put his capital into the business and our services will not be as good. That is obvious. Therefore it is really in the interests of manufacturers and consumers and everybody else, that the rate should be remunerative but not unduly remunerative.

2099. But it being a monopoly, of course the rate might be a little higher than is necessary?—That has been dealt with before. Anybody who gets a monopoly gets as much as he can in reason.

2100. (Mr. Maddison.) When this resolution was passed by the Hull Chamber of Commerce, I suppose there were shipowners present at the meeting?—I should explain to you that the Hull Chamber of Commerce is designated the Hull Chamber of Commerce and Shipping.

2101. I know that?—It originated many years ago really with the Shipping Committee—that was a good many years ago, before I took any interest in it—and they practically had a monopoly of the whole concern. Then it was found necessary that it should be altered to

its present constituency. As a matter of fact, the Shipping Committee meets separately and distinctly, but it is just possible that one shipping gentleman was present at this meeting, and if he was, I should say from my knowledge of him that he would vote against the resolution.

2102. You told us that you thought you were about the only person who knew anything about it?—Amongst the merchants that were there. There were quite a number of gentlemen in the timber trade and the grain trade, and brokers and what not, but as a matter of fact I was known to be shipping abroad to various ports, and so I was asked to come here.

2103. It was not a very representative sort of meeting as far as Hull was concerned, if you were the only person present who knew the facts?—It was not representative in that way.

2104. You have no personal knowledge at all in your firm about deferred rebates?—We have not had any rebates.*

2105. Therefore you have never yourself handled a rebate; you have never had a rebate?—I do not think we have.*

2106. So you could not give very much information about deferred rebates?—No.

2107. Then altogether you could not say there was very much information given to that meeting where this resolution was carried?—The meeting that we held there expressed the opinion generally, as I have already said, that anything in the shape of a tied house was on general grounds detrimental to business generally.

2108. That is a general principle of yours which you leave when it comes to details, as I gather from your evidence?—That is my general evidence.

2109. But you leave it in its details when you come to close quarters with it?—It is said that the great bulk of our business is done through London shipping agents, but they tell us, when we put these cheap freights before them, that it is impossible for them to avail themselves of them, as I have stated in my proof.

2110. You have told us that the shipowners and the shippers have mutual interests, the one wanting cargo and the other wanting carriage?—Exactly.

2111. But the consumer wants both?—Of course he does.

2112. Yet you do not seem to take him into your calculation very much?—I do take him into the calculation. Just as much as the shipowner wants my goods to carry, I want the customer to send the goods to; and therefore we are all interdependent, if you bring it round to that—the consumer who wants something, the shipowner who has to carry it, and the manufacturer who makes it.

2113. Up to a certain point, I suppose you would agree that both the shipper and the shipowner may get along all right, and yet the consumer suffer by the rates being high—not reaching the restriction point, but being below it, although still against the consumer?—You are putting an obvious fact. The more a consumer has to pay for anything he consumes, the worse it is for him. The cheaper he gets what he wants, provided the quality is the same, the better for him.

2114. But there is a point where it does not make much difference to the shipper if he pays a little more for freight?—Of course there is that point, and there is a point at which business becomes impossible.

2115. I know, but I am not talking about that point, I am talking about one much below it. You do admit that the shipper may pay an increased freight rate which benefits the shipowner, but does not injure the shipper, yet which the consumer must pay?—Obviously it must be paid by the consumer eventually.

2116. Then the consumer is the person most vitally interested in a low shipping rate?—Yes.

2117. Having given that answer, would you say that he gets a lower shipping rate or a higher shipping rate through these conferences and rings?—I should say that the consumer is bound to pay a little more in consequence of those.

2118. You think he would pay more?—Yes, but then I must go on to say—and I am speaking now for the shipowner—that if the shipowner does not get remunerative freights, he will give over putting capital into ship-

ping, and then the consumer will find a difficulty in getting his stuff, as there may be a scarcity of ships, and the price will go up, I think, still worse.

2119. But you may admit that there is still a margin between this non-remunerative rate and the higher rate the shipowner gets through the Conference?—In other words, that there is an equitable rate which gives a living to everybody, and which is a fair mean between an unreasonably high rate on the one hand, and a ridiculously low rate on the other.

2120. Which do you think safeguards the consumer against an unreasonable rate—a free freight market or the monopoly of the shipping ring?—I think a regular service, however you are going to get it, is the best for everybody in the long run. Of course an extremely low rate on the one hand gives the consumer a benefit, and on the other hand he gets a benefit by a regular service. But if he has one regular rate, I think the view of the shipper that it should be something fairly reasonable is the best for everybody in the long run.

2121. Have you any doubt that in a free freight market there would be any difficulty in getting a regular service?—Where to?

2122. Anywhere?—Anywhere and everywhere?

2123. Yes?—I should think there would be. Supposing you had full cargoes, as I said, illustrating it by coal and iron or grain—anything big—you can always get a ship to go anywhere, if you can pay for it; but when you want to ship moderate quantities of goods you must have a regular service, and then sometimes the vessel will be full, and sometimes she will not be full.

2124. Then your objection to the so-called tied-house system, when you get to close quarters, vanishes?—I have already said that we want regular lines of steamers to various points.

2125. I know, and you think that can only be got, or can only be got in an effective way, by means of this tied-house system which you have early on condemned?—No; I do not say it can only be got in that way.

2126. It can best be got in that way, can it not?—At the present time; but then I say the whole question is very complex.

2127. Of course, that is why the Commission is here, and we want you to help us. You say that you sent to your forwarding agent on the Continent, following up your old practice of trying to get cheaper rates?—Exactly.

2128. And that he told you that he could not put your goods on board any ships?—That he could not take British goods.

2129. Could you not have gone direct to some of these tramp-owners, assuming they were tramps that took you?—I could have done so if I had a full cargo, but I had not.

2130. You had not a full cargo?—That is the point. If you get a full cargo you can please yourself.

2131. Do the tramps only take a full cargo?—I reply to you—I do not know whether you are a shipowner or not—

2132. I wish I was; you have made me envious?—I am very sorry. Will you repeat the question?

2133. My question to you was, whether tramps only take full cargoes; I thought they took large portions of a cargo?—I suppose the owner of a tramp steamer would take what it paid him to take, and if he got sufficient freight to pay him he would go, but if he had not he would decline it.

2134. Are you quite sure that this arrangement which the rings have made has operated on the Continent to prevent your goods being taken at all?—You are rather putting it very definitely. I am only surmising it, and I do not know. I tell you that my goods have been refused and you are inferring, as everybody seems to infer, something from that; but I cannot say that it is so.

2135. Then you have no suspicion in your mind, I suppose, even that the reason they are not taking British goods is because there is an arrangement with the English Conferences?—I have told you the facts. You evidently have a suspicion still, and whatever has occurred to your mind the reason is in mine.

2136. It is the same in yours?—I conclude you suspect that.

2137. Do you? It is immaterial what I suspect. I want to know what you suspect?—When you find that

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your goods were formerly taken and your goods are now refused, what can you think?

2138. What do you think—because that is my question?—I do think it is due to that.

2139. Then thinking that, do you also think that the same power of the Conference has operated to put the German on the same rates and the same conditions?—I have no statistics or anything else to guide me in forming an opinion.

2140. What would you think of that?—Personally, my own feeling is that there is so much arrangement, and the German systems are so very perfect, which would further their own commerce, that I should think in all probability the Germans are on better terms than we are. I should think that the German manufacturers will be able to get better terms from their own lines than we ever can get. I think so.

2141. That is to me rather important, because should your thoughts turn out to be right, then you would agree that the shipping rings have not attained that advantage which would make you support them, namely, putting you on an equality with your foreign competitors?—If the German manufacturer in the same trade as myself is getting a cheaper rate, of course we are at a disadvantage, and, of course, we do not approve of it.

2142. And that would tell very much in your opinion against the system of shipping conferences or rings?—Exactly.

2143. One further question about the conciliation committee. I am interested in the tribute you paid to trade unions. Am I to gather from you that this conciliation arrangement would have as an essential condition that these conferences should be incorporated?—I do not like to lay down the law. It is such a matter of opinion. I have ventured very humbly as a single man to suggest something, as I was requested to do, and I think it would be wise if the conferences were incorporated, because everything then would be made public, and everything would be dealt with as a whole.

2144. That is to say, you would legalise the tied houses?—Yes, providing it is all made public. I see your point; you would deal with a consolidated body like that; I should think then that they ought to have responsibilities, the same as I think trade unions ought to have responsibilities.

2145. You would seriously say then, that a great monopoly acting in restraint of trade—we are getting on very familiar ground now—should be positively legalised?—Trade unions act in restraint of trade, and they are legalised.

2146. That is all right, Mr. Sissons, but we have to deal here with shipping rings. Would you give any powers over those who are not in the rings?—No, on the contrary. I think if it is the other way on, the man who is not in the ring should have a perfect right to do as he thought proper. The men in the ring are bound each to the other, and further than that, if they were incorporated they would be bound by whatever that incorporation involved. Therefore, they would be tied tight, and they could only do certain things.

2147. You do not include in the incorporation any wide powers of coercion on the part of these rings?—I think the whole thing ought to be tentative and ought to be on trial. You are here inquiring into a most complex matter. You asked for a suggestion from a private individual, and I have ventured to put this before you. I think it ought to be tried, and after being tried then the Board of Trade, or whoever would be in power, should themselves deal with it.

2148. My last question is on the same point—you do not even suggest, to say nothing about recommend, that there should be in the first instance, at any rate, any legal powers brought in?—No; I think it ought to be entirely voluntary.

2149. (Mr. Barry.) I gather from your evidence that although your feelings towards the British shipowners are of the most friendly kind, still you think that merchants and manufacturers, in dealing with powerful combinations like the shipping rings, are in a comparatively weak and helpless position?—That is so, undoubtedly.

2150. Your suggestion as to the formation of a conciliation board, which I think a valuable one, presupposes the formation of a powerful combination amongst merchants and manufacturers?—That un-

doubtedly would be an advantage. A great many of these combinations do exist, but not generally. I think, in the first instance, it could be sufficiently well done by people who thought they had a grievance, going to their Chamber of Commerce, and through their Chamber of Commerce putting it before such a conciliation board. I think it might be done so.

2151. Do you mean that the situation would be greatly improved merely by the selection of a scratch committee from merchants and manufacturers?—I think not. As you see, there would be a great difficulty in the manufacturers combining, because a great deal of this business is private. Supposing I, for example, had a concrete case, I should not want to put the names of my agent and my buyer and the whole of the particulars before my competitors.

2152. What I wanted to bring out was this—to set up a committee, say to-morrow, from the merchants and the manufacturers, without any previous special combination, would not be very effective, would it?—I do not think it would be effective, for the reason more particularly that I have given you—because we could not disclose our private business.

2153. There was another point in your evidence that was very interesting. I think you stated that when you receive orders direct from abroad you arrange through a shipping or a forwarding agent to send the goods on?—Yes, we do.

2154. And the shipping or the forwarding agent arranges the freight?—Yes.

2155. And no part of any rebate arising from that freight comes into your hands?—No, none.*

2156. It remains in the hands of the shipping agent?—If he gets it.

2157. So that it is quite possible that the forwarding and shipping agents may have a strong interest in the retention of the rebate system?—They might have or might not. I have a case—I cannot mention any names—where we wrote particularly to a London merchant who financed the business and put before him a very favourable freight from the Continent; and he wrote back to us, “I regret to say we cannot make use of it, because “we should lose the whole of our rebates” for the past nine or 12 months as the case might be.

2158. In the particular case which you have indicated in your evidence, the shipping agent is not known to the consignee at all, and he does not appear, the business being between yourself and the consignee?—That is when we get orders direct; and then I would rather call him the forwarding agent.

2159. He is then the forwarding agent?—He is simply the London forwarding agent when we do direct business. The other case was a case where the London merchant did the shipping himself, and he paid us for the goods and got his money from the foreign buyer.

2160. In the case of the London merchant who is doing the business, he does come directly in contact with the consignee on the other side?—Yes, he does.

2161. But in the other case he does not?—That is so.

2162. He is simply the forwarding agent?—The forwarding agent is simply a man who receives the goods we send from Hull to London, puts them on board the foreign steamer in London, makes a certain charge, and, as these gentlemen have told me, and as I said, he may possibly, and most probably does, get something from the shipowner as well; and that is his profit.

2163. Then it is fair to suppose that the forwarding or shipping agent, who would secure the rebate under the conditions we have just mentioned, would naturally be in favour of the retention of the system which gives him a 10 per cent. rebate?—It is quite possible the forwarding agent might be or might not be—undoubtedly.

2164. Have you the experience in your trade that, since the introduction of the rebate system by the Conference Lines, rates of freight have greatly advanced?—No. I would say this—that the extremely low rates which I conclude are not remunerative, such as I have said we have shipped at from Liverpool to New York, namely, 6s. or 7s. per ton—have practically been done away with, and something more moderate has been established.

2165. In your opinion have the rates which have been set up by the Conference Lines exceeded the average

* See footnote on p. 77.—J. A. W.

rates of the preceding years?—It has certainly steadied the rates and rather raised them, but not to an extravagant degree.

2166. I should like to ask you one or two questions in reference to the resolution passed by the Hull Chamber of Commerce. When objection was taken to the system of deferred rebates, was it so much to the general system, or was it to the prolonged retention of the rebate that objection was taken?—It was to the system generally.

2167. Would the opinion of the Hull Chamber of Commerce be modified if the prolonged retention of the rebate were modified?—I do not think that makes any difference.

2168. That was not discussed at the meeting?—That was not discussed, and that was not the point at all. It was simply a question of what I describe as a tied house; that is all.

2169. You have said that, no doubt, regularity of service is an advantage under the Conference system?—Unquestionably.

2170. Have you known any case in your trade, say to South America, where there was a short supply of tonnage?—Not so far as I am concerned. I have always been able to ship anything we wanted to ship.

2171. And you have had no case where goods were left because there was no room for them?—No.

2172. (*Mr. Mitchell.*) You seem to suggest that all this matter might be dealt with by some form of combination amongst the shippers; what would be the force behind that combination?—The suggestion I ventured to make was that the thing should be on trial only. Evidently a great many persons find a grievance about this, and I say I think the interests, if they are properly managed, should be mutual, and that before you take any very drastic step I would suggest something, as I say, in the shape of a conciliation board which should be voluntary and on trial; and that failing any satisfactory result from that attempt, then I think the Board of Trade ought to take the matter in hand themselves.

2173. But you would not suggest that the representatives of the merchants or chambers of commerce going to the shipowners in a case of this kind would produce much effect unless they had some force or power behind them, I mean the force of a strong combination of some kind behind them, would you?—I think if the shipping rings had to register themselves, or incorporate themselves, and that we had to deal with one solidified body in that way, and that such a body felt there was an authorised conciliation board to go to, that probably would make the officials whoever had to do with it quite careful about their policy, and the very fact of such a thing existing might prevent the necessity of troubling it very much. That is the thought which occurred to me.

2174. Surely before you get this board you must have a strong body on the other side, must you not? Why should the shipowners listen to anything unless you have got a strong combination for them to deal with—in other words, unless you have got force on the other side?—It certainly would be most desirable that you should have that, undoubtedly.

2175. Is it not almost necessary that you should have it?—You have to some extent the nucleus of it in the chambers of commerce.

2176. But chambers of commerce alone would not have the necessary force behind them, or the necessary strength behind them, unless you could get a very strong combination of actual traders who are dealing with shipping companies?—If you take any steps to force people to do this, that, and the other, it would be a very serious thing to people who really see the whole bearing of the whole thing. I only suggested this from my own mind; probably it might remove a good deal of friction which apparently has arisen in certain quarters.

2177. Supposing that this system that you suggest is a bad one, and that you want to finish with it, you have got two possible ways of dealing with it; the one is by means of legislation, which you do not suggest, and the other is by means of a combination such as you do suggest. What I want to know is what force you could possibly get behind your combination. Is it possible under the present conditions so to combine all those who are interested on your side as to form a body strong enough to have any real influence upon the ship-

owners?—In the first instance, if you really want to make the thing absolutely binding and absolutely forceful—I shall have to refer to the trade unions once more—you will have to give this conciliation board such powers as the conciliation boards in Australia and New Zealand possess, and have compulsory arbitration.

2178. (*Mr. Maddison.*) May I interpose for a moment? Are you aware that no trade union is incorporated?—Yes, that I know quite well. What I mean to say is that if you want a force behind the conciliation board, you can only get it, as far as I can see, in the way they have got it in Australia and New Zealand.

2179. (*Mr. Mitchell.*) Now you are suggesting legislation?—I am not proposing legislation. You are asking me how it can be done, and I am suggesting that as a possible alternative. Of course it is possible for Parliament to do in England what the Government has done in the Colonies.

2180. It is a very interesting suggestion that this matter might be dealt with by a voluntary combination, and of course these things have been dealt with in that way on a small scale; but this is such a very big question and so many interests are involved, that I should like to know how it is possible to so combine those interests as to get the requisite force, which is a point that I feel very great difficulty about?—If the Board of Trade took it in hand, they could send round to the chambers of commerce, inviting them to communicate with the leaders of the various trades in the various centres, and ask them through the chambers to bind themselves together, and to send any grievance or any trouble that they had through their chamber to the associated chambers here in town, if you like, and from that centre to approach the conciliation board if it were formed.

2181. But still, if such a board as you suggest is to have real power, it must have compulsory powers, and such a board would have to be a statute-created board?—If it is found desirable in the end, it might be given compulsory powers, but I say that is rather a drastic step to take in the first instance until you see how the thing is working. As I have said from the very beginning, I do not want to suggest anything that would hamper the British shipowner on the one hand, or put him at a disadvantage against his Continental rival on the other hand. I am not a shipowner myself—I am on the other side—but there are already restrictions which the English shipowners have to submit to in regard to the load line and all the rest of it, and there are difficulties which they have to meet, and I do not want to make the trade so unremunerative as to drive capital out of the trade.

2182. But you have made a suggestion, and I want to see how that suggestion would be likely to work; that is the reason why I am putting these questions?—It could be done, as far as I can see, without Parliament taking it in hand, if the Board of Trade sent round a letter to the various chambers suggesting that they should invite people to communicate with their own chamber, which could then pass the matter on to the associated chambers. Later on, when it is found that it works satisfactorily, the Board of Trade might, if it thought proper, recommend Parliament to provide stronger powers and wider powers.

2183. But what power would there be, or what force would there be, behind the suggestions of the chambers of commerce, in the first place?—It would be simply voluntary; there would be nothing but goodwill, and they could do nothing but put the case before the conciliation board. They could put it to the two parties that it would be to their interests to agree in a certain way, and if they would not agree, and the grievance still went on, then it must be for the Board of Trade to decide what they think best under the circumstances.

2184. You could only write to the shipowners making certain suggestions to them, to which they might or might not listen, and to which they probably would not listen, as long as there was no force behind you?—I should say that shipowners, like other people, if they found their interests would be likely to be advanced by the doing of a certain thing, would not be unreasonable, especially when this would create a sort of public opinion; and that it would not be to a shipowner's interest, as a shipowner, to go dead against public opinion, and to do something that was really arbitrary.

2185. Would not the shipowners be much more likely to listen to their own customers at the present time than

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they would to representations from the chambers of commerce?—I do not know. As I say, a single customer is very helpless against a body. The shipowner himself might be willing personally to do that, but a shipowner is bound to other shipowners, just the same as railway companies are bound to other railway companies. For instance, we have two railway companies in Hull, and when I ask the rate from Hull to any particular point, I find it is the same on the one line as on the other; and if we ask for some alteration they say, "The Railway Conference will not allow us to do this." If a shipowner is bound to other shipowners, he cannot go beyond the agreement which he has made with his competitors.

2186. Of course, it all comes back to the question of what the force is. Unless you have got some force behind your combination what can you do?—You cannot compel anything. If this Commission thought proper to recommend to Parliament to put force on, I have nothing more to say. I did not consider that it was proper for me, as a private individual, to suggest anything so strong as that, but if the Commission think differently I have nothing to say.

2187. (*Chairman.*) I should like Mr. Maddison to help me on this point. Many disputes between employers and workmen are at the present time settled and decided by conciliation boards, are they not?—I am very glad to see that, but so far as I am personally concerned I have had no trouble; we get on exceedingly well.

2188. You have heard, have you not, that a great many disputes are settled in that way?—My knowledge is simply what is within the common knowledge of everyone, such as the great coal questions which have arisen from time to time, and the engineering disputes which have also been settled.

2189. Then there is the sliding scale?—Yes, there is the sliding scale. Of course, it is common knowledge that men of high position have been asked to act as umpires upon great questions, and I think, on the whole, they have been very much more pleasantly settled in that way.

(*Mr. Maddison.*) You are right, Sir; and, if I may just mention it, Mr. Mundella passed the Conciliation Act, which does for trade unions practically what Mr. Sissons is suggesting, and that without compulsory powers.

2190. (*Chairman.*) There is an Act now which has assisted conciliation boards, although legal compulsion has not been introduced. Do you know that?—I am glad Mr. Maddison reminded me of that Act. I do recollect it, but I had not thought of it when I suggested this conciliation board.

2191. What I want to bring out is this—that a conciliation board may be effective, although it may have no power of legal compulsion. Experience has shown that, has it not?—Exactly; it has.

2192. That is, I suppose, by the force of public opinion. I do not know whether you are aware that there have been very few, if any, instances in which workmen or employers have not complied with the decisions of a conciliation board?—I have had no experience in that direction.

2193. (*Sir John Macdonell.*) I want to put a question or two to you about this conciliation board. First, let me clearly understand how this conciliation board is to work. Am I to understand that not merely a private individual may come to the conciliation board and ask its assistance, but also a particular trade interested in a particular question?—My idea is that either or both could—that I could go as a private individual, and as a member of a combination. We have a trade council in my own particular business in Hull, and our association might be called together and someone might be appointed to approach this board.

2194. When you made use of the expression, "The incorporation of the Conference," I gather that you were not using that term in the strict legal sense, but that what you intended was that a trade association should, in dealing with these questions, be dealing at the same time with a shipping association—or some organised body. Is that what you mean?—Yes, that is my idea. I think that if these conferences are to go on, and if it is thought wise that they should go on as they are, they should be incorporated, and they should be a body that you can deal with.

2195. That there should be one organisation which, in many cases, should deal with another organisation?—

That is my idea of the question; and also that it should be equally competent to a private individual to go to the conciliation board.

2196. You would, I suppose, have on this conciliation board representatives of the shipping organisations and of the shipping trades interested?—My idea is that the Board of Trade should appoint the conciliation board, and call in expert evidence when it needed it.

2197. That is one way of doing it; I only want you to make clear to me what your idea is?—I think the Board of Trade could do it.

2198. The conciliation board having been formed, let me clearly understand what, in your view, are to be its powers. Supposing a merchant came to the shipping conciliation board with two complaints—first, a complaint with respect to the height of the freight, and secondly with respect to the detention of the rebate in the hands of the shipowners for what he called an unreasonable time; is your conciliation board to have power to deal with both of these questions?—The conciliation board, from my point of view, should have power to consider anything that is put before it, and to recommend to both parties what, in its opinion, would be the wisest way to settle the matter in dispute.

2199. It should have power to say what, under the circumstances, in its judgment is fair and reasonable?—It should have power to say what would be a fair and reasonable conclusion.

2200. In other words, it should determine what, looking to the whole facts of the case, was a fair and reasonable decision?—That is my idea.

2201. It should, therefore, be within the competence of the conciliation board to say "This rate is too high?"—Yes.

2202. Would it be competent for the board then to say "Such and such is the proper rate?"—I think so—"Under the circumstances, we think instead of 50s. per ton, it ought to be 30s.," or anything of that sort.

2203. Supposing the terms of the contract said that this rebate money shall be retained for 12 months; would it be competent for the board to say, "That is an unreasonable time, and we shall reduce it to six or three months?"—If the matter was voluntary altogether, the conciliation board would hear all the facts of the case, and they would say, "We recommend to both parties to settle the matter in such a way"—whatever it may be.

2204. You will assist me if you will just clear up another point. Do you suggest that a conciliation board, when considering these matters, should put to itself the question whether or not the contract that is put before it, and which it is asked to consider, is, under all the circumstances, fair and reasonable, or is—to use an expression which is familiar to some of us—in restraint of trade?—It certainly would be competent in my idea for the conciliation board to form a judgment upon any matter put before it—within the scope of course of these commercial transactions—and to express its opinion upon it.

2205. I think I see clearly what is your suggestion. You said in answer to one of the Commissioners that you had arrived at the idea from the existence of the Railway Commission?—Yes, that put the thought into my mind.

2206. What you are suggesting is of course a tribunal somewhat different. As you know, in regard to questions of railway rates, the Railway Commission has the important guide of maximum parliamentary rates?—Yes.

2207. Here there would be no such guide?—That is so; but this is a Commission to deal with new circumstances in which there is no legislation, and it occurred to me that what exists in the railway world seemed to give a sort of foundation for a system for trial—no more.

2208. Do you think that much the same object as you have in view would be attained if there were implied in all contracts to which the members of a conference were parties, an arbitration clause giving power to the arbitrators to deal with these questions?—An arbitration clause, you know, if it is properly drawn up, is compulsory.

2209. That I am aware of. I am asking whether or not the aim that you have in view would be essentially obtained by an arbitration clause implied in all such contracts; have you considered that point?—No, I have not considered that; but I do not think it would, and I could tell you why it would not.

2210. I am very anxious to hear that?—I enter into a bargain with you or anyone else, and we have made a

certain arrangement for buying or selling or doing something within the four corners of the contract. The arbitration clause would only be effective to say whether or not one of us has violated one of the conditions within our contract. In dealing with this matter, we are dealing with a number of gentlemen and a number of interests, and an arbitration clause would only be as between one person and another, and an arbitration clause would only apply supposing a mistake was made in the contract.

2211. I suggest to you that would depend very much upon the nature of the arbitration clause. Have you considered whether or not an arbitration clause might not be so framed as to give the arbitrator all the large powers, or very much the same powers, as you conceive your conciliation board to have? Had you thought of that?—No, I had not thought of that. That is really a legal question, which I think ought to be put before some expert.

2212. Passing from that to another point, you admitted, in answer to a question put to you by one of the Commissioners, that in your view in the long run the consumer paid the rebate?—Yes.

2213. I do not want to go too much into details, but taking the class of goods with which you deal, what percentage of the ultimate price paid by the consumer, in your view, would his freight represent? I know that is a difficult question to answer?—When I tell you that some goods I sell are £3 a ton and some goods I sell are over £100 a ton, how can I answer you?

2214. I rather anticipated that. If there be such a class of goods as those selling at £50 per ton with which you deal, what would be the freight say to Australia?—The freight then would be of very small importance, but when the goods are from £3 to £5 per ton, it is a matter of very great importance.

2215. I will take the case of the £50 goods first?—It would be of very slight importance in that case, indeed it would be of no consequence.

2216. Now comes the other case, the case of goods costing from £3 to £4 per ton; what would the rate of freight represent there?—It would make an enormous difference at once.

2217. Ten per cent.?—Greater than that.

2218. Twenty per cent.?—Yes.

2219. (*Mr. Owen Phillips.*) What would be the rate of freight to Australia on a ton of goods of that class costing from £3 to £4; would it be £2?—I should think it would be about 25s. per ton. Supposing I ship goods costing £3 10s. per ton, and have to pay 25s. for freight, you will see that that would make an enormous difference.

2220. (*Mr. Reeves.*) Possibly 30 per cent.?—Yes.

2221. (*Sir John Macdonell.*) It would be, at any rate, somewhere between 25 and 30 per cent.?—Yes. The amount of the freight sometimes may prohibit business.

2222. (*Mr. Owen Phillips.*) That is on cheap goods?—Yes.

2223. (*Sir John Macdonell.*) As regards such goods as you are now dealing with, the freight is an important factor to the consumer?—It is a most important factor on these low-class goods; it is all-important.

2224. You said in answer to another question that was put to you by one of the Commissioners, that there had been, since the Conference, a slight rise in freights. I think you used that expression?—I think there has.

2225. Directing your attention to goods, such as you have been describing, of the value of £3 to £4, what would that rise mean, in your view, to the consumer?—It would mean an advance to him of whatever the proportion is. You mean the additional freight?

2226. Yes; translate it into figures if you can?—About 10 or 15 per cent., possibly more.

2227. Ten or 15 per cent.?—Possibly, upon these low-class goods.

2228. Then may I take it that, in your judgment, dealing with goods of the value of say £3 to £4 per ton, the rise in freight since the Conference has been established—be clear on this point?—I think you are asking me to give you a reply when I do not think I have got the statistics in my mind which would enable me to do so. I could not say. There would be some advance.

2229. You seemed for a moment inclined to name a figure?—Yes; I was rather losing sight of the scope of your question, which went further than I thought at the moment. You want to know what the consumer would have to pay more upon these low-class goods in consequence of the shipping rings.

2230. That is the question?—It would be a very difficult thing to say.

2231. That question could be answered, could it not?—It might be; but I should not say more than five per cent.

2232. Could it be as much as 10 per cent.?—It is a guess upon a matter that would really want figures carefully got out to enable one to give a proper answer.

(*Mr. Maddison.*) I think this is most important. Could you send us any figures on this point?

(*The Witness.*) You mean to say, in consequence of the action of shipping rings, what percentage extra I think the consumers have to pay?

(*Mr. Maddison.*) Yes.

2233. (*Sir John Macdonell.*) Will you endeavour to give us the best information you can?—If the Commission wish me, I will give you the information if I can get any figures to put before you.

2234. (*Professor Gomer.*) That is of course on a particular class of goods?—Yes, and then of course it is obvious, as I said, that if they are low-class goods the percentage is high, and if they are high-class goods, it would then be of no moment.

2235. (*Sir John Macdonell.*) May I take it that the trade with which you are concerned is a trade the largest consumption of which is in low-priced goods?—No.

2236. It is not so?—No, it is not. As a matter of fact, so far as my own particular business is concerned, we are cultivating the high-class goods, for the very obvious reason that there is very little advantage in dealing with these exceedingly low-class goods.

2237. Can you answer me this—whether in regard to this low-class kind of goods there is at the present time any large amount of competition on the part of the United States or on the part of Germany?—On the part of Germany there is very keen competition indeed. We, ourselves, ship a good deal to Finnish ports and there we are at daggers drawn with certain German manufacturers.

2238. Is it the same thing on the part of the United States?—No, in fact we do not ship these common goods to the United States.

2239. May I take it that in competition with Germany a very slight increase in the price charged by the English merchant would divert a large part of the trade to Germany?—It would kill the trade.

2240. Therefore, I take it, that in your experience it is of extreme importance in order to retain the particular trade in these low-priced kind of goods that the freight should be kept very low?—Yes. It is only fair to say this: I spoke of the Finnish trade; we put this German competition before some of the shipowners we have had to do with, and they met the case very fairly. Even then it was a question of doing a lot of business for nothing for a year or two, until we ourselves have had to do much the same as our friends the shipowners have had to do, that is, we have had to come to terms with some German manufacturers in order to get a living out of it. So I certainly have some sympathy with people who are driven into a corner.

2241. In the early part of your evidence you made use of the expression "a free freight market"?—I used the expression of the tied house, and some gentleman present made use of the expression, the free freight market.

2242. Perhaps that is a more correct account of the matter. Can you refer me to a case in which there is at the present time really a free freight market, in the sense that you can within a reasonable time obtain a regular supply of tonnage in vessels of the same class as the Conference Lines?—I should say that wherever you have a full cargo there is a free freight market—anywhere and everywhere. If you have a full cargo you can always get a free freight market.

2243. I take it that in the case of merchants who, like yourself, do not always require a full cargo for your own purposes?—We never do; except in a small coasting ship we never send a full cargo.

2244. For your purposes is there a free freight market?—As a rule, not.

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2245. There is not?—No; it is all in the hands of the great companies.

2246. The great point upon which you insist is, I understand, that there shall be equality in freights?—Exactly.

2247. But you also think that it is a virtue that there should be stability of freights?—Certainly.

2248. And also regularity of service?—Certainly.

2249. I think you do admit that there is regularity of service?—Their service is very good as a rule.

2250. Are you sure that if the rebate system did not exist, there would be regularity of service?—Of course I cannot possibly say.

2251. I am asking you your opinion?—We know there have been regular services, and then we noticed by the balance-sheets of some of the great companies how unremunerative it was. When rates were being cut we know how very badly even the great Liverpool companies paid, and it is obvious that if the thing went on *ad infinitum* people would discontinue building ships, and would discontinue running them until the thing rectified itself.

2252. In your proof you make a grievance to the effect "That we have been instructed by some of these agents that they could not avail themselves of cheap rates which we have put before them from time to time." If each merchant acted on the principle which you here suggest, namely, making use of the Conference ships when it served his purpose, and then going away to some other ships when cheaper rates were offered him, are you sure that regularity of service would continue?—If it went on too much of course it would make the shipping business unremunerative, and ship-owners would lay their ships up until it paid them again, and then you would have irregularity.

2253. Would you admit that some measures ought to be taken to prevent what you complain of being done too frequently?—To prevent what being done?

2254. As I understand, one of your grievances is that you are not able to go to some foreign line and get a cheap rate?—My point is this, that when my German competitor is able to make use of this thing it puts me at a disadvantage, and my customer in South America says to me, or he writes to me at any rate, to say, "You have charged me freight at 30s. per ton, whereas if I had got it from so-and-so in Germany I should have got it for 20s. per ton," and then if I have to satisfy him, possibly I have had to allow him the difference in freight out of my own pocket.

2255. Do you admit that, in order that the shipowner may have some inducement to maintain regularity of service, he should have some sort of grip, by rebate or otherwise, over his customers?—If there was a case of this sort, that my customer in South America said to me "The Germans are taking it for 20s. and you charge me 30s. freight," I think that is a fair matter to go to the shipowner who has taken my stuff and got my 30s. and to say to him, "Look here, the Germans are quoting 20s., I think you ought to meet me half way," or something of that sort. There comes in my conciliation board; I have had to meet the difficulty I point out, but do you not see that no one shipowner could do it now?

2256. With great respect, you are now dealing with another point, no doubt important, but not with the point which I put to you, which is, Whether or not regularity of service, in your judgment, is likely to be maintained if the shipowner has not some grip, by rebate or otherwise, over the merchant?—I reply in this way, that if the shipowner did not find the business remunerative, then the service would become irregular.

2257. (Chairman.) You say it would become irregular?—I should not go on grinding paint if it does not pay me to do so, and the shipowner will not go on running his ships if it does not pay him to run them.

2258. (Mr. Lawrence.) You tell us in your proof that the Hull Chamber of Commerce objects to this system of deferred rebates?—Yes; I have given you their resolution.

2259. I gather that in the case of your own firm you have never received any advantage from the rebates?—That is so; we have not.

2260. Is that because the bulk of your business, or a large proportion of your business, is done through London agents?—The reason is, and always has been

that we do the bulk, and the heaviest part of this through the London gentleman who finances the business.

2261. That is to say, you have nothing to do with the freight there?—No. That is the reason.

2262. I suppose that in a certain proportion of your trade, in fact, in a considerable proportion, you are interested in the freights?—Yes, or rather we have to make arrangements for the freight and charge it to the customer.

2263. Practically, then you sell c.i.f.?—Yes.

2264. And to that extent you are interested?—Yes.

2265. Yet you claim no rebate?—I think we have had no rebate.

2266. Have you shipped always by the regular lines, or have you kept a free hand to send as, and when, and by whom, you like?—We have kept a free hand, but as a rule, from Australia we have only a limited service of steamers. I think they only go once a month, and so we are absolutely tied to them.

2267. That is only one particular trade; but, generally speaking, have you preserved your own freedom?—As a rule we are free.

2268. And that would put you outside those who obtain the rebate?—Exactly.

2269. Then as regards your paragraph about the Continental freights, I gather that those Continental freights are now brought into line more or less with the English freights?—So we believe.

2270. They are to-day, I mean to say?—We think so.

2271. Therefore your only objection with regard to that ground of complaint is the question of carriage by the German company by weight only as opposed to weight or measurement in this country?—Yes.

2272. That is your only objection on that score?—Yes. I began by saying that so long as we have equality we are satisfied.

2273. And that you have now got?—We may or may not have it. I cannot tell what my German competitors are getting; it is impossible for me to know.

2274. Do you not know whether the rates of freight to-day are equal in both countries?—I do not know, and I cannot know, because when we write to the forwarding agent abroad and ask him what is the rate of freight, he tells us "I cannot take British goods." He does not tell me what he is taking German goods at.

2275. He will not take your goods?—He will not take our goods, and so I do not know what he will take my competitor's stuff at—I cannot tell.

2276. As regards the conciliation board, can you tell me whether there has been any desire on the part of the merchants for a conciliation board?—No. The only reason I ventured to put that suggestion before this Commission was, that in the letter written to me I am asked to make any suggestion, and then of course the Chairman invited me to do so—and so you have my suggestion.

2277. Yes, and we are very much obliged to you for your suggestion; I only wished to ask whether in the trade generally you have heard very much about a conciliation board?—No, I have not.

2278. Therefore you do not know whether the shipowners have ever been approached on the subject, and whether they would be in favour of a conciliation board?—I feel sure that they have not been approached upon it. I was asked to say what remedy I could suggest, and for your information I have suggested this; and that is all I can possibly take the liberty of doing.

2279. (Mr. Reeves.) With reference to the board of conciliation, concerning which you have made a very interesting suggestion, I understood from you that you were very shy of compulsion, and of arming it with compulsory powers?—You see you are here to deal with a very complex state of things altogether, and until you have seen how the thing works I do not think in my judgment that it is wise to compel people to do something until you know what effect it is going to have.

2280. But would you like to see a board inquiring really into cases and matters of dispute between the mercantile community of a port and a district and the shipowners serving that port and district? Would you like to see a board set up to inquire into the matters

in dispute brought before it?—I think myself it is the wisest way of dealing with this thing about which there has been so much outcry, in order to ascertain really whether English commerce has suffered.

2281. What I want to come to is this: You would not set up a board like that and leave it in the position of not being able to inquire, if it wished to do so, into cases? If certain persons brought matters before it, would you in fact—to come to the point—give it powers of inquiry?—Yes. In that you have suggested another thought to me, I would. My suggestion was that the Board of Trade should appoint such a conciliation committee, and that the Board of Trade should give it power to require evidence to be given to it.

2282. To require evidence, and if necessary, of course, to summon and call for persons and papers?—Yes.

2283. And papers—because that is important?—Certainly, I would do that.

2284. You would, I understand, suggest that the ship-owner, or the Shipping Conference or combine, should be treated as a unit for the purposes of such a board, not as separate individuals brought up separately, but as a unit?—In my opinion, I think that would be the most convenient way of doing it.

2285. And, in fact, you would get such a body registered?—I think so.

2286. Do you not think it would be equally convenient and equally conducive to good business if the other side were induced to associate and to register also? For instance, that you should have on the one side the registered-ship-owning association or shipowners, where they are associated in any way, and on the other side a chamber of commerce or a chamber of manufacturers?—The Hull Chamber of Commerce, I think, is an incorporated chamber of commerce. I think we have it in an incorporated form now.

2287. Do you not think that it would tend to give seriousness and weight to the cases brought before this board of conciliation, if the cases were brought, not by individuals but by a registered chamber of commerce?—I think it would do so very much, because, if a shipper had a grievance, he then would, first of all, have to satisfy his friends and neighbours that it was a grievance, and they would take it up and put it forward in a formal way through this chamber.

2288. That is what I mean?—Therefore the conciliation board would not be troubled with the trifles that some crochety person might raise up.

2289. That is exactly what I was driving at?—That is quite right.

2290. Even if you thought that a certain number of petty individual disputes were not fair game for your conciliation board, do you not think that that board might have it in its power to lay down certain broad general conditions to obtain, say, for a few months at a time?—I think you are going ahead a little bit too fast, if I may venture to say so. I think, first of all, you have to get your board of conciliation, and then before you can make some rules I think it wants more experience.

2291. More experience than you have at present?—I think it is impossible to do that now.

2292. Generally it would ultimately work out so?—Ultimately, I think so; ultimately they might have powers given them.

2293. You made a reference to the arbitration clause in Australia and New Zealand, about which I have some personal knowledge. Are you aware, for example, that their method of going to work is to lay down certain conditions dealing with an industry in a certain district for a limited period of time?—Yes, I think I have heard that. My information is not very clear about it, but I know that does obtain, but whether it is wise or is not wise I express no opinion. Still, it gives an idea of how to deal with it.

2294. Take the New Zealand Act, which has been at work now for 12 years; most of the industry in the colony is regulated in that way. I understood from you that, though you would be in favour of compulsory inquiry, you would not be in favour of allowing your board to give a decision which should be legally binding?—Not at first, simply for the reason that I think it would not be prudent to recommend such a thing until the idea has been tested.

2295. It is really on the ground that you wish the thing to be tentative, and to proceed by way of experiment?—Exactly.

2296. You rather feel that compulsion would not be proper?—I think the interests are so vast and so great that to make hard-and-fast rules before the thing has been tried would not be prudent.

2297. Of course, you are aware that these courts in Australia and New Zealand have great powers?—I know.

2298. They have repeatedly fined employers, and also the employed. The New Zealand Arbitration Court has fined a body of 200 workmen a sum which, with costs, comes to about £1,200?—I did not know that.

2299. A large portion of it has already been paid, for instance, within the last two days, and the remainder is to be paid by the men at the rate of £1 a week each. That is what is going on now; but those strike you, I suppose, as very drastic and remarkable powers?—They are greater powers than I think, until you really have seen how the thing works, anybody would be justified in recommending here.

2300. Is it not the case that the Railway Commissioners of this country have power to give legal and binding decisions on matters of commerce affecting railways, some of them very important matters indeed?—I believe they have.

2301. If the parties concerned in these decisions disputed the fiat of the Commissioners they could be proceeded against, could they not?—Yes, I think so.

2302. Practically, it would be really applying the system of the Railway Commissioners to shipping business, but with certain enlargements?—Yes, but the Railway Commissioners have Acts of Parliament and special privileges and special responsibilities.

2303. (*Mr. Taylor.*) On this question of courts of arbitration and of the Railway Commissioners, do you suggest that the same principle should be applied in a tentative way to shipping? I fully appreciate the caution with which you put forward the suggestion, but has it occurred to you that these samples of the system already in working are concerned with the internal trade of each country, whereas what you are now suggesting is an application of the same principle to something that has to face competition on the high seas with the trade of all countries? For example, I have before me an article in "The Times" upon the through-rate system of German railways combined with German steamers. It is in yesterday's "Times," and is an illustration of what I mean. Here you have got competition with the system under which the German Government enables the combined German State railway and the German steamer to give a through-rate from an inland town in Germany to a town in the Levant. Nobody knows how the rate is apportioned between the State railway and the steamer, or whether the railway has got anything, or whether the steamer has got anything, or which is getting which. That is the kind of thing which we have to compete with when you come to over-sea trade. What I suggest to you, and I think it is important to bear in mind, is that when you are dealing with internal disputes between employers and workmen, or between railways and those who patronise them, you are dealing with the internal trade of the country, which, of course, is subject to competition; but I suggest to you that it is not the same kind of competition that would have to be faced by shipping. How far any such commission as you propose would be able to take into consideration in fixing rates of freight either voluntary or by compulsion, all these circumstances I do not know, but I put it to you—have you considered that?—I was asked to suggest a remedy where there is a great combination of shipowners, and a number of manufacturers who are isolated. We have to come to you, and you yourself—you are a shipowner—have, for the sake of argument, a shipping ring, that is, you have entered into a combination, I assume, with a number of other gentlemen. Very well, you are bound by the arrangement you have made, and, therefore, although you might be willing personally to give me a concession about a particular case, in consequence of your being tied hand and foot to other men who are in the same shipping business, you are unable to do it. Therefore a conciliation board would be identically the thing to deal with that; it would be the proper tribunal, if in the beginning it is not compulsory. I think, as you say, the interests are so vast that it is still more important that it should not be compulsory in the beginning. Then

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there is another thing. You refer to the association between steamers. As you are well aware, a number of our railway companies are also steamship owners. If I am correctly informed I think there was an attempt to introduce a clause in some railway bill to enable the company to subscribe money to commercial undertakings on the Continent. I do not think it was passed, but that occurred, and it meant this—that if a railway company owned steamers and also subscribed capital to great iron works or coal works on the Continent, you can see how easy it would be for such a railway company to give a preferential rate for goods which it was interested in, manufactured in another country, to bring them over foreign railways, than in its own steamers, and then over its own lines, to a place in England in competition with trade here. There is a great opening for that now that the railway companies are steamship owners as well, and if they have extra powers granted them to subscribe to the undertakings of other nations, we should have the Standard Oil Trust over again in Great Britain.

Mr. CHARLES SCHLEE, called and examined:

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2308. (*Chairman.*) You propose to give evidence on behalf of the East India and China section of the London Chamber of Commerce, I understand?—Yes.

2309. You state that the nature of the interests which you have in the operation of shipping rings is as a shipper of produce from China; please tell us what form of contract you enter into?—With the shipping company.

2310. You say you are a shipper of produce from China; what do you mean exactly by that?—I mean to say that I am interested in shipping tea from China.

2311. In what way are you interested?—I am interested on my own account in sending the produce, and I am also interested in bringing it here for English houses—principally very large English houses.

2312. So that you import it from China on your own account and also in conjunction with, or as agent for, English houses?—Quite so.

2313. How about the freight in those cases; is the freight paid in China?—No, in our case it is paid in England. It may occasionally be paid in China.

2314. But not generally?—No, generally it is paid here.

2315. Is it under a c.i.f. contract?—No, it is generally on a commission contract; occasionally it is c.i.f.; it varies.

2316. But generally not c.i.f.?—Broadly speaking the majority of our business is a commission business on our own account.

2317. Then the bill of lading would specify the freight?—Yes.

2318. Is the shipping business from China mainly in the hands of a shipping ring?—Yes, principally.

2319. Would the bill of lading which specifies the freight refer at all to any rebates?—No.

2320. To whom is the rebate returned?—It is firstly returned to the shipper.

2321. To the shipper in China?—Yes, or to his agent in London. The rebate form has to be signed in China by the China shipper.

2322. Is there a rebate form?—Yes.

2323. Have you that here?—No, I have not.

2324. Would you send it on to us?—I shall be very pleased to do so.

2325. (*Sir David Barbour.*) Is that the claim for the rebate?—That is the claim. The Conference also issues a circular stating on what terms they give this rebate. (*See Appendix No. XXIX. (F.)*)

2326. (*Chairman.*) Do they also call upon the shipper when he ships goods to sign any contract or any statement?—The only contract that the shipper makes is the contract which he makes with them through the bill of lading to begin with, and then after a period has elapsed, if he makes a statement to the effect that he has not supported outside lines during a certain time, then they refund him certain percentages.

2327. There is no contract of shipment entered into with respect to the rebate, I mean no contract that is signed by the shipper?—No.

2328. There is in some trades, but that is not so apparently in your own. Then you say the rebate is

2304. (*Chairman.*) Your opinion and your recommendation is that the establishment of conciliation boards should be first tried as an experiment before anything else is done?—That is my recommendation; that is what I should venture to think or venture to suggest.

2305. One word about the New Zealand Arbitration Act; I suppose you have no information whether it works satisfactorily or not?—I have heard opinions expressed about that.

2306. Different opinions are entertained of it, are they not?—Yes, very different opinions are entertained. Some people say that in consequence of that it restricts trade and prevents capital being taken to the Colonies.

2307. And you are not at all sure that any such Arbitration Act would be acceptable to people in England?—I am not at all certain about it. But, of course, an Arbitration Act applying to workmen and their employers is a totally different thing to a conciliation board between shipowners and merchants and shippers.

paid either to the shipper in China or to his agent in London?—Yes.

2329. You say in your proof "My experience dates from 1885 when my firm were agents in Hankow, China, for The China Shippers Mutual Steam Navigation Company, a company ostensibly formed by shippers to oppose Conference Lines." Why were the Conference Lines opposed; was that on account of the rate of freight which they demanded?—I think it was largely felt that the shippers then should have much more to say in the rate of freight that should be charged.

2330. You go on "The company however soon abandoned the policy on which it was founded and joined the Conference; it was ultimately absorbed by Holt's Line." May I ask on what grounds the company abandoned that policy?—I could only give you my own ideas on the subject. I should think it was probably because in the first place the people who took shares thought it was going to be a very good thing, and then gradually, probably, some of them sold their shares, and it may be that then the shares got into other hands through whom influence could be brought to bear. I should think it might have been something of that kind.

2331. I see in the next paragraph you make the important statement that you are of opinion that British trade in China has been very adversely affected by the system of deferred rebates, and you go on to say "In consequence of their powerful combination they maintain rates of freight to London at a level grossly disproportionate to those ruling to countries out of their sphere of influence." I suppose it is not denied that the service is very regular, I mean to say that the ships sail on the advertised day whether they are full or not?—Yes, that is certainly admitted.

2332. The rates of freight are not varied very frequently, are they?—No.

2333. And the ships are first-class ships?—Yes, they are first-class ships, bearing in mind that first-class ships alter very much. Do you mean to say as compared with tramp steamers?

2334. Yes?—In some cases they are, and in some cases I should say the tramp steamers are quite as good.

2335. As regards the two first elements, namely, the regularity of the service and the maintenance of the rates, do you think that those advantages are the consequence of the system of rebates?—The regularity of the service?

2336. Do you think you could get that without some such system?—I doubt whether in this case from China it has such an effect, and I will give you the reason why I doubt it. The majority of the lines in this Conference to China, probably five-eighths of them almost, I should think, are largely mail steamers, so they must keep up a regular service, at least as a rule. There are the French, the Germans, the Japanese, the Italians and the Austrians all running boats; so of course I do not think in this case the freight would have much bearing on that subject.

2337. You mean that they are obliged to have a regular service on account of their agreements with their Governments?—I think so.

2338. What is, in your opinion, the disadvantage of this rebate system?—In my opinion the disadvantage is

in the first place, that it practically ties you hand and foot for a period of 12 or 18 months to a line of steamers that, as far as I have seen, never have shown that they are inclined in my case—and I am only speaking of my own case—to consider it when that is a disadvantage to us. It seems a very one-sided contract. We are tied hand and foot if we support them. I do not say that it is necessary to support them. The next thing is that it is cumbersome. I think that, in business, the simpler a thing can be made, the better. I think that this writing out of rebates, and referring back for years and making it out, means a lot of trouble and that it is totally unnecessary. I do not think that there are any advantages in it in this case from China. I think the ordinary freight market would be sufficient for us. I think that what we could get would be sufficient for our requirements in the ordinary way for the trade homewards.

2339. We have had, I ought to tell you, a good deal of evidence to show that one advantage of the rebate system, whatever its disadvantages may be, is that the service is regular; but then you say that that would not apply to the trade from China, because these steamers are mail steamers, which must be regular?—I say that the steamers are largely composed of those—though not entirely.

2340. Do you think that the Conference system and the system of rebates enable Conference shipowners to exact an unreasonably high rate of freight?—It certainly puts a great power in their hands, and I think, like all these things they could use it to very great detriment.

2341. It gives them the power?—They have the power. It would give them a considerable power. I do not know that it is as great as some people might think it is, because in many cases where a man finds it is worth his while if the Conference becomes unreasonable, I think that, broadly speaking, in the shipping markets you can make your arrangements—I mean where it is a thing that would become a great and serious matter.

2342. Do you mean that if the rates were excessively high there would really be a combination of shippers which would bring the shipowners to reason?—Yes, I think so. It might take some time but I think it would lead to that.

2343. Do the shippers who are shipping merchandise from China form any kind of association or combination? Are they united?—We have our chambers of commerce, but, personally, I must say I have not any great faith in them when it comes down to one's personal business. These associations are composed of such different interests, so that, when it comes to discussing a matter such as this, you will find that you are up against the shipowner or the shipowner is up against the shipper; so that if these bodies really have a thing of that kind to do, from my point of view it has to be done by the particular interest that is attacked.

2344. I suppose shipowners are members of chambers of commerce?—Yes.

2345. I am speaking of an association or combination of merchants who are not shipowners; could not that be formed?—I do not know that there are any particular associations of that sort—not what I may call an association of a strong body of men.

2346. I suppose you would say that if they were previously oppressed, by shipowners, they would combine?—I think history would show that, as a rule.

2347. Now you give this as an illustration—"Conference rates from China to London have ruled about the same during the past 10 years, whereas Conference Lines have chartered vessels to other countries and for other nationalities at very much lower rates, thus handicapping British competitors for produce in the East, and causing injury to British trade by adversely affecting London as a distributing centre." I have no doubt that many members of the Commission will understand that, but can you just explain a little more to me what you complain of there?—I will put it in a concrete form. Presuming that the rate is 15s. to New York and that the rate is 45s. to London, then produce goes to New York, and it is distributed from New York all over the place. Now the Britisher in China who is competing for those markets, unless he ships his goods to a foreign country, is handicapped to that extent in his trade.

2348. Is the freight from China to New York less than it is from China to London?—Yes, it has been very much so.

2349. Is there a German company that takes cargo from China to New York?—No; it is largely done by vessels sailing under the British flag. I was only pointing out that it affected London.

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2350. Are they vessels belonging to the Conference Lines?—There are certain vessels of theirs; whether they have been chartered to other lines I do not know, but there have been ships which are known to be under the Conference Lines that have sailed to New York.

2351. What is it that you complain of?—I complain of the way it affects British trade in London, because by their action the distributing centre for certain trades is moved from London to another part of the world.

2352. (Mr. Lawrence.) Where the freight is cheaper?—Yes, where the freight is cheaper.

2353. (Chairman.) It comes to this that, in your opinion, the freight which they ask is too high?—As against other countries, I would like to say that at times and for some things it is too high, but at times it is high compared with the competition that is existing with other countries. The grievance that I have against them is that, when they say they give us a regular service and will assist us, when these opportunities occur where other lines beat us to other countries, they will not listen to us, and will not for the time being or in any way help us. That is what I principally complain of.

2354. Is that lower freight which takes away trade from London to other countries freight which is earned by steamers belonging to the Conference Lines or by steamers outside?—Largely I should think it is earned by other steamers, and yet in some cases also by theirs that are chartered.

2355. Now, you give us a striking illustration—"In August, 1905," you say, "I chartered a steamer of 5,000 tons at 25s. per ton to London, the Conference rates being 52s. 6d. per ton less 10 per cent. deferred rebates. The rates from Hankow to Odessa were ruling at 20s. to 25s. at the time and from Hankow to New York about 35s. The Conference were under the impression that the steamer was loading for other than Conference ports, so they made no opposition." What do you mean by "Conference ports"?—There is a certain scale of interest or rebate which, when you sign this undertaking, comes to you from these vessels that are joined in this and take cargo to certain ports of Europe where they give these rebates. Those are the Conference ports.

2356. Do you mean ports to which Conference steamers go, is that what you mean by "Conference ports"?—Yes, practically.

2357. "Whilst having often had offers of reasonable rates by the P. & O. Steam Navigation Company and other Conference Lines for chartering to non-conference ports, any attempt to get a reasonable one for London was out of the question. Had I not been able to obtain a rate for London approximating those to other countries, the 3,000,000 lbs. of tea the vessel carried would never have come to London, but would have been diverted to other markets where cheaper freights were ruling." That means, of course, cheaper freights in respect of carriage from China to those ports?—Yes, to New York or wherever the place was where the rate was cheaper.

2358. Then you say, "My grievance against conferences is that they do not deal fairly with their supporters." By that you mean, I think, that these Conference shipowners ought to reduce their freights in cases where they find that the freights are higher than the corresponding freights to other ports?—I think they should do something in that direction.

2359. They should take that into consideration?—I think so.

2360. "They curtail British trade instead of widening it. Were their rates governed by the general freight market there would be no grievance," and so on. Then you give some instances in which you have found the freights from Shanghai to New York are lower than the freights from Shanghai to London. In 1904 the freights from Shanghai to New York were 25s., and from Shanghai to London 45s.; there is a very great difference there?—Yes.

2361. (Mr. Lawrence.) Is there a regular service from Shanghai to New York?—In what way do you mean?

Mr. C. Schlee. 2362. Are there regular sailings?—No, there are not what you call regular sailings, but there is always sufficient tonnage for the requirements.

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2363. (*Chairman.*) That is a disadvantage, is it not, if the service is not regular?—To a certain extent it is, but it is so easily got at when you want it. The tonnage is, I mean, ready for any important cases. I do not think, as a matter of fact, so much of the regular service; that may be of importance to one branch of the trade, but whether it affects the trade as a whole it is very difficult to say.

2364. To what branch of the trade would it be important?—What I mean is this: It might affect a man who from choice, we will say, preferred to get his produce direct from the country which it came from instead of buying it in the London market. He might think he was getting some advantage by so doing, and might like it in small quantities as he wanted it. That is where it would be an advantage to him, at least he would think it would be an advantage to him. Whether it would always be so, of course, would depend on the markets of the world; but I do not think it would be a general disadvantage. It would mean that the distributing centre in the one case might be in China, and in the other here.

2365. Now we come to your remedies. As regards remedies, you say that you think "it would be a step in the right direction if it were obligatory by law that all bills of lading of Conference Lines should have it distinctly stated that the rates were subject to what ever deferred rebate was given by such lines." What advantage would that be?—I think it would be this: The bill of lading is a legal contract, and I think any contract should have the precise terms of the contract written on it for simplicity's sake. Everybody knows exactly where they are; it avoids disputes in many cases and facilitates business. Then the consignee knows exactly what he has to do and under what conditions his agent is buying goods.

2366. You go on, "Shippers sometimes like the system of rebates, because it does not bind them to return the rebate to their constituents. The shipper has to sign the Conference rebate form, not the receipt of the goods"—that you have explained—"and it is a matter of private arrangement between shipper and consignee whether the rebate is paid over to the latter. The only real remedy I can see is in combination among shippers"—that I suggested to you—"to do all they can to encourage open competition by chartering out side steamers when circumstances permit. An association for that purpose would, I think, obtain a large membership." That is one recommendation. You do not want any legislation to enable the shippers to do that, do you?—Any legislation for what purpose?

2367. You do not want any legislation to enable shippers to combine, in fact I do not see how any legislation would cause them to combine, do you?—I think that is a very difficult thing to say, because if it were a question of dealing entirely with Britishers and British trade, or British ships only were concerned, it might perhaps be advisable; but in the case of this Conference five-eighths of them are of other nationalities. It would be very difficult for British legislation to deal with the whole ring.

2368. You do not quite follow me. You say here, "The only real remedy I can see is in combination among shippers to do all they can to encourage open competition." They can do that without any legislation?—I quite see your point.

2369. You agree with me, do you not?—I am rather inclined to think that I do agree with you.

2370. If you do not entirely agree with me, perhaps you would tell me how legislation could enable the shippers to combine; I do not really see it myself?—I am quite of that opinion; personally my own conviction is that legislation from my point of view would be undesirable.

2371. I mean legislation for that purpose; there may be other legislation that may be useful?—Yes.

2372. (*Professor Gonner.*) I think the witness does not quite see that you are limiting your question to legislation for this one particular purpose. It would not be of any use for this purpose?—No.

2373. It could not assist you to combine?—No, exactly.

2374. (*Chairman.*) Then you go on to say, "An association for that purpose would, I think, obtain a large membership?"—Yes, I do.

2375. That is a very hopeful and encouraging view. Here comes something which is important, "If any law could be framed to make deferred rebates illegal it would, in my opinion, be in the interests of British trade;" that is to say, you are of opinion that the system of deferred rebates gives the shipowners too much power in the regulation of the freight?—Yes, that is one reason why I am of that opinion, and the second reason is that it seems to me, as these shipping rings also embrace other nationalities, that instead of leaving the shipping interests to open competition and saying that the British shipowners should, by looking after their business properly and by any artificial means of combining with other countries make it easy for their particular interest, I think it would be far better that there should be nothing of that kind, and that it would be better for British shipping interests to stand on their own feet.

2376. You say that if a law could be framed to make deferred rebates illegal you think that would be advisable?—I think it would be a good thing for the tea-shipping trade as a trade, indeed for the whole trade as a trade. Let us pay nett freights and let everybody who can do best get the trade.

2377. (*Sir Alfred Bateman.*) I think you are interested in tea entirely?—Yes.

2378. There has been a change, has there not, in the last 20 years in the China tea trade?—In what way?

2379. Has not the China tea trade very much diminished in this country?—Very much.

2380. Do you put that down to the question of freights, or do you put it down to a change of taste?—I put it down to many causes. I put it down partly to the question of freights, and I put it down largely to the amount of British capital that is invested in the Indian and Ceylon industry, and therefore to the very great efforts that are made in advertising all those big companies in order to push their article. The China trade being in the hands of the Chinese, of course nothing of that kind is done.

2381. Anyhow, there has been a very large decrease in the consumption of China tea in this country?—In this country, yes.

2382. At the same time there has been an increase in the consumption of China tea on the Continent, has there not?—I should not like to say that, as I do not know.

2383. You would not go so far as to say that?—No.

2384. There has been a good deal more tea consumed on the Continent within these last 20 years than there was before, is that not so?—Not very much; it does not amount to a large figure.

2385. It is not a large figure, but yet there was hardly any consumed before?—That is so, it is increasing.

2386. And in the United States there is more consumed now than there used to be, is there not?—Yes.

2387. And for that consumption the China tea has gone there a good deal, has it not?—They take all kinds there. I put it down that because they are not interested in the production of it largely, they do not care where the stuff comes from; therefore the same interests are not at work in pushing it.

2388. One of your grievances is that British shippers do not now distribute the China tea to the Continent from London, but that it goes straight to the Continent?—I do not say anything about that.

2389. Do you not speak of its "adversely affecting London as a distributing centre consequent on China produce being diverted to other markets by reason of the cheaper freight"?—Yes, to markets where the freight is cheaper.

2390. Surely one of your great points is that tea was distributed from London more in the past than it is in the present?—Certainly.

2391. And you think that this is due to lower freights to the Continental ports?—I suppose it is the Continental ports you have in mind?—Yes, these lower freights to the Continental ports militate against it very much.

2392. And I suppose at the same time the lower freights to New York have had some influence?—Yes, I have shipped tea myself via New York to London.

transhipping it at New York, at a rate cheaper than I could send it to London direct by the Conference Lines. At one time the Conference Lines—they have given it up now—used to take if optional New York transhipped at London for 10s. I won't be quite certain of the amount, but for less money than they would land it for in London. You could bring that tea to London, and if you sent it on they took it to New York for less than they would put it down in London. That is the principal grievance I have affecting British trade.

2393. I suppose those interested in tea in China do not much care where their tea goes to as long as it is sold?—Do you mean the Chinese?

2394. Yes; they want a market, do they not?—The Chinese do not, but I do as a British trader.

2395. Do the Britishers in China who are interested in selling China tea care whether it goes to London or elsewhere, or whether it goes straight to the Continent of Europe?—There are some that trade in one place; there are Germans and there are Americans, and there are English employed in the trade.

2396. There is what is called the China Association, I think?—Yes, there is.

2397. I suppose they would not be any use to you in dealing with the shipowners on such a question as this; their interests would be divided, would they not?—Quite so.

2398. And you have no strong association which would represent British and London interest in China?—We have the China Association and we have the Chamber of Commerce.

2399. Which Chamber of Commerce?—A branch of the London Chamber of Commerce.

2400. But that is the only one?—That is all, I think.

2401. You say in paragraph 4 that "they have been gradually forced to admit more and more lines of all nationalities into the Conference, some of whom I have good reasons for believing are getting a large share of the trade by giving inducements privately, not perhaps by actually charging less freight per ton, but by favourable measurements." Can you kindly explain that? What favourable measurements do you mean?—I am not giving you what I know of this, because I have never had anything to do with the measuring of cargo, but I am simply giving you what I was told when I saw a certain line getting a preponderance of the freight. I was told that the reason was that they were giving favourable measurements in China.

2402. Do they take two tons instead of one?—I cannot say that; I do not know in what way they do it, but I was informed that they were told that they got facilities in the way of measurements. When freight is measured and paid for in London, it is measured under the dock companies, whereas, if it is measured in China, that can be final as long as it is stated on the bill of lading.

2403. Is that done by the Customs?—No; it is done by the steamship line itself.

2404. So that this is rather what you have been told about the favourable measurements?—Entirely.

2405. You are not quite certain about it?—No, I have not absolute knowledge of it.

2406. But you say you have good reasons for believing?—Yes.

2407. In paragraph 7 you say "My grievance against conferences is that they do not deal fairly with their supporters"; is that about the measurement?—No, that was with regard to these rates in different ports of the world.

2408. They do not give them the lowest rates?—They do not give them anywhere near the rates; it is not a question of the lowest rates. We do not mind paying a bit more for a mail steamer as being a mail steamer, or if she goes faster. Naturally, with some people who want to get their cargo quickly, they would be able to charge more for her better speed; but we can also do with steamers of an ordinary rate of speed. That gives a chance to compete with other nations.

2409. You have not given us any figures as regards the rate to any Continental port, but I suppose there is a difference there, is there?—I have not gone into that, because it is not a thing that affects me.

2410. It does not affect you personally?—No.

2411. Now about the rate to New York. I suppose when the Panama canal is made the rate will be still lower to New York from China, will it not?—I do not know. It is difficult to say, and I should not like to say. We do not know what proportion the Conference may assume by that time. You can never tell.

2412. But supposing you have a free freight market, the rates must be very much decreased from New York to China?—They should be.

2413. Would not that affect you even if there were no rebates on the Conference rates?—I am talking about points affecting me now, and I am not looking as far as that at present. I may then have to become an American citizen.

2414. But surely your grievance is that this tea does not come via London?—My grievance is that not only myself, but the London Dockers, the London distributor, everybody connected with British trade, is losing a valuable trade here by so much more going to these other countries instead of coming to London. It is not only myself, it is the whole people, the whole port of London, which suffers under it.

2415. You are aware, although we may deplore it, that it has been the tendency of late years for a good deal of the London trade to go straight to the Continent?—Quite so.

2416. Since the Suez Canal, for instance, has been made?—Quite so.

2417. But you think that these rebates exercise a considerable influence in that direction?—I do think so.

2418. (*Sir Hugh Bell*.) You are complaining of the rebate system, are you not?—Yes.

2419. Explain to me a little what the system is. First, let me take the case which you give in paragraph 5 of your proof. You say there that the Conference rate was 52s. 6d. per ton, less 10 per cent. deferred rebate; does that mean that the 10 per cent. is first added on and then taken off?—Practically that.

2420. It does mean that?—It means that they charge you, say, 30s. a ton, and after a certain time they will knock 10 per cent. off if you have not shipped by an outside steamer.

2421. They charged you, in this case, 52s. 6d.—52s. 6d. less 10 per cent.

2422. It is not first added on and then taken off?—No.

2423. In your trade that is not done?—No; 52s. 6d. is charged on the bill of lading.

2424. And after a certain number of months you get back 10 per cent., which is 5s. 3d.?—Yes.

2425. It is really a rebate this time, and not a surcharge. I wanted to know whether in this trade that was the custom. You began to give a concrete instance, as you called it, of a freight from Shanghai to New York of 15s., and then from Shanghai to London you gave a freight of 45s. That is not in your proof, but you stated it. Was that on tea?—Yes.

2426. Why was it going to New York for 15s.?—Because the freight market was taking it there at that price. They wanted probably to get that steamer to New York.

2427. The owner of the steamer wanted to go to New York, you mean?—I suppose so. Perhaps he had a good outward freight again. It is like a return ticket: if they can do the journey both ways it pays.

2428. Quite right. When the steamer got to New York what became of the tea?—I brought it to London because it was cheaper than shipping direct to London.

2429. You got it to London cheaper in that way?—I got it to London cheaper by sending it to New York first.

2430. Have you any ground of complaint?—Yes.

2431. Why?—Because it was only a portion of my tea that I brought over in this way. Other people were distributing against me from New York. Supposing I have been shipping the tea by the Conference at 45s., and suddenly an opponent of mine goes and ships to New York at 15s., and the Conference say, "Oh, we cannot help that," I have good grounds for complaining.

2432. But you were doing it?—No. I was not loading the boat. I was taking the freight offered to me.

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- Mr. C. Splice.* 2433. I am afraid I do not understand?—What I mean is this: that the steamer was willing to take my tea for 19 *Mar.* 1907. 15s. to New York.
2434. And you agreed?—I agreed.
2435. Yes, go on?—Then I had the option of the New York market and the London market for my tea.
2436. So much the better for you, I suppose?—So much the better for me, exactly.
2437. You availed yourself of it?—I did, certainly.
2438. But I do not see why you complain?—I complain of this: that you bind yourself for a year and a half; if you ship by the Conference they bind you for a year and a half, practically not to go outside them; so there are many men who could not avail themselves. Supposing, for instance, I had been shipping for constituents, we will say—
2439. Do you mean customers?—Yes, customers; and I said, "Now I can ship tea to New York for 15s."; if I do that I lose all my rebates as a shipper of tea, so I have got to go and consult all my constituents and ask them if I may do this, and if they are willing to lose their rebates. A person who is not bound, and is not in a Conference, is free.
2440. I suppose a man goes into a Conference because, on the whole, it pays him, does he not?—I presume that he does. He is finding it out at times, and probably now he is beginning to find it out. We very often go into a thing, or some people do, because we think it is cheaper, and afterwards we think it is not. I suppose that is why people are asking about this thing now.
2441. That occurs, no doubt. This is a specific case that you are referring to, of the 15s. and the 45s. rates, and I rather want to follow what happens in a case of that kind. May I interrupt myself to ask you this: When you speak of your constituents, whom do you mean?—The people who work with me, either in joint business or for whom I buy tea.
2442. That is to say, you are buying for a group of tea-dealers in London, are you?—Sometimes for myself, and sometimes for tea-dealers. I buy for anybody who will give me a commission.
2443. When the opportunity came of chartering to New York at 15s., you went round to these gentlemen and said, "Now I have got an opportunity of chartering to New York at 15s., and I can bring from New York to London at such and such a price"—will you mention a figure from New York to London?—13s. or 13s. 6d.
2444. That is to say, "I can get into the London market for 28s."?—Yes.
2445. "Are you willing"—is that what you mean?—Yes.
2446. And they agree?—No, I do not say they did agree.
2447. I am at a loss to understand why you object to the process, because you got the tea very much cheaper into the London market, did you not?—Yes, I did.
2448. Then what do you complain about?—In that case, as you say, I got the tea cheaper into the London market; but what I complain of is that the lines of steamers that run into London at present dictate the rate of freight to London and charge a higher rate of freight than other companies are taking. What I object to is that in that way New York, to take that for an example, is in a position to distribute her tea much cheaper than London is. Supposing that the rate of freight to London were 40s., and that it were 40s. to New York, then in other markets we should both be much more on an even footing for competing in those markets.
2449. In the specific case that you deal with, as a matter of fact, the tea was delivered into the London market cheaper than it would have been if it had come direct to London?—Quite so.
2450. But it came to the London market?—Some of it did.
2451. Then some of it was going to New York, anyhow?—Certainly.
2452. Some tea was going to New York, and why not that particular parcel? Was there any objection to that particular parcel going to New York?—It did go to New York first, and then came to London.
2453. It came to London?—Yes.
2454. And it came to London cheaper?—Yes, it came to London cheaper than it would have come by the Conference Lines, certainly.
2455. So that was a great advantage to everybody concerned?—Not to the supporters of the Conference Lines, was it?
2456. But I thought you were here against the supporters of the Conference Lines?—Quite so.
2457. You are here to complain of the operations of the conferences?—Certainly.
2458. And your business is to defeat the Conference?—Certainly.
2459. You have no cause of complaint then?—Not on that ground—no, not at all. I like it as far as that goes.
2460. And you would do it every time?—Every time if I could do it, yes—as long as it paid me to do it, certainly. That is what I would like to have, certainly; we want more competition against the Conference.
2461. Exactly; then why do you not do it every time?—Because I am not strong enough.
2462. You gave a case in reply to the Chairman of 15s., which I have been dealing with, and now in paragraph 5 of your proof, you mention another case. You chartered a steamer of 5,000 tons to bring 3,000,000 lbs. of tea?—Yes.
2463. Was that the same steamer?—No.
2464. It was a different steamer?—Yes. This is years afterwards; it is quite another matter.
2465. So that every now and then you are doing it?—Certainly; whenever I get an opportunity.
2466. Whenever you get a chance you do that?—Yes, rather.
2467. Do you forfeit your rebates?—Yes.
2468. Every time?—Every time.
2469. It pays you?—It has up to date, certainly.
2470. Then, of course, you will go on doing it?—I will as long as I get the chance.
2471. You suggested in reply to the Chairman, and you suggest also in your own proof, that there should be a combination of merchants?—Yes.
2472. It seems to me that you are the very man to start such a combination, are you not?—Yes, I think I am.
2473. Why don't you?—I have not got the time.
2474. Not to look after your own business?—I am looking after my own business, but I am not looking after other people's business as well—I have not got the time. If they would pay me a sufficient sum, I would take it up with the greatest pleasure.
2475. The present arrangement, on the whole, works fairly well, does it?—For me?
2476. Yes, for you?—I cannot say my business has been a great success, and I do not. It has not. The Conference has largely affected the London tea market because there are very few men that I have come across in this business that do think as I do over these matters, and will take the trouble and will buck up against the Conference. When I went to the London Chamber of Commerce, which I did, and asked them to take it up, they laughed at me.
2477. Sir Alfred Bateman suggested reasons why so much China tea is not coming to this country now; do you agree with those reasons?—I would rather like to have them repeated.
2478. Sir Alfred suggested that partly there was a change in the taste for tea, and partly that more tea was coming from other countries and not from China. Do you attach much importance to that?—Some importance.
2479. So that might be the reason why your business was being affected?—That is one portion of it, certainly—I have no doubt of that.
2480. Are you dealing in China tea alone?—No, I occasionally deal in other sorts.
2481. Indian tea and Cingalese tea?—Yes, but that does not pay as well.
2482. Then the reason you go on with China tea is because it pays better?—Yes, that is it.
2483. I should have suspected that?—Yes, quite right. If I could get more of that tea here, that is exactly what

I want. That is why I take every opportunity of getting the cheap freights which the Conference will not give me.

2484. Is it not very suicidal of the Conference not to give cheaper rates?—I think so.

2485. Why do you not go and tell them so?—I told them long ago, and they laughed at me. They say, "We would rather carry half as much stuff." In that way, I say they are injuring British trade. They would rather go with their vessel half full than bring the vessel back full at a reasonable rate.

2486. You deliberately say that, do you?—I mean, practically, that is the answer that was given me; when I saw them that was the way in which I was met on the matter.

2487. I should like to be quite clear on that head, because Sir Alfred examined you upon some statements which you make in paragraph 4 of your proof, where you say you have good reasons for believing that certain lines, and so on; your reasons do not appear to have been very strong in that case, and you do not tell us the name of the line, for example?—No.

2488. You would rather not?—I do not feel inclined to.

2489. I am not going to press you for it. You do not assign any more reasons than those general reasons which you gave Sir Alfred?—Quite so.

2490. Are the reasons you are giving to me at this moment of the same character; you have told us that the Conference said that they were ready to go half full?—I will go as far as this, as far as I remember the conversation: I went to Mr. Joseph of the P. & O. Steamship Company, and whenever I have complained about the freights and I have said, "If you will lower your freights you will get a larger amount of freight," he has said he did not believe it—he did not believe it would increase the trade. Of course, there he and I differ, and that is where the Conference people and I differ. But my experience has been, I may say, the opposite of that. I have always found that if you cheapen the rate on a thing, and if it is a useful thing and competes with another thing, and you can put more of it in competition, you do increase the trade. I do not think keeping the rates above what they are to other countries is the right way to go about to increase the trade to London. I was met in that way that practically they were not going to. They said, "What would you undertake to give us, or to guarantee, what do you think we could get," and so on. Well, I was not called upon to do that, but I said, "If you will charter me a ship to London, I will give you a ship full of tea at a reasonable rate." I could not do more than that. We have not anywhere else to look to, and, of course, we cannot do it because of the Conference, because they agree on these rates.

2491. But now you have a way out of the difficulty, because you can ship to New York and thence to London and beat the Conference at its own figure?—I could at one time, but here is the same thing creeping into New York, and probably in time the rate there will be pretty well as high as the rate here, I think. I do not know how these Conferences are worked.

2492. That is what we are here to find out?—You will see how the thing is. The figures in paragraph 5 of my proof will show you something. In 1904, broadly speaking, the rate was 25s. per ton; in 1905 they started a small Conference to New York, and now and again they got a 25s. boat in, which runs up against the Conference. In the next year, apparently, that is again stopped; they are finding ways and means to stop it, I suppose, and they have got the rate up to 37s. 6d. That does not leave me any room.

2493. Then the Conference has extended its operations, and embraced New York?—It is not the same Conference, it is another Conference.

2494. I suppose they are working together?—I do not know.

2495. And you cannot guess?—I can guess, but I do not know.

2496. You do not intend to guess for our benefit, do you?—It is not that; I really do not know. I could imagine the way these things are done; I could guess how they are; I could guess, if you asked me to guess.

2497. Before they managed to include New York in their operations, were there other frequent ships offering to carry at anything like 15s.; could you do a great deal of your business in the way you instanced?—Could I

then? No, because before that the Conference plan was a very different one. As I said, they would take you through straight to New York for 25s. and charge you 50s. to London. *Mr. C. Schlee.*
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2498. I did not imagine that you went by the Conference, but got an independent ship?—I am stating what the Conference were doing in those days. When they gave me 25s. *via* London and optional London, of course I ship by the Conference *via* London to New York.

2499. That was the New York part of your business?—In London I could leave it wherever I liked.

2500. But you took it to New York?—No, I did not; but if I wanted it landed in London I could not help myself, I had got to pay what the London rate was. If I wanted it sent on to New York, I could land it there for so much less. They vary their methods. I do not know why they do it, but I suppose they go different ways to work in order to obtain their end of getting Conferences all round.

2501. Mr. Lawrence put some questions to you as to the regularity of the sailings to New York from Shanghai. Are there regular sailings?—Fairly regular.

2502. Do you mean once a month, or something like that?—More than that.

2503. But there is not a line of steamers running at certain dates?—No, I do not think there is.

2504. I wanted to know rather whether the instances you have given us were tramp steamers or liners. Were they tramp steamers, can you recollect?—Some of them were liners—that is to say, I have known Glen boats run to New York and Shire boats run to New York.

2505. They are Conference boats; but outside Conference boats?—Outside Conference boats.

2506. In that sense they are liners, but in the sense of my question they were acting as if they were tramps?—Exactly.

2507. A series of questions were put to you about the way in which the rebate is dealt with. In the last paragraph of your proof you say, "Shippers sometimes like the system of rebates, because it does not bind them to return the rebate to their constituents." I suppose that means they quote a price to their constituents, and 5 per cent. of that comes back into their pockets, and stays there?—I think so.

2508. You are one of those persons, are you not?—I return all to my constituents.

2509. We find, as a fact, that there is a good deal of difference in the custom?—As I say, it is not a binding one; it is purely a question of arrangement. As a matter of fact, when it comes to any big business, of course it is all taken into consideration in the price at which the business is done—naturally.

2510. And your buyer makes a bargain with you that you shall return or shall not return as the case may be?—Quite so. In many cases where it is kept it is with smaller people on the smaller things where there is the smaller commission.

2511. It is final. You get your payment, and there is no more said, and whenever the rebate comes back into your pocket it stays there?—Yes, with the smaller people.

2512. I do not think that seems unreasonable; I only wanted to be clear about the fact. The disadvantage of it is that it keeps the transaction open for a very long time, does it not?—Yes, and that is a very great disadvantage.

2513. That you find a very great disadvantage?—Yes. I also think this—in many of the smaller cases I do not think a man knows anything about the rebate, and I think if it were put on the bill of lading it would be a very good thing, so that everyone would know it. So many people do not know these things.

2514. Then he would claim it?—He would.

2515. Even a man with a small parcel?—A lot of these smaller agents are on the Conference side and support them. In a great many cases it is the smaller men, to a certain extent, who want the regular sailings.

2516. (*Sir David Barbour.*) Does the Chinese shipping ring practically control the rates of freight between China and this country?—I should think so.

2517. I suppose in that case they do, to a very considerable extent, control the rates in their own interest?—I should think so.

Mr. C. Schlee. 2518. You mentioned that on one occasion you chartered a vessel, and brought 3,000,000 lbs. of tea from China to this country. You had to forfeit your rebate in order to do that?—Certainly.

19 *Mar.* 1907. 2519. Is it not rather hard that in order to convey your goods by a perfectly legitimate means you have practically to pay a fine to the shipping ring?—I think it is very hard indeed.

2520. You say by some means you avoided opposition on their part?—I did.

2521. You say that if they had known you were chartering that vessel to come to this country they would have put on other vessels at, I imagine, cheap rates and spoilt your market?—I think what they would probably have done is that they would have put on a vessel at perhaps 5s. or 10s. under my rate if they had known what it was.

2522. You think that is rather hard on you?—It is hard, but, unfortunately, everything is hard in business.

2523. In the same way, when you sent your tea by New York to London, you had practically to pay a fine to the shipping ring to enable you to do so, because there you had to forfeit your rebate?—No.

2524. You did not forfeit the rebate in that case?—No.

2525. As regards shippers combining against the ring, is that not a very difficult thing to do?—It is very difficult.

2526. Supposing they combined and said "we will not stand this any longer," what would they do? Would they start steamers of their own, or what would they do?—I think they would begin by chartering.

2527. Which could be done, I suppose, but which would be a difficult thing?—It is very difficult to bring them all into line.

2528. And if they were not brought all into line I suppose the shipping ring, owning practically the bulk of the shipping between this country and China, could compete with them by lowering their rates?—That is what they would do, no doubt, for the time being.

2529. So that in point of fact it would be a very difficult thing for the shippers to get up a combination to enable them to fight the existing shipping ring?—It would, of course. It might have the ultimate result that the Conference would then put their rate down to what was considered a reasonable one by the shippers of the Conference.

2530. That is, the Conference might give in?—Yes, it might lower their rates.

2531. Or it might not?—Or it might not.

2532. At any rate the shippers or their friends would have to find a very large number of ships to begin with in order to fight the Conference?—Of course, if it was generally done it would be so. Of course a thing like that could not be done unless you have an enormous amount. It would take a long time to get everybody into line. You could do it in one specific line of trade; by working together, enterprising people could do it. But it is very difficult to fight them.

2533. Practically it has not been done?—No, practically not.

2534. (*Captain Collins.*) I want to be quite clear on one point—you say you forfeited your rebates?—Yes.

2535. That is you did not apply for them?—I did not apply for them.

2536. You do not know whether they would have been refused if you had applied for them, do you? We have had statements made by witnesses here that they know of no cases where the rebate had been forfeited?—Having broken with the Conference I could not apply.

2537. You thought you were in honour bound not to apply?—Exactly. Of course, I could have applied in a legal way in somebody else's name, no doubt.

2538. But the Shipping Conference did not refuse, because you never gave them a chance of refusing?—I have never asked them.

2539. We have also had, I think, some evidence here before us that where a shipper chartered a vessel and loaded it himself he would be in no way considered by the Conference to be infringing his agreement with them?—You have had some evidence to that effect.

2540. That is the case with South Africa, but that does not seem to apply to China?—I will take the opportunity of finding that out at once.

2541. (*Sir David Barbour.*) When you chartered a steamer was it all your own tea?—Yes, practically. Somebody else had a small interest with me, but practically it was my own.

2542. (*Captain Collins.*) Besides not applying for your rebate, which you thought you were not entitled to, or that you would not get it, you did not suffer any other penal consequences by going outside the Conference?—No, not at all.

2543. Is New York a Conference port? You have referred to Conference ports and New York?—Apparently there is a Conference running from China to New York, but it is not the same Conference as the one running to London.

2544. Referring to what you did in August, 1905, was New York then considered a Conference port?—I suppose it must have been?—Yes, but a Conference port is rather an ambiguous term. It is a different line of steamers running to the New York Conference than those which are running to London and the Continent of Europe.

2545. Do they co-operate?—I should think they would, but I do not know.

2546. The Conference is very strong in China; it embraces all the lines running there, does it not?—It is very strong. I should think it is probably the strongest in the world.

2547. And there are very few outside steamers travelling there, are there not?—There is a lot of coasting business done.

2548. But I mean from China, say, London?—Very little.

2549. (*Professor Gonner.*) So when you are asked why you went into the Conference, or why anyone goes into the Conference, the answer is that there is no alternative, I suppose, or that an alternative is not often present, though occasionally you get an opportunity of departing from the Conference?—Quite so.

2550. But speaking roughly, people submit to the Conference because they cannot help themselves?—That is it exactly.

2551. You were asked if you did not submit to the Conference because it paid you best; my point is that you had not much alternative?—I have not much alternative, and that is the very reason I do not believe in Conferences. I believe they restrict trade, and I believe they restrict freedom of action in every way.

2552. The objections which you have put down with regard to conferences, or rather with regard to the deferred rebate, are mainly because it leads to an unfair competition in foreign ports, because foreign ports have been more cheaply rated?—Yes.

2553. Supposing the rates to foreign ports were raised, and the rate from China everywhere was equalised, although it was high, would you mind then?—Yes, certainly I should.

2554. Although your competitors to America, or your competitors to Germany, had to pay the same high rate?—Yes, I should mind.

2555. Why?—I will tell you why I should mind—because I think in the end it is a bad thing for any industry. I think it would be practically putting the carrying trade of the country into such a position that they might and could at any time knock out industries, and destroy or build up industries.

2556. You mean that it would give them an undue dominance over the distribution of the industries of the world?—I think so, certainly.

2557. And strengthen their monopoly, and so on?—Certainly.

2558. It might also lead to an increase in the price, although that is not so very important in tea, because the freight is not large as compared with the value?—Do you mean that the raising of the freight might affect the price of tea?

2559. Yes?—I should say that, broadly speaking, the price of any article in most cases is not governed by freights, but is governed very much more largely by what the market is.

2560. It would depend very much on the article. If the article is a bulky one and of small value the freight would form a large item?—Quite so.

2561. But in the case of tea, that is an article of high value?—It is not so very high. It is very different to what it used to be.

2562. Still, as compared with other goods, it is high?—Quite so.

2563. Would you object to a Conference if it maintained a high, though uniform, rate of freight?—I certainly think it would be very disastrous for many things, and not only for British interests.

2564. You think that the Conference ought to extend more protection to loyal shippers?—Yes, that is the way I should put it.

2565. That, if competition is offered, accessible to those who are not bound to the Conference, the Conference Lines ought to offer a lower rate, or a competing rate, to those who are loyal to them?—Yes, I think they ought to meet them in some shape or form if they found that they were being threatened, and that they were suffering under the competition that was against them in the selling of the stuff—certainly.

2566. Do they do so to any extent?—No, I have never found them meet us in any shape or form.

2567. They do not consult you very much when they alter their rule?—No.

2568. There is not that harmony of agreement which people regard sometimes as existing between shipowners and merchants whose interests are supposed to be one?—No, I think not.

2569. (*Mr. Owen Philipps.*) Will you tell the members of the Commission approximately what a ton of 40 cubic feet of tea is worth?—Roughly about £18.

2570. You have told us that trade has been diverted to New York from London owing to the cheaper rates of freight to New York?—Yes.

2571. Could you give the Commission any statistics showing the effect on the trade from China to New York by that movement, which you consider is caused by the lower freight to New York?—I think it would be very difficult to give that, because there are many other reasons that come into the question why tea goes to different places. It depends on the various markets—if one is overstocked and one is understocked, for instance.

2572. I understand that, but could you not hand in any statistics for the last five years?—I do not think I could do that.

2573. You told a Commissioner previously that the result of the Conference recently has been to raise the rate to New York nearer to parity with the rate to London?—Yes, that is so.

2574. That shows, does it not, the shipowners have endeavoured to remove the anomalies? I mean, that is the result, though you can put it in another way?—It seems to me that they are getting their feet into another place now.

2575. I quite conceive that that is your point of view, but it is the case that the action of the shipowners has done that, is it not?—Why should they not have done it the other way round, and brought us down to the New York rate.

2576. Could you give the Commission any information as to the profits which are being earned by the boats in the China trade?—Could I give any information? I could give pretty good examples of what the China Mutual did when she was in the Conference. She did very well when she was in the Conference.

2577. How did they do before?—Not so well, because they got the Conference up against them.

2578. (*Mr. Maddison.*) Your general evidence has clearly been against shipping rings or Conferences?—Certainly.

2579. And I take it that you would say that the general effect of them was to increase freight rates?—Yes, I should say so.

2580. And you say that you are not taking as your basis of comparison mere cat rates—I mean during a fight?—No, I am taking what I might call fair rates.

2581. It is on the basis of those fair rates that you tell the Commission you believe the effect of the rings

is to increase them?—I believe so. I should say that is the tendency.

2582. Supposing that was not the tendency, would you have any objection to rings?—If they were to reduce the freights.

2583. If the tendency was not to increase the rates, should you have any objection to the rings?—It is a very difficult question. Supposing that all rings behaved themselves to the satisfaction of everybody, do you mean?

2584. No, this is what I mean: is not your main objection, your predominating objection, to shipping rings, that they do increase the rates, we will say, from Shanghai to London?—Yes, certainly, but if we had no shipping rings they would be lowered.

2585. That is right; that is your only objection? Against the increased rates we have two advantages given, namely, regularity of service and uniformity of rates; but I take it you do not think that, on the balance, those two things are equivalent to the other?—I do not see that uniformity of rate is desirable at all. If there is a scarcity of tonnage in the one place, why should they not charge more; and if there is a plethora of it, why should they not have it cheap?

2586. Your views are most refreshing, if I may say so, but we have had it in evidence that it does not matter much to the shipper whether the rates are high or low, so long as they are uniform?—I do not agree with that.

2587. You are very much against a uniform high rate?—Very much.

2588. But you would not object so much to a uniform low rate?—I know there could not be a uniform low rate.

2589. In the open freight market have you any fear of the failure of regularity of service?—In my line?

2590. Yes?—None.

2591. I suppose you would perhaps say that regularity might not take the definite form of sailings on one particular day at a scheduled time?—No.

2592. But you would say I suppose that there would be sufficient tonnage afloat to take all the stuff that was about?—Yes.

2593. And that you would have no fear as a practical man?—That I should have no fear of as a practical man, because there would be the freights.

2594. You said that after all if it became serious, shippers could get relief from these rings?—I believe they would, the same as anybody does—and the same as we all do—when the thing becomes serious we are driven to do it.

2595. That rather looks as if the present position has not been what I would call extremely serious; is that so?—I suppose that would probably be the way to look at it.

2596. It is not extremely serious, but yet in your view it is undesirable?—It is not seriously interfering with me personally, but I am speaking broadly for the trade as it exists. It might be a very serious thing indeed.

2597. On that point, may I put a direct question to you; there is nothing in your position as a trader that makes you exceptional, is there?—No, I think not.

2598. I mean to say, although all the traders may not agree with your evidence in the main, what is good for you is good for them?—I think they will all in my trade be delighted if we get freights down to London. But I think they find it very difficult to move in the matter. We are such a small body of men compared with the large shipowners.

2599. With your strong objection to these rings which has been so marked and clear, would you or would you not suggest parliamentary interference with them?—No, as a practical man I should not suggest it.

2600. You regard it as a free ocean?—Yes.

2601. And you do not bring the railway rates as a parallel into it?—No.

2602. In a word, you are for freedom all round?—Certainly.

2603. You believe in the end that that is the best for the world?—Certainly.

Mr. C. Schlee.

19 Mar. 1907.

Mr. C. Schele. 2604. (*Mr. Lawrence.*) In the first place you say, "Conference rates from China to London have ruled about the same during the past 10 years, whereas Conference Lines have chartered vessels to other countries and for other nationalities at very much lower rates, thus handicapping British competitors for produce in the East." Can you quote any rates to the Continent which are much lower?—What part of the Continent—Russia?

2605. Any part. I say to the Continent of Europe because you have already given us the Shanghai to New York rate?—The rate to-day from Hankow to Odessa is 18s. per ton by chartered steamers.

2606. Against your 42s. 6d.?—Against our 45s., I think it is. It is either 18s. or 18s. 6d., I am not quite sure which.

2607. Are there regular sailings to Odessa?—They are Russian Government lines.

2608. If a man wanted to ship to Odessa could he get his tea off as rapidly and with equal uniformity as he could to London?—There are not as many boats as that.

2609. In the one case he only pays 18s. and in the other case he pays 45s.?—Yes, but there are not so many sailings.

2610. Therefore the man who wants to ship to Odessa has got to take his chance?—Yes. You see the Russians, in a way, charter their steamers. They are men who get over the difficulty by chartering their steamers, and so getting a reasonable rate. They do combine there together for it.

2611. You say the Conference rate is very much lower to the Continent, and I am only taking the Conference rate. I understand you to say that the Conference rate to Europe is much lower than the Conference rate to London, and you quote Odessa?—I quote Odessa.

2612. I want to know whether a man has equal facilities for shipping to Odessa from China as he has to

London?—He has not so many facilities, because there are not so many boats running.

2613. Is he seriously handicapped?—No.

2614. How many sailings are there, as compared with the London sailings—speaking quite roughly?—I do not suppose there would be a twentieth, because there are all the various nations' mail steamers running practically this way.

2615. In paragraph 7 of your proof you say, "My grievance against conferences is that they do not deal fairly with their supporters, they curtail British trade." You mean by that, I suppose, that on the question of freights they charge too high a rate?—The trade goes to other parts of the world which otherwise would come here if the rates were lower.

2616. You gave us a reason for that, at all events from the P. & O. point of view. May not one reason for that be that there is an expanding trade to the Continent, whereas there is not an expanding trade to this country from China in consequence of other teas, Ceylon teas and so on being liked?—It may be so.

2617. I presume they are men of business just as we are?—Quite so.

2618. And they see here one trade, a trade with the Continent, which has great possibilities?—I will tell you the real reason why I think it is. That is this, that when they come to deal with Indian and Ceylon tea they are dealing with big English companies, and if they do not give them a reasonable rate these big English companies would charter steamers against them. But when they are dealing with China ports where there is not so much British enterprise at present, but where it might one of these days be very large, there are not the same powers of combination against them. That is where we are weak.

2619. Then your argument is that the traders are not as favourable to acting as a combination from China as they are in other parts of the world?—In some parts of the world, exactly.

FIFTH DAY.

Tuesday, April 9th, 1907.

PRESENT :

The Right Hon. ARTHUR COBEN, K.C., *Chairman.*

Lord INVERGLYDE.
The Hon. C. N. LAWRENCE.
Sir W. T. LEWIS, Bart.
Sir D. M. BARBOUR, K.C.S.I., K.C.M.G.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
Captain R. MUIRHEAD COLLINS, C.M.G.
The Hon. W. PEMBER REEVES.

Mr. J. BARRY.
Professor E. C. K. GONNER.
Mr. F. MADDISON, M.P.
Mr. W. H. MITCHELL.
Mr. OWEN PHILIPPS, M.P.
Mr. AUSTIN TAYLOR, M.P.
Mr. I. H. MATHERS.

Mr. J. A. WEBSTER, *Secretary.*

MR. EDWARD BEHENNA TREDWEN, called and examined.

Mr. E. B. Tredwen. 2620. (*Chairman.*) You are the senior partner in the firm of Messrs. Gilbert J. McCaul & Co.?—I am.

2621. That firm does business with Australasia, China, Straits Settlements, and South and East Africa?—Yes.

2622. You have furnished us with a proof of the evidence you propose to give; will you allow us to record that as your evidence?—Yes. (*The witness handed in the following statement.*)

SHIPPING REBATES.

1. Edward Behenna Tredwen, senior partner in the firm of Gilbert J. McCaul & Co., 27, Walbrook, doing business with Australasia, China, Straits Settlements, and South and East Africa.

I have been in the Australian trade since 1868, and constantly engaged in freight engaging since 1870, before any system of deferred rebate existed, and have watched that system grow up.

I have been Chairman of the Australasian Merchants' Association from its inception.

I am a member of the Australasian section of the London Chamber of Commerce, and nominated by that section to give evidence on this subject.

2. The question before the Royal Commission is one of immense importance to British interests, because any legislation which may be introduced as a result of its deliberations will be obligatory on British shipowners, but not on foreign shipowners; and it is very desirable that most careful consideration shall be given, so that British

merchants and shipowners may not be placed at a disadvantage in competing with foreign merchants and shipowners.

For example, in the *Australian trade* the deferred rebate system is operated by the N.D. Lloyd and D.A.D.G., and Messageries Maritimes.

In the *Eastern trade* by the N.D.L., Hansa Line, M.L., N.Y.K., Hamburg-American, Danish East Asiatic, Russian East Asiatic-Nederlands-India C., Rotterdam, and Lloyd & Cie. Transatlantica.

In the *S. African trade* by D. Ost. Af. Linie, D.A.D.G., East Asiatic C., and Swedish S.A. Line.

One of the arguments against the system is that it enables the established lines to become too strong and powerful. Unless, therefore, the anti-rebate legislation is by international agreement, it would weaken the English lines as against their foreign competitors.

In my opinion the success and prosperity of British merchants is bound up with the success and prosperity of British shipping, and any legislation prejudicial to the one must re-act on the other.

Therefore it is necessary for the question before the Commission to be considered most carefully from every point of view without prejudice, and with special regard to the fact that British merchants and shipowners have to meet foreign competition.

3. The deferred rebate system grew out of the "agreements" which used to be made annually between shipowners and merchants under which the shipowners agreed to give the agreement shipper the lowest rates in each ship, in consideration of the shipper agreeing to confine his shipments to the established lines, and not to support any opposition. The merchants signing the agreement were generally charged a lower rate than those who did not sign the agreement.

This was extended so that the agreement shipper received a rebate which was not given to non-agreement shippers, on a sliding scale in proportion to the volume of shipments.

The shipowner also came to agree that if any opposition came into the trade the agreement shipper should have an average shipment of his cargo carried at a rate as low as that charged by the opposition. This became very onerous on the regular line shipowners in times of opposition because they had to carry a great deal more cargo at the low rate than was carried by the opposition, so it became possible for any casual intruder in an established trade to inflict very heavy losses on the established lines, and there appears no other means than deferred rebate to prevent this.

On the introduction of the deferred rebate system the shipper no longer signed an agreement to support the established lines, but having given them his support, he sends in his claim for rebate accompanied by a declaration that during the twelve months preceding he has shipped only by the Conference Lines, who thereupon pay the rebate which they had promised to give in consideration of such support.

The merchant, therefore, has more freedom under the deferred rebate system than under the older agreement system, because he is not asked to pledge himself in advance to support the established lines. He is a free agent—able at any time to choose whether to support an opposition line for the sake of any advantages it may offer, if, in his opinion, those benefits are sufficient to compensate for the loss of the deferred rebate which the regular lines had promised to pay in return for his undivided support.

When there was no rebate system it was the custom of the shipowners, in times of competition, to buy goods on their own account to fill up their ships, thus competing with the merchants, whereas under the rebate system the shipowners agree not to ship on their own account.

4. The merchants' objection to the system of deferred rebate is based mainly on the fact that it is deferred—that the rebate is held in the shipowners' hands as a security for the fulfilment of the merchants' part of the bargain.

This means, first, a loss of interest on the amount to the merchant and, secondly, the merchant loses the rebate if he fails to carry out his engagement to support only the members of the Conference giving the rebate. The first objection could be met by the shipowner paying interest for the time the payment is deferred.

There is the added disadvantage to the large shippers that under the rebate system all are treated alike and the

large shipper has not the opportunity of getting lower rates than his smaller competitor.

Before the present deferred rebate system came into existence there were opportunities of making special bargains for large shipments that do not now exist.

The rebate system is, therefore, of special advantage to the small shipper rather than to the larger shipper.

5. The advantages of the deferred rebate system to shippers are:—

1. Regularity of sailings to a fixed date, ships full or not full, in ships of the highest class.
2. Uniformity of freights all the year round, with no violent fluctuations—consequently no sudden depreciation of stocks in the Colony. Before the rebate system I have known freights to rule from 7s. 6d. to 10s. per ton during one-half of the year and from 35s. to 40s. during the other half in the Australian trade.
3. The possibility of being able to quote c.i.f. prices at all times for contracts over a period without having to run the risk of being freight speculators.
4. The cessation of competition from shipowners' cargo shipped to fill up in fighting times.

The advantage of the deferred rebate system to shipowners is that it gives a security against the inroads of outside competition into any trade, at a time when such trade is good, by outside owners who withdraw their steamers from the same trade in bad times and employ them elsewhere.

The shipowner in a trade protected by deferred rebate agreements has therefore such security that induces the investment of capital and enables him to supply, in good times and bad alike, fine ships fully equal to all the requirements of the trade at steady and uniform rates of freight.

6. One argument employed by merchants objecting to rebates is that the United States, which is the only country that has prohibited rebates, gets on well without it. Does this bear investigation?

The United States possesses no considerable external sea-carrying shipowning trade, except what is carried on under the British flag by the International Mercantile Marine Co. as the White Star Line, the Atlantic Transport Co., the Wilsons-Furness-Leyland Line, the Dominion Line, the National S.S. Co., the Shaw, Savill & Albion Co., and George Thompson & Co., a large proportion of which is worked under the British flag with the protection of the deferred rebate system.

The Inter-State trade even from New York and other Atlantic Ports round the Horn to San Francisco and other Pacific ports being treated as coasting trade from which other nations are debarred.

The foreign shipping which has made the greatest relative progress in recent years is the German, and this has been built up under a system of deferred rebates such as is now under discussion in the case of British shipping.

The German shipping companies give deferred rebates in the following trades:—Australian, South, East, and West Africa, India, Burmah, Straits Settlements, China and Japan, West Indies, River Plate, and Brazil. In my opinion the deferred rebate system should only be declared illegal by international agreement and simultaneous legislation in Germany, France, Holland, Belgium, and Denmark, otherwise the British shipowners would be placed at a great disadvantage with their foreign competitors.

In support of this contention I would cite the effect on British shipowning of legislative enactment of a compulsory load line on British ships, without concurrent legislation in foreign countries. This caused the transference of a large amount of tonnage to foreign flags, especially sailing ship tonnage. Our foreign competitors, unrestricted as to load line, were able to work them at a profit when British owners could not.

In that case the legislation adverse to British shipping interests had the justification that it gave greater security to the lives of British sailors, and should therefore be passed.

With regard to shipping rings and deferred rebate, no humanitarian considerations are involved; it is purely a question of commerce. If British merchants are suffering under a deferred rebate system, so are their foreign competitors. If British shipowners are flourishing with the aid of a deferred rebate, so are their foreign competitors. If the deferred rebate should be abolished in the interests of merchants, then it should simultaneously be abolished in

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foreign countries. It is the enterprise of the British shipowner that has helped to make the success of the British merchant, and any legislation that will place the British shipowner at a disadvantage with his foreign competitor must ultimately re-act to the prejudice of the British merchant.

7. The result of the deferred rebate system on shipping in the trades with which I am concerned is manifest in the spirited building policy that has been stimulated by security against heavy losses caused by the intrusion of outside opposition. In the Australian trade the established lines have built larger, faster, and finer ships rather in advance of the requirements of the trade than following its growth. These ships are despatched at regular intervals, sailing punctually to the day appointed, often in dull times with one-third or one-half a cargo. The variations of rates of freight have been very slight, and generally reductions rather than advances.

The only exception was during a time of competition three years ago, when rates were greatly reduced. The reduction, in my experience, was not beneficial to merchants. It depreciated the value of stocks in the hands of importers in Australia, and caused the over-importation of many lines, and the importers of these excess shipments lost in interest and storage often more than the apparent advantage in freight.

If it were abolished by legislation, what alternatives are there that give the merchant and shipowner the present advantages of even a fair measure of them?

In my opinion any grievance which the merchants suffer is due entirely to their own apathy.

8. The shipowners find it advantageous to combine in their respective trades, and the merchants should do the same by forming large and powerful merchants' associations in each trade as we are doing in the Australian trade.

The merchants provide the cargo on which the shipowner depends to load his ships, and if the merchants through their association can speak and act as one body they can command fair terms from the shipowners, and if they consider that the shipowners are making undue profits through charging oppressive freights or freights that prejudice British merchants as against their foreign competitors, by combination they can get their grievances redressed.

In my opinion the absence of any such authoritative body to negotiate on the part of the merchants has caused much of the prejudice against the rebate system in times past.

The abolition of the system of deferred rebate, and the consequent continual fighting and competition with fluctuating rates of freight, would militate against the existence of a strong merchants' association in each trade to negotiate with shipowners. Each merchant would be fighting for himself instead of for the general body, and there would be no strong representative body to act for merchants as a whole.

9. Most of the owners loading in the trades with which I am concerned are limited liability companies, whose accounts are published.

As a merchant I should be very dissatisfied with the results of my business trading, if the percentage of profit on the capital invested were not larger considerably than the average of that disclosed by the shipping companies or owneries in the trades where I operate.

The accounts of some of the Conference Lines, working with a paid-up capital of £20,340,139 in 1896, paid an average dividend of 4.46 per cent.

Should the results of future periods be more favourable to the shipowners, the merchants, if properly organised in their associations, can make representations requiring a reduction in rates of freight.

In my experience the shipowners will listen to any reasonable proposals from a strong and representative merchants' association.

10. In the absence of any rebate system, with the resultant violent fluctuations of freights, my own firm would require one partner's attention almost entirely devoted to freights, or would have to employ a very experienced and highly-paid freight clerk, while all the time there would be this added cost of working the business, and any extra profit we might make in times of high rates and lessened competition, we should lose during the period of low freights and outside competition.

The shipowners engaged in the trade must naturally try to make interest on their capital and some profit, so

must charge high freights in times when there is no competition, or in off-season when full cargoes are not obtainable to compensate for the low rates taken at times of competition. If they cannot make their enterprise pay they will not invest money in the building of new ships, and they will fall behind their foreign competitors flourishing under the security of a deferred rebate system.

In the absence of any deferred rebate system large shippers will get advantages that will enable them to crush their smaller competitors.

Manufacturers give special consideration in many cases to those customers who support them regularly, or who confine their dealings in certain articles to those of their make. Why should not shipowners give a preference to those who support them in times of opposition?

The shipowner runs his ships on the seas that are open to all. He has not the monopoly of a line of rails against which there can be no opposition, unless it can be shown that the public convenience requires it.

The rebate granted by the shipowner to his supporters is not so great as the large shippers would get for themselves, to the prejudice of their smaller competitors in times of competition.

As a large shipper I should expect, in the absence of a rebate system, to get better terms for myself as against my smaller competitors than I do now. But I feel that before this Royal Commission I must give evidence as to what is best for all the traders of the country, and not what is best for my own interest. It is the mass of smaller shippers who would be prejudiced by the abolition of rebates. The fewer large shippers might gain a questionable advantage.

Many manufacturers and packers who supply shippers with goods make terms by which at the end of the year the shipper receives a rebate on a sliding scale rising in proportion to the volume of trade done, under which the largest buyers get an advantage over the smaller, and there are in operation arrangements with some manufacturers that they give one firm certain discounts that they do not give to any others, on condition that the buyer confines his shipments to goods of their make or pack in their specialities, and agreements with others that they only supply one firm with certain specialities for certain markets.

11. It appears absurd to suggest legislative interference with the freedom of trade between merchants and manufacturers.

The shipowners' rebate system is much more equitable to the general body of shippers than those mercantile agreements referred to. The small shipper gets more equal treatment from the shipowner than from the manufacturers.

Legislative interference to regulate the terms upon which the shipowners shall provide tonnage and to prohibit their giving rebates, especially when such rebates are given to all shippers, is as uncalled for as legislation to prevent manufacturers or packers giving any preferential terms to large buyers or exclusive supplies to loyal customers.

12. In the Australian trade the small association formed of a few of the large shippers has been able by negotiation to obtain valuable concessions from the shipowners, and could have done much more had it been larger and more representative. It would have been larger but for the fact the trade generally are too selfish and apathetic. They did not care to subscribe for £100 of shares, pay up £10 of same, and an annual subscription of £1 1s., but the conditions have now been altered so that members may join for £1 1s. annual subscription, and it is hoped thereby to form a more powerful association.

When this association was in the forming it was thought that jealousies and conflicting interests would make it impossible to work together satisfactorily, but experience has proved that such a combination is perfectly practicable.

13. With regard to primage and rebate.

The two things are quite separate and have no connection one with the other. In the Australian trade from the United Kingdom, primage by sailing ships is mostly 5 per cent., and when freight is prepaid—that is, paid at port of shipment instead of at port of destination—this 5 per cent. primage is deducted by the shipper when he pays the freight; it is not returned by the shipowner or broker, it is deducted by the shipper and not paid at all.

Primage by steamers is usually 10 per cent., and only 5 per cent. of this is paid by the shipper at time of

shipment, because the shipper deducts 5 per cent. on paying his freight.

The rebate of 10 per cent. is therefore not the primage. It is part of the freight, and in the instances cited is not the same amount as the primage paid. It is part of the freight which is returned to the shipper under certain conditions when the shipper has not broken his part of the bargain.

In the Australian trade the rebates accrued to the 31st December in one year are paid at 30th June following, and those accrued at 30th June are paid at 1st January following, so that on average there are nine months' rebates in the hands of the shipowners.

I have heard Mr. Soper's evidence, and he was asked why it was that so much more feeling existed in South Africa against rebates than in London.

Perhaps this is because the South African merchants in London appreciate, better than the importers in South Africa, the difficulties that London shipowners would have in carrying on their trade without such a system. If the malcontents changed places with their London agents their views would probably undergo a change.

14. Another point is probably the much debated question of how to define "a reasonable rate of freight."

In the South African trade the steamers in normal times go out full and return empty. They have, therefore, to make their expenses for the round voyage out of the outward freight, which therefore appears unreasonably high in comparison with the rates, say, in the Australian trade, where the steamers generally get full cargoes homeward, and can therefore take a less rate outward for the longer voyage. In Mr. Soper's evidence, see App. 1, in Report of Conference, 10th October—27th October, 1892, "That having regard to the rates of steam freight now obtaining to Australia and elsewhere, the rates to South Africa are greater than the present situation warrants."

At that time rates in the Australian trade were abnormally low owing to internecine strife amongst the members of the Shipping Conference.

REBATE AGREEMENTS.

15. I put in the earliest freight "Agreement," dated 16th July, 1878, under which, in consideration of my firm confining their shipments for Melbourne to certain lines named, the brokers, parties to the agreement, guarantee to return 5 per cent. on the net freight every three months. Rates of freight to be the lowest scale freights for similar goods. We were bound not to give the benefit of our return to any other firm in the United Kingdom. (Appendix XXIV. (1).)

Second Agreement, dated 2nd December, 1878, in similar terms, but the rebate altered to the consignment of a ship at port of discharge or a payment of £50 for 1,000 tons of cargo. (Appendix XXIV. (2).)

Letter dated 22nd May, 1879.—With regard to shipments for Brisbane, giving for each 600 tons of cargo a ship consignment or a payment of £35. (Appendix XXIV. (3).)

Agreement, 4th September, 1879.—South Australian trade in similar terms, but the clause added, "In the event of Messrs. G. J. McCaul & Co. being able to ship at any time at a lower rate in an outside vessel, the brokers undertake to provide space for a full average shipment by a vessel sailing about the same date." No rebate or consignments, but clause that if any firms, who have not hitherto had them, should get them, G. J. McCaul & Co. are to be put on the same footing. (Appendix XXIV. (4).)

22nd November, 1880. Brisbane trade.—Agreement for a ship consignment or a payment of £35 for every 600 tons of cargo. Rates of freight the lowest in the ship except Government cargo and through rate goods, but G. J. McCaul & Co. to have the benefit of such through rates. (Appendix XXIV. (5).)

19th June, 1885.—Agreement in regard to trade from London to South Australia, Victoria, and New South Wales. In consideration of Messrs. G. J. McCaul & Co. shipping only by the Conference Lines, they guarantee the lowest rate of freight in each ship except for filling up parcels of rough cargo, such as salt, cement, timber, pig iron, rails, pipes, Government goods, or for public works and through rates, but G. J. McCaul & Co. to have the privilege of such through rates. (Appendix XXIV. (8).)

Clause as before, that in case of competition the brokers are to supply tonnage for an average shipment.

For every 1,000 tons a ship consignment to be given at specified rates of commission or a sum of £50.

Penalty clause that on breach the agreement can be cancelled by three days' notice, and any advantage accrued to the shippers forfeited.

Codicil, 8th March, 1886, increasing the payment in lieu of a consignment to £75, cement and salt not to count as part of the tonnage. (Appendix XXIV. (11).)

Codicil extending the scope to vessels loaded from Antwerp. (Appendix XXIV. (10).)

Codicil, 30th September, 1890.—Extending the operation of the agreement to goods from any port in the United Kingdom. (Appendix XXIV. (9).)

8th May, 1885.—Consignment of a vessel for every 800 tons shipped in 2½ months or £50 paid in lieu. (Appendix XXIV. (6).)

Codicil, 21st August, 1885, extending scope to Antwerp. (Appendix XXIV. (7).)

Agreement, 11th January, 1890.—Goods from London, Antwerp and Rotterdam to Queensland. A consignment of a vessel of 875 tons register for every 800 tons of cargo or a payment of £50. Minimum commission on each consignment guaranteed not less than £50 (Appendix XXIV. (12).)

Letter, 17th January, 1895, was written by my firm agreeing to cancel our "Agreement" and accept instead the 10 per cent. rebate, this being the date of its establishment in the Australian Trade. (Appendix XXIV. (13).)

16. The rebate system was first introduced in the Australian Steam Trade in January, 1884, when there was 5 per cent. rebate by steam, and this was concurrent with the lowest rate and/or consignment agreements by sail.

The steam rebate was raised to 10 per cent. in November, 1890, and the sail agreements ran concurrently, but in January, 1895, the sail agreements were cancelled and the rebate was made 10 per cent. steam and sail.

The total number of general cargo steamers (excluding a few odd boats with rails, coke, &c.) despatched from United Kingdom to Australia (excluding Tasmania and New Zealand) was 120 in 1906, and the total number of general cargo sailers in the same year was 54 (excluding several ships with cargoes of superphosphate, pig iron, &c.). There was also a mail steamer every week, say, 52 despatches.

The above-named tonnage was despatched from Bristol, Glasgow, Hull, Liverpool, London and Manchester. The average net rate of freight by steamer after deducting primage, rebate and through carriage was about 26s. a ton, which seems reasonable for carrying cargo 13,000 miles.

The despatches from Liverpool to Australia in 1906 were 32 steamers and 20 sailers; from Glasgow 12 steamers and 19 sailers. From New York to Australia in 1906 there were 31 steamers and 12 sailers.

17. I would beg to refer to the recent action brought in the United States by certain shippers in New York against certain English lines working in conference with a rebate system from New York to South Africa. The United States Legislature has passed two drastic measures, the Elkins Law against Rebates and the Sherman Law against Combinations and Trusts. The action of the shippers was brought because, not having fulfilled the condition of being loyal shippers by the lines in question, the rebates, which would have been paid them, by those lines if they had been loyal shippers, were withheld. The action by the shippers entirely failed, judgment being given for the Defendant Steamship Companies, and in delivering judgment the judge made use of the following words:—"All the defendants are foreign shipowners, except the resident agents of those foreigners, who are merely mouthpieces of their principals, and they have made no combination whatever except in respect of pooling their own commissions, something obviously not within the purview of the Act, since the foreign steamship lines here concerned agreed upon their concerted action in their home country, and engaged in substantial union in the business of transportation by steam between New York and South Africa from the very beginning—then all the defendants South African trade has been done, as it appears to me to have been done, subject to those foreign-made regulations. Under such circumstances I find it impossible to believe that a statute designed to prevent a restraint of existing trade can apply to the condition under which such trade has been borne." Now it would appear from the result of this trial that foreign Steamship Companies can carry on transportation business from a country in which rebate and combination is prohibited by legislation, provided only that as in this case the rebate accounts are adjusted in the foreign country, and are payable by the foreign corporations concerned, and in the event of legislation being passed affecting British shipowners, it

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appears to me that their foreign competitors would be able to work the carrying trade from Great Britain unhampered by such legislation, and with all the advantages which the deferred rebate system gives the shipowner.

18. Orient S. N. Co., on a capital of £319,332, earned last year £115 17s. 9d. Its deferred shares are not quoted. Its preferred shares' interest guaranteed by the managers, £10 paid stand at £5 to £6, a discount of 40 per cent. to 50 per cent. The last quotation was 5½%. Its published accounts show between 1878 and 1900 an average dividend of £1 18s. 4d. per cent. At the end of 1900 they wrote off as lost capital £140,000, which reduces the average profit earned to just under 11s. per cent. The 4 per cent. debenture stock (reduced) stands at £83 to £86.

The Houlder line, £474,245 capital, trading to Australia and River Plate, paid last year no dividend. Its ordinary shares (£5) stand at £1 10s. to £2, a depreciation of 60 per cent. to 70 per cent.

Its 5½ per cent. cumulative preference shares (£5) stand at £1 10s. to £2 10s. Last year's dividend 2s. 9d.

Bucknall S. S. lines 5½ per cent. cumulative preference £10 stand at 6¼ to 6¾. Last dividend 5s. 6d.

New Zealand Shipping Co. has only paid 5 per cent. for last six years. Its shares (£8 paid) stand at £5 10s. to £6, say, 25 per cent. to 32 per cent. discount.

Shaw Savill & Albion Co., Ltd., has paid 5 per cent. for last six years. Its ordinary shares (£5 paid) stand at 3½ to £4, say, 20 per cent. to 30 per cent. Its preferred at 4¾ to 5¼.

Union Castle Mail S. S. ordinary £10 stand at 8 to £8 10s., 4¼ per cent. Cumulative preference £10 at £9 10s. to £10.

Of the shipping companies dealt in on the London Stock Exchange only three have their ordinary shares quoted above par, viz., the P. & O. Co.; The Mercantile S.S. Co.; The Nitrate Producer's S.S. Co.

The P. & O. £100 shares are quoted £222½. The Mercantile S.S. Co. £5 shares £5 10s. The Nitrate P.S.S. Co. £5 shares £5 15s. Excluding the P. & O. Co., 21 companies with a capital of 18 millions only pay 3-88 per cent. Therefore any merchants who think shipowners are making undue profits can purchase shares in the shipping companies at a very large discount.

19. As an illustration of the close alliance of foreign lines in their competition with British shipping, I cite the agreement of 24th May, 1902, between the Hamburg-America Line and the Nord Deutsche Lloyd Companies on the one side, owning 1,602,714 tons of shipping, and the International Mercantile Marine Company, generally known as the Morgan Combine, owning or controlling 1,105,491 tons of shipping on the other side. This agreement was published in "Fairplay" of 17th January, 1907. It consists of 14 clauses and was laid before the shareholders of the Nord Deutsche Lloyd Company on 28th May, 1902, in order to make the necessary alterations in the articles of association of that company, and it was then stated by Herr Ballin that, "A Committee will sit alternately in London and Cologne composed of four persons, two Germans, one Englishman and one American, which Committee shall regulate the business of 'the whole syndicate.'"

Here I put in a reprint from "Fairplay," 17th January, 1907, pages 80 and 81, reproducing what is published by the United States Government in the Annual Report for 1902 of the United States Commissioner for Navigation.

2623. (Chairman.) I will ask you a few questions on your evidence. You say you have been in the Australian trade since 1868?—Yes.

2624. You have been Chairman of the Australasian Merchants' Association since its inception, you say?—Yes.

2625. What are the objects of that Association?—The objects of the Association are, by union of firms who compete with one another, to support their common interests when any question arises that requires united action to fight the larger corporations; for instance, Railway Companies, Lightermen, Shipowners. Any dispute that an individual merchant might have with such a corporation would be fought for him by the Merchants' Association. We, as merchants, found that in our disputes with such associations, say with a shipowner, we would be confronted by the protecting association that he belonged to, which would fight his battles for him,

whereas the individual merchant would be at the disadvantage of fighting unaided. Therefore several firms joined together and formed this Association as a Limited Company, so that we might have an association which would fight any question that was of general interest to the trade. Any one of our members who has what he thinks is a grievance brings it before the Board of the Association. They consider the matter and take what steps they can in their united capacity to remedy that grievance, and if it were a question of bringing an action or fighting any case the Association would fight on behalf of the individual.

2626. Your Association is incorporated?—Yes. I can put in the Articles of the Association.

2627. You have them there I daresay?—I have.

2628. Would you mind putting them in?—Certainly, I will. (Produced.)

2629. Supposing the Australasian merchants think they have reason to complain of the rates of freight demanded by shipowners, would the Association take any steps in a case of that kind?—Yes. Anyone feeling that there was a rate of freight that was excessive, if he had been unable to obtain its reduction by his own efforts, would bring it before the Association by writing a letter to the Secretary. At the next Board Meeting that letter would be considered; if in the opinion of the Association it was a question that the Association should take up, a letter would be written on behalf of the Association to the firm or company loading the steamer and charging that excessive rate, or to the Chairman of the Associated Brokers. If their reply was deemed unsatisfactory and it appeared impossible by means of correspondence to get rapidly to a settlement, our Association would invite the Shipowner's Association to meet in conference. We would nominate two, three, or four of our members as a deputation, and they would be represented by two, three, or four of their body, and we would meet by appointment and discuss the matter over the table. We have frequently been able to arrive, by that means, at a very satisfactory settlement of the difference between us. Those differences have not only been with regard to rates of freight, but also with regard to other subjects, such as the conditions of bills of lading and the clauses in bills of lading. In fact it was an alteration or addition to the clauses in the Australian trade bill of lading that brought our Association into existence. The brokers in that trade, and the shipowners in that trade, without consultation with the merchants, sent us a new form of bill of lading embodying several new clauses that had not previously been put in, and those clauses were to the benefit of the shipowners and to the prejudice of the merchants.

2630. What kind of clauses were they?—It is going back some while, but one clause was with regard to the value the ship would be responsible for in the event of goods being lost or damaged. I really cannot recollect exactly the details, but there were clauses that were objected to.

2631. You succeeded in inducing the shipowners to modify them?—We had no association at that time. There was no association in the trade. We as individual merchants received that notice, and the other individual merchants received the notice, and two of those merchants called upon me and asked me whether I proposed to take any steps. I said: "Well, it seems to me that I cannot do very much by myself." They said: "Would I join them?" Then we got six or seven firms to join in making a representation.

2632. That was before your Association was formed?—That was before the Association was formed. We then met the owners in the trade in conference, that is, we six or seven individual firms. They said that we had made out, to some extent, a fair case for some of the alterations we asked; but they said, "You are not representative of the trade, you are only individuals. If we grant what you ask, possibly next week some other firm of merchants, or some other group of merchants, may come and want something else, and there is no finality." My reply to that was: "If you refuse what we ask because we have no mandate from the trade, we will come to you again with a mandate from the trade." We therefore advertised a meeting inviting everyone in the Australasian trade to attend that meeting (I think it was at Winchester House) to consider the question of forming an association to protect the interests of merchants in similar cases. As an outcome of that meeting this Association was formed. Then, having the mandate of the trade, we went to the shipowners and we got a considerable modification of what they wished to include in the bills of lading.

2633. I suppose by the Articles of association the members are bound by what is done by the directors, or those who represent the Association?—I can put in the articles. It would be rather difficult to answer that point specifically now.

2634. I suppose that is so, is it not; you know enough of the Association to say that?—Yes; the board of directors are elected at the meetings of the company, and they conduct its affairs.

2635. When was that Association formed?—It was incorporated on the 29th May, 1902.

2636. In your opinion that Association has done good work?—Yes.

2637. I see in the next paragraph of your evidence you seek to impress upon us the importance of not rashly interfering with British shipowners, because a course of that kind might prejudice English shipowners as against foreign shipowners?—Yes.

2638. (Sir David Barbour.) Why should it prejudice British shipowners as compared with foreign shipowners because a law of that sort would be operative against foreign shipowners if they attempted to carry goods from this country to any other?—That I think would not be the case. Further on in my evidence you will see that I have dealt with that.

2639. You think the law would not operate against them?—I do.

2640. (Chairman.) That is a very important matter. You rather rely upon that American case?—Yes.

2641. What you say is, "One of the arguments against the system is that it enables the established lines to become too strong and powerful. Unless, therefore, the anti-rebate legislation is by international agreement, it would weaken the English lines as against their foreign competitors." I see I have made a note against that paragraph to this effect: "Kindly explain this." Would you prefer to defer your explanation of this point until a later period, when you refer to the American case?—No. I think, if you would allow me, I could just make that a little more clear.

2642. I wish you would?—I have heard the evidence given at this Commission; I have been present, I think, at all except one meeting, and I have discussed this matter for many years since its foundation with merchants; and the one argument that is used against the system is the allegation that it makes the shipowner so strong that the merchant cannot put up a fair fight against him—cannot argue with him, in fact. If it is the rebate system that makes that shipowner so strong, and you debar that system to the British shipowner and leave it to his foreign competitor, you leave the foreign competitor with what, in accordance with the objectors' contention, is the most powerful weapon in his hands, whereas the British shipowner has not that weapon.

2643. In other words, your view is that the rebate system is favourable to shipowners, and therefore, if it is allowed to foreign shipowners by foreign governments, it ought to be allowed by our Government to British shipowners?—Yes.

2644. That is what you mean?—Quite so.

2645. (Sir David Barbour.) If a law of that sort was passed for this country and the British Colonies, would it not apply to foreign shipowners taking goods from either Great Britain or the Colonies?—That, I think, is a question which could be better answered by a lawyer.

2646. If that were the case, would it not somewhat modify your answer?—I was taking this view, that if a German shipping company domiciled in Hamburg send their ships into British ports, as they do, and load from British ports, they may give to their shippers in Germany who ship goods from the English ports a rebate; and I do not see how any British legislation could touch the shipowners in Hamburg who were paying away rebates in Hamburg under arrangements made there.

2647. That would be a case of a merchant, we will say in Hamburg, shipping British goods in a German ship from this country?—He might be a German merchant shipping English goods, or he might be acting as the agent for an English firm who were shipping English goods in a German steamer.

2648. You think the difficulty could be got over in that way?—That is what I think.

2649. Is it not the essence of the shipping ring system that all the shipowners should be in the ring; if there are only a few in the ring it breaks down?—I am assuming,

and I thought you were assuming, that there is no shipping ring in England in consequence of legislation. Assuming the legislation prohibited a shipping ring existing in England, or rebates being given in England, the German shipowner would not be affected by the legislation so far as his loadings from England were concerned, if the rebate were paid in Hamburg; and in support of that I rely upon the decision in the New York case which was under Elkin's Act, I think.

2650. (Chairman.) No, under the Sherman Act?—In that case the Judge clearly laid it down, as I read the judgment, that these arrangements made by British shipowners in England to pay rebates, and the paying of them, could not come within reach of the arm of the United States law.

(Chairman.) I may state with regard to that American decision that we have a very imperfect report of the case, and the grounds of the judgment are extremely obscure, to say the least. That case is now under appeal. I think I may venture to say if it is affirmed it will not be affirmed upon the grounds stated by the Judge.

2651. (Sir David Barbour.) Taking the case of merchants in Hamburg shipping goods by a German steamer in England, you say they would be able to use the rebate system even though it were made illegal by British legislation? Assuming they could pay rebates legally, would that be an advantage to the German steamer? What advantage would it be? Supposing the German steamer charged 20s. a ton and gave back 10 per cent, which is 2s. a ton, it would get 18s. if the English steamer charged 18s. direct there would be no advantage on either side as regards ultimate cost, and the shipper, if he employed the English steamer, would be in a better position by not having to pay the 2s. which was afterwards returned?—The advantage to the German lines would be this, that they would get security from opposition as far as the rebate system will give them that security. The contention against the rebate system is that it gives the shipowner too great a security against competition. The German would have the security which the British shipowner would not; but the great point is going beyond just that particular instance of loading from the English port. The German lines are loading from Germany German goods, they are running in a trade protected by the rebate system and their conference system; they have the opportunity of making better profits and becoming stronger which the British shipowners, who are open to outside competition from everywhere, would not have.

2652. They would have better opportunities in Germany?—Better opportunities in their own trade of making reasonable profits, and that would enable them to become stronger to fight British shipowners.

2653. If the rebate system is not prohibited in Germany, I imagine that British shipowners shipping from Germany could take advantage of the rebate system just like the German shipowners?—I cannot quite follow the question.

2654. If the rebate system were not illegal in Germany, could not a British shipowner take advantage of the rebate system in the German port just as a German shipowner could?—No, because if an English shipowner came to load in the German port he would not get the support of the German shipper, apart from other considerations, because they do not wish to sacrifice their rebates. The German shippers would stick to the German ships, otherwise they would lose their rebates.

2655. But he might join the German shipping ring?—I do not think they would have him.

2656. Are there not German and British shipowners who are members of the same shipping ring at the present time?—Yes, that might be, possibly.

2657. (Chairman.) You go on afterwards to state that "The deferred rebate system grew out of the 'Agreement' which used to be made annually between shipowners and merchants, under which the shipowners agreed to give the agreement shipper the lowest rates in each ship in consideration of the shipper agreeing to 'confine his shipments to the established lines.'" You have been good enough to annex to your evidence a form of agreement which was made in the year 1878. (See App. No. XXIV. (I.)?—I have here the originals of those documents in case the Commission would like to see them. (Produced.)

2658. I have looked at that agreement, and it is an agreement between your firm and the shipowners?—Yes.

2659. Then I see there is some stipulation that the agreement is to be kept strictly secret. What was the

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reason for that?—We, as large shippers, were getting some consideration as set out in the agreement, which smaller shippers were not getting.

2660. Then it is stated, "Messrs. McCaul & Co. are not to allow any firms in the United Kingdom the benefit of this arrangement," that is to say, it was only to be for your benefit, you were not to act as agents for others?—Yes.

2661. That was in the year 1878; then there was a modification of that agreement, I believe in the following year, under which the shipper received a rebate on a sliding scale in proportion to the volume of the shipments. After that there was another agreement of the 4th September, 1879, of considerable importance, to this effect; it is the third clause: "In the event of Messrs. G. J. McCaul & Co. being able to ship at any time at a lower rate of freight, by a vessel not being loaded by one of the brokers interested in this agreement, the said brokers undertake to provide room at that rate for a full average shipment by a vessel sailing about the same date?"—Yes.

2662. That was an important modification?—Yes.

2663. That was found to be objectionable by the shipowners, and you think that that was really the cause why the system of deferred rebates was introduced?—You see that is a system of deferred rebate really in itself—no, it is the later one; there was at that time no deferred rebate.

2664. No, the deferred rebate was introduced, you will find, about the year 1895, if you look at your printed documents?—The agreement of the 22nd November, 1880, the next one, No. , stipulates for a payment to be made to us, or a consideration, a consignment given to us, for every 600 tons of cargo we shipped, and that was equivalent to a deferred rebate.

2665. A ship was to be consigned to your agents?—Yes.

2666. And then you would receive a commission?—Yes.

2667. (*Professor Gonner.*) Was it a deferred rebate or was it merely a rebate?—It was a deferred rebate in this respect, that we had to complete the shipment of our 600 tons of cargo before we received any consideration.

2668. It was not deferred six months after date?—No, there was no agreement with regard to that.

2669. (*Chairman.*) You call that a rebate; it was really an advantage given to you, the advantage being constituted by your agents receiving a commission?—We generally got the £35 instead of the consignment, that is what it amounted to. We generally got the money, not the consignment.

2670. Looking at your printed document, I find that the 17th January, 1895, seems to be the date of the introduction of what I may call the ordinary rebate system?—Yes; I have here the original letter referred to there. (*Produced.*) Would the Commission like the original documents put in?

2671. I do not think that is necessary; these are copies. I now come to an important statement which you make. You say in paragraph 4: "There is the added disadvantage to the large shippers, that under the rebate system all are treated alike, and the large shipper has not the opportunity of getting lower rates than his smaller competitor." Will you kindly explain that? What is there to prevent the shipowner from dealing with the small shipper in a different way from that in which he deals with the large shipper?—That paragraph was written as a result of the experience of the trade in the past. At the time when those first agreements to which you refer, with no rebate, were made we, as large shippers, generally had a lower rate of freight than the smaller shippers, consequently the few large merchants in the trade would have generally half a crown, sometimes 5s., a ton lower rate than for the half of the cargo which they might ship in their half a dozen large consignments, they would have a lower rate than the great mass of small shippers who made up the other half of the cargo in the ship; and we, in our experience at those times, used to get considerable advantages that smaller shippers did not get.

2672. I want to know this, if you will kindly tell me: How is the shipowner restricted now? By what agreement is he restricted?—The shipowners have not as yet entered into any agreement with our Association that they will not charge less than the tariff rates which they issue; but, as a matter of practice, they issue a tariff of

rates, and that tariff is rigidly adhered to, and the small shipper or the large shipper equally gets the same rate.

2673. If a small shipper did not get the same rate he would have no right or remedy, would he?—The rates are pretty public property, he would know; but I do not know what remedy he would have.

2674. There is nothing to prevent the shipowner making a separate agreement with a large shipper?—Would you mind repeating your question?

2675. There is no agreement entered into with the shipowners at all, is there?—Except the issue of the tariff rate of freight, and the understanding that those tariff rates are adhered to.

2676. That is not embodied in any agreement?—At the present time there is no definite agreement between the merchants and the shipowners. That is one of the points which our Association are about to discuss, with a view of getting such an agreement made.

2677. I believe there is such an agreement in the South African trade?—There is. Their Association is of older formation than ours.

2678. It is not incorporated as yours is?—No.

2679. (*Sir David Barbour.*) Is it a fact that the shipowners in the ring do not discriminate occasionally in favour of large shippers?—As a large shipper, I can say that I have not had any discrimination.

2680. Can you say that others have not had it?—I could only speak from my own experience, but I think if others had we should have heard of it.

2681. Is there a shipping ring regulating trade between this country and India?—Yes.

2682. I know as a fact that the East India Railway Company does not get any rebate. It does not come under the rebate system. They pay net?—They do not receive rebates?

2683. They are not charged the extra amount in the first instance, and do not get anything back; so they must be treated exceptionally from the small shipper?—You say they are not charged anything extra beforehand; I do not follow that.

2684. They receive no rebates, they do not come under the rebate system?—I should have thought that would have placed them at a disadvantage.

2685. That may be, but it is a sign that a large shipper is sometimes treated differently from a small shipper?—If you wish, with regard to the rates, I will put in the tariff scale of rates that have ruled in the Australian trade for many years past. It has just been revised, and I will put in the revised tariff which is now under discussion, and which has just come into effect. (*Produced.*)

2686. (*Chairman.*) You had better do that a little later, I think. You go on to set forth the advantages of the deferred rebate system: "Regularity of sailings to a fixed date; ships full or not full, in ships of the highest class." That is a great advantage, is it?—That is a very great advantage.

2687. "Uniformity of freights all the year round with no violent fluctuations"?—Yes.

2688. Then you say you have known freights before the rebate system go from 7s. 6d. to 10s. a ton during one half of the year, and from 35s. to 40s. during the other half?—Yes. That would arise in this way, that the Australian wool clip would be shipping from Australia at the end of the year, about Christmas time; consequently, in the old times, and still to-day, vessels want to get to Australia to be there for that wool loading homewards. At the present time there is not only wool loading homewards, but wheat loading homewards concurrently, so that a very much larger quantity of homeward cargo comes away from Australia at what you might call the turn of the year. Consequently, in May, June, and July sailing vessels would be very anxious to get out to Australia, and the rates of freight usually ruled about June at the lowest point, and often would be down to 7s. 6d. a ton. I have frequently shipped at 7s. 6d. a ton; I have shipped at 5s. a ton at that time. Then about September or October, when there was no longer an inducement for the vessels to get to Australia, it was difficult to get ships to go, and very high prices had to be paid for the ships, and we had to pay 40s., 42s. 6d., and 45s. during our winter months, that is from November to March. Then in April or May the rates would come running away down again.

2689. The non-fluctuation of rates is, of course, a great advantage to merchants?—A very great advantage; you

can ship your goods at the time you want to ship them, instead of being induced to wait for a lower freight or having to pay a very high freight because you want something shipped urgently.

2690. You can fix with greater security the price in c.i.f. contracts?—That is very important. One can quote 12 months ahead practically for anything.

2691. There is one paragraph which I daresay it is my fault I do not quite understand. It is at paragraph 5: "The advantage of the deferred rebate system to shipowners is that it gives a security against the inroads of outside competition into any trade at a time when such trade is good by outside owners who withdraw their steamers from the same trade in bad times and employ them elsewhere." Will you be good enough to explain that?—Following what I stated just now with regard to the season, a shipowner might wish to send his steamer out to Australia in September to get the wool, wheat, and other cargo offering at the end of the year when the rates homeward are the best. He would put his steamer on at that time, come in and create an opposition in the trade; but if he were to do so at the present time the shipowners under the deferred rebate system have a certain amount of protection. If the merchants go and support that outside steamer they lose their deferred rebate, or they render themselves liable to lose the deferred rebate, and the merchant has to consider whether it is worth his while to get that low freight at that time and lose his rebate: whether he will be sufficiently compensated by the low freight to make it worth his while to do so. There is an instance at the present time. An opposition line has been started in the Australian trade. Cards have been issued announcing three or four sailings, and the brokers loading those steamers quote for galvanised iron 12s. 6d. to 15s. a ton. They intimate their willingness to book freights at that instead of the ordinary rate of 25s. As a merchant one would have to look at it this way: If I have to ship galvanised iron regularly, so much every month, I have, or the shipowners have in their hands a rebate, or will be paying me a rebate at the end of the year, of 10 per cent. on my shipments. Taking the ordinary rate for iron at 25s., the 10 per cent. rebate on that amounts to half-a-crown, so that practically I look forward at the end of the year to getting half-a-crown a ton from the regular line. The opposition comes along and offers to take the galvanised iron at 12s. 6d. That would save 12s. 6d. a ton; if I ship by them for two months I get the benefit of that lower rate and have gained 25s. as against the rebate for nine months, the nine months' rebate being what is retained in hand by the shipowner. The average retention is nine half-crowns, 22s. 6d., so that by supporting the opposition in two months I should have gained sufficiently to compensate me for the loss of the rebate. I have to look at it as a merchant simply from the merchant's point of view. I say the desire to obtain the rebate binds me over for two months practically, or not exceeding two months.

2692. Then you anticipate an argument which might be urged against your view, the argument, namely, that the United States has prohibited rebates, and the United States gets on very well without that system. You proceed to point out a distinction. You say the United States possesses no considerable external sea-carrying ship-owning trade, except what is carried on under the British flag by the International Mercantile Marine Company, and you give the names of the different companies, a large proportion of which is worked under the British flag with the protection of the deferred rebate system?—Yes.

2693. That is to say, these British lines ship goods from the United States and ship goods under the rebate system?—Not from the United States, but they carry goods from British ports to Australian ports under the rebate system.

2694. But there are British lines which carry goods, of course, from the United States?—Yes.

2695. Do they do that under the rebate system?—There is no rebate at present on goods shipped from America to Australia direct?

2696. None?—So far as I am aware; but I can only speak from hearsay, because I have never shipped that route, I believe no rebate is given by the White Star Line on goods which they carry *via* Liverpool or London on through rates to Australia and New Zealand.

2697. (Mr. Owen Phillips.) In the list of companies which are members of the International Mercantile Marine Company I see you include the Shaw, Savill and Albion Company; is that not a clerical error?—No,

because the Shaw, Savill, and Albion Company under their flag are running a number of steamers that belong to the White Star Line; take the "Delphic," the "Gothic," and all those boats with those names; they belong to the White Star Line, but they are run by the Shaw, Savill and Albion Line to New Zealand, although they belong to the White Star Line.

2698. (Chairman) You point out that the American coasting trade is limited to American vessels?—Yes.

2699. I suppose all the German shipping companies give deferred rebates, do they not?—I would not like to say all, but a very great number do; I have a list of them. All the main lines give rebates. At the bottom of the page I give a list of some of them.

2700. I should like to read paragraph 7: "The result of the deferred rebate system on shipping in the trades with which I am concerned is manifest in the spirited building policy that has been stimulated by security against heavy losses caused by the intrusion of outside opposition. In the Australian trade the established lines have built larger, faster and finer ships rather in advance of the requirements of the trade than following its growth. These ships are despatched at regular intervals, sailing punctually to the day appointed, often in dull times with one-third or one-half a cargo. The variations of rates of freight have been very slight." These are some of the great advantages of the rebate system?—That is so. The shipowner, although there may be no written agreement, practically gives all the year round the same rate, and he makes his profit or his loss on the average; therefore he carries the risk of the average instead of the merchant having to carry that risk. I have put in those copies of the ancient history of the rebate agreement, and I have here pretty well all the rebate forms of German and English steamers with which we ship, that completes the history of the matter. (Produced. App. No. XXIX. (D.)).

2701. You had better put those in afterwards. You go on to say that if merchants have any grievances in this matter, in your opinion they are due entirely to their own apathy. As the shipowners combine, the merchants might also combine?—Yes.

2702. That is now being done by the Australasian merchants?—Yes, we have made arrangements by which we anticipate that the membership of our association will be very largely increased.

2703. You are of opinion that an association such as you have formed will be able to exercise due pressure on shipowners so that shipowners cannot make any unjust requirements?—That is so.

2704. And that equitable terms can be arrived at by negotiations between those two powerful bodies, namely, the shipowners on the one hand and your association on the other?—Yes.

2705. In fact, according to your view, the situation is somewhat similar, is it not, to that of trade unions and employers; it is by means of the combination of workmen in trades unions that workmen are able to negotiate successfully with employers?—Certainly.

2706. You are really recommending a somewhat similar system?—Yes. I look upon it that we provide the cargo, without which the ship cannot be loaded, and that if the whole body of shippers, or the main body of shippers, can speak with one voice, and act as one firm practically, in times when they wish to use their power, they have a greater power than the shipowners.

2707. In order that reasonable terms may be arrived at and difficulties be solved, you think it is essential that the shippers and merchants should present what would be called a united front?—Yes.

2708. Then you go on to make a somewhat interesting statement about the profits made by shipowners?—Before you leave that last point, may I just ask to explain the answer I gave to your last question. I think that I was rather left as saying that I thought the merchants could do nothing except by combination, but I put in as one of the exhibits a correspondence to illustrate that one firm of merchants acting alone can obtain a redress of grievances if they properly put the matter forward. That correspondence is attached at the end. I think merchants are too often inclined to sit down and think it is no use taking any trouble, it is no use going to the trouble of getting a grievance redressed; they nurse their grievance and do not try to get it remedied.

2709. They would stand a better chance of doing so if they pulled together?—Undoubtedly.

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2710. That is your opinion?—Yes.

2711. You refer then to the profits made by ship-owners?—Yes.

2712. Those profits, if they are correctly stated here, are comparatively small?—Are you on paragraph 18?

2713. No, paragraph 9. You infer from these low profits that shipowners are not making an excessive profit at all?—Yes.

2714. I think I may pass on until I come to paragraph 13, because I think the other paragraphs are quite clear. With regard to primage and rebate in the Australian trade from the United Kingdom, primage by sailing ships is mostly 5 per cent., and when freight is prepaid this 5 per cent. is deducted by the shipper when he pays the freight, and it is not returned to him. Then by steamers it is usually 10 per cent., and only 5 per cent. is paid by the shipper at the time of shipment?—Yes, I put that in because, from what I heard, one of the witnesses appeared to imply that you had to collect that 5 per cent. primage. The merchant does not have to collect that 5 per cent. primage; he deducts it at the time of payment as a discount. He never pays it at all.

2715. That arrangement about primage does not prevail in all trades; it does not prevail I think, in the South African trade at all?—No, I think the primage is not returned in the South African trade. Here is an original freight note with a receipt on it showing the deduction. (*Produced.*)

2716. You refer to the evidence of Mr. Soper in which you notice he expresses astonishment that the South African merchants so very strongly dislike this system of rebate?—Yes.

2717. You think perhaps the main reason is that they do not appreciate the difficulties under which the ship-owners labour?—That is so.

2718. And they do not sufficiently appreciate the fact that the steamers in the South African trade return empty?—Usually there is very little cargo back from South Africa.

2719. Therefore they are obliged to charge a higher rate of freight than they otherwise would?—Yes, they have to get the whole of the money for the round practically on the outward voyage.

2720. You describe a document which you have put in. There is something which I want you to explain at paragraph 15. "The letter of the 17th January, 1895," which is set out in the printed documents, "was written "by my firm agreeing to cancel our agreement and accept "instead the 10 per cent. rebate, this being the date of its "establishment in the Australian trade"?—That is, it was about January, 1895, that that came into being; that is the amalgamation of all the rebates, the sailing and the steam rebate, into one mass.

2721. What I do not understand is the following paragraph: "The rebate system was first introduced in the "Australian steam trade in January, 1884"?—Yes.

2722. I thought in the preceding paragraph you said it was first introduced in 1895?—No. There were originally only the sailing vessels loading, then steamers were gradually introduced, and these agreements which are here were made with regard to sailing vessel shipments. Then in 1884 when there were more steamers coming into the trade, a 5 per cent. rebate was given on shipments by steamer, and these sailing vessel agreements ran concurrently. Then in 1890 the steam rebate was raised to 10 per cent. instead of 5 per cent., still the sailing vessel agreements running concurrently. Then in January, 1895, it was arranged that all these agreements should be cancelled and that we should receive 10 per cent. rebate on all sailing vessel shipments, the same as we had been receiving on the steamers.

2723. Then you refer to the American case. That action was brought by shippers in the United States against a British steamship company?—Yes.

2724. It was brought under the Sherman Act, and under the Sherman Act it was necessary that the plaintiffs, in order to recover, should prove that their business was injured?—I, of course, can only speak from what I have read of the case.

2725. What the learned Judge held was that, inasmuch as their business was formed after the rebate system had been established, therefore it could not be said that the plaintiffs' business was injured by the rebate system?—Yes.

2726. I will just read you a paragraph of the judgment: "It may be that the action of the steamship

"companies in withholding the rebates claimed by the plaintiffs was unjustifiable, but the plaintiffs must in this case, and under this pleading, prove that their loss was proximately caused by a violation of the Sherman Act. Even if the organization of a new line of foreign commerce, arranged in London to connect the United States with a foreign country, be obnoxious to the Sherman Act through the commerce alleged to be restrained, existed prior to the alleged restraint only in posse, it must remain true that whatever may be the rights of the Federal Government as against such obnoxious combination, no private person can recover damages against the members of the combination except such as naturally flow from, and are proximately caused by, the action of the combination." Then the learned Judge seems to think, and founds his judgment upon this consideration, that the plaintiffs could not say that their business of shipping goods was injured by the rebate system, because it was only by means of their contract with the shipowners that they shipped the goods?—Yes.

(*Sir John Macdonell.*) Perhaps you would call the witness's attention to the second sentence in the judgment of the Court, which points out, if the proceedings had been taken under another section of the Act, the result might have been different.

2727. (*Chairman.*) I have pointed that out, because he says: "In this case, and under this pleading." I think it would be very dangerous to assume that this case decided or decided rightly that under the Sherman Act the system of rebates is legal. It was a case decided in a very technical way on the pleadings as they stood, and as far as I can judge in a very unsatisfactory manner?—I should take your ruling on that.

2728. I do not rule at all; I only say I think it would be extremely dangerous to assume, in the first case, that this decision will be affirmed on appeal; you know it is being appealed?—Yes.

2729. In the second case, it would be still more dangerous to draw any conclusion from this case because it is decided on very narrow grounds and very technical grounds?—I only went on the printed report which I saw, of which I have made an extract here.

2730. (*Lord Inverclyde.*) You have been dealing in your evidence this morning with rebates on cargoes shipped from the United Kingdom. What about cargoes coming to this country in the Australian trade?—In that case we have nothing to do with the rebates. I do not know whether they are given or not.

2731. The shipper in Australia gets that if there is a rebate?—Yes.

2732. That is not the case in the African trade?—In the Australian trade I do not see how we could possibly come into that question of the rebate, because the business from Australia is done differently from the business to Australia.

2733. Is the rebate, the 10 per cent., paid on the gross freight or the net freight?—The rebate is payable on the net rate; that is, if the rate is 40s., the rebate is payable on the 40s.

2734. I was looking at this freight note, which shows the gross and the net?—The rebate is not paid on the primage.

2735. Does the rebate go to you, or do you ultimately dispose of it?—It goes to whoever is entitled to it. In some cases it goes to us; in some cases it goes to people in the Colonies. If we are engaged to sell goods at a price c.i.f. Australia delivered there, we paying the cost of the goods, the insurance and the freight, that rebate comes to us, because we take that into our calculation of cost when we give a rate delivered there.

2736. It does not really come to you; before you make your price delivered there you deduct the rebate?—We calculate the rebate, and we calculate that in nine months' time we shall get that rebate, so it belongs to us when it comes to us. If, on the other hand, the firm in Australia had asked us to ship the goods, had ordered from us 50 tons of iron to be shipped at the best freight we could get, and we acted as commission merchants and charged them a commission, then the rebate, like every other return, we give to the owner of the goods. The man in the Colony who has ordered the goods is the owner of the goods practically, because they are bought by us and shipped by us for him for his account, and we have charged him a commission which is our profit, and the rebate when collected goes to the man in the colony who ordered the goods.

2737. Is business done both ways in this trade?—Both ways.

2738. Have you ever known the case of a rebate being refused by shipowners?—No.

2739. Are there both steam and sailing members of the Shipping Conference?—Yes.

2740. In paragraph 3 of your evidence you say, where there is no rebate system it is the custom of shipowners in times of competition to buy goods, and so on. Do you fear that if the rebate was put a stop to that shipowners would compete with merchants in the slack times?—There is a possibility of that, I think.

2741. At paragraph 4, you suggest the shipowners might pay interest on the rebate which they keep in hand. That would practically amount, would it not, to paying a larger rebate?—I suggest that as a remedy for what I think is an imaginary grievance. My opinion is that the rebate is the shipowner's money and not the merchant's money until the merchant gets it. It is part of the freight, the same as the added primage is part of the freight. It is part of what the shipowner agrees to pay the merchant if the merchant fulfils his part of a mutual bargain, and I consider therefore that the money is the shipowner's money until it is paid to the merchant, and the merchant has no right to count upon it as his money until he is entitled to it.

2742. You do not specially advocate the paying of interest?—I only suggest that as a convenience. Take, for instance, the case you put just now, where we quote goods on a c.i.f. price. As I told you, we calculate that we are going to get that 10 per cent. rebate, but we are not going to get it perhaps for nine months, therefore to be strictly accurate, and make a very nice calculation, we should have to deduct nine months' interest from the amount of rebate; if we could get it paid with interest, then it gets rid of that calculation.

2743. In paragraph 6 you refer to an international agreement. I gather from your evidence that you are in favour of a rebate, but would you be in favour of this country endeavouring to bring about an international arrangement whereby no countries were allowed to charge rebates?—Personally I should rather not see that come about.

2744. You would not advocate it being made an international question?—Certainly not.

2745. (Sir John Macdonell.) May I take it that in your experience the rates charged to Australia are reasonable?—Yes.

2746. Not excessive?—Not excessive.

2747. Is the tendency of the rebate system as regards rates on the whole to keep them up?—To keep them steady, to keep them uniform.

2748. Not to raise them?—I think it keeps them uniform and steady.

2749. I will assume it keeps them both uniform and steady, but if the rebate system is so effective as to exclude entirely, or mainly, competition, must not the tendency be to keep up rates?—To some extent it has that tendency.

2750. Would you not expect, on the whole, that when the system became thoroughly effective, so as to exclude for a certain number of years competition, that tendency would be accentuated?—No, I do not think so. I do not think you could exclude opposition for a very great number of years.

2751. I will assume that competition could not be excluded, as you say, for a great number of years; but assume something less than that; assume that competition is excluded for, say, two or three years, would you not expect that in that period the tendency on the whole would be for rates to rise?—No, the tendency is rather for rates to fall; speaking from experience in the Australian trade, the experience is that rates become lower.

2752. That would be consistent, would it not, with the tendency, so far as the rebate system is concerned, for rates to rise? There might be other causes counteracting that tendency?—The rebate system, I think, has a tendency to reduce the freights, because it has enabled the shipowners to build the best class of steamers, and the larger the steamers are the cheaper the rates they can take.

2753. May I take it that in your opinion the tendency of the rebate system has been to lower rates?—Yes.

2754. To lower rates?—Yes, to give lower rates than would be the case without the rebate system on the average, taking the average all round. Without the rebate system there would be violent fluctuations.

2755. I am not cross-examining you, I only want to get it clear to my own mind. Assume that the rebate system is so effective as practically to give the members of the combination for a time a monopoly, do you still say that the rebate system would lead to lowering rates?—No.

2756. I should like you to explain your position. Is it not the case that there have been at times, when the rebate system has been in operation, an exclusion of outside steamers?—Yes.

2757. In other words, a practical monopoly?—Yes.

2758. Do you think, for the time that practical monopoly existed, the tendency of the deferred rebate system has been to lower rates?—Rates have come lower under those conditions.

2759. You state the desirability of combination, and you explain very clearly the advantages that would accrue therefrom. Do you see any difficulty in the way of forming combinations on the part of the shippers?—I think there is very little difficulty, except the unwillingness of the shippers to pay anything for the benefits which they would get under the combination.

2760. I have before me a statement, made by one witness, Mr. Langdon, who, when asked whether there was any possibility of forming a combination on the part of shippers, said: "I could not judge of the Eastern trade, because I have no experience of it; but I should doubt it there, because so many of the Eastern merchants, the large merchants, are interested in steamship lines. But coming to the Western Hemisphere—and here I am talking of South America—it would be absolutely impossible." Do you agree with that view?—No.

2761. I should like to hear your notion with regard to that point?—You want my views?

2762. Yes?—I think it is possible for merchants to combine judging from our own experience with this Australasian Merchants' Association. One reason why it is not very large is that to become a member a merchant had to subscribe for £100 worth of shares of which £10 would be paid up. That stood in the way. We have now altered our rules so as to make it possible for a merchant to join it by paying a guinea a year. That is bringing in new members.

2763. The shippers to Australia are persons scattered all over the United Kingdom?—Yes.

2764. Would there not be a difficulty on their part in combining effectively?—They could easily become members of the association, and would then have the advantage of the power and presence of that Association to conduct their negotiations with the shipowners.

2765. You deprecate legislation which would be applicable to English shipowners and would not apply to German shipowners?—Yes.

2766. A good deal would depend upon the nature of the legislation, would it not?—Yes.

2767. What was the precise kind of legislation which you had in view?—Legislation with regard to our own lines?

2768. You meant the total abolition of rebates? When you gave your evidence I suppose you had in view some enactment which would make rebates totally illegal?—Yes, something in the nature of the Sherman Act.

2769. Would the same objection apply to legislation which, while not going so far as that, gave some Court, Tribunal or Board power to reduce the time, say, during which the rebate was to be held?—The rebate is held for an average of nine months in the Australian trade; that is, it is made up at the end of six months, and then at the end of 12 months, which makes an average of nine months that the rebate is in the hands of the shipowners.

2770. What I am putting to you is this; objections which would apply to legislation making the rebate system totally illegal, would not apply, apparently, in the same degree to legislation which did not interfere in such a marked manner with the rebate system?—Of course it would be less objectionable.

2771. Assume for the sake of argument that the rebate system was declared illegal in this country while it

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remained legal in Germany; but assume also that the effect of the abolition of the rebate system was to introduce competition in this country, might not that lead to an increase in certain kinds of trade in this country, and so benefit shipowners in the long run?—I think not, because with competition and those fluctuations of freights that used to exist in the trade it would not be so easy to develop manufactures that would want to be shipped all the year round, because, as you see, at one time of the year we should have a 7s. 6d. freight (I am speaking of actual experience of what has happened), and at another time a 42s. 6d. freight.

2772. You enumerate certain advantages which are the result of the rebate system, amongst others the regularity of sailings, the good quality of the vessels and the uniformity of rates: do you not think that some of these advantages would come to pass even if the rebate system did not exist?—No, because with those violent fluctuations in freight shipowners would send their ships when they wanted them to go for the cargo, as they used to do.

2773. Take the first point, namely, uniformity of sailings, would not shipowners find it good policy, in point of view of business, to fix their sailings at definite dates, and let it be known to shippers that they sailed on Saturdays, or twice a month, and so on?—Certainly; but there was that question of the shipowner wanting to get his steamer to the cargo that he wanted to bring back.

2774. Then, as regards the mail steamers, I suppose they are bound under contract to sail?—Yes, they must sail on a certain date.

2775. You have pointed out these advantages; but, as I understand from you, the shippers have, under no instrument or contract, acquired any right to these advantages?—No; there is no agreement at the present time.

2776. You are entirely at the mercy of the shipowners for these advantages?—It is a matter of negotiation with them, and it is a matter of policy.

2777. As I understand, you think that one great advantage of the rebate system is that the same terms are offered by it to small shippers and large shippers?—Yes.

2778. You are aware, of course, that Governments and municipalities in certain trades obtain special terms?—Yes. You will see under those agreements which I put in all Government cargo, and certain other cargo of that nature, was specially exempted.

2779. I should like to have your opinion as to the policy and propriety of that exception?—I think it is very advisable for this reason: that goods shipped to the Government, for instance, rails, are sent out for the good of the colony, for the development of its industries, consequently for the development of our business; because the greater the production there is of produce, and the easier it is to convey it to the port, the more business in produce comes to us homewards: and in the same way the more produce there is homewards, the more goods go outwards, therefore, I take it if those rails were taken freight free, we, as merchants, should have no right to object, because it would be assisting our business.

2780. Assuming that ultimately all these benefits would accrue, what is the permanent effect of the exemptions or special advantages given to the Government and municipalities?—I take it that it does not affect us at all as merchants, because those goods are never sold against us in the markets to which they go.

2781. Would that be applicable to cement?—When the cement is used. I have never heard of cement being shipped to the Government and then being sold in the market. We have never experienced such competition.

2782. If special terms were not granted for cement and wire, might not the fact be that those articles would be bought in the colony instead of being bought here?—You mean the merchant in the colony might get the benefit of supplying the Government?

2783. Yes?—I think the Government would consider it their better policy to buy the goods in the cheapest market.

2784. Is it not highly probable that if the Government and municipalities get special terms in the way of shipments, other shippers have to pay higher freights in consequence?—That is so. One has to set that disadvantage against the other advantages I mentioned.

2785. (Mr. Mitchell.) I gather that your opinion is that even if the rates under the system of deferred rebates are on the average slightly higher, that on the whole is better for the trade than the violent fluctuations that might result from a different system?—Yes.

2786. Could that not be secured by a rebate system which was not a system of deferred rebates; that is, by a system of rebates either on quantities or all the goods shipped within a certain time, on which rebate was paid at the end of that time, and was not held in hand?—The practical effect of that would be this; take the present time when the opposition line has come on, and quotes 12s. 6d. a ton for galvanised iron. Naturally every shipper would ship his galvanised iron by that line if they would take it, and the regular lines, who have made their engagements and issued their time-table to sail on certain dates (in the Australian trade we have one cargo steamer a week regularly for Australia from London), if they could not get the weight they wanted and required to sail, would have either to sail at a loss or have to postpone their sailing.

2787. Is it possible that under the system of deferred rebates the steamship companies might form such a strong combination that they might make competition practically impossible, and that then they could proceed, as has been already suggested, to raise their rates to such a height as to interfere with the trade of this country, as compared with the trade in other countries?—I cannot follow your idea quite; I do not think I heard exactly.

2788. Does not the system of deferred rebates give an enormous strength to the shipping companies as against outside competition of any kind?—It gives them the strength to the extent of the rebate which they have in hand. As I have pointed out with regard to that galvanised iron, the lower freight practically gives the shipper an option; in two months with such a reduction as takes place in a time of competition he makes up for the loss of his rebate.

2789. It practically makes it very difficult for competition from the outside to come in at all?—It makes it more difficult.

2790. In spite of all the advantages which you have, I think, very clearly put before us, is there not a danger of that combination becoming so strong as to injure British trade?—I think not, because in the first place, it is the interest of the shipowner to be reasonable; those words "the reasonable freight" come in there.

2791. Do you always find business men reasonable when they have a chance of making money?—I have found some unreasonable, no doubt; but I think the shipowners in the trade with which I am specially familiar, the Australian trade, have been very reasonable in their freights.

2792. No doubt, if wise counsels prevail they will be reasonable, but they are getting very great power in their hands. I want to ask you another question; can you tell us anything about the freights from America as compared with the freights from this country to Australia?—From America to Australia?

2793. Yes?—There were very low rates from America to Australia some time ago when there was competition; there were several competing lines for that trade, and they took very low rates of freight, and not only did they take it direct from America to Australia and New Zealand, but goods were brought to Liverpool and transhipped to Australia, and brought to London and transhipped to Australia and New Zealand, at through rates that were something like 30 per cent. lower than the rates charged for similar English goods in the same steamers. That was very inequitable, and very prejudicial to the interests of British merchants and British manufacturers. It is one of those subjects which our Association has been taking up most earnestly, and they have been trying to get an arrangement to assimilate the rates, and that is promised us, and practically arranged at the present time. It is in course of arrangement.

2794. That must be very prejudicial to British trade; it must favour the American exporter to Australia as compared with the British exporter, must it not?—Yes.

2795. You think it can be met, even under present conditions? Even with the steamship owners acting on their present system, that can be practically met by the combination of the British shippers; is that so?—That is so. I will give you an illustration of what has actually taken place in these negotiations. One of the difficulties in getting a settlement arose from the fact that the White Star Line was taking goods *via* Liverpool and *via* London at very low rates. We consequently, as merchants, and our colleagues in the Association, decided that we would not ship our cargo from the United Kingdom to Australia by the White Star Line if we could help it, that as far as possible we would not ship by them. The managers of the White Star Line, finding that they

were losing certain large lines of cargo to which they were accustomed, came to me to know why it was they were losing certain cargo my firm was in the habit of shipping. I told them the reason was that they were working for American interests and not British interests, and that consequently we should not give them the support of our cargo. We had used no threats but we had taken the action. The result was it brought about a conference between the managers of their line and the managers of one of the lines competing with them, and that difficulty is in course of adjustment; and the White Star Line promises to co-operate in getting the difficulty settled.

2796. You think that that can be adjusted?—Yes.

2797. That is a very important point indeed, because that competition is one of the most serious things we have to consider. If it really is the effect of this system that other countries can send their goods at lower rates of freights than we can, that is most serious?—Yes.

2798. I gather that you are of opinion that under the present conditions British shippers, if they would only combine, could secure what they want?—Yes. When that difficulty was acute, our Association thought that the time had come when we should have the support of a large body of the trade who were not members of our Association; and for that reason we issued a notice to the trade generally, that is to almost all the trade, who were not subscribers to our Association, in these terms—this was dated the 19th November, 1906: "Dear Sirs,—At the Board Meeting of this Association on 7th November, it was unanimously decided that a meeting of members should be called for noon on 28th November, at Salisbury House, Finsbury Circus, E.C. (Hall 5), to which other Australian shippers should be invited, and I hope you will be able to attend. The object of the meeting is to consider what practical steps can be taken to meet the growing competition of foreign goods and shipping in the Australasian trade." That meeting was attended by a large body of the trade. I was in the chair at that meeting, I may say, and explained exactly what the position was; what was the difficulty at the moment, and the pressure we desired to exercise on the lines that were working in American interests. It is practically as a result of that meeting, no doubt, that the adjustment of these difficulties is being arrived at. That shows what can be done by combination.

2799. You have not actually succeeded, I suppose, yet; but you think it is in process of adjustment?—I have a letter which promises their cordial co-operation in arriving at a settlement. Of course, there are a number of details to arrive at, but already the rate of freight on close weight of all descriptions from America to Australia is assimilated with that from the United Kingdom. One of the great difficulties in getting at a settlement was this, that some of the American shippers are very large shippers and therefore can command very favourable terms. Take, for instance, the Harvester Combine in America.

2800. (Chairman.) What are they?—They are a combine manufacturing reaping and binding machinery; they can come into the market with 30,000 or 40,000 tons of measurement cargo; consequently, the shipowners are bound to consider them and give them a very low rate, because there is no rebate established there to keep the rates uniform, therefore the big shipper comes in and gets a very low rate of freight. One of the difficulties in getting the assimilation of rates from the United Kingdom with those from America was the fact that these harvesters had to be taken from America at very low rates. It was put by our Association to the shipowners here that the quantity of agricultural machinery shipped from the United Kingdom to Australasia was not so very great, and if they lowered their rate for that agricultural machinery to the same rate they took from America, they would not be making a great loss, because the loss of rate it would involve them in would not be over a very large amount of tonnage, therefore they might consider the advisability of assimilating those rates. I believe they have agreed to do that. They have asked me for details with regard to the matter. The matter is in process of settlement. The weight rate has been agreed to be uniform with the rates from the United Kingdom. I might add another item; case oil is a very large line from America; if they give the same rate for case oil from the United Kingdom as from America, it will not affect the shipowners here very much, because very little case oil is shipped from here. Those big lines, like case oil, are taken at very low rates.

2801. (Mr. Barry.) There are one or two points in your evidence I do not quite understand. You seem to

think that any legislation that could be framed in this country against the rebate system would operate to the disadvantage of British shipowners, or would operate to the advantage of foreign shipowners?—Yes.

2802. I take it that you regard the existence of the rebate system as favourable to British shipowners?—Yes.

2803. Inasmuch as it maintains uniformity and regularity of rates of freight?—That is the way in which it is favourable to the merchants.

2804. It is also an advantage to the shipowner?—The shipowner having what he looks upon as a security from constant opposition, has an assurance that he is likely to get a fair return upon his capital, and he will build ships suitable to the trade.

2805. It also has a tendency to maintain a somewhat higher rate of freight?—Possibly that might be, but supposing it is so? Supposing that the freight rate were 2s. 6d. a ton higher throughout the year under the rebate system than without it, the disadvantage of that to the merchant would be as nothing compared to the disadvantage of the fluctuations he would suffer from without uniformity of rates.

2806. Precisely. In your recollection, when opposition existed in the past, rates were lower, I presume, than under the Conference system?—If I follow your question correctly, it is whether rates were lower in the times past than in the present.

2807. When opposition existed. When opposing lines were in existence competing with the Conference lines, were the rates of freight lower?—Yes, whenever there is an opposition there come lower rates of freight for a time.

2808. In that case I find a difficulty in understanding how the abolition of the rebate system would operate to the advantage of foreign competitors; how the reduced freights that might be secured by the abolition of the rebate system could be of any advantage to our foreign competitors?—The lower rates would rule for a time; then, when the opposition was over, the rates would fly up, there would be an advance. You would get, as we used to have without the rebate system, from 7s. 6d. to 15s. for one-half of the year, and from 30s. to 45s. during the other half of the year.

2809. You are assuming there would be an end of the opposition; that the condition of a free open market in freights would not continue?—It would be a survival of the fittest, I suppose, and the strongest.

2810. Would that be any disadvantage to the trading community generally?—Yes, because when we get these very low freights for a short time only, it is a very great disadvantage, because we should lose on our stocks in Australia.

2811. You are assuming the competition would not be permanent?—You could not always have low freights. If the 7s. 6d. freight was always to prevail the shipowners would become extinct in a very short time.

2812. You might not have the 7s. 6d. rate, an extremely low rate, but you might have a modification of existing rates. The point I am trying to get at is this, that if the introduction of opposition reduces freights, that fact cannot be to the advantage of foreign shipping companies?—I see what you mean; you mean that if rates are reduced from the United Kingdom that should be an advantage to merchants in the United Kingdom?

2813. Precisely?—And that, consequently, should be a disadvantage to the foreign competitors.

2814. This is my point?—My reply to that is, that if the reduction were a permanent reduction, if we always had uniform rates and lower rates from this country than from the Continent, that would be a great advantage for the merchants and manufacturers of this country, but if we had the violent fluctuations in the rates of freight it would be a great disadvantage to the merchants of this country, because they could not carry on their business so satisfactorily as if they had uniform rates; then the continental merchant, if he had uniform steady rates, would be at an advantage compared with the English merchant, who would have to pay high rates for one time and low rates for another.

2815. The continental shipping companies at present acting in the Conference have an advantage, have they not, of extremely low through rates from various centres; in Germany there would be a very low rate from, say, Düsseldorf?—It is very difficult indeed for me to answer that question satisfactorily, because my

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answer would largely be from hearsay rather than from actual experience; but I have found in actual experience that in proceeding to quote a c.i.f. price to Australia for goods of German manufacture, although we have got what professes to be the lowest rate of freight, and according to the scale is the lowest rate of freight which the German steamer takes from the port, we will say, of Hamburg, and we make all our calculations accordingly, we could actually buy from the manufacturers at a c.i.f. price cheaper than we can work it by buying the goods and shipping ourselves. That is, we are obliged sometimes to buy from the German manufacturer at a c.i.f. price. The inference from that is obvious: that he has some advantage in railway carriage, or through rates from his works, that enables him to quote a lower rate than we can possibly get at.

2816. The effect is this, that the operation of the low German rates upsets any advantage which might exist under the Conference system?—I believe the German railways give special rates, or else the steamship lines give special rates to the Government railways, I do not know which it is.

2817. There was another point in your evidence I wish to refer to; you speak somewhat confidently of the ease with which an organisation of merchants could be created in order to deal with the shipping companies?—Yes.

2818. I suppose there is a very considerable proportion of the goods shipped from Great Britain direct by manufacturers, and not through merchants at all?—There is a certain quantity, no doubt, shipped by manufacturers.

2819. Have you any idea what the proportion is?—That would be impossible for me to arrive at.

2820. Did you contemplate, in the organisation you spoke of, the inclusion of manufacturers who are shippers?—Those who are shippers, if they choose to join our Association, have the opportunity of doing so.

2821. Are there any manufacturers in your organisation at present?—I do not think there are.*

2822. There is just one point more, you spoke of a certain state of things which existed before the introduction of the rebate system, that shipowners filled up with cargoes of their own; that they shipped goods direct on their own account?—What happened was this. If a shipowner had a vessel loading on the berth and he could not load her full, having got what he could from the merchants, he would buy Baltic deals, that is timber, or cement, or salt, generally cargo that was cheap and did not run into much money, something no great price per ton, and would take that on board the ship to fill up with, and would sell it in the Colonial market for what it would fetch, in the hope that even if it earned only 5s. a ton freight it would be something. That of course competed with merchants and upset the market.

2823. It was always merchandise of that particular class, a rough kind of merchandise?—Usually of the cheaper kind. I have known empty 400-gallon tanks to be purchased and shipped on freight account.

2824. Did that exist to any considerable extent, do you think?—Yes, to a considerable extent.

2825. (*Mr. Maddison*) When you told us about the genesis of your Association you said that, although competitors, you had common interests to fight, and common enemies, I think you said?—Yes.

2826. May I ask you if you, as an association, combine to keep up prices?—No, we do not combine at all. All the merchants who are in our association are competitors one with another.

2827. And amongst you you have no sort of arrangement as to not going below a certain price?—No.

2828. You do not follow the Shipping Conference practice in your own case?—There is nothing in which we should be in common. I do not quite follow how we could do what you propose or suggest.

2829. Just as the shipowners combine to keep up certain prices, although competing with each other, you in the things you sell could follow a similar practice, could you not, if you wanted to?—No, that is not practical. If as commission merchants we all agreed we would not charge less than 2½ per cent. commission, is that what you mean?

* Mr. Tredwen has since written to say that there are certain firms of manufacturers in the Australasian Merchants' Association.—J. A. W.

2830. Yes, that would be a case. You would not do that, I suppose?—We do not discuss with one another the details of the terms upon which we do our business.

2831. The Chairman put to you whether you regard the shipping ring as somewhat on parallel lines with trade unions?—No, I think he suggested that we, as merchants, were in a corresponding position to the labourers.

2832. Do you know a case among trade unions where the labourers unite with their employers to keep up prices against the community?—No, I have no experience.

2833. Therefore, you do not carry your parallel of Trade Unions very far?—It was not my parallel, pardon me; it was the Chairman's parallel. The Chairman, I think, suggested that we, as merchants, being individually weak, could become strong by a combination in the same way that workmen could combine in their trade unions, and I accepted that suggestion.

2834. Anything coming from the Chairman in this connection has a certain amount of interest to me, but so long as you do not carry it beyond what you say, that you put yourself in the position of the labourer, and so on I will not pursue that. I would like to ask you with respect to the effect of these rings upon rates. To Sir John Macdonell I gathered that your answer was that you thought it lowered rates?—Yes, I think the effect has been that the rates are lower. The actual experience (it is not a question of opinion) is that the rates have become lower.

2835. That was my point. Would you attribute that lowering of the rates to improvement in the mechanical appliances and the size of the ships, or would you attribute it to the Conferences or rings?—To the two combined, because I have stated in my evidence that I considered the existence of the Conference system and rebate system gave security to the shipowner to build larger and improved ships, and I think the lowering of rates has arisen more than anything else from the fact that the larger ships put into the trade can be run more economically than the small ones that used to be there.

2836. Take paragraph 5, where you give the prices, ranging from 7s. 6d. and 10s. to 35s. and 40s. during the year; how do those compare with average rates now?—On the average that would be rather higher, decidedly higher, than the rates at the present time. I would like, if you will allow me, to explain that those rates were chiefly sailing vessel rates; at that time there was more sailing ship tonnage in the trade than steam tonnage. To-day there is an infinitely greater amount of steam tonnage than sailing tonnage. It looks as if in a few years time the sailing vessel tonnage will be practically extinct.

2837. I want to compare like with like if possible, because this affords, from my point of view, something like a guide as to the effect of these rings upon rates. I think the average of these figures would be about 25s. over the whole year, would they not?—No, the average rate over the whole year of sailing vessel tonnage at that time would have been—I must think for a moment, because I have to look back upon it—where I say 40s. a ton I have known it 45s., and I have known freights of 5s.

2838. I am taking your figures?—I should say, taking all the sailing vessel tonnage that used to go at those times, the average rate would be 27s. 6d.

2839. What would it be now in sailing vessels?—The average rate for cargo carried by sailing vessels now I should say would be 23s. or less.

2840. According to that the rates are absolutely lower?—They are lower than they were.

2841. Are these sailing ships that are out of the ring the tramp sailers?—There have not been for some considerable time any outside vessels loaded.

2842. There would be at the time these figures referred to?—Yes, that is going back a good many years.

2843. This is a long time back; it must be, because it was before the Conference?—Yes.

2844. There is really no way of comparing these figures with anything that exists now?—It would be very difficult to make a comparison, because the conditions are altogether different.

2845. What force is at work under the Conference system to lower rates?—The very thing referred to just now. The building of larger steamers naturally enables

them to work more economically, and it enables the owners to make a steady reduction of rates as time elapses. I will give you an instance from this paper I have before me; take some typical rates. In 1903, the rates for bar iron was 20s.; in April, 1904, bar iron was 20s. Oilmen's stores were 40s. in 1903; in April, 1904, oilmen's stores (that is groceries) were reduced to 32s. 6d. instead of the 40s. they were before, and that rate has continued ever since.

2846. What I want to obtain is this: what means have you of knowing whether you are getting the full advantage of these mechanical advantages? What force is there that brings it down to its natural level?—That is very difficult to tell you. We have to look at whether we think we are getting a reasonable rate of freight, and we can only measure that by what rates we have to pay for carriage service otherwise rendered; take, for instance, railway carriage.

2847. You really do not compare it with railway carriage; we must take shipping. Can you really have any basis of comparison outside the competitive sphere? If you have a monopoly—if you have a combination or a ring—have you any means of comparing rates which in other spheres seems to be the only way of knowing whether they are or are not the proper rates? How do you know? Can you compare these rates?—I compare the rates we pay on a certain kind of thing; take galvanised iron. I take the rate we pay for galvanised iron to Australia, and I take the rate we pay on that same galvanised iron to bring it from Newport to London.

2848. By railway?—Yes. Or we have the option, instead of taking it by railway, of taking it by coasting steamer.

2849. Would you call that a fair comparison?—It gives one an opportunity of seeing whether the rate we are paying to Australia is a reasonable one or not.

2850. What the railway rates are?—Yes; for the galvanised iron could come from South Wales by railway or coasting steamer.

2851. The comparison I want is a comparison of the rates to Australia?—Where from?

2852. From Liverpool or any port you like?—Compared with what?

2853. The rates you pay under the Conference?—I am afraid I cannot follow the question. What do you want to compare those rates we pay with? Do you want to compare them with the rates to the Cape, for instance?

2854. No. At present there is a Conference, or ring, existing which charges you certain rates from Liverpool, we will say, to any port in Australia. I want to know if you have any fair basis of comparison to show whether those rates are or are not fair rates? How do you know they are fair rates?—By comparing the rates with what we pay on the same goods for other service of carriage, as I tell you.

2855. Would you compare railways with shipping?—I say, supposing we bring the galvanised iron from South Wales by coasting steamer to London, I take the rate for that.

2856. The coasting trade can hardly be put on the same basis as ocean trade, can it?—We have to get the cargo to the shipping port, and we have to get it to the shipping port so that it may go to Australia. We have to pay a certain amount of carriage to get it from the point of production to the point of consumption. If the rate that we have to pay for getting it to London, that short distance, is more than half the rate we have to pay for the 13,000 miles to Australia, it appears to me we are getting a reasonable rate to Australia. That is the only kind of thing now that one can make a comparison with, I think.

2857. Supposing you had a free freight market, and you were dealing with a certain line, would you not have a better basis of comparison as to whether that rate was fair, if you had an open market?—It is a supposititious position which I do not quite see.

2858. I want to make my point plain; it is this: where competition prevails a merchant has an opportunity of comparing the rates of various firms, whereas now he has nothing but the Conference rates to depend upon?—Quite so. If we have an opposition, as we have at the present time, or a threatened opposition, we say we have an opposition in the trade at the present time; they offer to take galvanised iron at 12s. 6d. or 15s., and the current rate would be 25s.

2859. That is an extreme case. Supposing it was an open freight market, and instead of being 7s. 6d., as you say, it was 1s. 6d. or 2s. 6d. below the present rates, would not that be a basis of comparison which you do not possess now, and far more reliable than taking either the coasting trade or railway rates?—If we got a rate 1s. 6d. lower than we have now, that would be something to compare with the present rate as a cheaper one.

2860. And that does not exist now. In answering a question, I think it was to Mr. Barry, you said in case there was an open freight market it would be a survival of the fittest. I understood you to say that?—Yes; that is, if people are fighting, the one that has the longest purse, or is willing to spend the most money if he has it to spend, would survive; the others would come to grief.

2861. Would not the survival be due to other things than a big purse; might it not be due to good management and other things?—Quite so, but the purse is necessary.

2862. Do you think the fittest surviving operates in the Conference system, or do they take the cripples along with them, for which you have to pay?—I cannot quite see that. I would not like to call any members of the Conference cripples.

2863. You can call them what you like?—I do not quite follow you.

2864. Do you think the fittest survive in the Conference system?—There is no question of any falling out; it is not a question of survival there. It is when there is a fight that there is a survival. When there is a Conference there is not any fight, therefore they all remain, therefore they all survive, therefore they must all be the fittest in that case.

2865. How do they survive, by their own fitness or by the combination?—That is a logical question; I do not think I should like to answer that question.

2866. As a general proposition, would you say that competition increases or lowers rates and prices?—Competition lowers rates while the competition exists.

2867. We are talking of while it exists?—Competition generally means losing rates while that competition lasts, and the people who lose the money then would naturally try and make it back afterwards. That has been my experience.

2868. Do you suggest that, speaking of trade generally, competition means ruin?—Sometimes.

2869. Generally?—I have seen a good deal of it.

2870. I suppose you will admit there is some little competition in England, generally speaking?—Yes.

2871. And it is not ruined?—No.

2872. Why do you suggest that the shipping trade should be free from healthy competition?—They have competition.

2873. What competition have they in a Conference?—If a Conference were to charge what have been spoken of as excessive rates, competition would come in very quickly.

2874. Then your only security is the possibility of competition?—That is one of our securities, undoubtedly.

2875. You do not place very much value on that, I gather?—We want rates to be reasonable rates, and we value everything that gives us assistance towards that end.

2876. You think competition does assist you a little?—The fear of competition, and the danger of competition.

2877. But you do not think the realisation of competition would carry that out still further?—For the time being it would carry it a great deal further. It would lower the rates while the competition lasted and make them very low, then afterwards they would go high.

2878. You think permanent competition is impossible in the shipping trade?—I should be very sorry as a merchant to see it, because we could never depend on the rate of freight from one day to the morrow.

2879. Just a question on that. I gather that you do not think that in a free freight market you could have anything like a regular service?—We could not have such a regular service; nor could we have such uniform rates of freight.

2880. As far as the regularity of the service is concerned, I take it there would be still exactly the same amount of stuff to ship as there is now?—Yes, but the ships very often go with very little cargo in them. I remember my shipping clerk coming up from the docks when one of the

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Mr. E. B. Trevelyan. Australian boats was going, and he told me that she had not more than 700 tons of cargo on board for three ports in Australia.

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2881. Is it so very usual for the merchant to concern himself about the shipowner like that, provided he is getting low freights?—I do not quite follow the question.

2882. The question is this: You say that one effect of the open freight market would be that there would be an irregular service, and you have just mentioned they would not be able to get full cargoes?—Quite so.

2883. From your point of view, as a merchant, is not your point of view to get low freights?—Yes, we want to get low rates of freight, but we want them uniform.

2884. I take it that you are more concerned with the uniformity of the rate than the rate itself?—No, we like to have the rates low, because if the rates are too high it is prejudicial to our trade as against our foreign competitors.

2885. In your evidence I think you do not seem to have concerned yourself very much about another party, the consumer. You have not taken him very much into consideration in your evidence, or you do not seem to have done?—I have come provided with some figures to meet that question. Is there any question you would like to ask about that?

2886. I was saying I had not noticed any reference in your evidence to the consumer. I should be glad to know what, in your opinion, is the effect upon him of these Conferences?—I think, taking the Australian trade, the effect upon the consumer of any difference in the rate of freights that there might be is very little, because the duty is one of the main things there that affects the consumer. I have here a calculation of the actual cost to the consumer of representative articles, what the freight costs and what the duty costs. [See Appendix, No. XXI.] Take for the instance galvanised iron that we spoke of, because that is the primary building material of a new country, and therefore is one of the articles to be considered. Taking the cost of that article at £16 10s. a ton with the cases and less the discount, it works out at £16 5s. 5d. a ton. The freight upon that, after deducting the rebate, is £1 2s. 8d. Supposing there were half-a-crown fluctuation that would be a half-crown difference that there would be on that freight; but the duty on that is 15s.; so that the total cost is £18 14s. 1d. out there, and any possible fluctuation in the freight that was supplied by the free freight market getting an average lower rate, would be half-a-crown a ton on that price of £18. I think half-a-crown a ton on the £18 would be of not much importance to the consumer; it would certainly not be of such importance to the merchants as having the uniform rate of freight. When you speak of the consumer, the man who imports the galvanised iron to distribute it is, first of all, you may say, the consumer; and the reduction of half-a-crown on the freight to him would be of less importance than if a sudden reduction came of 10s. a ton when he had 100 tons in stock, and that was depreciated to that extent. I have put in with that cost of galvanised iron the cost of 400-lb. casks of cement by steamer, that being a building material; and also cocoa in 1-lb. tins; that is an article of daily consumption by the consumer. That article costs 2s. 4-80d. for the first cost. The freight on that is only 779, which is less than three farthings, and the duty is a penny, so that the cost of the article is 2s. 4d., the freight on it is three farthings, and the duty is a penny. To New Zealand the freight is less than three farthings and the duty is 3d.; so that the consumer suffers very much more from the duty than from the freight. He suffers very little from the freight. Now take 1-lb. tins of fresh herrings, which is a staple article used in new countries largely. Upon that the freight comes to 2430 of a penny. That is less than a farthing, and the duty is a penny a pound. Now take hops at 63s. a cwt., that comes to 675d. per pound. The freight for that is 777, that is three farthings.

2887. (*Mr. Taylor.*) Is that to Australia?—Yes, the freight is three farthings, and the duty is 6d. a pound.

2888. The price is 675d., the freight is three farthings, and the duty is 6d.?—I will put those figures in if they will be of any use. [See Appendix, No. XXI.]

2889. (*Mr. Maddison.*) There is this last question I wish to ask. Although you have shown us that it seems to work out comparatively small, yet I take it that you would not say that these conferences do not affect prejudicially, to some extent, the consumer?—In what respect?

2890. In increasing the price of the articles?—I do not think they do.

2891. Not in any way?—No.

2892. (*Mr. Pember Reeves.*) You have, I think, the price and the freight and the duty on cocoa to New Zealand, would you tell us the freights and duty on tea?—Tea is not shipped from this side to New Zealand.

2893. You have no knowledge of the freights from India?—No, we do not ship tea from India.

2894. There is no duty on it, is there?—No.

2895. I thought you left it out on that account, because it did not suit your argument?—No, I wish to be perfectly fair.

2896. (*Mr. Owen Philipps.*) You have told us that from 1878 to 1895, namely 17 years, certain shippers had agreements with the shipowners giving certain large shippers certain advantages in freights not shared by the smaller shippers?—That is so.

2897. You have also told us that from 1895 to 1907, namely, the last 12 years, under the deferred rebate system the large shippers have had to pay equal rates?—Yes.

2898. Does this not prove that the deferred rebate system is an enormous advantage to the small shipper?—It is a very great advantage to the small shipper, and it is a disadvantage to the large shipper.

2899. For the small shipper it is a great advantage?—Yes. In that connection you have referred to those rebate agreements, and I would like to call attention to that one which pertains to the Adelaide trade. You will see in that a clause is mentioned that we were to have certain considerations when anyone else beyond those already enjoying them got them. That is just an illustration; in that particular trade there was one firm of very large shippers and they had, and we knew they had, advantages which no one else had. When this rebate system came in they lost those advantages, and to-day they are one of the strongest opponents of the rebate system.

2900. (*Mr. Barry.*) I believe you were nominated by the Australasian section of the London Chamber of Commerce to represent them here?—Yes, but might I say not quite to represent them. I was nominated by them as a merchant having experience to give evidence on this question; but on receiving that nomination and accepting it I prepared my evidence, and the evidence which I have given is my evidence. It is the evidence of myself and not the evidence of the section.—After I had submitted to the Commission the brief of the evidence which I was going to give, and the date had already been fixed when I should give my evidence, it was postponed. After the time had passed when in the ordinary course I should have given my evidence, I was invited by the section of the Chamber of Commerce to confer with them as to the nature of the evidence I was to give. I therefore attended a meeting of that section, and I said to them: "The evidence I have put in I cannot withdraw. If the section proposes to give evidence and to use me as the conveyer of that evidence, I shall be very pleased to put in any evidence the section gives." It was yesterday that this meeting took place, and it was clearly understood that the evidence I am giving is my own evidence and not the evidence of the section, who have not debated the matter at all; but the section took a ballot on the question. They issued a ballot paper: "Are you in favour of deferred rebates, or are you against them," or something to that effect. They asked me to make that clear to this Commission. I gave them a fair outline that my evidence on the whole was against any legislation against British ships, unless it was also against foreign ships concurrently. They asked me to let it be understood that the evidence I was giving was my own evidence. The result of the ballot of the section was this: they issued 201 ballot papers, that is to members of the section. 50 of those ballot papers were returned; 30 of those were adverse to rebate and 20 in favour; that is, of 201 ballot papers issued only 50 were returned.

2901. (*Mr. Lawrence.*) How many members are there?—201.

2902. That is the total number of the Association?—Of the Australian section of the London Chamber of Commerce.

2903. (*Mr. Barry.*) So that the actual voting was 3102 against the rebate?—30 against the rebate and 20 in favour, and 151 who did not consider it necessary to vote.

at all. Might I be allowed to put in this tariff of the Deutsche Australische Dampfschiffs Gesellschaft?

2904. (*Chairman.*) Is that a German Company?—A German line to Australia. I think it was Mr. Sissons who said, in giving evidence, that the German lines charged by weight whereas the English lines charged by weight or measurement. I wish to put this in to show that the German lines also do the same thing. They charge by weight or measurement. In this book, on page 20, it says: "All rates net, without primage, per ton of 1,000 kilos or one cubic metre, at ship's option, unless otherwise stated"; and that is the same with the Nord Deutsche Lloyd.

2904a. (*Chairman.*) I think we have had that evidence before?

(*Mr. Lawrence.*) Yes, it was in Mr. Langdon's evidence.

2905. (*Professor Gomer.*) You were speaking in your evidence about the advantages of the deferred rebates, and you enumerated several advantages which I thought you traced to the deferred rebate. One was, for instance, that the shipowner does not take goods on ship's account; another was that he does not grant preferential rates. Is it correct to say that those are the necessary consequences of the deferred rebate, or would it not be more correct to say they are the consequences of an understanding of which the deferred rebate forms part?—That, I think, is quite correct.

2906. The latter form is correct?—Yes, I think it would be perfectly fair to put it in that way.

2907. Do you know of any trades in which the shipowner carries on ship's account where there is a deferred rebate?—No, I do not think so. I think it has been, although not a written agreement, a tacit understanding that, if the shipowner gets the support of the merchants guaranteed to him, he will not interfere with the merchants' business.

2908. You would deprecate their doing it very strongly, would you not?—On occasions when I have found shipowners in our trade doing what I thought was in trespass of our merchants' business, I have gone and protested against it in the most emphatic manner.

2909. It would obviously, in your opinion, be unfair, if the deferred rebate in a trade gives a shipowner a monopoly, if the shipowner does carry on ship's account?—Yes, I should consider the shipowner, if he bargains for the support of the merchants, must not compete with the merchants.

2910. Under such conditions you would think the deferred rebate was really an undesirable thing, because it enables him to compete with the merchants?—Quite so.

2911. If a shipowner having established his position by means of the deferred rebate and excluded competition, which was the object, proceeded to take advantage of the position to trade against the merchants by carrying goods on ship's account, it would almost make you desire to abolish deferred rebates?—No, I think what the merchants' association would proceed to do would be this, to attack the shipowners' business.

2912. That would depend on the strength of the Merchant's Association?—Quite so.

2913. But in the Australian trade you say that has not occurred?—It has not occurred yet.

2914. I think we shall find there are some trades in which it did occur?—It has occurred. Some years ago there was an Australian Mutual Shipping Company formed, a combination of merchants who ran their own ships. It is still in existence as part of the Conference system. I was overlooking that.

2915. That is the merchants taking on the shipowners' business rather than the shipowners taking on merchants' business. I was rather contemplating the shipowners acting as merchants?—Quite so.

2916. That seems to me, if I may suggest it, one of the dangers of the deferred rebate system, that if you establish a monopoly the shipowner really has it in his power to infringe on the merchants' legitimate business?—I do not think it possible that the shipowner's monopoly can become so strong that he can do it, because as I have said before, I consider that the merchants who supply the cargo can, by combination, rule the position.

2917. That we will see. The Commission will take evidence on different trades. I understand it does not occur in the Australian trade. You come to the difficult

question of the non-differential rates, and you point out there, justly, that the small shippers are really favoured by that, as against the large shippers?—Yes, because in the times when there were no deferred rebates we, as large shippers, used often to get very preferential considerations. We have often had experience of our competitors on occasions getting very preferential considerations, and certainly as large shippers we were in the habit of getting large preferential considerations over the small shippers. It has been one of the disadvantages of the rebate system to the large shippers that they get no advantages.

2918. It might be a disadvantage also to the consumer of the goods?—I do not quite follow.

2919. If the large shipper gets an advantage he will of course use his advantage to sell his goods rather cheaper than a smaller competitor who has to pay higher rates?—I am afraid our idea was usually to make a bigger profit for ourselves.

2920. I am sure you would make as large a profit as you could, but you would try to make your large profit by a little under-selling, would you not?—It gave us the opportunity of under-selling if we had to, but we should have preferred to make the profit, I think.

2921. On the whole it is a very debatable proposition, is it not, as to whether the large shipper should or should not have an advantage?—As a large shipper I certainly think some times I should like to have the advantage. I would like to have an advantage, and in what you call a "free freight market" I should have an advantage, of that I think there is practically very little doubt.

2922. I only raise the question; it is quite an open question as to whether that is altogether a desirable result of the deferred rebate. It is certainly desirable to the small shipper, whether it is desirable in the general interests I do not know. One of the advantages of manufacturing on a large scale is, of course, that the large manufacturer can buy raw material cheaper than a small manufacturer?—Yes.

2923. So that this might tell in the same way, might it not?—The large shippers could get advantages just as I say of the harvesters in America; they can command a low rate of freight. Might I give you an illustration here with regard to large shipments of cement. We have on occasions loaded full ships of cement. We loaded the "Bayard," the "Ednyfed," and other vessels with full cargoes of cement for Melbourne, loading them in the Medway and sending them away. That is a thing the large shipper is able to do. There have been merchants also in the Australian trade who have been able to load full cargoes of salt from Sharpness.

2924. (*Chairman.*) You are at liberty to do that?—If you load a full cargo of your own.

2925. (*Professor Gomer.*) You do not forfeit your rebate then?—No.

2926. There seem to be differences in certain conferences with regard to that. In Sir Donald Currie's memorandum he states that they are not entitled to do so, but certain South African witnesses said they were entitled. In the Australian trade you can do it?—No objection has been raised to our doing so.

2927. You do not object so much to the rate being fairly high so long as it is uniform?—We object very much to high rates of freight, and we should object still more when rates of freight from the United Kingdom are higher than they are from Germany or from America.

2928. I quite understand that; but supposing you get a universal and uniform high rate, should you, as a shipper, object to that?—If we thought it was too high we should call a conference with the brokers and point out that the rate was excessive and we ought to have it reduced.

2929. Have you ever, as a result of the negotiations with the shipowners, succeeded in obtaining a reduction of freight?—Yes, frequently.

2930. That is in your experience?—Yes, I could give you some within the last two or three years, for instance.

2931. I think that would be very useful?—There was a case in respect of second-hand corn sacks, sacks that when now were shipped from Calcutta to Australia, that have been used to bring wheat from Australia to London or Liverpool and then emptied, repaired where they have holes in them, patched, and then a question arose of shipping these back to Australia to be used a second time. The rate of freight for corn sacks was comparatively high,

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so we went to the brokers and said we saw an opportunity of shipping a large quantity of these second-hand corn sacks, and we represented that the rate of freight might very fairly be reduced, because it was practically making a new trade and not taking away from them any trade they had got; that the freight on the new sacks was always earned from Calcutta to Australia, that they never carried new sacks in any quantity from the United Kingdom to Australia, and that they might very well make a special low rate for these second-hand sacks. They did it, and we did some large transactions in consequence.

2932. That gives us an instance?—Then if at any time we find that a certain rate is so high that it stops business, we go to them and make suggestions, and they modify the rate.

2933. How long has the Australasian Merchants' Association been in effective existence?—Since 1902. I have put in the Articles of Association.

2934. I was thinking of when it was effective, not when it was formed. Has it been able to take effective action since then?—Yes.

2935. And continues to do so now?—Yes.

2936. It would be an advantage, I suppose, if these understandings between the shipowners and your Association, or any association, were embodied somewhat more definitely?—I think it would be a great advantage to have an agreement between the owners loading in the trade and the Association, somewhat on the lines, but on a more extended scale, than the one which exists in the Cape trade. The South African Merchants' Association is of older existence than our Australasian Merchants' Association, and we, who belong to the Australasian Merchants' Association, are merchants actively engaged in business, with our preoccupations; and we cannot give more than a certain amount of time to the business of our Association. Our meetings are usually once a fortnight, and in the time at our disposal we have done a very fair amount of work, and one of the things before us, one of the things in our programme, is the establishment of such an engagement or agreement between the owners and the merchants as will settle our relations.

2937. The agreement would be negotiated, I take it, between the Association and the Conference, and then would be signed, individually, of course, by the merchants?—Probably by the Chairman of each Association, the Chairman of the Merchants' Association, and the Chairman of the Conference.

2938. That would cover anyone trading under the shield of the Association or the Conference?—Yes.

2939. Turning to a further point with regard to that, you say in paragraph 3 of your evidence that the ship owners used to agree at one time that if any opposition came into the trade the agreement shipper should have an average shipment of his cargo carried at a rate as low as that charged by the opposition. You remember that?—Yes.

2940. You point out that that became rather an onerous burden on the regular shipowner, because at that time there was no deferred rebate system, and there was, I suppose, a constant intrusion of competition?—I think I possibly did not make that as clear as I might have done. The original agreement was that the shipowner always had to find the lowest rate of freight, and that question of an average shipment got inserted afterwards, when the shipowner found that he would have to take, perhaps, six or seven times as much cargo at the 7s. 6d. fighting freight as the intruder would have to carry at the same rate. Then he said, "No, I will not take all your cargo at the fighting rate, but if your average shipment for the month has been 150 tons, I will give you 150 tons in this month at the 7s. 6d. rate; but your other cargo goes at the higher rate."

2941. That is a very fair provision, is it not?—It seems to me that it was a fair provision.

2942. It would be still fair, it seems to me, now that the deferred rebate system has been established, which has limited the amount of outside competition. It does not exist now?—This condition about the average shipment?

2943. Yes?—I take it, although as I say there is no agreement yet, in times of competition the tacit understanding, the unwritten law of our relations, would come into effect, and the loading brokers would give us an average shipment, as they always used to.

2944. You feel quite convinced of that?—They have done in times past without any agreement to do so.

2945. They have done so since there has been a deferred rebate system?—Yes.

2946. You feel in your experience there has been no difficulty in obtaining such an average shipment?—No.

2947. At the fighting rates?—At the fighting rates.

2948. That was in the Australian trade?—That was three years ago, when there was a fight in the trade; there was no difficulty in getting an average shipment at the rate.

2949. I did not gather the impression from your written evidence that it still continues. It is a very important thing. If there were an agreement, that clause should be incorporated in the agreement?—Yes. That is the weak point, that we have no agreement. We want to get that.

2950. You would strongly favour an agreement being drawn up?—Yes.

2951. You feel that that is essential, and there should be, as it were, certain conditions laid down on the one side, and certain conditions laid down and guaranteed on the other?—In saying I consider it essential, I consider it is essential, not because of the difficulties that have arisen through the absence of an agreement, but because I see the possibility of difficulties arising in the future.

2952. Exactly, that is my point. Then we come to a further point. You speak in your first two or three passages of the desirability of strengthening the shipowners, and you say, "One of the arguments against the system"—that is the deferred rebate system—"is that it enables the established lines to become too strong and powerful. Unless, therefore, the anti-rebate legislation is by international agreement it would weaken the English lines." You agree that the deferred rebate does make lines too strong and powerful?—I do not think it makes them too strong and powerful; but I think it adds power and strength to them. I was quoting the argument that has been used by many of my brother merchants, who say that it makes the shipowners too strong. I quoted their argument; it was not that my opinion was they were too strong.

2953. I am not asking you as to whether or not there shall be legislation; but is it your opinion that they are becoming too strong and powerful?—No.

2954. Then why do you want to form a combination against them?—They have a combination, and I think it is necessary we should have a combination.

2955. You would not want a combination unless their combination gave them too great a power, would you?—Yes, we would; because if two merchants bind themselves together in combination they are stronger than one merchant, and if you have three or four shipowners bound together they are stronger than one shipowner or merchant.

2956. My question was: Does it make them sufficiently strong, or too strong, so as to necessitate a combination on your side? They become too strong for an individual shipper?—Yes; I think, naturally, if there is a combination of shipowners they are stronger than one individual shipper.

2957. Then you have in self-defence to form a combination against them?—We think we ought to be prepared.

2958. It does give them too great strength? You have said that the danger of anti-rebate legislation, on the assumption that it could not apply to foreign shipowners, was that it would weaken the English shipowners?—Yes.

2959. Of course, your association tends in the same direction, does it not, to deprive them of their excessive monopoly?—I cannot quite follow that idea. It appears to me that our association, by being very strong, if we work cordially together, is a source of strength to them; that is, it is mutual strength. The interests of the British shipowner, I think, are practically the interests of the British merchant in juxtaposition to foreign competition. If the British merchants show strength and work cordially with the British shipowner, it is an advantage to both parties, because the British shipowners support the British merchants against the foreign merchants, and the British merchants support the British shipowners against the foreign shipowners.

2960. You have a Conference, you see, which includes both British and foreign lines, and to meet that Conference you form an association, do you not? Your

Australasian Shipping Conference, of course, includes foreign lines, does it not?—I do not think it does. There is no doubt an agreement as to rates between the foreign lines and the British lines, and that is what we, as merchants, desire, because we want the rate to be not higher from the United Kingdom than it is from the Continent.

2961. At the same time you want to have a combination on your side which shall be able to prevent either a foreign or British line charging too high a rate?—Quite so.

2962. But you feel that by a combination you can prevent the injury being done to the British shipowner. Your fear was that the legislation would concentrate the injury or weakness on the British shipowner?—And consequently on the British merchant. It is as a merchant I should fear that.

2963. Taking the general question, on which you have touched once or twice, you were asked whether you approved of the shipowner being placed in a position of monopoly by a deferred rebate system. Of course, the object of the deferred rebate system is more or less in the direction of monopoly, is it not?—Possibly, to some extent, it is in the direction of monopoly.

2964. It is to limit the amount of competition, especially irregular competition?—Irregular competition; that is the object.

2965. Is it your view, then, that shipping carriage must almost essentially take a monopoly form; the carriage of goods by sea? A question was put to you, if you remember, did you think that a free freight market would be a good thing? You said: "It might be good whilst it lasted, but that when it ceased no doubt back payments would have to be made"—I said while the low rate lasted it would be good, but you would have to pay for it in extra freights afterwards.

2966. It was then put to you: Did you not think there could be a permanent free freight market, an open market, and you took the view that it would not be permanent?—No.

2967. You think really that carriage by sea tends to fall into the position of a monopoly sooner or later, I do not say invariably?—It rather tends to that.

2968. Just, as on land railways have so tended; so that you cannot rely successfully on competition to govern the rates?—If rates were excessive then outside competition must come in, it follows.

2969. At a certain limit it comes in?—Yes.

2970. But as a permanent adjuster you do not think competition is feasible?—It is the adjuster that makes the level of rates.

2971. If it were the adjuster throughout you would not really want a combination of merchants for that purpose. I quite agree, when rates become very excessive, outside competition would be induced, but it would have to become rather excessive, I take it. Supposing there is a little variation, your combination steps in, as you have said, and asks for an adjustment of rates. That is the question I am putting to you?—Our combination of merchants, you mean?

2972. Yes, your association steps in. I want to get you to consider this position—as to whether you agree in thinking that carriage by sea has necessarily to take the form of a monopoly?—Not necessarily.

2973. You think there can always be permanent competition in it, governing it throughout?—I think even when lines run in Conference they are very keen competitors with one another, very often.

2974. There is always a point at which a combination ceases to be a combination, but still they do combine for a purpose, I suppose?—They combine to charge the same rates, but each one naturally wants to get all the benefits he can.

2975. It is surely necessary for your point that, in addition to what outside competition may occur at times, there should be a combination of merchants?—Yes, we think so.

2976. Showing that competition is not an adequate adjuster of rates?—Because a combination of merchants is necessary not only for the adjustment of rates.

2977. I would say adjustment of given conditions including rates?—In fact, as I told you, it was a question of bill of lading clauses that brought the association into existence.

2978. Do you think that such a combination of merchants, if feasible, will always be able, by negotiation, to obtain reasonable concessions from shipowners?—If they do not obtain them by reasonable negotiations it is open to them to take other steps. They have the cargo, and the shipowners cannot get on without the cargo.

2979. That is rather cutting your own throat, is it not, as a merchant?—I think not.

2980. If you refuse to ship the cargo at all?—Oh, no. Supposing the merchant puts on his own steamers.

2981. It would be a very difficult thing, would it not?—It has been done with sailing vessels in our trade, as I told you.

2982. For certain goods?—No. That association that I spoke of, the Australian Mutual Shipping Company, was founded by some merchants who thought the shipowners were making too large profits, and they said: "We will carry our own goods"; and they formed their association, they chartered their ships, they found the cargo, and they loaded, and went on loading for some time in the trade, and eventually they became part of the Conference. They still load occasionally.

2983. They are part of the Conference now?—They have become part now, because, I suppose, they found it to their advantage to become members of the Conference.

2984. In extreme cases you think they would get their remedy by forming a new shipping line?—If it came anywhere near an extremity I think the remedy would be taken.

2985. You think comparatively easily?—It could be done, undoubtedly.

2986. In your statement, just at the end, you speak of when the rebate became established in the Australian trade. You said 1895. I think in your next paragraph you say the rebate was introduced in 1884?—I think I explained that. The original one was sailing vessels. Then when steamers came in the steamers only gave 5 per cent. rebate. The sailers at that time were not giving any fixed percentage, but were giving a sort of consignment, or consignment equivalent, when you had shipped a certain tonnage. Those two things ran concurrently. Then the steamer rebate was advanced to 10 per cent., and still the sailing vessel consignment agreement went on. Then came the time when the whole thing was amalgamated.

2987. In 1895?—Yes.

2988. Did it become a deferred rebate then, or was it merely a system of rebate?—My recollection is, it was always payable at the end of the year, or something like that. There would be an average of six or nine months, perhaps, in hand.

2989. There always was?—There always was.

2990. Since 1884 was that? I want to get to the point when it was introduced as a system. On the steamers, was it then deferred or paid after the transaction?—It was never paid after the transaction, the accounts were always made up at the end of a year or a period.

2991. There was not a period after the end of the year like there is now?—It has always been, I think, six months and six months, which makes an average of nine months. That, I think, has always been about the same.

2992. You think from the date of introduction it has always been about the same?—Yes. If you take the old sailing vessel agreements that are put in, we got nothing till we completed our quantity. If it was a thousand tons, we did not get our consignment till after we had completed our quantity.

2993. I quite understand that. At the present time, however, you make up your accounts for six months and do not get your rebate for six months after that?—That is so.

2994. Since the introduction of the rebate system you think that has always been the case?—That has always been the case, according to my recollection. That is so.

2995. That is what I want to know. In paragraph 7 there is a small point, "The result of the deferred rebate system on shipping in the trades with which I am concerned is manifest in the spirited building policy that has been stimulated by security against heavy losses caused by the intrusion of outside opposition." I think you take the view that really the result of the deferred rebate, judging from that paragraph, has been that shipowners have been stimulated to build very largely, with a consequence that there has been an extra amount of

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tonnage in the market, and consequently rates have been reduced?—That is so. The rates, as I show by that table I have put in, have been steadily reduced.

2996. That is although the natural tendency of a monopoly is to raise rates?—Yes.

2997. The natural tendency of a monopoly, I take it, is always to raise prices?—Yes.

2998. In this case they have been stimulated to really overbuild themselves, and to such an extent that rates have been reduced?—I do not think I intended to imply that they had overbuilt themselves, but by selling a small steamer and building a larger steamer they can carry at a cheaper rate, just as the present big cargo steamers of to-day can carry as cheaply as the old sailing vessels; by building larger ships you can carry more economically and sell out the small ones. That has enabled the rates to be gradually reduced.

2999. We have the fact, have we not, that the rates have gone down and the profits of the shipowners have also gone down. It almost looks as if the deferred rebate has not been a source of strength to the shipowners in the end?—I do not think the shipowners in the Australian trade have made big profits, but that is probably due to some other considerations. Look at the bad times during the Australian drought when Australia, instead of exporting wheat, was importing 20 cargoes a year, instead of exporting 50 or 60 cargoes.

3000. You put in a table of the profits of the shipping lines?—Yes.

3001. That was with the object, I suppose, of showing, if it had not been for the deferred rebate, where would they have been?—I think they might have been in a worse position possibly.

3002. I do not want to press the matter, but it does not seem to me that the table helps us very much, because, as you say, there may be specific considerations which have led to that loss on their part. Another consideration might be the spirited policy of building, might it not?—If you take the first instance that I have stated there, the Orient Steam Navigation Company, it goes back to—I forget now its date, I have not the detailed figures with me—but it goes back beyond 1880 a good deal; and during the last period from then, which gives a big period for an average, it has only earned 11s. per cent.

3003. Then the deferred rebate has not helped that very much?—Possibly it might have been worse without it. That is the only idea.

(Professor Gonner.) It has not been a brilliant success though.

3004. (Mr. Taylor.) On that last point, in paragraph 18 you single out three companies, the P. & O., the Mercantile S. S. Company, and the Nitrate Producers, S. S. Company, as the only three companies that really are in a satisfactory position?—Quoted on the Stock Exchange.

3005. Quoted on the Stock Exchange as being above par?—Yes.

3006. Have you enquired whether those three companies practice the deferred rebate system?—The P. & O. company does.

3007. What about the other two?—I never had any dealings with the Mercantile Steamship Company or with the Nitrate Producer's Company, so that I do not know.

3008. I am inclined to think they do not either of them practice the deferred rebate system?—I do not know; I cannot answer that question.

3009. I put it to you that two out of the three companies which you single out as models of what shipping companies ought to be, if they are in a good position, do not practice the very system which you say has been a source of strength?—I think the Nitrate Producers' Steamship Company, according to my knowledge of it, which is only from reading, trade entirely in their own particular trade; they have a particular trade that does not require them to have any rebate or anything else.

3010. At any rate I think it is clear that two of those three companies do not adopt this system. With regard to the question of larger boats and reduced rates, do you think that the spirited policy of building larger boats is confined to Conference Lines? Have you ever considered the question of the British tonnage which is not in Conference at all?—Yes, the tendency is, or has been up till quite recently, I take it, to build larger and larger boats. I think there is a slight reaction about that now with regard to

what we call tramp steamers. You are dealing with tramp tonnage, I take it.

3011. The point I am putting to you is this, that what you seem to argue here is that being in Conference, protected by the rebate system, the regular lines, feeling themselves secure, were enabled to adopt a spirited policy of discarding their small tonnage boats and replacing them by larger boats, and they did that because of the strength which the deferred rebate system gives them?—I was dealing with the Australian trade in particular at that time, and I think in that trade it is because the lines loading in the trade feel they have an assured business, a reasonable assurance of business, that they go on improving their tonnage.

3012. In ordinary trade, outside Conference Lines, is it not the fact that every shipowner, whether in a Conference or whether he is open to competition, on the high seas recognises that he must build larger boats if he is to compete, because he can operate those larger boats at relatively smaller expense?—You state that.

3013. I put it to you. I think it is rather an untenable position you take up?—Yes, I think the tendency is to build larger boats.

3014. It is an untenable position to take up, that it is the deferred rebate system and not natural causes operating. Without the deferred rebate system have not the shipowners been obliged to build larger tonnage whether they are in or out of the Conference; it is part of the natural law?—Yes, that is no doubt so.

3015. Can you tell me anything about the Agents General of Australia. Do you know what Agents General are?—Yes.

3016. Each State in Australia has what is called an agent general?—They did have Agents General, now they are State Agents.

3017. The same thing by another name?—Mr. Pember Reeves could probably give you better information about them than I can.

3018. I cannot put Mr. Pember Reeves in the box. I want you to tell me because you are in quite a different position. Do you know anything of their operations with the Conference Lines?—Not of their operations with Conference Lines. I know only of their operations as they come across our own business track.

3019. How do they come across your own business track?—When the New South Wales Government, for instance, went in for a very large tender for wire netting they came across our track rather.

3020. Can you tell the Commission exactly about that, because it is very interesting. When governments come across the track of private individuals the results are always interesting. Can you tell the Commission what the result was in this case; what happened?—The Government did their business direct, and the merchants did not have the opportunity of doing it.

3021. That was for wire netting?—Yes, to keep the rabbits out.

3022. The Government placed the order here and the merchants did not get a look in?—The merchants did not get a look in.

3023. They placed it with the manufacturers?—With the manufacturers.

3024. When this came to shipping, which is our immediate point, what then?—There being a very large quantity of wire netting the leading owners in the trade gave a reduction in rate of freight; I must say that they advised our Association that they were giving such a reduction, but they did give a reduced rate of freight for that wire netting.

3025. So that the Agents General were really in the same position as the Agricultural Association in the United States; they were controlling a large amount of stuff and took advantage of it as against the individual merchants; is that it?—I think if we individual merchants had got that contract we should have tried also to get the rate reduced.

3026. Half a dozen of one and six of the other?—Yes.

3027. You cannot tell me whether the Agents General for any of these States have themselves loaded full cargoes?—I know that cargoes of Government material have gone from time to time, but it has never been in my actual knowledge whether they were chartered by the Agents General, or whether they were loaded by the Agents General and chartered by someone else.

3028. Do you know whether the West Australian Government has got special terms?—No, I could not give you that of my own knowledge.

3029. (*Mr. Pember Reeves.*) I think I understood you to say that the rebate system was not in force in the United States?—I believe not.

3030. Are you speaking now of the Pacific Coast or of the East Coast?—Only the Atlantic Coast.

3031. Of course, you may not care to answer the question, but would you mind giving me your opinion as to which you find the more pushing and dangerous competitor, do you think, on the whole, the German manufacturer or the United States manufacturer?—That is a very difficult question to answer, but I think the American manufacturers are greater at combination, the very thing we are talking about here. By the huge combinations which they effect they get the cost of production reduced to a minimum, consequently they are able, on occasion of the necessity arising, to cut prices lower than anyone else. Take steel as a typical instance. I think probably with regard to pushing and getting their goods into markets the Germans are more persistent than the Americans.

3032. That applies very often to rather small orders, does it not; small transactions?—I think the Germans are very great at finding out every detail of getting into a new market. They have to do it. I will give you, if you will allow me, one illustration. Standing on the deck of a German steamer in Australia (I was watching the discharge to gain information) I saw packages marked "Fremantle, Adelaide, Melbourne or Sydney, Optional." Now that meant that the German manufacturer had induced the German Shipping Company to take those goods and so stow them that they could be discharged at either one of those four ports; and the decision as to which port they should be discharged at would only be taken just before they arrived. At that time we could not get even the option of two ports from our shipping companies here. That was before we had any association, and that was one of those matters which we brought, as an individual firm, before the lines here; and we did get some concessions in that respect. We pointed out that we, as English merchants, ought to have, as far as it was possible and consistent with their arrangements, those facilities.

3033. I think you will probably agree with me that the Americans have a habit very often of doing business on a big scale in Australia and New Zealand; they place very considerable lines of stuff at a time?—Yes.

3034. I think you will agree that the growth of American trade in Australia and New Zealand has been rather remarkable?—Yes.

3035. What I want to come to is this: you told us that you regarded the rebate system as, on the whole, a good thing for the trade of the country for both shippers and shipowners?—Yes.

3036. But the American does without it?—The American, I take it, does not do his own carrying.

3037. As regards the American shipowners, therefore, you would say he might be ruled out under that head; but how about the American shipper, the manufacturer, he does without it? I do not want to detain you on the point or labour it, but is it not practically the case that under the American system they really manage, without a rebate, under their system to push their own trade and to be very dangerous competitors, partly because there is no uniform rate and rebate system?—I will give you a concrete example of that, if you will allow me. The largest shippers of weight from the United States were shipping their goods at 7s. 6d. and 10s. a ton, I think the rates were, to Australia and New Zealand during those fighting times we were talking of. Presently there came a time when there were only two steamers in the port, and they both belonged to one of the parties to the conflict, and he asked 40s. The owners of those two steamers said, "Our rate for steel is '40s.'" The shippers did not like it; they had made contracts ahead and sold their steel on the basis of 10s.; but they saw the reasonableness of it, and they were glad to come to an arrangement that the rates should be steady and uniform (I am talking from memory, I have no figures to refresh me), at 25s. I think, and that has been the rate since. They agreed that they would take the uniform rate of 25s. rather than sometimes have 10s. and sometimes 40s., and 25s. is the rate to-day as the result of that arrangement.

3038. The shipper being an extremely powerful corporation, was probably able to get its arguments attended to. What I mean is, while no doubt the American shippers like a uniform rate, there is no reason to suppose that they want the rebate system, or that they would be in any way helped by it?—I do not know what they want; there is the legislation and there is the condition, but of course the other is to some extent Utopian.

3039. As regards the question of ability to push trade and compete with the foreigner, it seems to me that the Americans under their system, objectionable as it is in many ways, seem able to compete with the foreigner as well as any nation in the world?—What caused them to get such a big hold of the steel trade was that their home markets for a time were very depressed; their production had very greatly increased, and they had to get rid of that production somewhere, and being protected at home so that no one could intrude upon them there, they sold their surplus products to Australia at £2 a ton sometimes, less than even the German makers could sell it. We have had orders for steel and had to buy it in America, no matter what the freight was, simply on account of the price of the steel.

3040. Does it not work out to this, all said and done: That owing to the powerful combination of Americans at home, in their own country, owing to the power they have, by the same combination, of getting very good terms out of shipowners, they are really able to dump in this way their surplus products in a country like Australia?—At the time I am speaking of, when they made a great inroad on the Australian trade, it was not a question of freight at all, it was a question of price. The price of American steel at that time was so low no one could compete with it. They were dumping it, and they chose to dump it in Australia. They after that got the advantage of very low freights; but at the present time their home industry is so good, they are full up with orders, that they are not cutting prices.

3041. (*Captain Collins*) You said at one time, I understand, that you oppose a combination of shipowners by a combination of merchants; you think that is a way of arriving at a satisfactory arrangement as far as the rates of freight go. Supposing that the condition of things is that the shipowners hold out, and the merchants and shipowners cannot arrive at any settlement, would you favour any method of arbitration? We have had before us, from a previous witness, a suggestion of arbitration in a case where the Conference and the merchants could not agree?—I heard the questions and answers on that point, and the way it appealed to me was this: If we had had what you might call a compulsory arbitration court, somewhat like the Labour Arbitration Courts in Australia, to fix rates of freight between merchants and shipowners, the tendency, I think, would be this: that each party would want to be getting what they could out of the Court; and certainly, say, three or four years ago, the shipowners would have gone to that Court and have had freights to Australia raised to double what they stood at; because, in consequence of the drought in Australia, the quantity of goods going out was very small, the quantity of cargo coming home was small, and they must have been losing money, but they did not make any change in their freights. They went on with the uniform rate through those bad times and charged no advance. Had there been an arbitration court, I have not the slightest doubt they would have gone to that court and had the rates advanced. I am quite certain, speaking from a merchant's point of view, and as a merchant, if we saw in a good time any opportunity or any reason why we could go to that court and say: We must have rates down 5s. or 2s. 6d. a ton, we should go and try and get them reduced. If we did that when times were good, they would want them up at other times. A compulsory arbitration, would, I think, remove that good understanding by which, at the present time, we get a fair rate and a uniform rate over a long period.

3042. You have, then, a good understanding between the merchants engaged in the Australian trade and the shipowners?—Yes; we have always found they have treated us fairly and well. We have never had any cause of complaint.

3043. You have never had any rate of freight you thought reasonable refused?—No. You will see the correspondence I put in with regard to that galvanised netting business to New Zealand. There they were charging 25s. through rate from the Continent to New Zealand on wire netting, and they were charging us 40s. from London.

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3044. On the subject of wire netting, I suppose the importation of wire netting into Australia from Germany has increased of late years?—Very largely.

3045. I suppose that is due to the alteration in freight?—No, it is due to the rabbits.

3046. Are the terms of the bills of lading to Australia satisfactory? Are you satisfied with the present terms of the bills of lading?—I do not think we are entirely satisfied with them. We look upon the present bill of lading as rather what they call an honour policy at Lloyds.

3047. Have you had any conference or consultations with the shipowners?—It is one of the questions we have brought up.

3048. They have not met you on that?—They have met us on some points, but they did not meet us on all.

3049. Are you aware how that would be affected by the Sea-Carriage of Goods Act in Australia?—I have not studied that Act.

3050. If you are directed by any house or firm in Australia to ship on some opposition line, would that involve your forfeiting the rebates on all your other shipments for other clients?—No. We have had cases of the kind where we have in times of opposition been instructed by a client to ship his goods by the opposition line, and we have done it; we have explained the situation, and we have not forfeited our rebates.

3051. (Mr. Pember Reeves.) They graciously accepted your explanation?—Certainly.

3052. (Captain Collins.) That stands in the same way as it does with regard to the South African merchants?—Yes.

3053. Although it appears in evidence before a Royal Commission in Australia that you do, I suppose that witness may have been mistaken?—Is that the West Australian Commission that you are alluding to?

3054. The Royal Commission on Ocean Shipping Services. You are satisfied with the regularity of freight as regards Australia?—Yes, the scales that I put in show the slight variations which have taken place; they are mostly reductions.

3055. Are you aware that before the Royal Commission in Australia the merchants in Australia were fairly unanimous against rebates; they were fairly in favour of an abolition of rebates?—That is in the Australian coastal trade, you mean?

3056. No, the ocean trade, too. Have you any knowledge of that?—It has never been brought to my knowledge as a merchant; and in my visits out there, visiting merchants out there, I have never had it brought to my knowledge that there was any strong feeling against rebates.

(Chairman.) There were very few witnesses examined before that Commission.

3057. (Captain Collins.) You are not aware of any feeling?—No. When I was in Melbourne I was entertained by the Melbourne Importers' Association of Australia, and we discussed a great many questions with regard to shipping matters, seeing my association with the Australasian Merchants' Association in London, and there was no question raised with regard to that.

3058. There is a feeling in the coasting trade in Australia, is there not, but that you have no knowledge of?—Very slight knowledge; only from occasional visits.

3059. (Sir Alfred Bateman.) I think you are a general merchant for Australia, are you not?—Yes.

3060. You are not interested in selling British goods only?—As an Englishman, I always try to place an order in the United Kingdom, if I can.

3061. Subject to price, I suppose?—We must, of course, buy in the cheapest market.

3062. You buy in the cheapest market, if it is Germany or the United States?—Yes.

3063. Are you interested in ship-owning?—No.

3064. So that this evidence which you have given, if favourable to the shipowners, has all been from the merchants' point of view?—Yes.

3065. I will ask you one or two questions about your Australasian Merchants' Association. I do not think I have heard from you how many members you have?—I think we have about 30 members.

3066. Only 30?—I think it is about 30.

3067. They are all large firms?—All large firms.

3068. Can you tell me at all what proportion of the trade to Australia you represent in that association?—It would be impossible to do that without getting each firm to give a return of their shipments, which I do not think they would do.

3069. Very likely not. You cannot tell us whether you think you represent a quarter, or a fifth, or a tenth, or a half of the trade to Australia?—I should say, in hardware goods, we represent pretty well half the trade.

3070. In hardware?—In hardware and groceries we have the largest members of the trade.

3071. Then will you take the other society you are interested in—that is, the Australian section of the London Chamber of Commerce. I think you told us there were about 200 members of that?—Yes, I am glad you mentioned that, because I wish to have an opportunity of making an explanation which I thought I should have an opportunity of making before, but it has not presented itself. I made a correction in my evidence, on page 114, to say I gave evidence "on this subject" instead of "on its behalf." I want to explain that the evidence I have put in here is my evidence, and not the evidence of the section.

3072. I think we all understand that?—But I am specially asked to do it, for this reason, that I was requested at a meeting of the section held yesterday to make this explanation.

3073. I think we have had that. What I want to get from you is this, what does this Australian section of the Chamber consist of; are they merchants only?—I have never seen a list of its members; I can only judge by those who attend its meetings.

3074. You do not consider that section a body which could deal and negotiate with shipowners in regard to rates of freight and so on, do you?—No, it consists of a large number of shipowners. At the meeting yesterday I saw present two leading shipowners in the Australian trade, and I know several shipowners who are members there.

3075. So that in this respect it could not possibly take the place of your Australasian Merchants' Association, in dealing with the shipowners with regard to freights?—No, because our Merchants' Association is for merchants only.*

3076. In paragraph 9 of your evidence you speak of the paid-up capital of 20 millions in 1896 paying only about 4½ per cent., that is to shipowners. Do you think we can deduce very much from that as to whether the rates are too high or too low. That is the average rate of interest paid on that large capital?—I thought that I should be very dissatisfied with the return of our own business if that was the result.

3077. Do you know as much about the capital of that business as you do about the capital of your own business?—No, I do not.

3078. Is it not rather a difficult thing to say?—One gets these figures from the published reports of the companies.

3079. Do you not think it is a very difficult thing to take large figures of that kind when you do not know how they are made up, whether there has been over-capitalisation or not, and other elements also come in, and say, they only get a dividend of 4½ per cent., therefore the rates cannot be too high?—One can only go by the publication of these reports. The balance-sheets of the companies are published in the papers and issued to the shareholders, consequently the Press gets them and publishes them and makes its comments on them. If there is over-capitalisation of any company it is generally commented upon, and the capitalisation of these companies is often commented upon, because if you divide the capital by the tonnage, you see how much per ton that works out at; and in any of these printed surveys of those shipping companies it is customary to point out that the tonnage stands in the books at so much per registered ton, which is excessive or otherwise. Take, for instance, the finance of the International Mercantile Marine Company of New Jersey. They have about as much capital as 22 other companies put together.

3080. Is there not a considerable difference per ton in the capital engaged in different companies?—Yes, according to the class of tonnage.

* See footnote on p. 112—J. A. W.

3081. Still you think it is a rough guide?—Yes, undoubtedly.

3082. In paragraph 13 of your evidence you speak about the South African question. You say you heard Mr. Soper's evidence, and you refer to the feeling in South Africa about the deferred rebates being rather different from that with the London agents here. Do you know anything about the South African trade?—Yes, we are shippers to Durban, to Port Elizabeth, and to Cape Town.

3083. That is what I want to get from you; whether this opinion of yours here is based on your experience?—I have not a large experience of that trade, but we are shippers in that trade.

3084. (*Mr. Pember Reeves.*) On commission, is that?—On commission.

3085. (*Sir Alfred Bateman.*) I think the Chairman alluded to the analogy between the trade unions and employers, and that between the shippers and the shipowners. I think Mr. Maddison asked you whether you were aware of workmen and their masters ever agreeing to raise prices, and you said you were not aware of such a fact?—I could not bring one to my mind.

3086. You could not remember such a thing as the Birmingham Bedstead Combine some years ago?—I remember there was a Birmingham Bedstead Combine; one firm used to supply us with bedsteads, they were not in the combine, consequently we got them cheaper.

3087. You were not aware that the workers were in combination to this extent: that they would strike those firms that sold bedsteads below a certain price?—I believe there was something of the kind, but it did not come very seriously before me.

3088. You did not think of that when you answered. You might have thought of that instance?—Yes.

(*Mr. Maddison.*) If he had thought about it, would he not have known it had failed after a couple of years?

(*Sir Alfred Bateman.*) It failed on account of the importation of bedsteads.

(*Mr. Maddison.*) I hope you will not take that reason as a sound one.

3089. (*Chairman.*) There is one question I wish to ask about the monopoly. I think you say that the rebata system may tend to a certain extent towards a monopoly. I think you answered that to a certain extent the rebata system would tend towards a monopoly. That monopoly would be created, if it existed, by the contract between the parties interested—the shipowners on one side and the shippers on the other. It is not established by legislation? No, by agreement.

3090. You also think that if there were a monopoly it might be broken down, if necessary or expedient, by means of a combination of shippers?—Certainly.

3091. (*Sir John Macdonell.*) Could you tell the Commission when the deferred rebate system was introduced into Germany. You mentioned that it had been introduced; can you say when?—To my recollection it has been in operation for a considerable length of time, but I could not say when without reference. I will refer and let you have the information, if the Commission wish it. I think about the same time as it came into operation here.

3092. The same time as it came into operation here?—Yes.

Mr. E. D. Tredwell.

9 April, 1907.

SIXTH DAY.

Tuesday, 16th April, 1907.

PRESENT :

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

The Hon. C. N. LAWRENCE.
Sir HUGH BELL, *Bart.*
Sir W. T. LEWIS, *Bart.*
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
Captain R. MEIRHEAD COLLINS, C.M.G.

Professor E. C. K. GONNER.
Mr. F. MADDISON, M.P.
Mr. W. H. MITCHELL.
Mr. OWEN PHILLIPS, M.P.
Mr. AUSTIN TAYLOR, M.P.
Mr. I. H. MATHERS.

Mr. J. A. WEBSTER, *Secretary.*

Mr. WILLIAM HEATON, called and examined.

3093. (*Chairman.*) You represent, I believe, Messrs. W. Hunt & Sons, the Brades, Limited, Birmingham?—Yes.

3094. You are the Managing Director of that Company?—Yes.

3095. You have handed in a short proof of your evidence in which you say, "our firm are large manufacturers in the edge tool, spade, shovel, steel, &c., trades. We come into close competition with American, in addition to Continental and home, manufacturers. We do business with the Cape and with the Transvaal in particular, but it has been seriously injured by the methods adopted by the "Shipping Ring." Then you state what is the mode of operation adopted by the Shipping Ring, but we are acquainted with the operations of Shipping Rings, and we know the system upon which they work. However, you say, "Their mode of operations we presume is well known. A shipping company either joins the Ring willingly, or the Ring endeavour to get them in by force, the process, we believe, being to accept unremunerative rates of freight until that result is accomplished. The monopoly established, the deferred rebate acts as the lock-nut. The injury to British trade is one of the direct consequences of these tactics. In our case, it operates to the benefit of our American competitors as follows:—To ward off any competition from American steamship lines,

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"the Ring put on their own vessels from America to Cape ports and accept rates of freight, not only unremunerative, but lower than those they charge from this country to the Cape." Do you say that the shipowners do that in order to obtain freight from America; is that your view?—Not exactly.

Mr. W. Heaton.

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3096. Then will you just explain your meaning?—From what I understand, the Ring, or the companies comprised in the Ring, would put on vessels from America to the Cape in order to prevent the Americans from running vessels—not merely for the sake of what they could get out of the profit on the rates of freight they charge, but in order to prevent the competitive lines of steamships, or sailing vessels, coming from America. There would be no object in the Americans starting lines then, because the rates of freight which these companies accept are so low that they could get nothing out of them themselves, nor could anyone else who started at equal rates.

3097. When was the last occasion on which you know that was done?—The last occasion on which there was a great outcry about it was about 1905. There was a very great stir then.

3098. Will you describe what happened in 1905?—In 1904-5 there was grave complaint of the unfair Ring.

3099. But what was done?—In what way? What were they doing, do you mean?

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3100. What was the cause of the complaint?—The cause of the complaint was that the Ring lines were accepting so much lower freights from America to the Cape than they were charging from England. They were accepting rates of freight from New York to the Cape ports on the average of from 10s. to 15s. per ton lower than they were charging from Southampton.

3101. Do you know why that was done? Was there any fear that an American line would be started?—If my memory is right, about that time there was one rather large steamship company outside the Ring in this country threatening opposition.

3102. It was to squeeze out that line then, which was threatening opposition?—Yes. I presume there were various reasons. We outsiders do not know why, and we never knew or got out of Sir Donald Currie or these other Rings why.

3103. Of course, shipowners do not like to take goods at an unremunerative rate of freight, because it cannot pay them; so in doing so they must have had some reasons?—No doubt they had very good reasons of their own.

3104. It was in 1905, you say, this was done. How long did it continue—can you tell me?—I could not tell you how long it continued; I do not know that it is not continuing to-day. We have agitated for the last 17 years against this thing to my knowledge. The first time that this matter cropped up with us was in 1893.

3105. Where did that arise?—That arose from complaints made by our representative at the Cape, of the lower rates of freight charged to merchants for American produce against what they were charged from this country. He drew our attention to it strongly from Johannesburg. That was in February, 1893.

3106. Did you do anything then? Did you remonstrate with the shipowners?—We have written to the shipowners from time to time as strongly as we possibly could.

3107. Did they answer you by giving any reasons?—Yes. We had long letters from Sir Donald Currie and others; there were very long complaints also—all in the public press.

3108. How did they justify their conduct? What did they say?—From what I remember, they said that it was necessary to ward off competition in sailing-vessels and other ships, I think.

3109. Just give me a specimen of the letters from the steamship companies in answer—any letter that you have got from the steamship companies stating why they were doing that which was an injury to you?—I have not got an actual letter from them, but I have got their answers in the public press if they would be of any use. There were long answers from Sir Donald Currie.

3110. (*Professor Ganner.*) If you had correspondence with Sir Donald Currie, would it be possible, without divulging any business of your own, that we could see what was the answer that Sir Donald Currie made? I suppose you have the letters you received from Sir Donald?—We have the letters at the works.

3111. And would it be possible to have them communicated to us?—Certainly, as far as I am concerned.

3112. (*Chairman.*) Perhaps you will send one or two of the principal letters which you have received from Sir Donald Currie?—I will certainly forward them.

3113. Is the difficulty still going on?—It was going on until comparatively recently; but, as a matter of fact, trade being so bad in South Africa during the last few years, since the War, matters have gone quiet again a bit, I think. The trade dropped almost to nothing, but it seems to be picking up again now.

3114. You say, "That the system has been for a long time past generally condemned by British traders, "we have clear evidence in letters received from large "merchants in this country trading with South Africa." Do you belong to the South African Committee of Merchants?—No.

3115. Does the South African Committee, which is presided over by Mr. Soper, comprise the principal South African merchants?—I do not know. I do not think it does; but I could not tell you.

3116. You have heard of it, have you not?—I have heard of it, but not recently at all—not in the last few years.

3117. Mr. Soper, who is the Chairman of that Committee, told us, at Question 79, that his Committee is elected by the whole trade, who are invited by public advertisement; have you seen any such advertisement?—No, not in recent years that I am aware of. I had no knowledge that that Association was still in existence.

3118. You are only manufacturers?—Yes.

3119. What is the course of your business? To whom do you sell your goods?—To merchants.

3120. Where?—Mostly to merchants in this country who have their own houses out there.

3121. So your principal business consists in selling the goods you manufacture to merchants in this country?—Yes. We have our own representative at the Cape, and always have had, who travels round and who solicits orders from the merchants there, who have their own representatives in this country.

3122. But your principal business consists in selling your manufactured goods to merchants in this country, does it not?—I can hardly say that. We do not really sell them in this country; we sell them at the Cape, and the orders are taken at the Cape, but pass through the merchants in London or Birmingham or elsewhere.

3123. I should like to have a more clear idea of your course of business. You manufacture certain goods; then with whom do you communicate?—You see, nearly all our business is done by our representative.

3124. From whom do you get orders?—From the various houses at the Cape.

3125. You get letters from houses at the Cape ordering goods, is that so; or do they communicate with the merchants in England?—In nearly every instance a house at the Cape either has its own house here, or its own commission merchant's house, and so there is very little direct business done with that market.

3126. (*Mr. Lawrence.*) You get paid in London, I suppose?—We get paid in London.

3127. (*Chairman.*) Then you have nothing to do with the freight?—No, we have not in that market.

3128. But of course if the freight is so high here that goods come out much cheaper from America that injures your business?—Directly.

3129. That is your real complaint?—Yes. We hear it immediately from our traveller, who will say that the merchants find that the freight on so many hundred dozen shovels is so much cheaper from America that they will not give him an order for them.

3130. And you attribute that, not to the superiority of the goods that come from America, but to these Rings?—Yes, directly. If we were unable to compete, either in price or quality, we should be perfectly prepared to drop behindhand.

3131. The high freight by the English ships which belong to these Rings, as compared with the freight on ships not belonging to the Rings which come from America, is such as to injure your business very much?—You say "by ships not belonging to the Rings coming "from America," but we understand that they do belong to the Rings. Might I give one instance that absolutely applies to this high freight?

3132. Please do?—In the main and principally, one of the largest articles of our manufacture are the shovels that are used in the mines. They are usually packed in bundles of one dozen shovels, which measure, for the purpose of freight, 38 inches by 11 inches by 13 inches, which cubes out at 3 feet 2 inches. In 1901, the date of my example, the rate on those shovels from America was 17s. 6d. per ton measurement, 40 cubic feet to the ton, which is equal to a freight of 1s. 3d. per dozen from New York. On exactly the same bundle from England, measuring the same measurement, the rate then was 30s. per cubic ton, which is equal to 2s. 4d. per dozen, plus primage 10 per cent., or 3d., which makes it 2s. 7d. So you see there was a difference of 1s. 3d. for every dozen shovels.

3133. (*Mr. Taylor.*) Was there no primage in America?—There was no primage at that time.

3134. But primage was charged in England?—Yes. Many of the houses at the Cape would order 600 dozen shovels at the time.

3135. (*Chairman.*) Can you tell me how you are to prevent shipowners carrying goods from America at a

comparatively low rate of freight? How can that be prevented?—The only thing that we think it would be fair—possibly it might be fair—to say to a company, would be to tell them that they must not accept whatever rates they like. The only thing we complain of is that they are so strongly supported, as we think, by the Government here. We always think that the mail contract carries such great advantages with it, as instanced by the tactics they used when this thing was at its height. A ship carrying the mails would have a preference in berthing accommodation at the various shipping ports in South Africa; once she came into port, she had the right of going alongside some berth or other as soon as it was vacant. If no berth alongside a quay was vacant when a mail ship arrived in port, some vessel alongside a quay was turned out to make way for the mail boat.

3136. I quite understand that, and I am obliged to you for the information, but what I want to see clearly is the connection between these two facts—the one fact of the goods being carried at a very low rate of freight from America, and the other fact of these steamships belonging to the Rings. I do not understand at present the connection between those two facts. Is it the system of deferred rebates in the Rings which enables the steamship companies to carry goods at a low rate of freight from America?—No. I think the system of deferred rebates is the means that prevents new steamship companies in this country, or elsewhere, from springing up and coming into the business at all, for the reason that the large merchants in this country have such a tremendous amount of money outstanding and owing to them by the steamship companies on account of the deferred rebates, that they hesitate very much to risk losing that money for fear that a new-comer, a new steamship company, would come into it for a few months and be beaten down in price, and so lose money and have to go out of it, and then all the money due to the merchants from the Ring Lines would be forfeited.

3137. Then you think that if there was not such a system of deferred rebates, there would be more competition?—Yes.

3138. And freights would be lower?—That is our view. We never can get large merchants in this country to ship by other lines. They tell us, when we solicit an order, that the rates on shovels are so much less from America—say they are 1s. a dozen less—but if there is what is called an outside line running, and if we said this company, Bucknall Brothers or someone else, will take the same rates as rule from America, they will say, we cannot ship by them or we should jeopardise all our deferred rebate which is owing to us. That is what the merchants have always told us; they will always ship by a Ring line.

3139. You told me that you generally deal directly with the merchants in England?—Yes, we do, but our traveller deals with them out at the Cape, and he reports to us that he is unable to get orders for shovels from a certain house at Johannesburg because the rates are too high.

3140. In the general course of business you deal directly with the merchants in England, the South African merchants communicate with the commission merchants in England; and then you get orders in that way, do you not?—The orders, as a rule, are what we term indented. The merchants of this country always tell us, "We do not buy goods here; simply the orders come to us for the goods to be bought from a certain maker."

3141. From whom do you directly receive the orders?—The house at the Cape really gives out the orders. They simply write their home house here whom they are to buy goods from, and they do not give them the latitude to say they may buy them from Hunt, or some one else.

3142. Do you mean that those persons communicate with you?—Yes, those persons do.

3143. They would be merchants, would they not?—Yes, all merchants.

3144. Are those merchants, as far as you know, members of the South African Committee?—I have no idea at all about that. I have hardly ever heard of that South African Committee. We heard of it some years ago, but I do not know anything about it at all. I did not think it was largely supported, from what we heard at the time.

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3145. And you do not think so?—I have no knowledge that it was at all largely supported, or did any work at all of any kind. I have no idea what it does.

3146. Has it ever been suggested that it would be well for the manufacturers and for the merchants to combine and form associations which would present, as it were, a united front to the shipowners?—Yes, that has been suggested; I have seen it suggested, at any rate, in the public press. It would be a very difficult thing to do.

3147. Have you formed any opinion whether such an association would enable you to control to a reasonable extent the action of the shipowners?—My opinion would be that no doubt if such an association could be formed, and almost universally supported, it would be a very strong lever indeed to bring before a new steamship firm or a young steamship firm.

3148. You think it would have a strong effect, do you?—I think it would have a very strong effect. I am under the impression from what my remembrance carries me, that one of the outside firms was supported by De Beers and the Colonial Office and some other people, who got special terms from them.

3149. To recur to a point you mentioned before, you think that some of these English ships are favoured by the Government, because they have the mail contracts?—I think that is a very great help to them. They used to keep the outside liners, I have understood, almost months lying idle in the Bay before they could discharge their cargoes, with heavy demurrage, and so on, going on. Donald Currie's boat would lie alongside her berth doing nothing at all, simply waiting for the next boat to come in, and she would move out as the new boat came in.

3150. You say: "It is, however, notorious that neither individual nor collective remonstrances from British traders are of any avail"; is that not partly because the merchants and manufacturers have not yet thought it useful or necessary to combine? Do you not think the manufacturers and the merchants could form a powerful association, and do you not think that remonstrances coming from such a body would have an effect on the shipowners?—I do not know. They would not, unless they could touch their pockets directly by withholding freights universally. Remonstrances alone would be of no use.

3151. Then you say in the last sentence of your proof: "Such monopolies as these are of an entirely different character to ordinary trade combinations," and then you give this reason: "As shipping companies holding contracts for H.M. mails are placed in a particularly strong position from these subsidies and other preferences that the mail contract confers." Just consider this for a moment: If it were not for the shipping companies holding these contracts in connection with His Majesty's mails, would the monopoly which you speak of be at all different from that which is to be found arising from ordinary trade combinations?—It would be more similar than to the system of railways here, which is a sort of monopoly—they are a monopoly, in fact; they work together.

3152. When you speak of trade combinations, are you referring merely to railway companies?—No.

3153. I am directing your attention to the last sentence in your proof; what are you referring to there, when you speak of ordinary trade combinations?—Any collection of the various trades combining, like the bedstead trade, or the edge-tool trade.

3154. How are they combined, and for what purpose?—For keeping prices, as a rule, and regulating outputs. It is very seldom they are successful, I think.

3155. Still, you have trade combinations. (Mr. Taylor.) You have the combinations in steel. (Mr. Maddison.) And there is the screw trade, too?—I do not know of a combination at all in the screw trade; there used to be many years ago. Then there was a bedstead association which has done more harm than good; they are worse off now than they were before. Then you have the steel combination in America, and a steel trust in Germany.

3156. (Mr. Taylor.) You have the steel combination of Scotland, have you not, which has been very successful?—I do not know about Scotland.

3157. (Mr. Maddison.) Then there is Coats's trade?—Yes.

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3158. (Chairman.) You are speaking of ordinary trade combinations formed for the purpose of keeping up prices?—For the purpose of keeping up prices and regulating outputs.

3159. And excluding competition?—I do not know about excluding competition. That is not always their professed object.

3160. Then you would say the difference between shipping rings and these ordinary trade combinations, which you have just described, arises mainly from the strong position taken up on account of subsidies and other preferences which the mail contract confers; that is your opinion, is it?—Yes. I mean to say that the trade combinations have no outside help, and they have to trust to their own businesses. But railway companies and steamship companies have very strong outside help, from the fact that the railway companies are made monopolies by the Government, by giving them the right of having certain lines to be carried through certain places from point to point, which no other person, without a special Act of Parliament, can get—you could not run a railway, for instance, from Birmingham to Liverpool without a special Act of Parliament. The one railway there already have got that, and they have, therefore, strong outside help.

3161. Do you mean that there will be some competition, or more competition, if these shipping companies were not placed in that strong position?—I should imagine that if the mail contract was thrown open to any vessels which could carry mails between the two points in a certain time and under certain conditions, and they would all be paid the same, that other companies would probably compete for it and get their share of this money. and would probably come where they do not now.

3162. This is the last question I shall trouble you with, but I want thoroughly to understand your contention. You seem to think that these mail contracts give such advantages to the shipping companies that it is not practicable to compete with those shipping companies; is that your view in fact?—My view is, that there is no very great inducement for any new steamship companies to enter into the Cape business.

3163. (Mr. Lawrence.) The bulk of your business is f.o.b., and not c.i.f., I suppose?—Yes.

3164. You have told us you get paid from London, therefore, I suppose your liability ceases in London on the delivery of the goods to the shipping agent?—Our liability ceases at the English port of shipment.

3165. Therefore, you are not directly interested in the freight?—No, not directly.

3166. You are only interested in the fact that if freights fluctuate, the volume of your business fluctuates?—It not merely fluctuates.

3167. If freights are high, you do not get the same volume of orders that you would if freights were low?—If freights are high equally here, in America, and in Germany, it would hardly affect us. They are bound to have the shovels probably.

3168. You do not get the deferred rebate yourselves, if there is one?—No.

3169. The merchant gets it?—Yes.

3170. Not the manufacturer?—No.

3171. You have told us that in 1905 these companies put down the rates of freight for goods via America, because of the competition from the American steamship lines. Can you give us any concrete instance of any American steamship line that started, the result of which was the reduction of freights by the existing companies via America; or was your statement merely founded on hearsay? Did any American steamship company actually start, and, in consequence, were rates put down?—Not an American company.

3172. The words in your proof are "To ward off any competition from American steamship lines"?—"American and other steamship lines," did I say, or "American" only?

3173. I will just read your own words, "To ward off any competition from American steamship lines, the Ring put on their own vessels from America to Cape ports." Do you know, as a fact, of any steamship line that was put on a berth?—No, not American.

3174. But you do know, as a fact, that the rates were reduced at that time?—I do know, as a fact, they were lowered at that time.

3175. Then do you wish to correct your evidence about that, because you speak of it here as a fact, "To ward off competition from American steamship lines"?—Yes. My evidence would have been better if I had said "American and/or other steamship lines."

3176. By "other," do you mean English lines?—English or German.

3177. (Professor Gonner.) To ward off competition from America?—Yes.

3178. (Mr. Taylor.) Or from the steamship lines trading from America?—Yes.

3179. (Mr. Lawrence.) When those rates were lowered, was there any regularity of service? Did they say, "We will put steamers on which shall go once every three or four days, or whatever the shipments might be from England; or were they isolated shipments by separate steamers put on?—I imagine they were fairly regular steamers.

3180. They were?—Yes, they were fairly regular sailers.

3181. Fairly regular?—I imagine so. The only thing we know is that we lose an order or orders. We are not told that individually, and we do not hear directly whether it is for one particular reason or another.

3182. I suppose you follow it up in order to ascertain why you have lost an order?—When it is reported from the Cape that they are buying regularly American or German goods for certain reasons, we follow it up. We write to Donald Currie, or to the various Government Departments, or to anyone we think would be able to help us; and it is the copies of those letters that I am asked to give.

3183. Then you believe that there were regular shipments at that time?—Yes. I feel certain there have been regular shipments for a considerable time.

3184. You say you think it would be of value if a combination was formed of merchants and manufacturers to assert their rights as against the shipowners, or to prevent the shipowners being too powerful; you stated that in reply to a question put to you by the Chairman?—I think it would help to get more equal treatment, certainly, I would prefer other methods. I am not in favour of combinations at all.

3185. What other methods would you prefer?—I would prefer the method like we are having to-day.

3186. What do you mean?—A Royal Commission to adjust any grievances that are found to exist.

3187. Do you mean an arbitration?—An arbitration such as we are having to-day. I prefer this method infinitely. If you find that there is a real grievance such as we complain of, then have it adjusted in this method.

3188. Do you mean adjusted by legislation?—Adjusted by legislation, or in other ways.

3189. Would you like Parliament to interfere, as between a merchant and a shipowner, in regard to the regulation of their several trades?—Parliament or some other body.

3190. What other influence would there be but Parliament? Parliament is the only body that can make laws?—They have had an inquiry out at the Cape, have they not? If the evidence given before these inquiries induces the Ring to alter their methods, that would be all that we should require. We need not necessarily go to Parliament.

3191. Then you would prefer an outside influence being brought in to regulate the methods of trade as between merchants and shipowners?—I prefer it to combinations.

3192. Rather than to allow them to settle their own differences by themselves by combinations?—Yes. Of course, if it cannot be done by inquiry, I should like it done, as you say, by legislation.

3193. (Sir William Lewis.) Is the whole of the trade you refer to from America done by the English shipping Rings?—I imagine so.

3194. The whole of it?—I understand so.

3195. In fixing the rates via America, do you not think they must have some regard to what American steamers would carry to and from the Cape?—I do not know. It hardly seems like it from the low rates they charge.

3196. Do you think they were fixing them with regard to the freights from here?—They were lower from New York.

3197. To what extent?—In the instance I have given, the American freight was 17s. 6d. and the English freight 30s., plus 10 per cent. primage.

3198. Did they apply to more than one trade?—I only have it noted for our own trade, but I could supply instances of other trades; we have had them noted.

3199. Perhaps you would be good enough to give the Commission that information with respect to the other trades?—Such as I have noted I will supply.

3200. Are you able to supply them?—Yes, I can supply comparisons with other rates, and a copy of the letters from Sir Donald Currie and others.

3201. We have heard some evidence as to the advantages of uniformity of rates, as compared with what would be fluctuating rates in cases where there were no such arrangements as you complain of. What do you think of that, as a merchant; is there any advantage in having uniformity of rates, or not?—I presume there is a certain advantage in uniformity of rates, but as a business man I prefer to do the best we can in each case.

3202. Do you think there is any advantage in having regular lines running, and not depending upon steamers going at various times?—There must be a distinct advantage in having regularity of service.

3203. Does not that advantage redound to the benefit of the merchants?—So long as there is plenty of service and an ample supply of vessels, it does not matter so much about the regularity; it is sure to be fairly regular.

3204. I assume from your evidence that you regard the present rates as excessive?—I do not go so far as to say whether they are excessive or not. What we complain about most is the inequality of the rates between this country and our competitors abroad, either in America or Germany.

3205. You are aware, of course, that the expense of vessels fluctuates, whether they are liners or not, although you describe them as having advantages by reason of their Government contracts?—All steamship companies seem to do fairly well, or moderately well, as far as profit-earning is concerned.

3206. You are speaking, I take it, with a knowledge of what the returns are upon those steamship lines, when you say that?—It is general knowledge. I am speaking more especially of Sir Donald Currie and the Union-Castle Line; they seem to do fairly well.

3207. Do you not think that the merchants derive an advantage, as well as some of the disadvantages you refer to, from the Lines enjoying contracts with the Government, because those Lines are thereby able to carry at much lower rates than the other Lines would be able to carry at?—I have no knowledge of their being able to carry at lower rates on account of having Government contracts. I always understood that a mail vessel, carrying Government mails, charged higher rates than the intermediate or non-mail-carrying boats.

3208. Then you consider that there is no advantage in having vessels running at regular times and enjoying regular contracts?—The advantage in shipping by a boat carrying the mails is that, as a rule, it saves two or three days on a voyage to a place like the Cape or Australia, as compared with one that does not carry the mails. You get there two or three days quicker.

3209. (Mr. Maddison.) I gather from your evidence that you see a parallel between railways and these ocean-going lines?—Yes; there is a certain similarity.

3210. In what way do you find a similarity?—In both cases they are to a certain extent monopolists; that is the grievance.

3211. In what way are the ocean lines monopolists?—Because, as I say, they have privileges conferred upon them by the Government.

3212. What proportion, do you think, of these Conference Lines carry mails?—I have no idea.

3213. Would you be surprised to hear that it is a very small percentage?—Yes, I should.

3214. Take those lines that have no mails at all and that get nothing from the Government in any way. In what sense are they the same as a railway which only

runs by Parliamentary powers? Where do you get the parallel; I am interested to know?—When I was talking about the similarity in that respect I was talking about mail ships.

3215. But then of course you know, you are bound to know, that not all the ships that go to South Africa carry mails?—No, of course not.

3216. Nor all the ships that go to Australia?—Of course not.

3217. Therefore the parallel you seek to set up only applies to a small percentage of those Conference Lines? Taking South Africa, which we are speaking of especially, even those ships that are not actually carrying the mails are in the Ring, I presume, or at any rate the bulk of them.

3218. That is my point: How do those in the Ring, which do not carry the mails, in any way get this advantage from the Government which you lay so much stress upon?—They do not get a direct advantage from the Government, but they get the direct advantage of the monopolist rates. The Ring make the rates higher than they would otherwise do if there was no Ring, consequently they get better rates than they would otherwise do.

3219. You do not suggest that the lines carrying mails, in some sort of way, share with those in the Conference who do not carry the mails, do you? They all get the same rates, but the advantage of which you speak only goes to those who have the mails, is that not so?—Those who do not carry the mails get an advantage in getting higher rates of freight than they would otherwise do if there was no Ring.

3220. Exactly; the advantage they get comes from the Ring, and not from the mails?—It comes from the system of combination.

3221. Now I ask you, in the face of that evidence, how you can set up the slightest parallel between a railway, which only runs by Parliamentary powers, and lines of steamships which do not carry mails, sailing on the free ocean and happening to be in a Ring?—I have told you how I make it. One partner in this Ring has a mail contract, which the others share in indirectly through being practically partners in it. They do not actually carry the mails, but they get higher rates of freight by being partners with the mail company—because they are partners practically.

3222. Are they?—More or less.

3223. Very much less, is it not?—I do not know. I have no idea what their inner rules and regulations are.

3224. This is interesting. You do not suggest that the Ring system goes so far as to approach anything like a partnership, do you; or is that your view?—I do not suppose anyone knows, except those in the Ring, what are the terms they make between themselves, or what benefits they get by coming in. I have no idea at all.

3225. Then you think that the Conference system, or the Ring system, depends upon carrying the mails, and that it would not hold together if it was not for the mails; is that your view?—I do not say it goes quite so far as that. I say the mail contract is a strong factor in helping it and assisting it.

3226. Applying principally to the company carrying the mails, I presume you mean?—I have not gone so far as that. You are rather begging the question.

3227. I had not thought I was begging the question?—I say those ships that do carry the mails are helped very strongly by these indirect benefits that they get.

3228. My question to you is, that the benefit which you think comes from the mails, and which no doubt does, is principally, if not wholly, enjoyed by the particular line that carries the mails?—I think they all share pretty well the same.

3229. Now about these rates from the United States; is your evidence to the effect that rates are generally lower from the United States?—Certainly.

3230. Then are we to understand that these unremunerative rates are a permanent thing in America?—Not at all, as far as I know.

3231. You said you thought the rates were generally lower in America?—Yes, generally.

3232. Do you attribute that to the Rings?—Certainly.

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3233. Then the effect of Rings in America is to lower rates?—The effect of Rings in this country is to do that.

3234. Are these lower rates in America due to the English Rings?—Yes, distinctly.

3235. Then the effect of the English Rings is to lower rates from America?—To lower rates of freight.

3236. Would you say that the effect of the English Rings is also to lower rates from this country?—No, it is exactly the opposite.

3237. But the lower rates which prevail in America, and which are due to these Rings, you say in your proof are “not only unremunerative but lower than those they charge from this country to the Cape.” I again ask you whether those unremunerative rates are the general rates prevailing in America?—I understand they are.

3238. Then the English Rings have a permanent system of unremunerative rates from America to South Africa?—I believe so; it is, so far as my knowledge goes.

3239. You believe that, do you?—Yes, distinctly.

3240. Permanently unremunerative rates are rather a phenomenon in trade. Where do you think they get the advantage in having those permanently unremunerative rates; where does the advantage come in to the English Ring?—In the rates they charge us.

3241. That is interesting; this is very important, in my view, and I hope I am not wearying you?—No.

3242. I take it, your point is that they lower rates in America in order to beat off competition, their primary object being to force up rates in this country?—What I understand is, that they accept these low rates for American goods in order to prevent competition coming in at all.

3243. In America?—In America or in this country.

3244. We are dealing with America now?—We may presume that probably, if ships started taking cargo from America to the Cape outside the Ring, they might call at ports in this country on their way out, and fill up here at rates lower than the present rates, or lower than those at that time being charged by the Ring in their boats.

3245. So that your evidence means that there is a permanent advantage given to the Americans, when competing with us, by these English Rings, in order that the Rings may keep up rates here?—Exactly.

3246. Is that view shared by your fellow manufacturers?—I believe it is universal, as far as I know—at any rate, it is practically universal amongst manufacturers and merchants. Do you include merchants when you say “fellow manufacturers”?

3247. I did not at the moment, but I am very glad if you include them in your answer, of course?—We have had 21 replies condemning the Ring, two in favour of the ring, and nine replies which were what we call neutral.

3248. Would you say what districts those replies came from, or did they come from all England?—They came from London, Wolverhampton, and Birmingham.

3249. Were all those merchants or manufacturers?—They were nearly all merchants. I have their letters here.

3250. Nearly all merchants, you say?—I think they were all merchants.

3251. And, in spite of that, you know nothing of this South African Committee of Merchants?—I say I have heard of it, but I know nothing of it practically speaking. I have a recollection of it, I think, from Mr. Soper writing us, or circularising us, some years ago, but it was a good many years ago now.

3252. You, perhaps, are not aware that Mr. Soper is still in existence?—Yes, certainly.

3253. And that he has given evidence here?—Yes.

3254. And that he has told us that practically all the South African merchants were in this Committee; but you do not agree with that, of course?—I do not agree with that. Practically, these replies include all in our trade.

3255. Big and little?—There are some of the largest merchants we know of among them.

3256. Have you got some of the small merchants there?—Practically, at that time, I think we took all

the merchants in our trade who we knew would be interested in the South African trade.

3257. Your evidence is that all the merchants that you know, broadly speaking, share your views about these Shipping Rings?—Certainly.

3258. That is, of course, important evidence?—We could supply a copy of the evidence of these merchants if it was of any use.

3259. (Mr. Taylor.) But they are only in your line of business?—They are hardware merchants, and they are very general merchants. But, excuse me, they are not only in our own line of business; they are very often not only hardware merchants, but they are soft goods merchants as well.

3260. (Mr. Maddison.) If I remember aright, a hardware merchant has been specially mentioned in the previous evidence as being included, so that your evidence is in conflict with that on this very point. Are merchants, in your opinion, really interested in the rates of freight?—I should say they are very directly interested in the freight.

3261. You think they are; but in what way does it affect them?—It is one of the items that they have to pay for, equally so with the goods themselves.

3262. Is it you that have to pay it or the consumer across yonder?—The consumer has to pay for everything in every case, whatever it is.

3263. That being your view, as it your experience that the merchant is more interested in the uniformity of rate which gives him less trouble or in the size of the rate, if I may use that term, because he always puts the rate on to his price?—Everything, of course, has to be paid for.

3264. Is it your experience that the merchant is interested in the rate itself rather than in the uniformity of the rate?—On that point, really, I should say it was rather more essential to get a low rate of freight.

3265. Just one concluding question about this combination. I gather from your evidence that you think a combination of merchants and manufacturers could be very effective against the shipowners?—Yes; I imagine it would be a very strong lever, as you say.

3266. Just for a moment disabusing your mind of any connection with the mails, do you think that Parliament ought to be called upon to interfere with a matter well within the province of the traders themselves?—I do not see why they should not interfere in that matter any more than any other that they take up.

3267. Do you know any matter where Parliament has interfered and said what shall be charged on the sale of an article?—I suppose Parliament, through one of its Departments, says what shall be paid for carrying its mails, and what shall not be paid.

3268. I will not pursue it, because you will not get away from the mails; but I am asking you with regard to those who do not carry the mails. Why should Parliament interfere with the rate of freight, which you as a shipper have to pay, any more than with the price of bread or the price of trousers?—Because, as I explained, I think that Parliament, by privileges conferred on the shipowner, is indirectly accountable for that shipowner charging us higher rates.

3269. (Mr. Owen Philipps.) In your proof of evidence you make the statement that the distance from America to the Cape is 3,000 miles more than from England to the Cape; may I ask you how you arrive at that interesting fact?—With regard to that distance, no doubt my evidence would be very much altered if they sent direct.

3270. Would it interest you to know, as a fact, that the mileage from New York to Cape Town is 6,820, and that the mileage from London to Cape Town is 6,180; so that the difference is 640 miles, and not 3,000?—You agree to the 640, then?

3271. As near as possible it is that. Would you like to correct your evidence on that point?—Yes, I should.

3272. May I ask what amount of tonnage you ship to South Africa on an average in the year? I do not want you to tell me trade secrets—can you give it approximately?—I could probably give you the figures in pounds, shillings, and pence.

3273. We have had the information given in evidence by very large shippers, and it would be a guide to the

Commission to know, approximately, how much you ship every year?—I can give it you in value; would that do?

3274. If you can give it in tonnage that would be interesting, because it is freights we are talking about?—I cannot give it you in tonnage, but I can give it you in value.

3275. Could you give me approximately what the freight amounts to on the goods that you ship in a year?—I could not, because we do not pay the freight.

3276. Could you give it us as nearly, say, as you gave us the distance between New York and the Cape?—I can give it to you much nearer than that, because that is right out of it. If you really want it as a matter of interest I can give you the only information we take, which is the value of the goods we export to the Cape; but that is no use you see.

3277. Is it all shovels?—No. A large proportion is shovels; but we ship axes and other things.

3278. What I want to get at is some notion of the tonnage?—I cannot give you any notion whatever of that.

3279. Can you give me any notion of the freight?—No.

3280. What proportion does the freight bear to the total value, approximately?—I doubt if I can give you any facts on that, because we do not pay freight at all. I can give the value of our trade with the Cape, but if it is to be published, I would rather not. I can hand you the figures privately.

3281. I do not want to ask a question which embarrasses your position. May I ask you to what extent you allege your business has been injured by the Shipping Rings or Rebates?—That is another thing I could not do. It would be absolutely impossible to say how many orders we lose.

3282. Has your business with South Africa fallen off, may I ask?—It has fallen off, but I could not possibly attribute it all to the Shipping Rings, because there is bad trade there. It has fallen off about 50 per cent.

3283. Would it surprise you to know that the average trade to South Africa has fallen off nearly 50 per cent.?—Not at all.

3284. That is the trade with all the world?—Not at all.

3285. If the average shipments to South Africa have fallen off from 30 millions in 1903 to 17 millions in 1906, that is a falling off of very nearly 50 per cent. is it not?—Yes.

3286. Therefore if your business has fallen off approximately 50 per cent., you have only had a fall *pro rata* to the fall in the whole of the South African trade?—Yes.

3287. Therefore you have suffered no more damage than the whole of the trade to South Africa?—No. I do not attribute that falling off in our business altogether to the freights.

3288. I want to get the facts, and the actual fact that you have told us is that your business has fallen off about 50 per cent.; and it is also a fact that the trade from South Africa has fallen off, you can take it from me, from 30 millions in 1903 to 17 millions in 1906, which is practically 50 per cent., is it not?—Yes.

3289. Therefore we may take it in the first place that the general trade of South Africa has fallen off 50 per cent.?—Yes.

3290. And in the second place that your business has not fallen off more than the general trade of the country?—That is so.

3291. May I assume, therefore, that you have not received any damage from the Shipping Rings?—No, you may not assume that, or go so far as that. I agree with the statement that the general trade of the country has fallen off 50 per cent.

3292. And that yours has fallen off in the same proportion as the general trade?—Yes.

3293. You have given us a lot of very interesting information; may I ask what proof you have that the Conference Lines except from America rates of freight which are not only unremunerative, but lower than those charged from the United Kingdom to the Cape? You have stated that they do, and no doubt you have

not come to give that evidence without looking into the facts beforehand. What proof have you of that statement?—We have read the letters in the public press of Sir Donald Currie.

3294. We all read the public press, or most of us do, but you are giving us your evidence of your business experience, and we want to get a little away from the newspapers. We are coming to you direct as a manufacturer, and you make that statement, and I want to know what proof you have that the Conference Lines have accepted from America lower rates than they accept from you to the Cape?—I give you direct proof of the rate on our shovels, and if you like to contradict that on inquiry, I am quite open to conviction.

3295. Are you aware that what you have stated is the fact? Did you satisfy yourself before you came to the Commission to-day what the rates are from America, and what they are from the United Kingdom on shovels?—To-day?

3296. Within the last month, or within the last six months? We are not talking of ancient history; we are not talking of 300 years ago?—I have no knowledge of what they are to-day, or quite recently; I have not the figures before me.

3297. Nor within the last six months? You come here to give evidence on your own business, and you do not know what the rates are on your own product?—It does not concern me what they are to-day. I could not imagine for a moment that Sir Donald Currie and the others who are interested in the shipping trade, when they heard a Shipping Commission was sitting, would not do what they could to give strong evidence of what it was that was going on to-day, and to put a more favourable light on their action.

3298. You would be interested to know that the rate on shovels, the thing you make, from New York to Natal to-day is 30s., and that the rate to-day on shovels from London to Natal is also 30s., and that they have been so for some time?—I should be surprised if they were not. I should not be surprised if you told me they were higher from New York to-day, or ever since this Commission began sitting.

3299. Then, in your opinion, you only have to appoint a Shipping Commission and that settles the whole difficulty?—As long as the Commission is sitting.

3300. You may take it from me that not only to-day, but for many months past there have been exactly the same rates from New York to Natal as from London to Natal?—Certainly.

3301. You do not doubt it?—I do not doubt it, and I am not surprised at it.

3302. I thought as you came to give evidence and information to the Commission as to what was the position of this trade, that you might have been able to give us some evidence which would be a little approximately up to date?—No, but I can go back 17 years.

3303. The Commission is interested in something a little more recent?—I had no idea that it was the rate of to-day you were considering.

3304. You make the statement that it is "notorious" that neither individual nor collective remonstrances "from British traders are of any avail"; you state that in your proof, and you also state that your firm protested in the strongest manner possible; and that you submitted complaints to various Government Departments. Did you at any time communicate with the Secretary of the Board of Trade, and, if so, what was the nature of the reply received by you?—I believe we did communicate with the Board of Trade, and I believe we were referred to the Colonial Office.

3305. Did you not get a detailed reply?—No, we did not, as far as my recollection goes.

3306. (*Mr. Maddison.*) I am interested in this. Where did the Colonial Office refer you to?—We wrote to the Colonial Office and we wrote to the Post Office. The Post Office told us that the mail contracts were not arranged in this country, but were arranged at the Cape. With regard to the Colonial Office, the letter was acknowledged by Mr. Chamberlain, as far as my memory goes, and I think he said that the matter would probably be shortly inquired into.

3307. By the Foreign Office?—No; we did not get to that.

3308. When you protested to the Government Departments, what was the nature of the redress that you

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aimed at obtaining?—We hoped that the Government Departments would tell the steamship companies that they could not permit them to accept lower rates of freight from foreigners for equal distances than they accepted from traders in their own country. We hoped, at any rate, that we should get not less than that.

3309. In your own business, would you be surprised if you got a letter from a Government Department telling you that if you sold at a certain price in South Africa you must not sell at a higher price, say, in Australia?—We are told that to-day.

3310. By a Government Department?—By the Canadian Government. They make you print on all the invoices you send to Canada that the prices which you charge on your Canadian invoices are not, I think it is, 5 per cent. under what you sell at in England. Practically, the idea, as everyone knows, is to put a stop to any dumping of goods in Canada. That is a very sensible arrangement, too.

3311. (*Sir Hugh Bell.*) Would you repeat that so that we might get it quite clearly?—In doing business with Canada you have to certify on every invoice that the prices you charge on that invoice are not more in the aggregate than, I think it is, 5 per cent. lower than the prices you charge for your own home trade.

3312. (*Mr. Maddison.*) That is only to get a preference, is it not?—Certainly not. That was with a view to stop dumping. If they are of opinion that that statement on your invoice is not correct, but that those prices are considerably lower than the prices you would accept in your own country, they will probably take possession of your goods and sell them in the open market. You have to give a guarantee on every invoice you send in the same way that I was just asked about. Our Colonial Governments have in their eye, and do look after, the interests of their own people to the extent that you say.

3313. (*Mr. Owen Philipps.*) I take it that you would be in favour of very grandmotherly legislation then?—That is a direct answer to that question of yours.

3314. And a very interesting one it is. Is it not possible that any differentiation in rates that has existed between New York and England to South Africa, may have been the result of the opposition which the Conference Lines have had to meet? When there was a big difference in freights, may it not be practically taken that it was the result of the opposition which the Conference Lines had to meet, and was done in order to protect their own interests?—Do you mean to say that when the Conference Lines were accepting very low rates of freight—

3315. No, it was rather the other way about. Did not the very low rates originate by the opposition from America which the Conference Lines had to meet?—I do not know about America.

3316. You cannot tell us?—Only from hearsay. I can tell you what I think.

3317. You talk about the mail subsidies; you are aware that only one of the companies trading to South Africa is in receipt of a mail subsidy, I presume?—Then you look upon the Union and Castle as one company?

3318. Is it one company now. Is it not the case that the subsidy is an actual payment for the carriage of mails and for nothing else?—I presume it is, and I should be quite prepared to accept that if you say so; but I do not know that it is.

3319. You have told us that the other lines share in it?—Indirectly they share in the benefits from it.

3320. In what way do they get any benefit in a Conference with a mail line in, other than they get in a Conference without a mail line in? In what way do they get any benefit at all from it?—What I intended you to understand was, that it was the case that they get an indirect benefit from the Rings forcing rates up.

3321. How does the mail subsidy assist that?—I have always said that somebody benefits. I think the mail subsidy carries with it a preference in berthing accommodation at the port for one reason.

3322. That applied more in the case of the great delays during the War, did it not?—It comes in when there is any big fight on with an outside company. Suppose there is an outside company, and there is a

war of rates; then those things tell favourably on the Ring in those cases.

3323. That more applied in the case of the great of all mail subsidies then?—Not at all; I do not go so far as that. If the ships carrying His Majesty's mails, other things being equal, are carrying at fair rates, I do not see any reason to complain of them generally; but we do not find this in America, or in Canada, or in such places.

3324. With reference to the shovels, is it not possible that the American shovel may be better adapted to the South African workmen's needs than the British article?—No. We maintain that we can sell shovels against the Americans, other things being equal.

3325. You do not think the question of cost or skill in manufacture has much to do with the keen American competition?—I do not. As a shovel manufacturer, I am perfectly open to take our chances, other things being equal, either with the American or with the German.

3326. I take it, you are an expert in your trade; have you any knowledge of the American method of packing shovels?—Yes.

3327. Is it not a fact, for instance, that a dozen shovels packed on the American plan make a smaller parcel than the same quantity of shovels packed according to the English custom, with a relative saving of freight in consequence?—No.

3328. Was it ever a fact?—Not in a dozen—no.

3329. You say not in a dozen—is there any difference at all?—No.

3330. Do you tell me definitely that it is not the fact?—I tell you definitely that it is not the fact.

3331. Has it not been a fact within the last two years?—It is not a fact to my knowledge, and never has been.

3332. It never has been a fact?—Within the last two years?

3333. Within the last two or three years—I am not going into ancient history?—No, certainly not.

3334. You ship your shovels in big quantities, do you not?—Yes.

3335. Do you say that a thousand of them or a hundred of them will pack up to the same number per freight ton as a similar number packed by American packers?—I believe we pack them in identically the same space to an inch. We had their measurements given us and we have been, if anything, perhaps an inch under rather than over. It is to all intents and purposes identically the same.

3336. I am given to understand that the Americans are exceptionally good packers?—They are good packers.

3337. It means avoiding freight where freight is on the measurement?—They are good packers; but the two shovels, our shovel and theirs, are identically the same in size, shape, length, and bending. It has been so experimented with in order to save an inch, that we have got down absolutely to dead-bottom measurement.

3338. Is it not the fact that some large firms of English shovel manufacturers actually import their handles from the United States of America?—They all do.

3339. So that the English manufacturer has the handicap of having to pay the freight on his handles coming across the Atlantic, and the railway charges, and other things, in competition with all the shovels which come from America?—Practically, on the bulk of them, he has.

3340. (*Chairman.*) Why is that?—Because there is not sufficient ash grown in this country to supply us.

3341. (*Mr. Owen Philipps.*) It is cheaper to buy the handles, and when your firm is sending out shovels the handles go with them?—It is not cheaper. You are making a mistake if you think it is cheaper to buy all these handles from America than it is to buy them in this country. It is impossible to get them in this country; the wood is not grown in sufficient quantities.

3342. What I want to get from you is that the shovels which you send out to Africa have handles with them that are imported into this country from America?—The bulk of the handles are.

3343. Therefore, in competing in South Africa against American shovels, the English manufacturers have the

handicap that they have to get the bulk of their handles to England from America; that is so, is it not?—Yes, it is.

3344. Do you not think that has some bearing?—Not at all. I will undertake, if the duty is taken off our goods entering America, to import their handles and send the shovels back, and then compete with them in America.

3345. I did not ask you how much bearing it had. My question was pointing to the fact that the handles for the shovels have to come across the Atlantic, and the fact that the British shipowner has to be paid for carrying them across the Atlantic. You are not on the sea coast, are you?—No.

3346. And there is not a canal to Birmingham?—Certainly there is.

3347. It is a small one?—It is not a ship canal; but there is a canal by which we can get our handles from Liverpool; there is water carriage all the way.

3348. But they have to be transhipped?—Yes, they have to be transhipped into barges.

3349. They have to come across the Atlantic and pay the freight, and then they have to pay the canal dues in order to get to your works. I only ask you, when you are competing with an American in South Africa, if the fact that there is an inch difference in the packing of the shovels has some bearing on the extra cost of English shovels?—I say it has no bearing at all.

3350. Therefore, we are to understand that the English manufacturer pays a double rate of freight on his handles, and yet you say it does not cost him anything extra?—You do not carry it quite far enough. You do not ask why it has no bearing. It is because he pays less in other ways; our rates of labour are less than in America, for instance.

3351. I only suggest it has some bearing?—As far as I know, it has no bearing. I will go a bit further. I will import handles into this country, send them back again in finished shovels, and compete with the Americans in their own country.

3352. That I can quite believe?—One would hardly have imagined from your questions that that would have been possible. The fact is that the handles being made of ash, it is absolutely impossible to get a tithe of the quantity of ash grown in this country. We get about 20 per cent. of English ash, and that is about all the ash we can get hold of here. The quantity of ash grown in this country is getting less and less every year.

3353. Do you say that it is the duty of British shipowners to put the English rates down to the same level as they may be ruling from any other countries?—If they are the people whose rates are ruling in other countries.

3354. You do contend that it is their duty?—If they are the people whose rates were compared in other countries. We are now comparing the English rates with the rates charged by the same companies running to America—not by American companies.

3355. I think I have put this question before: Do railway companies and others treat matters in the same way? Take your business, for instance—I like to get a case that will appeal to you. Suppose you had a trade in some particular district in England in some particular article, and one of your competitors tried to take that trade away from you, surely you would make a special quotation for that district in order to hold it?—Yes; but that is not the case here.

3356. But you would do so?—Certainly.

3357. That is what I want to get from you—you would make a special quotation to hold your trade in that district where it was attacked?—Yes.

3358. Would you at once consider it your bounden duty to give every one of your customers that competing rate?—No.

3359. Of course you would not. But why would you expect the shipowner to be put on a different footing?—It is not on the same line at all; you are not going on the same basis at all.

3360. Do you mean to say that when it is a case of you losing money, it is on a different basis to when it is a case of the shipowner losing money?—No, not at all.

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3361. I do not think shipowners like to carry on business at a loss any more than any other man in business?—Yet, for one thing, you own that they are not only charging lower rates from America, but that they are charging lower rates for a further distance of 640 miles.

3362. I do not hold that, but I am not here giving evidence; you are giving the evidence. As we are on this point, I would rather like to pursue it. Do you know that the result of the Shipping Ring in the American trade has been to raise the rates on many articles to a parity with the British rates? Are you aware of the fact that the opposition ceased in June, 1905, and that the rates have, since that date—perhaps not since that actual date, but anyhow the rates from America are, as the result of the Shipping Ring, now practically on a parity with the rates from England?—I do not know to what you refer. When you say the opposition ceased in June, 1905, to what do you refer?

3363. I was referring to 1905, when some of the outside lines came into the Shipping Conference?—I do not know what lines you are referring to; if I knew, I could probably tell you more about it.

3364. I am afraid you cannot tell us, because you have told us that you do not know what the freights are at the present time?—I do not know what the opposition to which you refer is.

3365. At the present time the result of the Shipping Conference is that the rates from America are practically the same as the rates from England; is that so?—I do not know it, but you have told me that they are.

3366. You cannot tell me that they are not?—No, I cannot.

3367. (Chairman.) I think that we have had evidence that they are?—I should be surprised if they were not, as I said before.

3368. (Professor Gonner.) With regard to that particular point as to the American freights and the English freights, you told us, as the result of quite definite experience, I gather, in the past with certain lines, that you were handicapped in competition with America by their lower rate of freight?—Yes, quite definitely.

3369. You gave us one instance, and you have other instances, I suppose?—I have other similar instances; I can multiply them.

3370. I do not want you to?—I think I have been asked to send them up.

3371. We shall be very glad to receive them, I am sure. What I want to get at is that it is not a question of opinion?—No, it is a question of fact.

3372. It is a question of definite experience and fact?—Yes.

3373. And you are quoting, or able to quote, the same prices as American manufacturers?—Yes.

3374. I am not speaking of freight; I am speaking of your prices?—They would probably be less.

3375. In your opinion if you were put to extra expense by importing the handles, that would be no reason why Americans should be given additional advantages by a lower freight?—That is so.

3376. You were handicapped, it was suggested to you, by having to import handles; but that was not a reason, in your opinion, why you should be handicapped by a higher freight in addition?—No.

3377. Rather the contrary, was it not?—Yes.

3378. That instance stands quite definitely, that at a particular time you were prevented from obtaining an order on the information which you got from your agent that the freight was 17s. 6d. as against 30s.?—Yes, at that time. And the business generally was so; it is not only one instance; we found it universal.

3379. About what time was that; was it in 1904?—The date of that was August, 1904.

3380. Have you had similar instances since, or have you not gone into your arrangements since?—We have similar instances noted previously, if those would be of any use.

3381. Noted previously?—Yes, going as far back as 1894.

3382. This is my point—you would have no hesitation in saying with your definite experience that you have been handicapped by a lower freight?—Certainly not.

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3383. And you attribute that to the indirect action of the Ring?—Or the direct action.

3384. To the action of the Ring?—Yes.

3385. I want to come to the point of view that you take with regard to that. You say it is owing to the action of the Ring; how does the Ring enable a cheaper and unremunerative rate of freight to be taken from America?—How does it do it?

3386. Of course, normally no one would run goods at unremunerative rates; why is it that Shipping Combinations or Shipping Rings should be able to do it, and should be desirous of doing it?—As I say, we imagine the reason to be that the shipping companies' aim is to prevent any new steamship companies or separate vessels starting under the American or other flags to trade from America to the Cape ports; because in that event they would probably, when on their way, call at English ports for the purpose of picking cargo up or filling up their vessels.

3387. Do you think that the Ring can afford to offer unremunerative rates with regard to America, because its monopoly position in the English trade enables it to charge monopoly rates in England?—It seems, from the attitude of those chiefly interested in the companies here, to be proved beyond a doubt.

3388. I want to follow that out, because it seems to be the really important point. I think you will agree that the natural object of a monopoly is usually, I will not say invariably, to increase the price?—Yes.

3389. When you have increased the price in the district in which you have a monopoly, you are enabled sometimes to offer lower rates in the district in which you have not a monopoly; and if you have a definite monopoly in one district, and are making additional profits in that district, your higher profits there—I am speaking generally, and not of shipping only—would enable you to undersell in a market in which there is competition?—Yes.

3390. Do you think that that is something analogous to the American position?—No, I do not put it in that way. There would be no object in simply selling for the sake of selling.

3391. I am not speaking of that being the object, but it enables them to do it?—Yes.

3392. The object, I think, is perfectly simple, if I may say so—the object, of course, is to prevent any competition, and to do all the carrying?—Yes.

3393. In your opinion they would be enabled to carry it on for some time, because of their monopoly position?—Do you mean to say that if they only had these unremunerative rates from America, and that otherwise there was no profit earned, it would not last very long?

3394. Yes?—Exactly; but it pays in the total.

3395. That is what I want to get at?—That is very evident from the amount of money that has been made by these particular companies.

3396. What I want to know is, whether that is the position you take, that you object to Shipping Rings because they enable your American competitors—and I am taking quite specific, definite examples—to obtain orders which would otherwise come to you?—Yes; exactly.

3397. Is your objection to the Shipping Ring that the Shipping Ring, because it can charge you more, is able to charge them less because it has got a monopoly here?—Yes.

3398. Do you think that is the general view?—We object to the Shipping Ring, as you say, because they are enabled to charge us what we consider is unfair. Their methods are unfair, and they give our competitors more preferential treatment than they do their own countrymen.

(Chairman.) The witness does not take your point quite as favourably as you thought he would.

3399. (Professor Gonner.) I do not think you have quite followed it out. You have, perhaps, not tried to analyse the whole ground of the matter?—No.

3400. You object because they did it at cheaper rates from America?—Principally.

3401. You are not concerned with the reasons, only with the fact?—That is so; we are not so much concerned with the reasons as with the fact.

3402. You think, I gather from the last paragraph in your proof, that their strength as a monopoly is largely due to their holding contracts for the mails?—Yes; we think that is a great element of strength in their combination.

3403. Are you giving that last paragraph in order to justify action by the Government with regard to them, when you could not justify action with regard to others?—Yes; that is one reason, certainly, why I should give it.

3404. It is quite immaterial to the question whether it is a monopoly, because shipping monopolies can be formed irrespective of mail contracts, of course?—No doubt they could be formed, and if they did not injure trade, there would be nothing heard of them and no complaints would be made of them.

3405. Supposing there are certain Shipping Conferences which did not have a mail contract among them, would the Government be equally justified in interference or intervention?—I have not gone into the question of monopoly generally.

3406. Passing on to quite a different point, the question that was raised as to the South African Merchants' Combination, you do not think, I gather, that the South African Merchants' Committee has in your experience been effective in redressing the grievances of which you have complained?—We have not found it so.

3407. That is a definite fact, that you have not found it of any use?—Or any effect whatever, as far as our experience goes.

3408. (Mr. Lawrence.) I think you said you did not belong to it?—We do not belong to it, and we never heard of its endeavouring to work very much.

3409. (Professor Gonner.) Do you think such Committees and such Trade Associations are feasible and effective as a remedy for the grievance of which you complain?—I am afraid they are hardly practicable.

3410. Why?—Because of the impossibility of getting the large and varied interests like manufacturers and merchants to work together and to take sufficient interest and trouble to do the thing, as a matter of practice.

3411. I want to get testimony about this, because we have had a good deal of conflicting evidence on the subject. Some witnesses have suggested that there is a perfectly simple remedy at hand in the formation of a large and powerful association of merchants; but one witness, I remember in particular, told us that he did not think it would be effective. What is your view, speaking as a manufacturer?—I hardly think it is practicable at all, or feasible.

3412. You do not think you could form a definite organisation which could, so to speak, bargain with the Conferences?—No, I do not think so. I think they would all say they would much prefer such a Conference as is now sitting.

3413. We, of course, are not here with any executive powers, or any administrative intention; we are only here for inquiry?—Yes, and to report.

3414. A Commission like this cannot be looked upon as a permanent remedy, can it?—That is so. But we hope that it will report, and that there will be some result from this inquiry which will take some shape or form.

3415. Everyone, I am sure, will hope that there will be some result, though what that shall be we are trying to find out. You say you prefer a Conference or Committee or Commission such as is now sitting, and when I put it to you that that cannot be a permanent remedy, you say, "Yes, but there will be its 'Report.'" Do you think that there should be a permanent Commission which should, as it were, intervene when a grievance is shown?—No; I am hoping that the result of what this Commission reports will be to adjust such grievances and to prevent the recurrence of them in the future.

3416. I do not want to press it, of course, if you have not thought of the matter, but how is it to be adjusted? We shall hardly convert the shipowners into taking the same view as the shippers, or the shippers into taking the same view as the shipowners?—We hope that it will be legislative then. I am rather given to understand that there is not such a system in America, and that rebates are not allowed there.

3417. Is it your suggestion that the prevention of the rebate would be sufficient?—Probably it would be sufficient.

3418. You do not object to a combination among the shippers, but only to a combination which is so peculiarly effective among the shipowners?—Yes. It has got into such a state that it is almost impossible to break it up with its methods under the present powers.

3419. Going to another point, your grievance here, as far as you have put the matter on paper, is entirely with regard to America, for I suppose that is the country with which you come into competition. Supposing that there was a ring which included all the lines from America and Germany, and all other places, then, of course, you would still have Rings, and the rates of freight all over the place would be the same, or, let us say, proportionate to distance?—I could not tell you, but I should imagine they would probably put all of us on more equal terms. But I could not exactly go so far as that, and say what the result would be if there were such a wholesale Ring as you suggest.

3420. In a good many of the Conferences, as I dare say you know, foreign lines are brought in?—Certainly.

3421. I do not say it has always been satisfactory, but still part of your objection would be removed?—Yes, part of it I imagine would.

3422. What would remain?—I should imagine high rates of freight would remain.

3423. You would object to a high rate of freight, I suppose, because you think it would lessen the quantity of goods you could sell to the consumer?—The higher the price of goods consumed, naturally the less sold I should imagine, all told.

3424. You say in your proof that the system has been generally condemned by British traders, and that you have clear evidence of that in letters received from large merchants in this country trading with South Africa. I think Mr. Maddison asked you some questions with regard to that. Did you send out a circular at any date?—We did at one time; that was in March, 1895.

3425. Would there be any objection to putting in that circular?—Certainly not.

3426. As it was 12 years ago, perhaps it is not worth while?—That is what we complain more about than anything—that this thing has been going on so long, and that it crops up again and again. It has been going on to my knowledge for 17 years.

3427. Is that the only occasion on which you had such letters from merchants?—That is the only occasion on which we endeavoured to ascertain the general feeling of the merchants on the point.

3428. And you gave us the results of your inquiry at that time?—Yes. At that time we had these letters.

3429. (Chairman.) Was that circular sent out to merchants and manufacturers?—To merchants only.

3430. (Professor Gonner.) In one of your previous answers, you were about to refer to letters in the press, which I think you have with you; were those general letters, or were they letters by individual shipowners?—By "general letters" do you mean letters to the Editor?

3431. No; I mean letters by any chance correspondent who might sign himself "X," or "William Jones"?—Some gave their names and others did not.

3432. Were there letters from Sir Donald Currie?—Yes.

3433. Then were you going to quote letters from Sir Donald Currie which have been printed?—Yes.

3434. Those would be of course definite evidence as to fact on the part of the shipowners?—He did not give anything very definite in his letters; they were mostly general.

3435. But they were evidence from a shipowner?—Yes, they were.

3436. (Mr Taylor.) You referred in answer to a question, to the dumping legislation in Canada which forces you to declare on your invoices that you will not charge your Canadian customer more than, say, 5 per cent. lower than the price you charge to the home customer; is that so?—I believe that is it, speaking from memory.

3437. Why do you think Canada does that?—In order to prevent dumping.

3438. What is the evil of dumping to Canada? I mean, what is the immediate object of the Canadian Government in doing that? You say it is done to prevent dumping, but who is it to protect in Canada?—I do not know. I merely tell you the fact of what the Canadian Government does. The evils of dumping, I suppose, are generally admitted.

3439. I suggest to you that if it is to protect anybody it is to protect the maker of shovels in Canada?—Possibly;—probably so.

3440. That is the Canadian point of view, but if the Canadian Government did not say you were to make that declaration, you could do it of your accord?—There would be no necessity for it.

3441. Would you make such a declaration of your own accord if the Canadian Government did not demand it?—Certainly not.

3442. You would not be bound in any way?—Not in the least.

3443. Would you feel yourself at liberty to sell at 20 per cent. below what you charged in the home market if you thought you could get a better footing in Canada?—So long as we made a profit on the total.

3444. So long as you made a profit on the total of your transactions, even if you got it by charging 20 per cent. more on the home market, it would not trouble your conscience?—I do not go so far as to say we overcharge our customers, if that is what you intend to suggest by the 20 per cent.

3445. I do not suggest you overcharge your customers. I am speaking of the relative charges here and in Canada. If it happens to be that you would get a better footing in the Canadian market by charging 20 per cent. less than you do here you would not hesitate, as a business man, to do it, would you?—We should; we make a business practice of charging a fair price, and we do not get what we can as a rule.

3446. Did you ever hear of the Canadian Government, or any Government, prohibiting its manufacturers from charging less abroad than they do at home?—No, I have not.

3447. So that really the Canadian legislation hits you in Canada, but in a neutral country, or in a country which has no such legislation, like China—I do not know about Australia; do you ship there?—Yes.

3448. In such a country you would not find any legislation of that kind, and you would be at liberty to charge much less, or much more, than you charge the home customer?—We can charge what prices we like, if you mean that.

3449. You suggested, as I understand, in your replies to Mr. Owen Philipps that that privilege which you claim for yourselves you would deny to the British shipowner?—No. I forget in what connection this cropped up, but he distinctly asked if I knew of any such things.

3450. I think the connection was perfectly clear. He wanted to know why, when he had to meet an opposition in American waters, which was special to American waters, he should not meet it by reducing his rates in America without being forced to do so in the United Kingdom?—It had something to do with unremunerative rates, had it not?

3451. Of course, an opposition rate is generally an unremunerative rate?—I forget what the connection was. I think it had something to do with the Ring accepting unremunerative rates, or something like that.

3452. I think you went so far as to suggest that Parliament should prevent the shipowner in any part of the world charging for his own ships less than he does from the United Kingdom?—Charging unequal rates; that is what we complain about.

3453. That he must never charge the foreigner less than he charges the Englishman, that is the point?—Yes, that is it.

3454. Why do you apply a principle to the shipowner which you are not prepared to accept for your own trade?—I do not at present apply it.

3455. Really if you are going to get the benefit of foreign custom, and if you claim the liberty to give a foreign customer in the Plate, or in Germany, or in India a lower price than you are charging the English

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consumer, why should you complain of the shipowner if he does the same thing as regards freights?—We went thoroughly into that, and we explained that this English shipowner to whom we were referring had benefits conferred upon him by the mail and other contracts, which place him in a peculiar position—somewhat in the position of a monopolist; that is all. He is on a different footing altogether to an open trader; he is in the nature of a monopolist we say.

(Chairman.) You have got it down to this point, that the mail contract is the only difference, have you not?

3456. (Mr. Taylor.) Is the only difference the mail contract?—That is a very important difference, we say.

3457. Look at this thing historically for a minute. Do you mind if I suggest to you something, because the history is interesting. Lines of steamers begin trading from this country to different parts of the world, not on the basis of mail contracts at all very often. I know of the case of one of the best-managed steamship lines in a Conference from this country, which either for a long time never carried the mails, or if it carried the mails did not get a cent for doing it, and did not want to, and preferred not to be tied and bound by the obligation of carrying the mails. What really has happened is that the steamship lines have grown up on the basis of carrying cargo and passengers. They built ships adapted to that in particular trades, and then the Government have come along and said, "We must have our mails carried by somebody, and we will give these mails naturally to the company that can best give facilities." That has been the history of it. Can you really think that the Government by selecting in particular cases the line which is best adapted for carrying the mails has, after a history like that, really much to do with this monopoly?—I imagine they have a good deal to do with it. It has a great deal to do with Australia and the P. & O. The Australian contract has gone so far as to practically shut them out.

3458. I think you are over-estimating the effect of the mail contract?—I may be.

3459. I think you are?—That may be so; that is merely our opinion.

3460. Just to elucidate that point about the benefits conferred by the mail contract, if one member of a combination has a mail contract, I suppose you think that is an element of strength to the whole partnership?—It adds strength, certainly.

3461. Probably if that member of the Conference, on account of his mail contract, gets facilities in discharging, the other partners will insist upon participating in those benefits?—I do not know how they share out the plunder at all. I have no idea of the inner working of these Rings.

3462. "Plunder" is an ugly word to use in regard to a Government subsidy?—We will call it "remuneration." In the other form of monopoly to which I refer, that is the railways, they have had fixed for them by legislation the maximum rates of carriage, and the Government say that the rates shall not be higher than certain amounts.

3463. Would it surprise you to hear that, apart from the sitting of this Commission, the general tendency is for rates by these Conference Lines to approximate to the same level from the United Kingdom, from the Continent, and from the United States?—It would not surprise me to hear that is gradually the form that it is taking at present.

3464. Originally the lines of steamers based themselves upon the trade in England, and were able to take at less rates from the Continent and America in order to keep out competitors; that is your theory, is it not?—Yes.

3465. But, as a matter of fact, have they not had to admit other competitors like the Germans into the Ring, and is it not the general effect and tendency of to-day to bring all these rates of freight to one level?—I do not know about that. I do not follow you; do you say have they not had to admit the foreigner?

3466. In the case of Germany they had to?—I thought they endeavoured to force the Germans into it.

3467. No, I should not think Mr. Ballin would be forced into anything very much; I should say Mr. Ballin would force his way into most things?—Of course we have not gone into that.

3468. I merely put that to you, because you admit you are not quite up to date in regard to things as they are to-day. This Commission has to report something, and it would be rather absurd if we were to report in favour of doing away with a difference in freights which really has ceased to exist?—This Commission would be reporting more on the rates, would it not, that have been made for a considerable time past, and that have brought these sittings about? What has brought this Commission about has also brought a similar sitting about in the Cape last year, or was it the year before? The complaints which have been received for such a long time past are getting so general that the result has been the appointment of the Commission, and therefore I imagine the Commission is not so much concerned with what the companies are doing to-day.

3469. You see you cannot help us on that point, because you do not know; but if during the last two years or the last few years we find the tendency is to bring the rates of freight from the Continent, from New York, and from England, to the same point as regards these Conferences, then there is not much use our going into past history, unless it is likely that past history is going to repeat itself?—Exactly; that is just where you have hit it. If the Commission were to dissolve with no good done, you do not imagine but what the whole thing would crop up again? All these inequalities and serious complaints would immediately arise again from every port, and that is what we are afraid of.

3470. (Chairman.) You think that now the shipowners are on their good behaviour?—They are lying quiet, distinctly.

3471. And if we vanish from the scene they will begin their evil courses again?—We are afraid if nothing happens now, and the Commission is dissolved, the whole thing will come up again, probably worse than ever. We are very much afraid of that.

3472. (Mr. Taylor.) The virtue of this Commission is so great that practically all that we have been appointed to inquire into has ceased to exist?—We have not got so far as that yet.

3473. It has while it is sitting?—We imagine that there would not be likely to be much cause of complaint while the Commission is sitting; but the wound is still unhealed.

3474. When you put a policeman on the beat, you mean, the burglar disappears?—Exactly, or he lies quiet.

3475. And when the policeman goes off duty?—Then, if there is anything for the burglar to come for, he will probably come.

3476. (Sir Hugh Bell.) I am afraid I am going to display culpable ignorance. You are of the firm of W. Hunt and Sons?—Yes.

3477. Are you a partner?—It is a private company, you know.

3478. You are the managing director?—Yes.

3479. Other members of the Commission have asked you the question, and I want to see if you can make it clear to my mind how it is you think that the preferential rates charged from America damage you?—From the fact that buyers of our particular class of goods are enabled to secure what they want, such as shovels, at lower prices from America than they can from us.

3480. That involves, of course, the proposition that the ships from England are running with full cargoes or good cargoes?—That does not naturally follow, does it?

3481. I want to know from you?—I do not think at all that that necessarily follows.

3482. Two ships are starting, one from the port of New York and the other from the port of London, or Liverpool; but the New York ship is running at unremunerative rates—that is your proposition, is it not?—Yes.

3483. In order to do so the English ship, the Liverpool ship, is running at over-remunerative rates; is that not your proposition?—We might put it in that way.

3484. I want to know whether that is your proposition?—At any rate, they are running at different rates, the rates from New York being lower. The

proportion of remuneration we are not concerned with so much; we complain that the rate is lower from New York.

3485. Really, there is only a difference in terms between us. You say that the New York rates are too low?—I say that they are unfavourable to us.

3486. And I put it into your mouth that the English rates are really too high. It is merely a question of degree, therefore?—Yes.

3487. If the English ship took no goods, the purpose would not be served, would it?—What would happen then?

3488. I want you to tell me?—What would happen then, of course, would be no goods shipped.

3489. Do you think that is so?—I do not think we could carry it quite that far, could we?

3490. You are not prepared to say that that is the case?—I am not prepared to carry it quite as far as that.

3491. How far will you carry it?—I carry my argument as far as this—that the system of unequal rates in this country, as compared with America, does a great amount of injury to our business. I do not carry it so far as to say that it has entirely stopped our business.

3492. If your argument is to be taken as you state it, it must mean that the two ships on the whole are carrying on a good business, and, indeed, you go to the length of pointing to the dividends of the shipping companies in proof of that?—Yes. The company that runs the two lines are carrying on a fairly good business.

3493. You have put it to us that it was a Shipping Ring ship?—Yes.

3494. You have not put it to us that it was an outside ship?—No, it was a Shipping Ring ship.

3495. You are complaining that the Shipping Ring runs a ship from New York at freights which you regard as too low, and runs a ship from England at freights which you regard as relatively too high; that is how you put it, is it not?—Relatively too high; that is it.

3496. If that was so, and your trade were really being damaged—I will not say your personal trade, but the trade of this country—the policy would be a suicidal one, would it not?—It would appear that it would be a suicidal policy, as they cannot make money out of the other trade.

3497. Having got you to that point, I want you to reconcile the two statements that you have put to us, and I want you to make clear to my mind, as you have not yet succeeded in doing, though I think almost every member of the Commission has questioned you on the point, exactly what it is you complain of?—What we complain of is the relatively unequal rates charged to us as compared with our competitors abroad.

3498. I suppose you would not be complaining if the English rates were very low and the American rates were very high?—We should not.

3499. You would very much like that, would you not?—Yes, we should like it—and not unreasonably; but we do not go so far as to ask for that.

3500. The shipping company desires to get a fair return—which you might think an undue return—on its capital?—Yes.

3501. It runs a ship from New York at too low freights, and it runs a ship from England at too high freights?—Yes.

3502. If it were doing that—I am putting it to you again, in order to have it quite clearly from you—and the effect of that were to prevent a ship taking goods from England, it would be defeating its own object?—Yes, it would be defeating its own object.

3503. How do you think you are going to remedy that, because, after all, it is getting its cargo from England by your admission?—You cannot carry it quite to that extreme that it absolutely carries it to such an extent that eventually the trade disappears in England. It would be carrying the thing too far, would it not?

3504. I want you to say?—The connection between England and the Cape is such that it is impossible to absolutely kill the whole of the carrying business between England and the Cape, and you could not

carry it quite to that extent; but, certainly, in a case like ours, it hits us very hard. That is what it comes to. Some people have to suffer, and we are one of those; in certain parts of our business we suffer.

3505. All then that you mean is, that you think they charge you too high rates?—They charge us relatively, as you express it, too high compared with our competitors.

3506. But then you admit that they do a good business in spite of these preferential rates?—They do a good business in what? In our line?

3507. It does not matter?—They do a good business and we are one of the people who have to suffer, or who in the past have had to suffer.

3508. I do not make myself clear; it is my fault. When I say they do a good business, I mean they get a good cargo from this country, or that they get a sufficient cargo from this country?—I do not go even so far as that. You see, or have seen, many of their ships lying up in Southampton Water in strings, have you not?

3509. Yes. Mr. Owen Philipps, I think, pointed out to you that the trade of this country and South Africa had fallen 50 per cent. in the last very short period; that would account for this laying up, would it not?—I remember the year before last seeing those boats, and, of course, it is very well known that they have been laid up. I do not go so far as to give you the reason why they are unable to find work.

3510. Is that not another way of saying what I am putting to you is well founded, that if they had been able, by a reduction of freight, which still left them a profit, to run these ships, they would have run them?—Yes, they would have run them if there was just sufficient freight to make it worth their while to run.

3511. I, like other members of the Commission, I think, fail to see how the mail contract question affects it; can you make that clearer to our minds?—Of course, I merely state my own opinion about the mail contract. I merely say that it seems to me that the possession of a mail contract is a great help to any company. There are certain privileges connected with it besides the actual monetary return for carrying the mails.

3512. What privileges are there?—A boat carrying His Majesty's mails, I understand, comes into a port, and has the right to the first vacancy alongside her quay. Never mind how many vessels have been waiting there for a day, or a week, or a month, they must still wait; if the boat comes into harbour and there is a vacancy she goes alongside.

3513. Do you state that of your own knowledge?—As far as I have been told, yes. That is what I have been told on distinctly good authority.

3514. Of course, that would only apply to the ship or the line having that advantage?—Yes.

3515. What do you suggest should be done in place of it? The present arrangement, as we understand it, is that the Government enters into a definite contract for freight with a particular line of ships and undertakes to pay a particular sum per annum at a particular rate per lb., or whatever it may be, in respect of which the company undertakes on fixed days to run a ship to carry the mails. That is the present form of the contract, roughly stated, is it not?—Yes.

3516. What do you suggest is the alternative to that with regard to the mails?—I should suggest that His Majesty's Government in making contracts, among the other stipulations that it makes on a variety of points, such as time, speed, space, loading, and in regard to all manner of things, seeing the numerous complaints that there have been about the unfair treatment of British trade as compared with American trade, might also include, as a condition, that no company carrying His Majesty's mails should give a preference in the way of freight directly or indirectly to any foreigners.

3517. To any foreigners?—We call Americans or German foreigners, in the way of freight.

3518. Do you seriously put that forward as a remedy for what you are complaining of?—I seriously put it forward as an alternative, failing our being able to get redress from them in any other way.

3519. I should like to consider what it exactly means. Supposing a firm of London merchants came and tendered goods, would you ask them first to make a declaration that they were foreign goods or English

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goods, or what they were?—I do not mean goods from this country; I mean goods shipped from abroad. They should not in their own ships, or in ships owned and controlled by them, carry goods from foreign ports at lower rates than they charge for similar classes of goods from these ports.

3520. That is to say, you ask that the persons who take the mail contracts from the British Government, should come under disabilities as to their freight with regard to other portions of their business?—Yes, I think so.

3521. You think that that would be a reasonable demand?—Yes, I think so.

3522. You really do?—Yes, I really do.

3523. Do you consider what you are saying? It seems a very large thing that even so important a contract as the mail contract should place the company taking it under disabilities with regard to other customers; and that is what you are saying, you know?—Yes; but I should not consider it any harder condition to make than certain Governments make with the P. & O., when they say they are not to employ a certain class of people, Lascars, for instance.

3524. But you see two blacks do not make a white?—No, they do not.

3525. We may, some of us, think that is not reasonable?—Exactly, and I might think so myself, but still it is a difficulty.

3526. I wanted to know whether you did think so, because if your view is taken it would put the contracting company under a distinct disability?—I am attempting to get, and hope to get what I consider a grievance righted. We have endeavoured for some considerable number of years now to get it righted in the ordinary method, and by the ordinary means, of applying to the company directly and indirectly; and we have been absolutely unsuccessful like many others beside ourselves. As we have failed by the ordinary methods, it seems to have brought it about that extraordinary methods have now got to be resorted to, such as the appointment of a Commission to inquire into it in the way of evidence.

3527. You speak of the appointment of the Commission; the Commission would be very much flattered to think that we have already had the effect of terrorising the shipping people, as you seem to advance that we have, but, as has been pointed out to you, we have no executive powers; you know that, do you not?—This is merely preliminary, like everything else; it is merely a discussion like there would be in Parliament previous to passing legislation.

3528. You think the effect of our sittings here will keep these gentlemen in order?—Certainly, for the time being.

3529. Are you afraid the effect will wear off?—Yes, certainly.

3530. (Mr. Maddison.) Before you leave that point, will you allow me to ask this question? I was hoping Sir Hugh Bell would follow it up. In this revised mail contract you speak of, you would make it also illegal for them to join a Ring or Conference; would you stipulate as part of the contract for the mail carrying that they should not join a Conference?—No, I could not go so far as that, provided they did not for the time being adopt the methods to which we object.

3531. But then, if they are partners, as you call them, and the Conference did that, you would make it also a part of your terms that they should not belong to such a Conference?—They should not belong to such a Conference.

3532. (Sir Hugh Bell.) I do not quite follow that, but as Mr. Maddison has put this question I will for one moment deal with it. On the contrary, surely, you would compel the mail contractors to join the Conference?—No.

3533. Just let me point out to you how wise you would be if you did?—It might be wise, but personally I do not like combinations or Conferences, or whatever other name they go under.

3534. I want to show you the difficulty into which you have landed yourself. You say you would not allow them directly or indirectly to carry foreign goods on preferential terms to English goods?—Exactly.

3535. If you said not only must you not do that, but if there is a Shipping Ring you must join it, then

any member of the Shipping Ring who carried goods would be infringing the mail contract. So that what you ought to say would be, "You must join any Conference, and so prevent anybody giving a preference through the Conference." You say the effect of the mail contract is to benefit every member of the Ring; that is what you have said, is it not?—Yes.

3536. And you say you would make it incumbent on a person taking a mail contract not to give a preference?—Yes.

3537. You ought to go on and say, "I will compel him to join a Ring," do you see?—Yes.

3538. Because then none of his so-called partners would be able to give the preference of which you complain, and the bigger the Ring were, the more you would like him to be in it, because the more he would prevent any of his colleagues from giving that preference?—This is all tending towards the direction of large monopolies, which I do not like. I should endeavour not to go too far.

3539. I want to point out to you what a very dangerous proposition you have suggested to us. Remember, on the evidence of you and other gentlemen, we shall have to make our report. Do you see how dangerous it is?—I do not quite follow the extent to which you carry your argument.

3540. I really do not want to press the question further?—We hope to endeavour to obtain our end peacefully, if possible, without any too stringent measures, or laws, or regulations.

3541. Yes, but you see you have suggested to us that the mail contract should carry with it an obligation not to do certain things, and I wanted to point out to you how far that led you?—And how much stronger it would make our case if we extended that.

3542. How impossible it would be to make the terms?—What?

3543. How impossible it would be to make the terms. That is what I am doing; I am endeavouring to get you to see by your answers how difficult it would be to make any such terms?—I do not quite follow you as to the difficulties.

3544. Then I must leave it there. You are a manufacturer of edge tools, are you not?—Yes.

3545. And shovels are among them as an important part of your business, I think?—Yes.

3546. What raw materials do you purchase? You purchase your shafts we know?—Yes.

3547. And you buy them from America?—Yes.

3548. Some gentleman has sought to show you were doing wrong in doing that, but I do not hold that view?—We should certainly prefer to make them, but it is similar to making cocoa—you have got to purchase something and you cannot grow cocoa in this country.

3549. You buy your ash shafts from America, you have told us?—Yes, we buy a certain quantity.

3550. And you buy your steel, and so on?—We manufacture our own steel in certain qualities.

3551. What raw material do you buy?—We buy the cheaper class of steel made by the Bessemer, Open-hearth, Siemens and other processes, but we manufacture the higher qualities of our steel, which we make in the small crucible.

3552. Of course, you always very carefully inquire that you are paying the full market price for your steel?—Yes.

3553. You never buy a cheap lot by any chance?—Not a cheap lot in the ordinary acceptance of the term.

3554. I do not mean a bad lot, I mean a good lot, but cheap?—We buy the best article at the lowest price, if we can get it.

3555. I have no fault to find with that, only I want to know what difference there is from dumping. You buy from someone who sells to you cheap do you not?—We endeavour to, of course.

3556. If it were American steel you would buy American steel cheaply enough if it were good enough?—Yes, if all the circumstances are equal, and if we could depend upon a regularity of supply, but not if we were offered one good lot, though it was a small parcel of steel from America, and there was every prospect of getting no more.

3557. Or from Germany?—We have never bought German steel practically. We should not buy any steel in fact unless there was a probability of its being a regular source of supply.

3558. But its cheapness would not deter you from buying?—Its cheapness would not tempt us.

3559. Its cheapness would not deter you?—Its cheapness would not deter or tempt us.

3560. It would not tempt you?—Not cheapness alone, unless it was from a probable regular source of supply. It is very unwise in the steel trade to buy a quality of steel unless you thoroughly know it. You may get a good lot of casts at one time—they are made in what they call casts, which are 50 tons or more, and that might all be bad.

3561. Do you buy the ingots?—Yes.

3562. You do not buy scrap?—No, we sell scrap.

3563. Do you always buy ingots?—Yes, billets as they call them.

3564. That is a very different thing?—What is?

3565. You buy billets?—Yes, billets; that is what they call them in the steel trade.

3566. I was interested in your remarks about dumping, and I wanted to be quite sure whether you yourself were not in favour of dumping when people dump on you?—Unfortunately we buy from a good maker of steel, and we never have met with one who dumped on us. We have never yet met with a good maker of steel from whom we get our regular supplies who was prepared to dump on us a large quantity.

3567. He only dumps in Germany or elsewhere?—I never heard of him dumping in Germany in this thing.

3568. (*Sir Alfred Bateman.*) In your particular trade of edge tools, or spades, or shovels, are there any combines in Birmingham?—Not that I am aware of. We are not in one, at any rate.

3569. Have there been any in the last few years?—No, not for the last 20 years.

3570. You are aware, of course, that in other things Birmingham has got a name for combines; for instance, there has been a bedstead combine and a fire-irons combine?—I have a knowledge of the bedstead combination some years ago. It had disastrous results.

3571. But for the particular things you are engaged in, you have never been in any combination?—Not for the last 30 years.

3572. I am not taking you back as far as that. In all the questions that you have been asked, I do not think anybody has asked you whether you have had anything to do with the very important Chamber of Commerce at Birmingham?—No, we have not.

3573. You do not belong to it?—We do not.

3574. Have you ever tried to get any assistance from it?—Yes, we have written to them to ask their views, and so on, of the question.

3575. But it never seemed to you that you could get assistance from the Associated Chambers of Commerce in this country in dealing with these Shipping Conferences?—Latterly, in the last few years, it has seemed as if the Chambers of Commerce were getting rather more useful and powerful than they have been to my knowledge. Of late years they seem to have been doing more useful work, but we have not belonged to them.

3576. You do not think it necessary to belong to them?—No, we do not.

3577. Or to help them to be more useful?—No, we have not so far.

3578. As regards your complaints, it seems to me that at the present moment you practically are all right?—Yes.

3579. But you are afraid of this state of things not lasting?—That is it.

3580. Did you read of, or do you remember, the Conference that took place between the South African Governments and the shipowners, about a year or more ago in London?—Yes, we read certain reports of it, but I do not know that it was all of it.

3581. Did you think that the results of those Conferences would remedy the evil effects that you were suffering from?—We never had the final report of them. I think we applied for them, and they said they were not printed at the time.

3582. You do not remember when it was that these lower rates to America, of which you complain, ceased to hurt you, that is, ceased to exist?—No. About the time of the war business was very brisk out there, but since then it has gone almost to nothing and freights really have not formed such an important part.

3583. Freights have in fact been hardly a factor in the situation?—Hardly a factor; there has been hardly anything moving.

3584. There has been nothing moving in fact?—That is so.

3585. So that really we have to provide for the normal state of things that we may get some day?—Exactly.

3586. What you come to us for is to provide that in the future when we get normal trade, as we may hope, with South Africa, we shall not have lower freights with America which will assist American trade and will be against yours?—That is exactly it.

3587. You want, in some way or other, either by your plan or by setting up some authority in this country, to provide against lower rates from America?—That is exactly what we are asking for.

3588. At the present time you are not being injured, and it makes no difference to you?—At the present time the trade is in such a state that there really is hardly need to think about it.

Mr. CHARLES PICKERSGILL SMITH, called and examined.

3589. (*Chairman.*) You are the manager to Messrs. Fraser and Chalmers, Limited, who are manufacturers?—I am.

3590. Of what goods are you manufacturers?—We are manufacturing engineers. We make all classes of machinery, but more especially mining machinery.

3591. I think you ship to nearly all the markets which are served by steamers belonging to Conferences?—Yes, I suppose nearly all. We ship to Australia, South Africa, and West Africa.

3592. Do you ship any goods which are not manufactured by your company?—Yes, a considerable quantity.

3593. So you are both manufacturers and merchants?—We are manufacturers and shippers—I suppose we should be called merchants.

3594. As regards the goods which your company manufacture, do you receive orders from merchants abroad?—Not many from merchants. It is mostly from consumers—mining companies, mine owners, or people working the mines—that they come, not very much from merchants.

3595. Do you receive direct orders from them?—Yes.

3596. And you sell to them your goods?—Yes.

3597. Under a c.i.f. contract, or in what form?—We do f.o.b. and c.i.f. both. I could not give you very easily the proportion, but it is about an equal proportion.

3598. It does not matter. Is the freight generally paid in England?—Yes.

3599. Do you get a rebate?—When we ship for our customers they get the rebate, when we ship for ourselves, of course we get it for ourselves, that is when we ship for stock. We ship a lot of goods out for stock; we have depôts in all these markets and we keep stock there.

3600. Do you keep that rebate for yourselves?—It eventually finds its way to the customer, through the cost of the goods being delivered at the depôt so much cheaper by that rebate.

3601. You object to the system of deferred rebates, do you not?—Yes.

3602. On what grounds do you object to it?—It is unnecessary and harassing, and it gives the shipping companies a hold over us which we consider they have no right to.

3603. Has it the advantage of providing you with what may be called regular sailings?—Yes; but that

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is not so much an advantage for us. We do not particularly want regular sailings, and we could do without them. The high rates that we have to pay mean that we pay for the advantage to somebody else who does gain by direct sailings. The shippers of perishable goods which have to be conveyed by a regular service, we think, ought to pay the higher rates rather than we who do not want it.

3604. The other alleged advantage is that it keeps the freights for a considerable time unchanged?—That is very easily done, because the freights are at the highest point.

3605. What do you mean by the highest point?—They put the maximum freight on and it is called a uniform freight, but you can call it uniform or maximum, whichever you like.

3606. Still, I do not quite understand that; do you mean that the freight, less the rebate, is a maximum freight?—Yes. The freight with a 10 per cent. rebate off is still a maximum freight. It is the highest that we have ever paid to most of these markets, and it is maintained at that high rate by the fact of the shipping owners all being in the Conference.

3607. Because there is no competition?—Yes, practically so; it eliminates competition. What we would like to see would be a perfectly open, free market in freights and everything else, where we could get competition and ship our goods by whatever boats we could do best by, and not to be obliged to ship them by mail boats, which go out half empty, because of the accommodation given to the first-class passengers; we do not want that.

3608. Have you ever attempted to form an association of manufacturers and merchants to prevent these maximum freights being exacted?—We have never attempted it. A year ago, I went round amongst manufacturers and merchants with the idea of starting a competing line to South Africa—that was in South Africa only, and not to other markets—but it was a failure, as we could not harmonise the interests.

3609. You could not combine?—No.

3610. What was the cause?—The variety of interests of manufacturers and of merchants could not be harmonised into agreeing. Some of them wanted regular weekly sailings, some of them wanted this, that, and the other—different ports of shipment, and different ports of loading. There were so many conflicting interests that it was quite impossible to harmonise them. There is a merchants' and shippers' committee as regards South Africa, I think, but it is *pour rira*.

3611. You do not think it has done very much?—No, it is rather a joke.

3612. In your opinion, have the principal merchants in the South African trade joined that Merchants' Committee?—Yes, there are a lot of them there, but I think they join it more or less to keep things as they are; they are content with things as they are. I was given to understand that they were more or less a buffer for the steamship companies, and that they got a *quid pro quo*.

3613. Then you do not think the Merchants' Committee has been very effectual?—In our experience it has been totally ineffectual—rather the reverse; it has been a shield for the shipowners to combine and to put up the rebate system, both of which we object to.

3614. You say in your proof, with reference to the South African trade generally, that you had occasion some months ago to canvass most of the large and small shippers to the Cape ports?—I should like to amend that. I am afraid the word "canvass" is rather ambitious. Since I wrote that, I find there is a good deal more in that South African trade than I thought of, and that there are a good many more merchants and a good many more shippers than I did see, although I saw a lot of them.

3615. You did see a great many?—Yes. I was for weeks and months at it, and I saw quite a number of them. Not by any means the majority of them. It was a very poor thing to call a canvass.

3616. Then you would like to alter that word "most" to "a great many"?—Yes.

3617. You say it was some months ago; can you tell me when it was?—It would be twelve months ago. It lasted three or four months, six months perhaps,

while it was being done; that is, I was seeing these people during six months.

3618. I dare say you know that the Merchants' Committee have arrived at the conclusion that the system of rebates ought to be modified very much?—Yes; I have read Mr. Soper's evidence.

3619. You have looked at his evidence?—Quite casually; I just read it through, it did not impress me very much. There were no points in it that specially impressed me as calling for remark.

3620. There was a Freights Conference at the Colonial Office, and at that Conference the rebate system was not approved of; I dare say you have heard of that?—No; I really do not remember it.

3621. The opinion has been expressed that the rebate system might be retained if certain conditions were observed, one being if the rates of freight were reduced. I suppose you are of opinion that if they were sufficiently reduced the rebate system would not be injurious?—We would rather be without it, however low the rates are.

3622. It has been thought that among the other conditions there should be a modification of the terms of the rebate system, the abolition of preferential contracts, despatch on fixed dates, that shipowners should not be allowed to take cargo on ship's account (except coals to fill up), and that there should be a new classification of goods and reduced rates of freight. I suppose if you could get all those conditions satisfactorily fulfilled, the sting would be taken out of the rebate system?—We do not set very much store on debarring a shipowner from dealing on his own account. We do not see why the merchants or shippers should debar the shipowner from doing so. The classification of goods is always annoying, and owing to the way in which the steamship companies arrange their classification, it always will be annoying. It is through that combination, the Conference, that they are allowed to make it still more annoying. They have got to the point that they are quite dictatorial about it. They tell you how you shall pack your goods, how you shall not do this, and not do that. But we do not want to prevent the shipowners from trading. If we could have free markets in freights, we could let the shipowners trade.

3623. Mr. Soper was of opinion that the system of rebates as it stands at present, is injurious; so far he agrees with you?—Yes.

3624. Now, you wish to direct our attention to the difference between the interests of a manufacturer and of a merchant with regard to this rebate system; what is the main difference between the two?—We think there is not so much desire on the part of the merchant to change things as there is on the part of the manufacturer. We, as manufacturers, want the cheapest freight that we can get, so as to put as little more cost as possible on to our goods, so that we can keep our works full of work. The merchant does not care so much about the rebate system, because the buyer out there pays his freight, whatever it is, and, I suppose the merchant pockets the rebate. It does the merchant rather good than harm to have this system, as he cannot possibly divide up the rebate amongst all his little customers, so he must make a certain amount of profit out of it. The main difference, therefore, between merchant and manufacturer is, that the merchant may like it, and the manufacturer does not. On the question of uniformity of rates, I suppose you would mean continuity of rates—not that all the shippers should pay the same rates, not uniformity of rates in that way?

3625. No. As a manufacturer, have you found that your business is being injured by the fact that goods are carried from America at a much lower rate of freight, comparatively, than the rate of freight at which they are carried from the United Kingdom?—Yes, we have found that. We have found shipments from New York are made at a lower rate than shipments from London.

3626. Do you think that is in consequence of the rebate system at all?—No; I think it is because the American is rather smarter in figuring his freight and in dealing with these Conference Lines and outside steamers. He will threaten to put on an outside steamer, and by that means he will get his rates down. He can do it because he has got no rebate system over

there in America, and so he has got nothing held up for him.

3627. So I take it that you do not consider that this inequality of freight is occasioned by the rebate system? You have just now given us the real cause; it is not the rebate system, in your opinion?—No, I cannot say that it is. I really have not formed that opinion of it. The main fact which impresses me is, that the American can ship cheaper than we can, and does ship cheaper than we can.

3628. He does?—Yes. We ship from New York as well as from United Kingdom ports. We pay one rate in New York, and another in London, and it is a higher rate in London than in New York. When it comes to the West African Ring it is iniquitous.

3629. Why can you ship at a lower rate of freight from New York?—I suppose because the American is smarter, and gets better terms out of the Ring. We only get in America the Conference rates from New York to South African ports.

3630. (Professor Gomer.) Have you works there?—We used to have, but we have not now. We have an office in New York, and we buy a lot of American goods.

3631. (Chairman.) You remember the last freight war in the South African market, do you not?—Yes.

3632. Your company then contracted with an opposition line at a comparatively low rate of freight, I understand?—Yes, we contracted for three years at 17s. 6d.

3633. Of course, that was a great advantage to you during those three years?—Yes, very great.

3634. Who was the owner of that line?—Mr. R. P. Houston.

3635. I see you say in connection with this that you were informed by the owner of that line that it was then a payable rate of freight?—Yes, he distinctly told me so personally. He did not decline to take more if he could get it, but he said it was a payable rate of freight.

3636. Is that one of the reasons why you say that the freight, which afterwards rose when the opposition disappeared, is an excessive rate?—Yes. If 17s. 6d. is a payable rate, 25s. must be an excessive rate.

3637. (Mr. Owen Philipps.) Did Mr. Houston state that to you personally?—To me personally.

3638. Mr. Houston did?—Mr. Houston did, in his own office.

3639. (Chairman.) You make a very important statement in your proof to the effect that the South African importer, that is to say, the buyer of goods in South Africa who sends his orders for execution to a commission merchant in London, is a person whose position we should carefully consider?—He is a man who feels the pinch—the man who pays the bill at the end, is he not?

3640. And he is the man who so strongly objects to these rebates?—Yes.

3641. That has been the evidence here?—I should not be surprised at that.

3642. You are almost the only witness who has given evidence who is not surprised. All the other witnesses here said they are much surprised, and cannot understand why the African merchant does not like these rebates?—You have been unfortunate in your witnesses.

3643. Will you tell me why you entertain that opinion, that it is natural for the South African importer to object very much to the system of rebates?—I should think he would object to it for the same reason that we do—that it is annoying, unnecessary, and a possible means of obtaining a higher freight than should be charged him.

3644. Why do you say in your proof that we should consider his position more than that of anybody else?—Because he mostly does not get his rebates back.

3645. You think he does not get them back?—I think if he is a small man he pays them and never gets them back again. The big man, of course, is in a position to force them back.

3646. You think very likely that the small South African merchant does not get these rebates paid to him?—I should think it is extremely unlikely.

3647. And that that is one reason why he may feel very strongly on the subject?—Yes.

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3648. Now I ask you, after the evidence you have given, whether you have formed any opinion as to the remedy which should be applied to what you consider an existing evil?—There are two means that occur to me—one to use the Post Office and the Board of Trade (with its various little means of arguing with shipowners); and, secondly, if those fail, there is legislation. But I should certainly think that the conclusion of the mail contracts, and the means that the Board of Trade could find to coax shipowners into a more reasonable frame of mind, would be sufficient without legislation.

3649. You think that action on the part of the Board of Trade might be sufficient without legislation?—And on the part of the Post Office, yes. The conclusion of the mail contracts will secure the regular service which these people who approve of combines and rebates desire. They say, one of the advantages of the system is regularity; they would always get that with the mail boats. But we, who do not want to get mail boats, have to pay mail boat rates on account of the combination.

3650. Do you think that it would be advisable to insert a stipulation in the mail contracts that the steamers should not adopt the system of rebates?—Yes; and should not belong to any combination.

3651. "Not belong to any combination"? You do not really go quite so far as that, do you?—Yes, I think so. Why should not the Post Office deal with an individual mail steamship company instead of with one of a dozen, allowing them to combine by the use of these contracts that they make with the Post Office for the conveyance of mails to keep rates up? If the Post Office, in making these contracts for the conveyance of mails, were to stipulate that the company or individual conveying those mails should belong to no Conference or combine, the perfectly avowed object of which is to keep rates up, they would be doing manufacturers a good turn, and I should think the merchants too, for such classes of goods as do not want to go by mail steamers.

3652. (Sir John Macdonell.) A word or two about this last suggestion of yours. Would you propose that there should be inserted in all mail contracts a stipulation to the effect that the particular company should not be a member of any combination, even if that combination did not include the rebate system? Would you go so far as that?—It depends whether, by going so far as that, you would incur other disabilities equal to, or greater than, those we seek to avoid. I do not see that it could be so; there is nothing that occurs to my mind that could be as great as the disadvantage we are under.

3653. Might there not be some combinations of a highly innocent and useful character? Would you, in the case of such a combination, say no Postal contract is to be given to the members of such combinations?—I do not quite grasp what you have in your mind. I can understand combinations of shipowners for the purpose of keeping freights up, because we are so used to it.

3654. You are making a proposal, all the consequences of which I have no doubt you have thought out. Are you prepared to go as far as to say that no Postal contract shall be given to a company which is a member of a combination, even if that combination does not include the rebate system?—I do not see any harm in going as far as that. Yes, I should go as far as that.

3655. I am only putting the question in order to see how far you were prepared to go. You state, as your second remedy, measures which you somewhat vaguely, but no doubt sufficiently, describe as the Board of Trade coaxing shipowners—I think that was your expression?—Yes.

3656. What did you exactly mean by that—what precise measures had you in your mind?—I had not anything definite and concrete in my mind when I used the words. The Board of Trade admittedly has means of influencing shipowners; what they are or may be is no concern of mine.

3657. Do you contemplate any legislation which should give the Board of Trade larger powers than it now possesses?—If necessary; but I would not resort to legislation if it were not necessary. I should not think it is necessary; I would try the means already in force at the Board of Trade.

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3658. Let us see what you clearly mean. Do you say that the Board of Trade should be able to go to a combination and to say, "We find that you have this 'rebate system; it must stop'?"—No. It would be generally known that the Board of Trade discouraged the rebate system, and discouraged combinations in restraint of trade; and I think that shipowners would act accordingly.

3659. What precise form would the discouragement take?—That is what I should like to know myself; but that there are means, I feel quite convinced.

3660. Pray, do not keep these means hidden from us if you know them. What are these means?—I do not know; I should like to know myself. One hears of the influence of the Board of Trade, and one knows that it has influence and powers. When one appeals to the Board of Trade we know it is not quite apparent.

3661. Would you be prepared to propose, or to recommend, some scheme by which it should be empowered to determine whether or not the terms of a particular contract entered into with such a combination were reasonable—that there should be some measure of arbitration, in fact?—Yes.

3662. Have you in your mind giving such powers to the Board of Trade, if it does not possess them at the present time?—Yes, certainly.

3663. I do not think I clearly understood what kind of goods you chiefly ship; what are they?—Manufactured machinery; engines, boilers, and all classes of machinery.

3664. Do the existing freights form at the present time a serious percentage of the price of such articles?—Yes; quite serious.

3665. Would you mind giving me some particular case to show the percentage?—The average selling price of our products made at Brith, which is the business we particularly safeguard, is about £45 per ton, and the freights on it will average 45s. or perhaps 35s. We pay 25s. to the Cape, and 45s. to Australia, sometimes 60s. to Australia. I should think it would average about 40s. upon £40—about 5 per cent.

3666. You say the rates are excessive; have they, in point of fact, increased of late?—The tendency has been upward all the while.

3667. One witness, who gave evidence before us the other day, Mr. Tredwen, informed us that in point of fact the rates had been lowered?—I can recall no instance where they are lowered. In no market that we serve have freights been lowered during the last seven or eight years.

3668. Just a word about these freights from New York. Do you know whether the freights from New York which you have in your mind are what I may call living freights—freights which would enable a shipowner to make a profit?—Yes, decidedly. New York freights are not so very much lower than London ones; they are quite living freights.

3669. To take your own commodities, what freight have you in your mind in New York?—35s. per ton, against 42s. from London for the same class of goods exactly.

3670. (Mr. Owen Philipps.) At the present time?—Yes. The date of this is last December.

3671. (Chairman.) To Africa?—To South Africa.

3672. (Sir John Macdonell.) Has that rate prevailed for some time?—Yes.

3673. For how long?—Really, it has been since our Houston contract ceased; as far as South Africa goes, we have been paying those rates ever since then.

3674. So far as I understand your objection to the system, it is in the main that there is something in the nature of what I may describe as undue preference in favour of the shippers from New York, as against the shippers from England?—Yes.

3675. Undue preference?—Yes, in all markets—Australia, West Africa, South Africa. In New York the American ships cheaper than the Englishman does. In the West African trade they go the length of giving him the freight across to England free, and then let him off the 10 per cent. rebate.

3676. As the Chairman reminds me, do these freights which you are now quoting appear in documents which you have before you?—Yes.

3677. (Mr. Owen Philipps.) May I ask what company do carry goods across from America freight free, and then carry them to West Africa?—Elder, Dempster, & Co., the African Shipping Company, will give you a through bill of lading in New York, to Sekondi, and charge you the same freight as they charge from Liverpool to Sekondi. They give you a through bill of lading from New York, and the Englishman has to pay rebate and the New Yorker has not.

3678. Would you mind putting in those documents?—Certainly (*handing in bills of lading*).

3679. (Sir John Macdonell.) Am I right in saying that what you have in your mind is something very much like what prevails in railway legislation in regard to undue preference?—I am not very conversant with railway legislation.

3680. Do I understand that you would go so far as to say that a shipping company should not be allowed to charge freights from point A, equal to or less, than the freights from point B, which is further distant?—No; I do not think I would interfere with the shipowner's business to that extent. It might very possibly be that the freight to the longer and more distant port might be more reasonable than to the nearer one.

3681. It might be more reasonable?—There are conceivable circumstances under which that would be the case. The nearer port of discharge might be a very expensive one.

3682. Why are you confident that these circumstances, which you say are conceivable, do not apply to the freights from New York?—It is not so much the distance between New York and South African ports that I have in mind, but I suppose the distance would be greater between New York and South Africa and the sailing days would be more.

3683. It is a much longer distance?—It means four or five days more sailing, I suppose.

3684. As far as I can make out from the answers you gave to the Chairman, in your view the lower freight from New York was chiefly attributable to the greater smartness and acuteness of the American shipper?—Yes. The absence of any rebate control helps him, of course. If there were no rebate control in England I think we would succeed in being as smart as our American cousin—we might.

3685. So you think it is the rebate system that is at the bottom of it?—Yes.

3686. Have you considered what would be the effect, supposing the rebate system were illegal here but legalised and continued legal in Germany? Have you considered whether that would be a disadvantage to British shipowners?—No; I have not thought about it at all. I saw something mentioned about it in Mr. Tredwen's evidence the other day, but I did not quite grasp the idea of the questions that were put to him, and I did not think much of it.

3687. You mean that you see no force in it?—I do not see any force in it at present. We should like to be without the rebate system; what we want is a free market.

3688. (Mr. Mitchell.) You speak in your proof of a desire to draw the Commissioners' attention to the difference between the interests of a manufacturer and of a merchant with regard to the rebate system. Do you think that in any appreciable number of cases the merchant gets the rebate and retains it?—In the majority of cases, where the small South African merchant is concerned, how can a large merchant in England, shipping out 1,500 tons, say, divide up his little bits of rebate amongst the men with three or four tons!

3689. Have you any knowledge of that actually being so?—No, I cannot say that I have.

3690. But you think it probably would be so?—I have been assured that it is so by people who should know; but it is nothing but hear-say evidence.

3691. If it is a case that the actual shipper is in a position largely to put the rebate into his pocket, that would be one reason why he should be rather in favour of the maintenance of the system?—Yes. He might say it was regularity or uniformity, but it is *£. s. d.*

3692. You say later in your proof that you are of opinion that the shippers do get extra preferences in some form or another?—Yes.

3693. Have you any positive evidence to that effect?—I have no positive evidence.

3694. Then you are merely expressing an opinion?—No. From the same source information reached me when I was asking this so-called canvass last year, when I was going amongst the manufacturers and merchants. Without having any evidence (as I did not want it in black and white, and so have nothing that I could prove), I gathered that the large shippers did get, in addition to their rebate, a further consideration from the shipowners. We do not particularly object to that, because we say a large shipper has a right to a lower rate of freight than the little man, and the little man must suffer. If we shipped a lot, we should expect to get a lower rate of freight than a small shipper would.

3695. Then you say that "the interests of the manufacturers are and can only be to get as cheap a rate of freight as possible commensurate with as regular a service as can be obtained"?—Yes.

3696. You seem to think that the regular service can be obtained through the action of mail contracts in certain cases?—Yes. The regular service that is desired by merchants would be provided by the mail contract in any event.

3697. Do you think that would be sufficient?—Yes, I think it would be sufficient. As far as South Africa is concerned it would be more than sufficient to-day.

3698. Do you think that a regular service could be maintained without the action of any combination of this kind, or of any system of rebates?—Perfectly.

3699. A point that has been raised—and a very important point it is—by many of the witnesses, is that this rebate system does give a much more regular service than they can have without it?—Regular service, in my opinion, is always ensured by the mail contract.

3700. (Mr. Maddison.) I gather from your evidence that your main consideration is the effect of freights upon your prices and the prices which the consumer has to pay?—Yes, that is right.

3701. Therefore the consumer, in your case at any rate, does play a very great part in this inquiry?—Yes.

3702. You have made it quite clear what your view of the uniformity is that obtains under a Conference; it is a uniformity of dearness, I think you consider?—Yes.

3703. You have given us as an instance of the difference between the rates of freight your 17s. 6d. and 23s. 1?—Yes.

3704. That was during the rate war?—Yes.

3705. That was an exceptional period, as we should all admit?—Yes.

3706. Have you any other, what I may call normal comparison between the charges of the Conference and of an outside vessel or line?—I do not know quite what is your point. What is in my mind now is the offer of the Conferences after our Houston contract was terminated of contracting with us again at 25s.

3707. My point is this: Your comparison as between a state of war and what happened after the settlement?—Yes.

3708. Have you any other means of comparison with a more normal rate but not a Conference rate? Perhaps it is only when these wars are on that you can get a sort of comparison?—Yes, I suppose so. I have not any other comparison that I could put before you.

3709. But still do you feel clear in your own mind that the rates which prevail under the Conference system are what may be fairly called high?—I think I should go further, and call them extremely high—exorbitant, if you like.

3710. You would even go so far as to say exorbitant?—Quite so.

3711. And you think you could defend that description of the rates, because that is rather important?—Yes, I think there is not the slightest doubt we can. If we could get the ship's books for a fairly filled steamer out to the Cape it would not be incapable of proof that it was so.

3712. We have had it put here in evidence that the effect of these freights is very immaterial upon the consumer, in South Africa or anywhere else, but South Africa I think was the case specially put before us;

but you do not agree with that?—No. Those figures I gave you just now were rather low, I am afraid in thinking it over. Five per cent. for freight would be very low; it would be more than that. The question of measurement comes in a good deal in the case of our goods, and I should think it would be nearer 7½ per cent. or 10 per cent. than 5 per cent.

3713. You have declared very plainly for an open freight market?—Yes.

3714. A free market all round?—Yes.

3715. How would the small shipper come in with an open freight market?—The small shipper?

3716. The man shipping small quantities, the small man?—He would do very well. I think he would do better for himself that way.

3717. Will you kindly explain why you say so?—He would do ever so much better, because he would not have the feeling that he was bound to ship out by the mail steamer, and he would be able to hold out for better rates whenever he had the opportunity.

3718. Do you not think the preference for the large shipments would be greater in an open freight market than prevails now under the Conference system, where I think they do prevail to some extent, do they not?—Yes, probably that would be so. That is only what the small man has got to look forward to; we cannot nurse him to the extent of giving him the same rates as the man who has got a large shipment.

3719. Still, then, you think he would not get his stuff across yonder at quite the easy rates of a big firm like yours?—I should hope he would not, but he might.

3720. It would rather be a question of cleverness, and it would be a question of the amount that he would have to ship, would it not?—Yes, and of the way he dealt with the shipowner. In the case of the small shipper it depends so much upon his class of goods.

3721. I think then you are admitting that the small man in the open freight market would not come off quite so well as the big man?—Perhaps not.

3722. But you regard that as one of the incidents of ordinary competition?—Yes.

3723. And you think it should prevail?—Yes. If I were a small shipper I should be prepared to take my chances of getting my freight taken out in that way.

3724. Just one point about the two methods you have suggested. The first was the coaxing policy of the Board of Trade, which we quite understood—it was a word that was very expressive—I quite appreciate what you mean. Then there was the more definite form of coaxing, in regard to the mails. Just one word about these mails; you seem to think that the mail contracts have a good deal to do with keeping these Conferences together; is that so?—I do not exactly say that. They may have an influence in keeping the Conference together, but I do not think they are mainly the cause of them.

3725. Then I am at a loss to understand how putting stipulations into a mail contract would have any material effect upon Conferences, because they do not all carry mails, as you know?—But it would keep that line out of the Conference, would it not?

3726. It would keep that line out certainly, but a statement has been made by an honourable Commissioner that only one out of the eight lines in the Conference carry mails; if only one-eighth is affected, that would leave a pretty strong Conference still, would it not?—Yes. You are, of course, referring to South Africa now. If, by means of the Board of Trade or the Post Office, the Conference in South Africa was broken up you would find, I am pretty sure, all these large ships that are going out a quarter full and half full, and never getting a full cargo at all, would be thrown on to other markets, and then you would get a more reasonable number of ships serving the South African market.

3727. If the mails were dealt with in the way you suggest?—If the result was that the Conference in South Africa was broken. If it can be broken by the mail contract, so much the better.

3728. The point I am putting to you is whether you think that an interference with the present system of mail contracts would have any chance of breaking the Conference?—I certainly think so.

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- Mr. C. P. Smith.* 3729. When only one in eight carries the mails?—Yes.
- 16 Apr. 1907. 3730. I would like to know how you reach that conclusion?—Because the mail contract itself is a pretty valuable thing for these people, is it not?
3731. Could not that particular line stand out and the rest of the Conference still go on?—No. I think you would immediately have competition between that particular line and the Conference.
3732. You think so?—Yes. I would be able to pit one again the other, and I think we should get a lower freight from one of them.
3733. I should have thought that the valuable consideration which the line that stood out had got from the mail contract would operate in keeping their freights up, although they were not actually in the Conference, to the ordinary Conference rate, because the mail boats are the boats that get the larger rates, are they not, or should do?—Yes. They are quicker boats, and they take the more valuable cargo—the 50s. cargo. But I think if they had the mail contract, and were obliged by the Post Office not to belong to any Ring or Conference, that would be the wedge that would break it up.
3734. You think it would?—Yes.
3735. Take a Conference that has no mail contract in any of their lines; would you suggest that legislation should then interfere?—Where there is no argument which the Post Office could use, and where the Board of Trade is quite useless, I should certainly say, “Legislate late.”
3736. I want to know your mind on that. Would you deliberately say that Parliament should interfere to say at what rate the shipowner should sell his carriage?—No.
3737. Then what would you do?—I would legislate to make combinations between the shipping companies impossible.
3738. Combinations of any kind?—Yes.
3739. Are you prepared to apply that as a general law—to your own trade even?—Yes.
3740. You are?—Yes.
3741. As a general proposition you are prepared to say that not even two firms should unite?—Yes.
3742. I do not mean amalgamate, but to act together?—I would be quite prepared to accept legislation to the effect that two machinery makers should not combine to keep prices up.
3743. And therefore, of course, you would apply that to the shipowners?—Yes.
3744. (*Mr. Owen Philipps.*) You state in your proof that you think the South African Merchants’ Committee is a self-constituted body. What do you mean by a self-constituted body? Is it not the case that the Committee is elected by the whole trade, by ballot? We have been told in our previous evidence that it consists of 25 firms so elected?—Yes, the whole trade is called together.
3745. By advertisement?—Yes. But who is the gentleman who says that the majority of the trade turns up at these meetings—I have been there.
3746. Is that not a fair way of doing it—to have a public meeting and elect them?—Yes; but one would think that the next step of the committee, self-constituted or not, would be to see to what extent they did represent the South African trade, that is to say, what monetary interest was contained in their little ring fence, and what was outside.
3747. Do you still stand by your proof that you consider it self-constituted, those being the circumstances of its election? Do you wish it to go forward that you regard it as a self-constituted body, seeing that it is elected at a public meeting, by ballot?—Really, I thought so very little of the South African Committee that I do not like to express an opinion.
3748. I want to know, not what you think of the Committee—because there may be personal feeling, or whatever else in the matter—but what you think of your statement that it is a self-constituted body, and whether you think that is a fair statement which you want to stand by?—No; perhaps that is wrong. Perhaps it is not self-constituted. There is no personal feeling whatever.
3749. You think your evidence might fairly be modified in that respect?—Yes, I think it certainly might.
3750. (*Chairman.*) Would you like to modify it?—I should delete the word “self-constituted.”
3751. (*Mr. Owen Philipps.*) Is it not the case that Sir Julius Wernher is the chairman of your company?—Yes.
3752. Are you aware that until last year his firm was a member of this South African Committee?—I am quite aware of it, but I do not think they ever attended one meeting.
3753. But they were members?—They paid a subscription like we did.
3754. (*Professor Gonner.*) You paid a subscription?—Yes, and I think we have discontinued our subscription. I am not certain about it, but I think we made a contribution to it five or six years ago when it was first started.
3755. (*Mr. Owen Philipps.*) Before you made the cheap contract you told us about?—It had no relation to that whatever.
3756. I thought it might?—No.
3757. You have told the Commission that when you canvassed a great many of the large and small shippers to the Cape ports you received very little encouragement—I think you said no encouragement, but at any rate very little encouragement—towards getting up a line of steamers. Has it occurred to you that probably the reason you received so little encouragement was that the merchants were quite satisfied that there was no money being made by the shipowners in the trade compared with their own profits?—No. When I made that canvass I found that it was quite impossible to harmonise the interests of the different shippers and merchants. They were all unanimous in saying the rates were high, even after rebates were paid, and they objected to the tyranny of the Ring in holding back 10 per cent. of their money whilst they were good children. The rock they split upon was the frequency of shipments and the ports of loading and the ports of discharge.
3758. Still, when you go to see business men with a business proposition, the fact of how a trade is paying does affect them before they put money into it, does it not?—Yes, it should.
3759. You will admit that profits is a thing that a business man looks at?—Yes.
3760. I do not know whether you have read our previous evidence. The Commission have had evidence that the profits made by some 20 millions of British shipping is something over 3 per cent. I see by referring to a very handy book that I have before me that the profits of Messrs. Fraser & Chalmers in four years out of the last five years have been 10 per cent., and in one year were 7 per cent.?—Yes.
3761. Assuming that other people in the trade and merchants are doing as well as your own company, in spite of all the iniquities of shipowners, it is not likely that they would be very anxious to invest many millions in a concern which on the average the Commission are told has only produced 3 per cent. on 20 millions of capital; is that not so?—I suppose that is so. But how do you arrive at that 3 per cent.?
3762. We have had it in evidence from the published accounts?—The shipping companies make 3 per cent., but what about the shipping managers?
3763. I did not ask anything about the merchant’s manager; that is a different question, is it not?—Yes; I hope so.
3764. How are your firm as manufacturers in a position to know whether or not rates may be stated as payable rates?—By what one has paid before, by what one knows of the 3 per cent. that you have just referred to, and—taking the South African market—the extravagant way that they are able to carry on business and yet to pay 3 per cent. with half-full ships, and floating palaces at that.
3765. Do you mean that you want to reduce the rates by having a worse class of ship?—No; I want to fill up the ship.
3766. Not to have an inferior ship?—I want fewer ships and full ones.
3767. You mentioned that you had a contract with Messrs. R. P. Houston & Co., and you have told us

that they have joined the Shipping Conference since?—Yes.

3768. Do this firm, Messrs. Houston, still despatch steamers to South African ports, and if so, at what intervals?—I do not think they have sent one boat since last Christmas.

3769. Does that look as if they had found the trade very profitable?—No, it does not.

3770. Does that justify, do you think, your statement that the lower rates which they gave you were a living wage?—You cannot justify any shipowner's conduct by me. I do not pretend to know their little private reasons. Why Mr. Houston is not sending his boats I really do not know.

3771. We know as you have told us, that many of the boats are going now half-full?—Yes.

3772. And, therefore, if Houstons are not sending their boats, I think we may assume that they are not living rates?—The present conditions may not give living rates, but if the Conference were to take off half their boats, Houston, possibly, would put on a boat again if he could send it three-quarters full, but he would not send it out a quarter-full.

3773. There is the fact that there are no homeward cargoes from South Africa; do you not consider that the shipowners have to take that matter into consideration—the boats have to come home?—Yes, but then, of course, they do not have to come home direct; they go to India and South America, and all sorts of places.

3774. You have stated, and I have heard it with much interest, that in no market which you serve have freights been lowered for eight or nine years?—That is right.

3775. I understand that you make machinery?—Yes.

3776. Have not the rates of freight on machinery been reduced by the South African Conference Lines? Are you paying as high rates to-day, as you were paying five or six years ago?—Yes.

3777. Is it not the case that in December, 1902, mining machinery was reduced from the second class to the third class?—Yes, but in the case of almost all mining machinery the classification has been changed altogether.

3778. Does not any of your machinery come into that class?—It all should do, but when you come to pay the freight on it, you find the classification is illusory.

3779. I understand that you make many different varieties of machinery; I know the large nature of your business, and I quite appreciate that. You made a definite statement, did you not, which I took down in your own words, that "in no market which we serve have freights been lowered for eight or nine years"?—Yes.

3780. Now I ask you if it is not the case that mining machinery has been reduced from the second to the third class, which means a reduction to Natal and Delagoa Bay of 7s. 6d. per ton?—Yes.

3781. That is the case?—Yes, but the classification at the same time—

3782. That is the case, is it not?—Yes.

3783. I want to clear the matter up in my own mind. Does none of your machinery come under the mining machinery which before came under Class 2, did it not?—Yes.

3784. Is your mining machinery of such a special nature now that it does not come under Class 3?—No. It is the same mining machinery as it ever was, but when reducing the rate of freight on our product, they changed the classification at the same time and prevented us from packing or nesting tubes, and prevented us from doing all sorts of things, which practically brought the freight back to the same as of old. What they gave with one hand, they took away from you with the other.

3785. So, if you ship 100 tons of machinery, you naturally save 7s. 6d. per ton when going to Natal or Delagoa Bay, compared with what you would have paid five or six years ago; and, therefore, you have had that reduction in rate, and your evidence wants modifying to that extent?—No. There has been a nominal reduction, but the effect has been exactly the same.

3786. I want to get this quite clear. On 100 tons of machinery, do you mean to tell the Commission that the cost of freight would come practically to the same now, although it is 7s. 6d. per ton cheaper?—It is practically the same, because whilst they change the class they have changed the classification.

3787. Does it affect everybody so, or does it only affect you?—I should think it affected everybody.

3788. But it especially affects yourselves?—I know it affects ourselves. I do not know about other people's goods, but I should think it affected other people as well.

3789. Do you mean that that alteration of the classification practically had the effect of putting up the rates that 7s. 6d.?—When the rate was higher, they used to honestly measure a boiler, but when the rate became lower they dishonestly measured it. Do you know what I mean? That diagram may explain (*handing a diagram to the honourable Commissioner*).

3790. I quite appreciate your point?—They would not let us measure them. They measured it their own way when the rate went down, and so when the rate was lowered the measurement was increased.

3791. (*Chairman*.) Did they alter their measurement when the freights were lowered?—Yes. The practice was to allow us to pack or nest our tubes as we liked, and to measure the boiler as we liked. But now he insists on measuring it in an unreasonable way.

3792. (*Mr. Owen Philipps*.) May I put it in another way; I take it that shipping measurement all over the world is always the same; where there are corners, the measurement is taken to the extreme edge, because the corner stops a square thing going against it?—Yes.

3793. Do you mean to say that previous to this alteration of the rate, five or six years ago, they did not enforce that?—No. Pardon me interrupting you. Boiler shipments are a great part of our freight. A boiler that weighs 10 tons will pay three or four rates of freight, and instead of 10s. it would pay 160s. When you come to measure over a boiler like that—(*explaining*)—it will outweigh 100 tons of case goods which go at the lower rate. The additional charges on that boiler at 160s. per ton will outweigh hundreds of tons of that cheaper cargo which goes at 7s. 6d. less rate that you speak of.

3794. (*Sir John Macdonell*.) What is the precise change in the mode of measurement which has taken place? (*Mr. Owen Philipps*.) Has it changed? Is it not simply that the shipowners are now strictly enforcing rules which were not enforced before?—No; it is an arbitrary change. We used to measure over the boiler with the lugs in the corner of the square, and they agreed to this measuring completely over the boiler. Now, they put the lugs outside, and they get from 20 per cent. more freight in consequence.

3795. Then they have altered the rules, you say?—They have altered the way of measuring.

3796. (*Chairman*.) In other words, there has been a change in the rules of measurement?—Yes.

3797. And the result of that is that the freight has not, in effect, been lowered?—In effect, the sum total of our freight has not been lowered.

3798. (*Sir John Macdonell*.) When did that take place?—I really do not remember, but it was five or six years ago.

3799. (*Chairman*.) Your evidence then is that the freights have not been lowered?—In effect they have not, though they have nominally. The class has been lowered, but the result in freight payment is the same to us.

3800. (*Mr. Owen Philipps*.) On the smaller pieces of machinery, not tubes and not boilers, there has been a reduction of 7s. 6d. in the last five or six years, has there not?—Yes. That is a well-known fact, of course; it is published.

3801. I noted your evidence which stated the other thing, and I wanted to clear that point up, and that is the reason I am troubling you about it. You speak of a further abatement to the merchants; do you mean other than the commission named in the rebate circular, and if so, what evidence have you got of that? It is a very strong statement to make to say that illicit commissions are being paid?—Certainly it is. But not now; it was when I was canvassing last year; this was a case a year ago when I was making this canvass.

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3802. It is not very ancient history, even that time?—No, but there is good reason why it should not happen now.

3803. (Sir Hugh Bell.) And what is the reason?—Some Commission Act that came into force on the first of the year preventing people from doing these things, and giving two years hard labour, I think, for doing it.

3804. (Mr. Owen Philipps.) So that in regard to that portion of your evidence, you do not think it is in force now; you only think you are talking of ancient history?—I am speaking of what, in my opinion, took place a year ago when I was canvassing.

3805. You were then under that impression, but you cannot substantiate it?—Of course, I cannot.

3806. There were commissions of this sort, I believe, in one of the Australian trades, particulars of which were given in evidence before a Royal Commission in Australia; and so I thought you might possibly be able to prove it?—No, I have no means of producing black and white evidence. At the time that I was seeing these people, it never occurred to me that I should be called before your Commission, and I did not attempt to get it.

3807. You have told us that formerly there were lower rates, and even at present there are on some articles from America; do the steamers from America wait till they fill up?—I believe they do.

3808. Is it not the case that the English steamer sails the day it advertises to sail, or practically does so the next day, at any rate, but the American does not, and stays on the berth till it gets a full cargo?—Not always.

3809. Is it not so sometimes?—Yes; I think the majority of the boats loading in New York wait until they get a reasonable cargo before they sail.

3810. So that practically the English shipowner sails whether he is full or not, and he gives that service? I know it does not affect you or your machinery whether it gets there a week later; I quite appreciate that?—There must be an advantage in time, of course.

3811. When did you close your works in America?—We did not close them; we sold them four years ago to an American company.

3812. You found it was an advantage to sell them, in spite of the low rates of freight from America; they were not so tempting that there was an encouragement to keep on the works?—Those considerations did not occur to us at all. We sold them because we had a very handsome offer for them. It pleased some American promoters to pay us a big price for them.

3813. (Professor Gonner.) With regard to one or two points you have been questioned about, your statement in your proof is that at the time you made what you describe as a canvass, there were "at that time contracts or understandings between the Shipping Conference Lines and the merchants," and that is your statement to us now?—Yes. It is a statement of opinion of what happened then.

3814. You express no opinion as to whether the same thing is happening now, do you?—Yes. I should express a contrary opinion to that now, I think.

3815. You do not think it is happening now?—I do not think it can happen now.

3816. Still, it was happening then?—Yes, in my opinion, it was happening then. As I say, I had no cause to gather evidence then; I had no idea that I was coming here, or else I might have taken pains to establish how the impression came on my mind.

3817. Then, to take another point, you said there had been no reduction in the rates of freight. I would submit that the more correct way of stating it would be that there had been no reduction in the freights which you were paying on your shipments?—Yes. "Rate of freight" was the wrong term to use there.

3818. Practically the modifications you have mentioned have quite made up for any alterations in the classification of goods?—Exactly so.

3819. I will now take some other points quite apart from those two matters. In answer to the Chairman, you stated that the inequality of the rates as between this country and America to South Africa was not, in your opinion, due to the existence of the rebate system, but then did you not go on to point out that the

American shipper had an advantage in America through his contending with companies which were not allowed to charge rebates?—Yes.

3820. So you indirectly?—Indirectly, I think it is attributable to the rebate system.

3821. To the rebates being here and not there?—Yes.

3822. That is your view?—Yes.

3823. Then passing from the question of the grievance which, I think, everyone will see arises from the non-parity of the rates between America and this country, supposing there was an entire Ring throughout the world under a particular Conference, including American boats, German boats, and so on, then we may assume there would be an equality of rates?—There would be on paper, but my experience of German members of Rings is that they will go back on their friends.

3824. (Mr. Owen Philipps.) Can you give the Commission any proof of that?—Yes, I think I can. I did not come prepared with it, but I think I have got bills of lading of shipments to Sekondi by German boats at rates of freight lower than the Conference rates, they being in the Conference.

3825. Which company are you speaking of?—The Woermann Line.

3826. (Professor Gonner.) Assuming the Conference was so extended, would you still object to it?—Yes, because we think a free freight market is, and must be, our best means of shipping our goods.

3827. The point is that you, as a manufacturer—and this point has been emphasised, but I think it a very important one—attach as much importance, or more importance perhaps, to cheap rates than to what we might call fairly uniform rates?—Yes.

3828. In that respect I gather that you think there is an essential difference between the interests of a merchant and of a manufacturer?—Yes, I think so.

3829. The manufacturer and the consumer have common interests in a cheap freight?—Yes.

3830. But the merchant is interested in a uniform freight?—Yes. That is my opinion; I think merchants would value a uniform freight more than a cheap one.

3831. It does not matter very much to the merchant whether it is cheap or whether it is not?—No, not very much.

3832. But you think a cheap rate of freight is essential?—For us it is essential.

3833. And you think that the system of Conferences which now prevails gives the companies in those Conferences an opportunity of levying high freights?—Exactly so.

3834. You feel convinced of that?—They do not neglect it.

3835. That is, they do not neglect their opportunity?—No.

3836. You have been asked on what ground you assume that the rate is high or excessive or exorbitant—it does not matter what term we use, does it?—No.

3837. As a general proposition, how are you to determine what is a reasonable price in anything?—One can get a little nearer than 17s. 6d. and 25s. There is a wide enough margin between those two to enable you to arrive at a reasonable price. The published accounts of the shipping companies and our knowledge that the steamers are not full, together with our knowledge of the extravagant way they are run—the conditions of the most extravagant kind on which they are run—show us that if they can pay 3 per cent. on that, they can afford to give us 17s. 6d. with a full boat.

3838. I suppose one good way of knowing whether a price is reasonable or not, is by free competition?—Yes; and we should like to test it in that way.

3839. However generous monopolies are in profession, in practice the people who buy from them or use them usually suffer?—Yes.

3840. It has been suggested by previous witnesses that shippers have their own remedy, and on that I will just refer to one or two points. The remedy that is suggested is that counter combinations be formed; is that what you have in your view?—I am afraid not. As the result of this much-talked-of canvass which I made, I think combination is quite impracticable.

3841. Was that one of the objects of your canvass?—Yes.

3842. Whether you could form an effective combination?—Yes. Pardon me for interrupting you, but another reason why we say these freights are excessive, and that the low freight would be a liberal one, is that we had it actually offered to us. At the time of those negotiations for starting a new line to the Cape, we had 16,000 tons a month of cargo practically offered from United Kingdom ports to South African ports, and a certain line of shipowners agreed to take a rate of 20s. per ton.

3843. (Chairman.) Why was that not accepted?—We could not harmonise the interests. We could not agree upon the loading ports and the discharging ports, and we could not agree upon the frequency of service.

3844. (Professor Gonner.) It has been suggested that an association of merchants could easily fight the existing conference by starting shipping lines themselves; I think that the suggestion has been made that it would not be at all difficult to do so, but in your opinion it would be very difficult?—My experience is that it is very difficult.

3845. I suppose it really means asking people to go into another class of business altogether?—Yes. I do not think you would ever get manufacturers and shippers to buy their own steamers in order to remedy this.

3846. You failed?—Yes, though we might have had a contract with other shipowners.

3847. Even that you found was difficult?—Yes. The difficulty was on account of the loading ports. Some wanted four loading ports here and four discharging ports there; some had back freights, some had wool, some had feathers. We could not agree.

3848. (Mr. Owen Philipps.) When they wanted to go to all these loading ports and discharging ports, do you mean that the shipowner would not do it at the rate; was that it?—It was this: We agreed for three loading ports and three discharging ports, and 40 per cent. of the cargo wanted to swing the ship and to say that those three discharging ports should be their ports, and the other 60 per cent. of the cargo it was proposed should suffer, and land at these ports, which would not suit them.

3849. (Professor Gonner.) That is particularly interesting, because we were assured there was practically very little difficulty and that the owners of the cargo would be able to remedy anything?—I should like the people who say that to try, and I should be very glad if they succeed.

3850. Your experience leads you to consider that they will have a great deal of difficulty?—Yes, a great deal.

3851. You think, as a business man, quite apart from that one experience, that it would involve great difficulty, and that there are reasons for it?—Yes, there are reasons for it, but I do not think they are unable to be altogether overcome. What I mean to say is that if I had more time to go about and more perseverance and more tenacity, perhaps I might have carried it through.

3852. But you feel that it would have been difficult?—Very difficult.

3853. Passing from that point, I suppose the suggestion you now make is that the Post Office contract might be used as a means of securing permanent opposition in any big market?—Yes.

3854. So that there would be, at any rate, one line, and usually a large line outside?—Yes.

3855. In other words, there might be a Conference, but it would be a Conference minus one very large line?—Yes, and that would be one man who was on the lookout for freight too.

3856. In other words, there would not be a monopoly?—That is so; it would destroy the monopoly, I think.

3857. That is the point I wanted to know—it would, in your opinion, destroy the monopoly effectively?—Yes.

3858. It does not matter whether it is one person out of four or whether it is two people out of four, but really the monopoly exists, I suppose, when the dissentients are in a very small minority, and are very unimportant?—Yes.

3859. One large competitor, I suppose, would effectively prevent a monopoly?—We think so.

3860. Has the South African Committee, in your opinion, proved of any effective use so far as you were concerned?—To the shipowners, yes, but not to the shippers.

3861. You really have not been able to rely on the South African Committee to get reductions or to remedy your grievances?—No. We do not find any remedy that they have secured.

3862. So that their view that they are a remedial agency has not been carried out so far as your experience is concerned?—No.

3863. That is your definite experience?—Yes.

3864. You say, at the end of your proof, "My proposed evidence would be under three distinct heads, namely, the three different markets we are more especially acquainted with—South Africa, West Africa, and Australia." We have been asking you mainly general questions, but I think those general questions have had a tendency to refer rather to South Africa?—Yes, mainly.

3865. Are there any points of difference that you can suggest in regard to those different quarters of the world?—No. We find the evil the same in all three markets, and the remedy proposed we should propose in all three markets, because it is a remedy that would apply equally we think. There is no difference between the West African, the South African, and the Australian markets that occurs to me.

3866. Do they all give the same sort of facilities, or do some of them give more facilities to the shipper than the others do? For instance, Mr. Soper has made suggestions as to what a more perfect Shipping Conference should do, and I see, amongst other things, that it should give no preferential contracts, and that the shipowner should undertake not to take cargoes on ship's account?—That preferential contract was always a thorn in the side of the South African Committee.

3867. Would you put them all on much the same level?—I do not know. I have no experience of preferential contracts in West Africa or in Australia; it is only in South Africa that we find them.

3868. Taking that point that I last mentioned, you have stated that you do not object to a shipowner taking goods on ship's account?—Not at all. I do not want to interfere with another man's business if he likes to take it.

3869. Do you not object to preferential contracts?—No.

3870. Then you do not object to his giving preferences to one shipper over another?—No.

3871. You would not object to a shipowner carrying your goods at one rate of freight and somebody else's goods at another and lower rate of freight?—If I were foolish enough to be caught so, I should have to blame myself only.

3872. For yourself, you would not disapprove of it?—In a free market, if another man can persuade a shipowner to give him a lower freight, it is my fault if I do not get it too.

3873. Then you carry your idea of a free market to the fullest extent?—To the fullest extent possible.

3874. All persons should compete and get the lowest rate they could?—Yes.

3875. Of course, when a shipowner carries goods on ship's account, we may assume that he is giving a preference to one person at any rate, namely, to himself, for carrying the goods?—Yes.

3876. And he might be charging the other people with any deficit in the cost of carrying those goods?—Yes; still I would not object to it. You see one of the advantages of allowing a shipowner to ship for ship's account would be that he could fill up, and if he had got three-quarters of a cargo, he could load up with timber or cement or coal or anything else and get out.

3877. Still you do not think, looking at it from the point of view of the merchant who is dealing with the shipowner, that it would be satisfactory, do you?—I think the shipowner would soon arrive at the conclusion that it does not pay. If the merchant is at all smart, he will show him the way to lose money.

3878. Of course, to you, as a manufacturer, it would not matter very much, because both of them would

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have to buy goods from you?—That is so; it would not affect us at all.

3879. I think you would agree, would you not, that the merchants would, rather naturally, attach importance to that condition?—Yes, I think the merchant would.

3880. Naturally?—Yes, naturally.

3881. Thank you very much. There are no other points that you could bring out with regard to particular Conferences, are there?—No, I do not think so.

3882. I feel that we have not asked you very much about the other places; but there is nothing that suggests itself to you?—Nothing that I can think of.

3883. (Sir Hugh Bell.) May I ask you what is the size of your parcels; they, of course, vary very greatly?—Anything up to 800 tons. We have chartered a 3,000-ton boat once—a long while ago. We cannot do it now under the Conference, of course.

3884. You cannot do it now?—No, we are barred from that.

3885. Why?—They will not let us. They hold our rebates, and the rebates do not belong to us.

3886. (Chairman.) You can charter a whole vessel, can you not?—No, we have to get the permission of the Conference first, or else we sacrifice our rebates. They are not our rebates; they are our customers' rebates, and so we cannot afford to do it.

3887. (Sir John Macdonell.) Are you speaking of the South African trade now?—Yes.

3888. (Sir Hugh Bell.) They are your customers' rebates, you say?—Yes. It is rather hard on us for that reason.

(Chairman.) You are quite sure of that, are you? I am led to ask that because we have had contrary evidence from the South African trade.

(Professor Gonner.) If you look at Sir Donald Currie's memorandum, you will find it stated that chartering does forfeit the rebate; but we have had evidence to the contrary.

3889. (Chairman.) Do you say you know as a fact that you are not allowed to charter the whole of a ship without forfeiting the rebate?—I cannot say that we have chartered a ship and forfeited the rebates. We have chartered a ship with the permission of the Conference five or six years ago, and we have never made any attempt since. My recollection of the circular which established this rebate system is, that it prevents a man chartering without the consent of the Conference.

3890. Even a whole ship?—Yes. It occurred a little while ago, and I am quite sure of it that we are morally bound to do so—I do not know whether we are actually legally bound by the wording of this rebate circular, but we are morally bound to go to them and say, "Look here, we are chartering a vessel, will you take the freight at that rate?"

3891. (Sir Hugh Bell.) Anyhow, your parcels are rarely large enough to warrant you contemplating chartering vessels?—Very seldom.

3892. If they were, of course, you would not be here, because you would be entirely independent of the Shipping Rings?—Yes.

3893. It is only because your parcels are relatively small, and form a small fraction of the cargo, that you are here?—Yes.

3894. The character of your goods, of course, renders the question of time of, comparatively speaking, little importance?—It is not of very much importance, and we can so arrange our shipments, that it would be of minor importance.

3895. But that is on the assumption that there are regular sailings?—Yes.

3896. You assume regular sailings?—That is, always assuming that there is a mail boat which will go regularly, whatever he charges.

3897. There seems a curious remedy in your view in that respect. You suggest that the Post Office should stipulate that the mail boats should not be in a Conference?—Yes.

3898. Holding the mail contracts means sailing on a particular day?—Yes.

3899. Full or empty?—Yes.

3900. Do you think that the effect of that would be to induce the mail line to take goods at a lower freight?—It would depend how their boats were situated whether they would take it at a low or at high freight.

3901. I am putting it to you?—If I were bound to ship for a break-down job parcels of machinery that were bound to get out there, they would be justified in charging me a high rate.

3902. But they would not know that, and I take it that you would not tell them?—We would not go out of our way to tell them, but if they were to learn that we had a break-down job to do, they would be quite justified in charging a higher rate.

3903. I do not see how you can say that a boat which would be bound to sail on a particular day, whether full or empty, is likely to take it at a lower rate of freight?—I think it is probable that a mail boat, which is bound to sail on a certain day, would rather fill her hold with cargo paying a reasonable freight than go empty.

3904. That is not the proposition. She cannot wait, she is obliged to go, and she cannot the day before she sails rush round and find somebody ready to ship; she must take what is offered. I want you to tell me how you think that is going to reduce all the rates. That ship is not going to take reduced rates, is she?—Yes; I should think very probably she would.

3905. Surely she would be taking cargo at the same rates of freight and she would take whatever comes, because she would have to go on that day?—Yes.

3906. If, as a matter of fact, she finds she only gets a small cargo, on the average you know, the next time she renews her mail contract she will say £50,000 is not enough; I must have £100,000?—Yes.

3907. Is that going to reduce the shipping charges at all?—No, I suppose not.

3908. Then I am afraid that remedy, which you were kind enough to suggest, does not look like a very efficacious one?—I was looking rather further than the particular circumstances of this supposed boat on the berth waiting for cargo. I was looking rather at preventing the mail steamers joining any Conference, which would break up the Conference naturally, and would break up this Ring that we want to be rid of.

3909. There are said to be eight firms, you know, one of which carries the mails, and the other seven do not carry the mails; do you not think the other seven would combine all the more strongly and say, "Leave the mail line out; let the mail line take its chance; we know it has got to go"?—Then we should have to support the mail boat, or do the business with the other seven.

3910. What are you going to do with the Board of Trade? You have suggested that the Board of Trade has great powers of persuasion; but when persuasion has failed, what is the Board of Trade going to do?—I do not know: only it occurs to me that they might find a way.

3911. I am afraid, if I rightly understand your answers to my questions, you rather abandon your Post Office remedy?—Not at all. I should say if it were not efficacious, we should have to try other means; that is all.

3912. I have suggested to you that it would not be efficacious, and you agree with me that it might not be, and you now say let us go to the Board of Trade. What is the Board of Trade to do? Tell me one thing the Board of Trade could do?—I do not know of anything.

3913. The Board of Trade stipulates, I believe, the dietary for the sailors?—Yes.

3914. The Board of Trade could hardly say, "If you do anything wrong in the way of freight you will have to give turtle soup to your sailors," could it?—No, it could not go quite so far as that.

3915. That is one of the things the Board of Trade stipulates for. Then the Board of Trade stipulates as to the crew space. Could it, do you think, make the crew space bigger on a ship that was in a Conference? In a word, can you suggest any remedy which the Board of Trade could apply?—No; in a word I cannot.

3916. Then, you see, it is rather unfortunate, because here are we led away across the marshes by your Post Office which breaks down, and now in the opposite

direction by your Board of Trade, and that breaks down?—Is there no such thing as enlarging the powers of the Board of Trade?

3917. Tell me how. I am suggesting that none of the present powers would be remedies. What would you ask the Board of Trade to do? There must be something in your mind. Tell me, if you were drafting the Act of Parliament or instructing the Act of Parliament to be drafted, what would you say?—I have had no experience in drafting Acts of Parliament. I am afraid I cannot answer that question.

3918. I am not saying "drafting," but "instructing." You are going to tell the draughtsman to do so-and-so, what is it? (*Chairman.*) In a word, what legislation would you recommend?—I do not know.

3919. (*Sir John Macdonell.*) I understood you to say that in your view the Board of Trade should have some powers to enforce something in the nature of compulsory arbitration in regard to the rebate. Was I right in apprehending that to be your view?—It might have such powers; but I am afraid I am rather at sea over those Post Office and Board of Trade remedies. I am only vaguely conscious that they must be there if they were used.

3920. (*Sir Hugh Bell.*) That vague consciousness you do not apply to your own business, I imagine?—I always hate saying I cannot. How do you mean, in my own business?

3921. I should think it is not in that way that you manage your own business; you manage your business on the basis of an accurate knowledge of the circumstances, do you not?—Certainly.

3922. And you see when you come here we try to get the same sort of suggestions out of you?—But you see, giving evidence is not part of my business, so I am rather at sea.

3923. Forgive me if I say that I wish all our witnesses gave their evidence so excellently as you do?—Thank you for the compliment.

3924. It is not intended in any other than a perfectly frank and sincere sense. You have told us that you have no objection—and Professor Gonner has pressed you on that point—to the ship taking cargo on its own account?—That is so.

3925. I think it is clear that is because you are a manufacturer of a kind of article that is not likely to be shipped on ship's account?—Yes, we are.

3926. They would not be likely to take out a few hundred tons of your goods on the chance of finding a purchaser in Australia or the Cape, would they?—I do not think I should find it in my heart to complain if they did.

3927. No, if you got the prices you want?—I do not mean our goods, but goods of other people's make. If a shipowner likes to speculate in machinery it is no business of mine. I am concerned only with cheap rates of freight. If I can get a serviceable rate of freight, that will suit me. I do not care what the shipowner will do with the rest of his space.

3928. Then you have rather given away your case, because you do object to a preferential rate?—No.

3929. Yes?—No, I do not object to a preferential rate.

3930. I thought you told us you objected to it very greatly?—No, pardon me.

3931. You objected to the man who brought the goods from New York to Liverpool for nothing, and then took them on from there to West Africa at the same rate as the English rate, did you not?—Yes.

3932. Was that anything else that a preferential rate?—I suppose it is a preferential rate.

3933. You were kind enough to say that you did not object to a preferential rate from the port of London or Liverpool, or where not, but I point out to you that you do object to a preferential rate when it is from New York or some other port like that?—Certainly I object to a foreigner having an advantage that he should not have at the hands of an English shipowner. That is rather different from a preferential rate between English manufacturers or merchants, is it not?

3934. But forgive me, you have been extraordinarily generous, for you would let your competitor on the Thames have a preferential rate?—If he was clever enough to get it, yes.

3935. But you object to your competitor in New York having a preferential rate?—Yes.

3936. Why?—Simply because he is a foreigner, that is all.

3937. You were that yourselves until the other day when you sold your works in New York?—Yes, I suppose we were.

3938. Then, I suppose, you would have been delighted with a preferential rate?—We used it a good deal when we had our works there.

3939. I have no doubt you did. I am not fractiously seeking to put you in the wrong, but I am endeavouring to see if we can get out of your excellent evidence some sort of suggestion of a remedy for what you are complaining of, and I am sorry to say so far I have not succeeded, and you have not been able to help me?—I am sorry, but I have not. It is a phase of the question I have not studied, and I consider myself quite unable to give evidence on it.

3940. It is very curious that when you suggested that a ship might be filled up with certain commodities you did, almost below your breath, mention two or three—timber, cement, and coal?—Yes.

3941. You do not deal in any of them, do you?—No. Are you seeking to make my evidence as selfish as possible?

3942. What?—I am afraid you are trying to turn my evidence into a very selfish one. I do not suggest timber and cement and coal because we do not deal in them. It never occurred to me for a moment that we never deal in them. We would deal in them, and if I could ship coal or coke or timber and make a profit out of it, I would do it, whether I am a manufacturer or not.

3943. I have no doubt you would. You came here to make certain complaints and to suggest certain remedies?—Yes.

3944. Therefore one wanted to see if we were called upon to apply these remedies, to put them into a report and ask Parliament to sanction them in some form or other, what they would amount to, and whether they would be efficacious. That is what you did, did you not?—Yes, and I am very sorry that my suggestions for the remedy of these evils are so crude.

(*Sir Hugh Bell.*) I am feeling some regret, because our business is, of course, to find the remedies if we can, and we can only find them by the assistance of gentlemen like yourself; and you have made suggestions which I am afraid do not look as if they are going to turn out well in practice.

3945. (*Chairman.*) Would you legislate that every combination of shipowners for the purpose of preventing competition should be illegal?—Yes.

3946. I am suggesting to you that that is possible?—If the efforts of the Post Office and of the Board of Trade fail. But then legislation is such a lengthy business, that it will be so many years before we arrive at any remedies.

3947. (*Sir Hugh Bell.*) I am much obliged to the Chairman for suggesting a line which I was just about to take. This I had before me a few minutes ago. Supposing that were done, and supposing we told British shipowners, "You shall give no preference, you shall not enter into any combination, and none of these things which you are now doing which we complain of shall be done"; supposing that were so, and we left all the rest of the mercantile marine world free to do as it pleases, would you think that desirable? "None of the methods which the rest of the mercantile marine find advantageous to themselves shall be adopted by British ships." Do you think that would do?—It looks on the surface as if it would not.

3948. You are going to put the British shipowner under a further disability; would that be advisable?—It does not look so.

3949. So there again, you see this third remedy which you have already suggested, and which the Chairman calls attention to, does not seem a very efficacious one, does it?—It is all so speculative that I cannot really answer your question. I cannot say whether it would be detrimental to the shipowner or not.

3950. Now to come back to the matter which really concerns you. You are a very important firm in a

Mr. C. P. Smith.

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 16 Apr. 1907. very large way of business; I suppose you are kept pretty busy, are you not?—Yes, very busy.

3951. And all these disadvantages in connection with shipping and so on do not prevent you being very busy?—No.

3952. There are very many other disadvantages you labour under. Your works are on the Thames, are they not?—Yes.

3953. You pay very heavy rates?—Yes.

3954. I have no doubt you complain of them?—Yes.

3955. Do you get anything by railway?—Yes, quite a lot.

3956. I should think you complain of the railway companies?—Most seriously.

3957. If you do not, you are the only manufacturer I ever met who does not. So that really all your complaints only mean that the universe is not very conveniently constructed; does it mean more than that?—No. I like to get to definite points. If I can correct an evil I do not recall the others and say, "Because I cannot correct the others I am not going to bother about this." That is what your question rather intimates to me—that because we pay high rates at Erith and have bad labour there we ought to be content with bad shipping facilities.

3958. I will not say that, but what I will say is, that if you came with some specific remedy for your grievances, some better way of administering affairs, one would be only too glad to listen to you, indeed, everybody in the country would. So when you come complaining of the conditions under which you ship your goods, and suggesting a remedy, we are delighted to listen to you. That is what we want, and if one is venturing to press you upon the point, it is because one feels so strongly the excellent and clear way in which you put your case, which led one to hope to find that the remedies you suggest would prove to be efficacious in practice; and I do not find that. That is what struck me, and I hoped that your answers to me would remove the difficulty in which I find myself; I am sorry they have not?—So am I.

3959. (*Sir Alfred Bateman.*) I do not think I need press you on your proposed remedies; my colleagues have asked you a great many questions on those. There is one thing, however, that I would like to put to you. You spoke of the freight charges amounting to something between 5 and 7½ per cent. on your goods to South Africa, I think?—Yes.

3960. Yours is mining machinery, is it not?—Yes.

3961. When it gets to South Africa it has a longish railway journey?—Yes, it has a very long railway journey.

3962. How much does that railway journey add to the incidence of freight on your goods?—£9 a ton would be the cost of the railway journey, so it is a good deal more.

3963. That is how much per cent.?—Nearly 25 per cent.

3964. On the £45 per ton you mention, that is 20 per cent. which is added to the 5 or 7½ per cent.?—Yes.

3965. So that really is a much heavier charge to you, and a more important one?—Yes, distinctly. If we could get the railway rates down it would be a great advantage.

3966. In connection with that, there is the difference between the charges to port and port. Is that of importance to you? There is a very much heavier charge, as you know, to Durban than there is to Capetown?—Yes.

3967. Is that a point in which you are interested in the case of your goods?—Yes, naturally. If we have to ship to Durban we have to pay the higher rate.

3968. Have you never attempted to get the ship-owners to reduce the rates as between port and port?—No.

3969. Are you not aware that at the Conference a year and a quarter ago of the South African Governments and the shipping companies that was a point on which great stress was laid?—I suppose that was as between the use of the Natal railways or of the Cape railways.

3970. Yes; I only wanted to get from you whether it would affect the railway rates on your goods to a large extent if you could ship more to Delagoa Bay and to Durban?—We would prefer Delagoa Bay, because the railway is short there; and we hope that eventually we will get cheaper rates between Delagoa Bay and Johannesburg.

3971. But you have not thought of the question in that way?—No.

3972. You recognise that it will make a very large difference, do you not?—Yes, it would be a very large difference. But we have not thought of that in connection with shipping, though, of course, we are always open to see if we cannot get these railway rates lowered on the other side.

3973. Perhaps you do not know that the question was raised at the South African Conference, and that it was felt that the railway rates between the ports and the mines were quite as important as the shipping rates outwards on goods like yours?—More important, of course.

SEVENTH DAY.

Tuesday, 23rd April, 1907.

PRESENT :

Sir A. E. BATEMAN, K.C.M.G., in the Chair.

Sir HUGH BELL, Bart.
 Mr. H. BIRCHENOUGH, C.M.G.
 Captain R. MUIRHEAD COLLINS, C.M.G.
 Professor E. C. K. GONNER.
 The Hon. C. N. LAWRENCE.
 Sir JOHN MACDONNELL, M.P.

Mr. F. MADDISON, M.P.
 Mr. I. H. MATHERS.
 Mr. OWEN PHILIPES, M.P.
 The Hon. W. PEMBER REEVES.
 Mr. J. BARRY.
 Mr. AUSTIN TAYLOR, M.P.
 Mr. J. A. WEBSTER, Secretary.

Mr. GEORGE LAMBE, called and examined.

Mr. G. Lambe.
 23 Apr. 1907. 3974. (*Sir Alfred Bateman.*) You appear here to give evidence on behalf of the East India and China section of the London Chamber of Commerce, I understand?—Yes. I was requested by them to give any evidence I could on the question, although I told them I had not very much to give; but still the chairman of the section asked me to appear here.

3975. Can you tell us the names of your firm?—I am one of the firm of Walker, Lambe, and Company, of 23, Rood Lane.

3976. Are you a merchant?—No, I am a broker, but at the same time I have considerable knowledge of the merchants' side of the trade, because I act for a good many merchants, and generally advise them and look after the various branches of their business.

3977. Are you a shipping broker?—No, I am a produce broker, selling East India produce and China produce.

3978. You say in your proof, "The Shipping Ring" has kept freights to London from China so much above

"that to foreign ports that any firm has been approached from New York, asking us to work for American houses instead of working for London importers." By "foreign ports" there, do you mean European ports?—No, that means the United States. I have been approached by a very large firm in New York, asking me, instead of working for some of the prominent English firms for whom I have worked for many years, that I should devote my energies to making New York the emporium instead of London.

3979. That you would have the East India produce brought to New York and distributed from there?—That they being importers of East Indian produce into New York, and of China produce into New York, should develop a trade which, at the present moment, and for all time past, has been carried on from London, or largely from London, and not in the least from America; in other words, that the Americans should enter into competition with us because of the advantages which they particularly notify or instance—advantages in freight and advantages in dock charges which they have over us.

3980. Would this produce be distributed to Europe in large measure?—To some extent in London, but it was more particularly for a trade which is carried on from London for re-export from London to Europe and Mediterranean ports.

3981. Is not tea one of the great commodities?—Tea is the article.

3982. Has it not true that the trade in tea has changed a good deal of late years, and that China tea is more consumed on the Continent and in America than it is in this country?—No, I think not. They claim that China tea is losing ground in America.

3983. Has it not lost ground in England tremendously?—It has, but also it has lost ground in America, they claim, even to a greater extent—or is losing ground there. But the section of the trade to which I refer is not losing ground in England at all; in fact, it is larger now than it has been for years past.

3984. (Mr. Lawrence.) Do you mean by the section of the trade, a section of the China trade?—Yes, the section of the China trade to which I refer.

3985. And that is tea?—Yes. The section of the China trade to which I refer is not losing ground in this country.

3986. (Sir Alfred Bateman.) Up to now I suppose the greater portion of the tea that you have brought to London has been re-exported again, has it not?—No, not the greater portion.

3987. Would you say half?—No, I should not think half.

3988. Not half?—Certainly not half.

3989. You say in your proof, "American firms can send goods to the ports for which we cater on better terms than English houses can, America having a considerable advantage over English firms through lower freights, notwithstanding that their goods reach New York via the Suez Canal, as ours do, and have the additional extra voyage across the Atlantic"—That is so. I have known steamers leave China with goods for London and goods for New York. They have charged to the London importer 45s., and they have put the goods for New York over-side in the Tilbury Docks, transhipped them into American boats for which they have had to pay a freight across the Atlantic, and then landed them in New York at 20s.

3990. Twenty shillings the whole distance?—Yes, and included in that they have paid the transhipment freight from London.

3991. That is not the case now, is it?—No; to some extent we have rectified that. I was one of those who approached the London Chamber of Commerce on the question when it was discussed. I instanced this very episode, and afterwards a determined effort was made by some in the trade to charter boats in Shanghai. The result has been—I do not know whether that has had anything to do with it—that the New York freights have been raised, and they are more on a parity with ours. But that is what the Shipping Rings were doing and apparently were prepared to do as long as they were not shown up or attacked.

3992. You cannot give us the figures at the present moment, can you?—At the present moment the freights from Shanghai to London are 46s., and to New York they are 37s. 6d. Then the New York people in

addition, if they bring them by London boats, have to pay a transhipment fee; but the bulk of it does not come into London—it goes direct across the Atlantic via the Canal.

3993. I suppose 20s. and 25s. were abnormally low rates?—They were the competition rates at the time, and we could have had the same rates to London if there had not been a Ring.

3994. (Mr. Owen Philipps.) What date are you referring to?—I am referring now to about four years ago. That episode occurred about then.

3995. (Sir Alfred Bateman.) About 1903 then?—Yes, about that I should say, but I have not got it absolutely fixed. It is about two years ago since we ventilated this subject before the London Chamber of Commerce, and then it was of comparatively recent date that that occurrence had taken place.

3996. Did the London Chamber of Commerce take strong action?—No, unfortunately they did not. I attribute that largely to the fact that the London Chamber of Commerce in the China section has in it large firms whose interests are quite as much bound up with the shipping trade as agents for the shipping companies as they are in the freight which they pay, which largely is not their own—their clients pay it, not they. I do not wish to be invidious, but there is no large firm in China, or very few of them, but what are agents for the steamship companies. The steamship companies do not run their own offices out there, and then these firms are appointed as agents. It is not to their interests to upset these transactions.

3997. At all events, they are in very intimate relations, are they not, with the shipping companies?—They are absolutely their agents, and therefore they have everything to gain by the shipping companies maintaining their profitable rates.

3998. Are they not customers at the same time?—Their interest as customers is outweighed by their interest as agents, because their personal interest, although they may handle a great deal of stut, is largely on account of their clients. They do not pay these freights but their clients pay those freights, and they get the commission as shipping companies' agents. At the present moment the effect of a ring in the China trade is very severe against the China trade. Steamship companies to-day—and we may naturally suppose they are doing it because it pays them a profit—are bringing goods—our goods—and the same class of goods as the China goods—from Colombo to London at a rate of 30s. per 50 feet, allowing a rebate of 5s. Now, take what we are paying from Shanghai, which it is true is about double the steaming time, but nevertheless the great part of the cost of bringing goods home is not the actual number of days, which is only a question of wages and coal—it is very largely the cost of loading and discharging and the Canal dues.

3999. They would be called terminals if it was a railway?—Quite so. I know this, that a steamer was loaded from Shanghai two years ago, and brought home a full cargo—I had something to do with it, and, therefore, I know—and she came home at 20s. The captain of that boat, or the owner rather of that boat, told a personal friend who was connected with the transaction that he made £6,000 profit on the run. She loaded at 20s.; consequently, I take it, that the costs could not have been much more than 10s. or 12s. His profit was not more than 10s. or 12s.—it would be about 10s.—and, therefore, the cost of coming home was 10s.

4000. That was one occasion that you know of?—Yes. If the Ceylon people have to pay that 10s., that means 10s. per 40 feet. At the present time they are running home at 30s. per 50 feet; and in China we are being charged 45s. per 40 feet. At the equivalent of 30s. per 50 feet our goods should be landed in London at 23s. 6d.; but instead of that we are being charged 45s.

4001. What is the reason of the difference between the 40 feet and the 50 feet?—It is simply one of the customs of the ports. There are various customs in different ports for different trades. Some trades reckon their ton at 40 feet and some at 50. It is only a matter of arithmetic. If it is a 40-foot ton, then the freight is lower—that is all.

4002. Is that at the option of the shipowner?—No, it is the custom of the Indian trade that the ton is taken at 50 cubic feet. That is the difference between

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Colombo and China. The difference in the rate of time home is about 16 days as against 33 days, and yet we are charged double. The profit must be very nearly 2 to 1, because they have got to deduct in both cases, as you call it, their terminal charges. Now take Calcutta on the same principle. Their freight to-day is 36s. 3d., with a cash rebate on the spot of 5s., making it practically 31s. 3d. Without allowing anything for the rebate, because the China men will tell us we get a rebate—so we do at the end of a year; half in six months and half in 12 months, and then they only give us 4s. 6d.—out of 36s. 3d. Calcutta gives a 5s. cash rebate, and worked on the principle as that, our China freight should be from Shanghai 29s. Therefore, we are paying 45s. from Shanghai as opposed to this 29s., and we are paying that 45s. as opposed to the 23s. 6d. from Colombo.

4003. I suppose you get regular sailings through these Shipping Rings?—We do have regular sailings for the reason that the boats that sail are subsidised by our own Government, and, therefore, practically by ourselves, to run for the mails.

4004. They carry the mails, you mean?—They carry the mails, and they get a very large subsidy from us which enables them to run regularly; and then they overcharge us. Having got our money, our subsidy, out of our own pockets, then we are put on an inferior footing to the foreigner.

4005. Is it not an advantage to you to have regular sailings?—None whatever. I say none whatever, because if there were no combination we could get plenty of steamers coming in. I am not speaking for myself, but I am speaking for clients that I know. We have had opportunities for boats which would have gone in to Shanghai and come home to London quite as frequently as we want, and would have come home at half these rates of freight; but they cannot come in, and they dare not come in. If they came in they would be at once run off, just the same as an omnibus company would run off an opposing line here who started against them. But they would come in quite frequently enough for us. I have known cases where I have had a low freight offered us in the East from Shanghai to London. While our Conference rate was 45s., I have had a freight offered me—all we wanted—at 20s.; but the firm who was acting in China for my friends would not avail themselves of it, because if they did they would have forfeited the rebates which they had to give to other clients. Therefore, although my friends are prepared to forfeit rebates they cannot do that, because the people who are acting for friends of mine are tied because they would forfeit rebates that they are entitled to or are going to obtain for other people for whom they have shipped.

4006. Can you put in any agreement or declaration or any paper to show exactly what is the arrangement about rebates, how they are to be paid and how they are forfeited? In the first place have you signed anything?—Yes; in Shanghai there is a document signed.

4007. Have you got a copy with you?—No; but it is understood perfectly well, and it is acted upon by all men of honour. The document which is signed, is signed by the man at this end, not by the shipper.

4008. By the consignee?—Yes. The consignee, when he applies in London, we will say to the P. and O. Steamship Company, to return him his rebate for any freight that he has had come to him by their line during the season, signs a paper applying for that rebate, in which he states that he has received his goods only by Conference Lines.

4009. For how long?—During that year.

4010. It is made up every year, then, is it?—From season to season, which in China runs from the early part of May, in which our season opens, until the end of the season, whenever that may be. You may not be shipping after November or December, but, at any rate, it is until the end of the season.

4011. Is a special charge made for primage and then taken off as rebate?—No; it is not in any way involved in connection with the primage. It is simply a rebate of 10 per cent. on the amount of your total freight during the course of the year. You give them a list of your steamers—such and such a steamer, the "Mongolia," "The China," or whatever steamers you have received by, and the amount of freight you have paid them; then it is cast up and you get 10 per cent. allowed you on the amount you have paid them, that

is to say, you get 5 per cent. in six months and 5 per cent. in 12 months. That is the London system; but in the Calcutta system you have handed back 5 per cent. straight away in cash at the time of shipment.

4012. Then there is no tie, because there is no deferred rebate there?—There is a tie of honour in Calcutta. It is understood that they support the Conference—I believe that is the way in which they put it.

4013. And that acts as well as if it were put down in black and white in an agreement?—I have never heard of any complaints about it.

4014. Is the Calcutta Circular the same as the one you described for Shanghai?—I do not know that there is a circular there, because it is paid straight away in Calcutta. You were raising the question as to whether it is sufficient to bind them; I do not hesitate to say—and I speak from my own knowledge, although I am not prepared to give any names, because I am simply speaking as an agent—as a broker, as I explained to you; if it was my own business I could say what I liked about it, but I have no doubt you will take it from me that it is correct—I do not hesitate to say that the terms of the Conference as between the various shippers in China and England are not adhered to, and that they are broken away from.

4015. Who are they broken by?—The steamships.

4016. (Professor Gonner.) Does that mean that there are differential rates given to some companies?—No; it means that certain firms who can tender what is considered to be an important amount of business—

4017. (Mr. Lawrence.) An important amount of freight?—Yes, business in the way of freight—do get secret returns made to them.

4018. (Mr. Birchenough.) Additional discounts do you mean?—Yes.

4019. (Mr. Owen Philipps.) Can you produce any proof of that?—I prefaced my remarks by telling you that I am not prepared to give you any names, but I state it from my own absolute knowledge.

4020. Can you give any proof to the Chairman privately?—It would be giving names, and I do not intend any such name to be published. I know, having studied the daily press, that the evidence which is given here is reported.

4021. (Sir Alfred Bateman.) We are able to receive evidence which is not reported by writing to the Chairman?—I take it that it is quite possible that anything which I told you might become known. It would be known to every member of your Commission?

4022. Yes?—And it might become known to the steamship companies?

4023. I do not think it is fair to say that?—I do not in the least know how far you might or might not have gentlemen connected with steamship companies on the Commission.

4024. Even if we have those who are connected with steamship companies on the Commission, they are just as honourable as you or I?—I rather think you must take it from me for what it is worth, and if you think it is worth nothing, do not consider that I have told you that I know of my own personal knowledge that that is the case.

4025. (Mr. Owen Philipps.) About what date, approximately?—Within the last six months, and three months, and two months.

4026. Within six months, and three months, and two months?—Going on to-day.

4027. (Professor Gonner.) As a practice, do you mean, continuing at the present time?—I will not say as a practice, because I do not know how far that might mean that it is general; but it is being done by a steamship company.

4028. (Sir Alfred Bateman.) You statement is that for large shipments a larger discount is given?—I say notwithstanding that these steamship companies tell us we have a great advantage through being put in a Ring, that we are all on a footing with our neighbours—upon which I do not place that value; I do not wish to be put on a footing with any neighbour; I want to fight my own hand for what it is worth, and as I think I am capable of doing—

4029. Is not that what you are complaining of?—No; we are not allowed to fight our own hand.

4030. Do you mean you cannot charter a ship?—Who can charter a ship? My friends for whom I act cannot charter a ship and load a ship.

4031. Not a number of them together?—It is difficult to get commercial men to enter into these big combinations. It will be all very well for a large lot of steamship companies, and railway companies, and omnibus companies, and trades unions; but business men have got something else to do than be fighting over combinations and combining. I would rather spend my time over my own individual business than spend my time entering into combinations. Besides, what am I doing? I am putting inferior men whom—perhaps I may be egotistical—I believe to be inferior men—on the same level as myself, by entering into combinations. I do not want combinations; I want to fight my own hand.

4032. You want to have open competition?—Exactly.

(Mr. Barry.) This is a very important statement, sir, that is made by Mr. Lambe, and as he is reluctant to make any definite statement himself, would he have any objection to communicate to the Chairman what he considers the best means of getting proof of that statement? Does he know of any means by which we can get absolute proof of that statement?

(The Witness.) You can only get proof of that statement by the people who receive that rebate from the steamship company telling you of it; and I doubt if they would. Why should they? They would say, "No." But if it is possible that one man is getting it, it may be possible that others are getting it. I was present at the Chamber of Commerce meeting which dealt with this question, and the Chairman of the section said to me, "There is the advantage, at any rate, you feel that you are not being put on any worse terms than your neighbour." It is not so. You are being put on worse terms, even than your neighbour, if these Rings are to be permitted not to abide by them, and they are broken away from, behind your back, by other people.

4033. (Sir Alfred Bateman.) Do you have a regular agreement with the Ring, or is it, as you have stated, for some of your shipments, especially from India, that it is left rather as an affair of honour?—Every bill of lading has upon it the stated rate of freight—45s.

4034. Then your point is that the bill of lading does not disclose the whole facts of the case?—That is so. I think myself that every bill of lading should be compelled to disclose the whole facts of the case.

4035. That the bill of lading should state the rebates and the deductions of all kinds?—Undoubtedly; otherwise it bears upon the face of it—well, it does not bear upon the face of it a false statement, because it is perfectly well known that 45s. is only a fictitious rate, because there is 10 per cent. avowedly and admittedly to come off. So there is no false statement on the bill of lading to-day, but there is not a full declaration of the facts.

4036. And you have no confidence in being successful in getting any combination together of people who would be able to influence the rate?—You can easily imagine the difficulty in getting a Conference as between merchants. We are all fighting one another—absolutely. If a firm with whom I am connected discuss a matter with me, and after full discussion we come to the conclusion that it is good enough to make purchases, the whole secret of the thing is doing it on your own and doing it quietly. You do not want to go and declare what you are doing to your opponents. There is no room for conferences as between merchants, or combinations. The successful man is the man who can see a little bit ahead and think on his own, and act on his own.

4037. But still, in a good many trades there are combinations and agreements for certain purposes among competitors, are there not?—I dare say, but I do not know. I have had a great deal of work in my own business, and I am not professing to know anything about anybody else's. I have been very hard worked in my own business, and I do not much follow other businesses. But I have got, broadly speaking, an idea that the commercial position which this country has reached was not reached by combinations one with the other.

4038. I am not wanting to cross-examine you, please understand?—I think that the commercial position of

this country has been built up by men fighting for their own hand, and each man doing the best he can for himself.

4039. What you want, then, if you are successful is that you should have some help from the State by legislation?—No; broadly speaking, my suggestion is that Rings should not be permitted.

4040. By the State?—Yes.

4041. Then you want legislation by the State?—Yes, to prevent combinations. I think of all combinations that it is not at all fair that a body of traders—because after all steamship companies are but traders who are being subsidised by us, by our own taxpayer—should enter into combinations to put us on an inferior footing compared with other countries.

4042. By subsidising you mean that they have the custom, the trade, which the Government gives them of carrying the mails?—They have such a large subsidy given to them that they can give a regular service; and that service they ought to be able to run on the ordinary competition in a way by which other people could come in and enter into competition with them; but instead of that they knock out all competition.

4043. Then you do not attach any importance to the keeping of freights fairly level?—No, none whatever. I think all those things right themselves, just as all other businesses do. Freights may be too low at one time, and then they will knock out a certain amount of competition, and they will get it back again by a little fuller freight.

4044. Would it not affect you if you were to get a shipment coming to you where the freight has been 40s. and another one coming to a competitor a week or two afterwards where the freight has been 25s. or 20s.?—I should for the time being be a sufferer, because he might undersell me. But I should try to get the better of him a little later on, and if I could not, then I should feel that I must pay for my incapacity.

4045. (Mr. Lawrence.) I think you said that you did not attribute any importance to a regular service?—No great importance—from this point of view, that I think if we had free trade our service would be quite as prompt as we should require.

4046. I think you stated in answer to the Chairman just now that you thought the State, in consequence of giving the subsidies to some of the steamship companies, should regulate the rates offered?—No; I do not think it is possible that the State should enter into any question of the regulation of the rates.

4047. Then what do you say the State should do?—I think that no steamship company which receives a subsidy from the country should be allowed to enter into any Ring or trades union, broadly speaking. That is what it comes to.

4048. And you say that if there was no combination or no Ring, other steamers would come in?—Undoubtedly.

4049. Are you sure?—We should get plenty of steamers which would go into the China ports. They are not running outward to China; they run outward to Japan, but they would go into the China ports, and bring our goods home at 20s.—plenty of them; all we want.

4050. Why do they not do it, then?—Because the moment they come in, you would have every Conference line put down its rate to about 12s. 6d., and knock them out.

4051. Still, if the rate is so remunerative to the combination, as you say it is, at present, surely there are plenty of other people who would form a combination amongst themselves, as against the existing combination amongst the steamship companies, if the trade is good enough?—They might enter into a combination. They might say, "Well, we will combine and we will put on four steamers in the course of the year," or six, or whatever it may be; and then they would find that those six steamers would be run at a loss.

4052. Yes, they might be temporarily?—They would go off.

4053. If there was any question of the trade regulating itself to a great extent, if the trade was worth it, people would go into it and have this combination, would they not?—The whole of the men who have steamers going out to the East, except tramp steamers,

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have come into the Ring—they have brought them all in.

4054. They do not absorb all the steamers in the world; there are plenty of other steamers that could come in, are there not? My point is, that if the trade is big enough would not other people come into it?—They would bring them into the ring at once. Some years ago—it was a good many years ago—an attempt was made to do what you suggest. There was a line of steamers started in London which was called the Mutual Steamship Company. It was largely started by merchants in the China tea trade. They shipped home a great portion of their freights in the year by the Mutual steamers. The Mutual steamers were taken into the Ring.

4055. Were the rates lowered in consequence?—Yes, the rates were lowered. Besides, even if the rate was apparently on paper not much lower, there was a profit on running it, and that was divided amongst the ship-owners. It was just the same as with a mutual insurance company. But they were taken into the Ring, and the rates were raised. While they were running the rates were run very low by all the big lines, so this Mutual line did not pay, and consequently they were glad enough to go into the Ring. They went into the Ring; they were bought up, that is, they were sold by the company and taken into the Ring.

4056. Can you give us any information as to the profits to the steamship companies who are in these various combinations? Do they pay very big dividends?—The only information which I can give you on that point is this: In the year 1905 we thought whether it was going to pay or whether it was not going to pay, it did not much matter; but as a matter of fact there was no great profit on it. There were a few thousand pounds profit on the venture, but it was not done for the purpose of making a profit on the venture; it was done for the purpose of making a determined effort to break down the Ring. A firm hired a steamer from Shanghai to London; she was a good steamer and she discharged her cargo in absolutely perfect condition—in fact she discharged it in better condition than many of these steamers in the Ring which bring their goods from China to Colombo and then tranship them into another boat. That is the system of the P. and O. Company; a great number of their boats do not come direct from Shanghai to London; they go into Colombo and there they discharge, or they go up to Bombay and tranship there. This boat discharged her freight in perfect condition, and there was no ground to take exception to her and say she was an inferior boat. She was chartered at 20s., and she came home and, as I said a few minutes ago, at that 20s. she paid £6,000 profit to the owner on the run.

4057. That might have been an isolated transaction, and you cannot argue on those?—But that shows you there must be a very handsome profit on the 45s. which the other lines are charging us, because she had to pay just as much as they did for loading, just as much for Canal dues, and just as great discharging expenses in London.

4058. Can you tell us, for our information, whether the steamers which belong to this combination pay large dividends?—I do not know. I do not go into the question.

4059. Is there any ground to say that they are making an undue profit at the expense of the trade?—They are making an undue profit in our branch of the trade. I do not know whether they may not have Rings for other places for which they cater.

4060. (Sir John Macdonell.) Are you able to say that the mere circumstance that their dividends are not large may be quite compatible with their making excessive charges in certain trades?—Undoubtedly.

4061. Probably you suggest that one reason why dividends may not be high is that they may make very low charges to other ports?—They may make very low charges to other ports with the intention of knocking out the competition in those ports which they mean to monopolise.

4062. And it is possible to suggest that the low dividend may be partly explained by the undue lowness of freights to those other ports?—I do not suggest even that they do pay low dividends; I do not profess to have any knowledge of it.

4063. You are a produce broker, I understand?—Yes.

4064. It is your business, I suppose, to dispose in the London market of produce coming from the East?—Quite so.

4065. As a produce broker you are not much interested in the question of rebates, are you?—Not at all. It is only the importers who are interested in it.

4066. So you can speak with perfect impartiality on the matter?—Quite so. I speak simply as a man who from time to time hears friends that I have in the trade bitterly complain about the fact that the steamship companies combinations, not only in the China trade but in other trades, are always damaging the trade of this country in competition with Continental and other countries. When I have a case such as the one I referred to, where the American calmly comes to us and suggests that we should throw over London clients and work for them in a trade of which I am perfectly cognisant, I, being a member of the London Chamber of Commerce, quoted it here; and then I was appealed to by Mr. Keswick, who was the Chairman, and is a partner in Jardine, Matheson, and Company, to come here before this Commission and give evidence. I said, "I cannot give very much evidence," and he said "All that you can, give them."

4067. With respect to that incident, when did it take place?—That question, I think, was put to me.

4068. Yes, but I want a little more precision in regard to that. When were you so approached?—About four or five years ago.

4069. At that time the rates to New York, and from New York, were what?—They were 20s. as opposed to London's 45s.

4070. Since that time they have raised rates, I think you said?—No doubt the American freights have been raised. They have probably knocked out the competition in America now; there was competition probably in those days.

4071. What you apprehend, I suppose, is that at any time there may be a return to this great diversity of freights?—No. I am not so much fearing a fact of the return to the low rates against London as between America and London. What I particularly object to is that we should have any combinations at all to keep up rates at prices which are distinctly prohibitive, because if it will pay the large steamship companies running from Calcutta to London to work on the basis of 20s. (which is practically their rate), why should we pay 45s.?

4072. You used the word "prohibitive"; do you really mean "prohibitive"?—Well, I do; because when you consider the price of our article and take a rate of 45s. on tea, that is something approaching three farthings per lb.; at any rate it is over two-thirds of a penny. 40s. is two-thirds of a penny per lb.

4073. (Sir Alfred Bateman.) But 45s. is not half-a-crown a hundredweight, because there are twenty hundredweights in a ton?—Those are cubic feet tons.

4074. So that it is not much more than half-a-ton then?—That is so.

4075. (Sir John Macdonell.) Let me understand this. What do you suggest on a pound of tea this difference in the freight might make in the price to the English consumer?—The difference between 20s. and 45s. is closely approaching one-third of a penny per lb., which on a low-priced article is a merchant's profit.

4076. The difference ultimately in England falls upon the consumer, does it not?—No, not altogether upon the consumer, because the consumer's price is somewhat arrived at by the competition of the distributing branches. But it falls upon somebody.

4077. Does any portion of it fall on the consumer?—It does fall on the consumer; if you have imported an article and it has cost you a certain price, and you make an effort to obtain your cost and a profit on it; so that from that point of view it does fall upon the customer.

4078. Are there any other parts of trade with which you are familiar as to which the high freights that you speak of have had a somewhat similar effect?—I believe that this obtains over everything which comes from China; it is not in regard to tea only.

4079. A word or two about your remarks as to the uniformity of sailing. Do you expect that if there were no Ring and no combination in the shipping trade, ships would be forthcoming, and would sail at

stated intervals just in the same way as they do now?—To some extent I should say "No" to that, because you used the word "stated." You see these boats get away absolutely on a fixed date to carry the mail. There is the fixed date, and you know that a boat will sail with this week's mail on that date.

4080. Will you take your mind to those boats which are not mail boats?—There will be boats sailing quite sufficiently often to answer all practical purposes.

4081. In your view would the shipowner, combination apart, find it good business to have ships sailing at stated or almost stated intervals?—Sailing at intervals quite frequently enough for us, yes.

4082. When you say "frequently enough for us," what do you mean?—For the members of the trade.

4083. For your trade?—For the China trade, sailing quite frequently enough. Remember the number of boats that are in this Ring.

4084. You have given some interesting, but limited, information with respect to the advantages which are given to certain shippers and withheld from certain others. I am not pressing you to furnish any information which you think ought not to be given. In your view does this practice extend not merely to your particular part of the trade, but to any other parts?—There again I cannot say. It is not likely that I should know anything about a trade outside my own. If the practices were so widely known as that, they would defeat their own objects—if they were known in the other trades so much that it would reach my ears.

4085. All you can say is that you have reason to believe that in your particular part of the trade it exists?—I do not believe it; I know it. It is not generally known in the trade, but it is the case.

4086. When you have a grievance of this kind, have you ever brought the grievance to the attention of the members of the Conference?—No. It is not my business to stir up ill-feeling between various firms. You see, I act as a broker, and I am dependent to some extent on their good will.

4087. With every desire to be pacific, I should have expected you to represent the advantages which were given to certain persons and withheld from certain others?—Still, there are certain things which reach a man which he knows in business, but which it is not his duty to proclaim upon the housetops.

4088. What I am putting to you is this: Can it be a very serious grievance if the attention of the Conference has not been called to it?—Can it be what?

4089. Can it be a very serious grievance if the attention of the Conference has not been called to it?—I do not know that it is a very serious grievance. At any rate one does not know to what extent it may be being done with other firms, and is therefore a very serious grievance. It may be being done on a very large scale, which one does not know. If it is possible to do it at all, it may be possible to do it on a very considerable scale. We work on such close lines in our trade. The China trade is carried on in such a way that many large firms in the trade are quite content to work on a very moderate percentage of profit; 2½ per cent profit on a large turnover in some of these China trades represents an important annual income, quite sufficient for some of the large operators; and therefore it would be an important factor.

4090. With reference to the remedies which you suggest, I am not sure that I quite understood what they were, as you seemed to fluctuate a little in your suggestions. In the proof of your evidence one suggestion is, "That it should be made illegal for any bill of lading to be issued without bearing upon it a full disclosure of any rebates or discounts which are to be allowed." You will not mind my asking in what sense you mean "illegal"; do you mean that it is to be prohibited by a penalty?—If it is part of the law of the country there would be a penalty attaching to any departure from it.

4091. That is what you mean?—Quite so.

4092. That any person who suppresses the existence of a rebate, or does not mention it in a bill of lading, is to be punishable?—No; I mean that any steamship company showing a bill of lading without declaring upon it the whole facts of the terms of freight should be brought within the law.

4093. In plain English should be punished by fine or otherwise?—Quite so.

4094. Is that to apply to all bills of lading, including through bills of lading?—I should apply it to all bills of lading. A bill of lading is supposed to be a legal document, and you can take it into a court.

4095. One knows that; but can you not conceive that a person who signs a bill of lading may be ignorant of arrangements which may have been entered into between the various carriers?—No, I cannot. Take, for argument's sake, a steamship company in the East which issues a bill of lading when those goods are shipped; there cannot be an arrangement other than the one on the face of that bill of lading made by anybody other than the agent of that steamship company, and therefore it should be liable to the penalty.

4096. You wish to apply it to all bills of lading?—I would apply it to bills of lading.

4097. To all bills of lading?—Quite so.

4098. Whether given by the master of a sailing vessel or a steamer?—I would apply it to all bills of lading.

4099. Your next suggestion, if I understood you rightly, was that no vessel that received a subsidy for the carriage of mails should be permitted to join a combination?—Quite so. I think that they are subsidised by ourselves, and then, in consequence of being put upon an advantageous footing as compared with the independent shipowner and of thus being put into a strong position because they have got a certain amount in hand whether they do take freight or not, they take freight when necessary at a price which the independent shipowner cannot afford to take freight at but for the purpose of preventing him from coming into the trade.

4100. You suggest that if there is a difference between this Ring and some outsider an advantage is given to the Ring, inasmuch as the public contribute, so to speak, to its fighting strength?—Undoubtedly. They would not hesitate to take advantage of it by having that in hand and dropping their freights, if any outside competitor came in, to a point below which he could afford to run at.

4101. (Mr. Birchenough.) Do you consider that the Conference with which you are acquainted, the China Conference, trades to New York more favourably than it trades to London in the way of freight?—I do not know that our London ring has very much to do with New York.

4102. Then when you state that the freight to New York is 37s. 6d., whereas the freight to London is 45s., it is a different combination?—Quite so. When the New York rates were ruling at 20s. (which they were some time ago), the London boats—that was my grievance—while charging us 45s.—did not hesitate to take goods to New York at 20s. in order to fill up.

4103. And to that extent, of course, they were injurious to British trade?—Exactly. An American could import his goods and send them back to London and land them here after having paid a return freight from New York to London, and yet be considerably under us—and it would be done by our own steamers who were being paid by us. I would not mind the American's competition if he was doing it on his own, by American boats running on their own; but I think it is very hard upon us that we should be subsidising these boats to cut the ground away from under our own feet.

4104. Now Mr. Lawrence, my brother Commissioner, asked you some questions as to how it was if the present lines made large profits, outside steamers did not come in. You would say, would you not, that what happens is this: That where any opposition comes in sufficiently formidable, it is as a matter of fact taken into the Ring, whereas if such opposition is not very formidable it is speedily squeezed out?—You say they are taken into the Ring; I have quoted you an instance of one case where they were taken into the Ring. It is the only case I know of. But we do know that, or rather we have every reason to believe that if another outside boat came in, they would at once drop their freight to a rate of freight which would prevent them getting any cargo; and, knowing that full well, they do not enter the competition. Besides, there is nothing

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left for them to come in for under this pooling rate; there is no man in Shanghai who can give them anything, because they have all got their hands tied.

4105. I do not quite understand how you established your comparison of freights between port and port. You spoke, for instance, of the rate from Calcutta to London as being 29s. 7—I did.

4106. And you compared that with the rate from Shanghai to London of 45s. 7—I did.

4107. What would you consider, on the basis of 29s. from Calcutta, the rate from Shanghai should be?—Supposing, as I say in the case, a boat can be run from Shanghai to London for 10s. to cover expenses—

4108. Of course that is hypothetical?—No, that is actual; I quote a case of a steamship which came home from Shanghai in the year 1905, carrying 6,000 tons of tea, and the owner of that boat made £6,000 profit on her.

4109. (*Mr. Taylor.*) At what rate?—20s.

4110. On the dead weight?—I beg your pardon.

4111. (*Sir Alfred Bateman.*) You are speaking here, are you not, of artificial tons?—I am speaking of tons calculated at the rate of 40 cubic feet per ton. At any rate, he came home with a freight of 20s., and he made a very considerable profit on it. Therefore, just for argument's sake, suppose that the expenses were 10s. and the profit was 10s.; that being the case, you may say, taking the Calcutta rate of 36s. 3d. per 50 cubic feet, or of 29s. per 40 cubic feet, if 10s. represents the charges, then 19s. of it is profit.

4112. (*Mr. Birchenough.*) Of course, this is hypothetical?—No, it is not hypothetical; it is merely a question of figures. If the steamer can land your goods in London at 36s. 3d. from Calcutta, and pay a profit, the 36s. 3d. being for 50 cubic feet, which is 29s. per 40 cubic feet—if she can pay a profit at that 29s., out of which she has had to pay all her terminal expenses, then there must be an exorbitant profit on the 45s. from Shanghai, the terminal expenses in that case being just as great.

4113. That is what I want to get at. Leaving aside the question of the expense—whether it costs 10s. or 15s.—you say that if a steamer can carry a freight from Calcutta to London at 29s., she can carry a freight from Shanghai to London at less than 45s.?—At considerably less. From Ceylon the figures are still less; the Ceylon rate is 23s. 6d.

4114. You have told us with regard to the rebate in your Conference it is returned 50 per cent. in six months, and 50 per cent. in 12 months?—That is so.

4115. Counted from when? Do you make up your accounts every half-year, or how?—The season, we will say, in China opens in May, so that would bring it to November. In November the steamship company render to each shipper a form on which they enter the whole of the shipments they have made, which they send home to their respective consignees; and these people present that form to the London head office of the company and obtain their rebate.

4116. Half at once then?—Half in six months, and half in twelve months.

4117. So that really they have to wait from the first shipments of the season for 12 months or 18 months till they get it?—No. On the first shipments in the season they get the rebate in six months.

4118. In six months from when it is paid?—Yes.

4119. So the maximum period would be 12 months?—Yes.

4120. And they would not have to wait 18 months?—I am not so certain about that, because, as a matter of fact, I do not handle these rebate forms; but my friends have always spoken of it to me as half in six months and half in 12 months. After all, it is not a matter of very great importance; it is only a question of a few months' interest on 4s. 6d. per ton, so that it does not amount to much.

4121. (*Mr. Barry.*) We have had evidence before the Commission from important shipping houses in favour of the Conference Lines, inasmuch as they give regular sailings and maintain steady freights; but we have heard from you to-day that that view is explained by the fact that many import shipping houses are agents for the shipping companies?—Undoubtedly, in my trade.

4122. That is in the China trade?—Yes.

4123. I suppose it is a matter of public knowledge that such shipping houses are agents for shipping companies?—Perfectly so.

4124. There is no secret about it?—None whatever.

4125. You speak of the difficulty, if not the impossibility, of real competition being started against the Conference Lines?—Yes; to my mind it is not possible in the China trade.

4126. I suppose the Conference system holds, in consequence of the deferred rebate, a large proportion of the freight at its mercy?—It is difficult to form an opinion as to the proportion, but I should say myself that it holds a very large majority of the freight at its disposal to ship by what steamers it likes.

4127. There was another point in your evidence that is at variance with what we have been told before, namely, that in the case of a shipper like yourself importing from China, if you imported from a certain quarter by an outside steamer you would less your rebates upon the shipments of all other cargoes?—That is so. The shipper sends you a document entitling you to claim the rebate, and on that he states that he has not shipped goods to you by any other than the Conference Lines.

4128. We have been told that in other trades the fact of importing one cargo outside of the Conference Lines would not affect your position in getting the rebate in regard to other clients?—But each client gets his own.

4129. I understood from you that if you imported—] —But I do not import.

4130. That if anyone took a direct shipment from China outside of the Conference Lines, and he was in the habit of importing also from other shippers from China, the effect of having shipped one cargo outside of the Conference Lines would invalidate the claim of all his other clients for rebate?—“His other clients”; there is a confusion of terms there which I do not quite follow. I will give you a concrete case—an instance which has happened. A firm in China who had been throughout the season of 1905-6—our seasons are called 1905-6 and so on, because they begin in the May of one year and run to the end of April in the next year—had made considerable shipments to a firm in London. This firm in London had an opportunity of having goods shipped for home from Shanghai at a rate of 20s., as there was a steamer in Shanghai available at 20s., and she could take some further freight than was offered to her. I myself invited a firm in China to avail themselves of this opportunity and ship home at 20s. My friends were prepared, if it was availed of, to sacrifice a behalf of the recipients of it in London—or rather they were prepared to sacrifice it—their rebate on the rest of the season from all the Conference Lines, because the saving they would have made on that 20s. would have been greater than the whole of the rebate they were going to get back for the rest of the season from the other Conference Lines. The firm in China declined to ship by this opportunity, because did they do so they would have sacrificed the whole of their rebate for their other clients in different parts.

4131. That is precisely the point I wanted to bring out, because we have had it previously in evidence that shipping outside the Conference Lines for one particular client would not invalidate the claim of other clients?—I can only say that the firm in China considered it would, and they did not avail themselves of the opportunity to make the shipment, and my friends in London in consequence lost the opportunity of receiving a considerable shipment of goods at 20s. per ton instead of 45s.

4132. Thank you; that is a very important point—I am only giving that incident. Whether the firm in China were wrong in their conception of what was their position or not, that I do not go into, but I do know, as a matter of fact, that they refused to avail of the opportunity because I was the medium through which the telegraphic communications took place.

4133. You told us a little later on that the American freights stood for a long time from Shanghai, say, to New York at 25s. 7—And were gradually and gradually raised, at intervals of a month or two months, by half-a-crown and half-a-crown until they have to-day got up to 37s. 6d.

4134. Have they any rebate on that 37s. 6d.?—I do not know, because I am not in the American trade.

4135. You spoke of the mail steamers having, on certain occasions, taken freights as low as 20s. for New York, while British importers were compelled to pay 45s.?—I did not intend to state that of mail steamers; I spoke of the Conference steamers, Conference boats.

4136. Do you know of any instance where that has occurred with the mail steamers which have received subsidies?—No, I do not know that it was so, and I would not say it was so.

4137. May it be regarded as a common occurrence on the part of the Conference steamers that they take cargoes for New York as low as 20s. in order to fill up?—They did when the Conference rate to New York was 20s. at that time; but to-day it is 37s. 6d. As a general rule, I should say, "No," it is not a very common occurrence, because probably they have sufficient freight of their own. It is only at times that it has been done. I only instanced it as showing what these steamship companies will do and what consideration they will have for us, their countrymen.

4138. Do you think that a declaration on the face of the bill of lading, of all rebates and all concessions, would have a good effect?—It would have some effect.

4139. It would help to get rid of the objection that you took to some houses obtaining special terms, would it not?—Yes, it would have some effect.

4140. Your main suggestion, I take it, is that there ought to be legislation prohibiting entirely the existence of Rings?—That is my contention; and that we should all of us be allowed to fight our own hands—that we are not to be tied down to one dead level. When those Rings have been formed, they are used for the purpose of crushing out *bona fide* competition, and, therefore, the rates are raised to unduly high ones. For a time the competition may go on, and we are all, perhaps, for a time getting the advantage of it. I have seen the time when I was shipping goods across the Atlantic to New York at half-a-crown, but of course it was only for a time. It has its effect: it knocks out the extra tonnage. When there is undue tonnage in a trade, it goes out and the trade regulates itself back again. But the effect of these Rings is that *bona fide* competition is knocked out, and we are then subjected to an unduly high rate of freight.

4141. (Mr. Maddison.) You have made it perfectly plain in your evidence that you stand for an open freight market—a free market?—Quite so.

4142. In taking that view, you have satisfied yourself, have you not, that with this free competition you could so act as to demoralise the shipping trade if it were not giving you a fairly free supply of boats to bring your stuff?—Undoubtedly so.

4143. Have you any experience in that direction; I mean to say on what do you base your opinion?—I base it generally upon the view that the competition in the shipping trade is as great as in every other trade, and that there are men who are always seeking for the employment of their ships, and that wherever there was a profitable freight obtainable those ships would find their way.

4144. You have told us that you know only about the China tea trade, but can you conceive that there may be other trades to which very regular sailings would be almost essential?—I come into contact with a good many men in other trades than my own, and I hear these same complaints about the effect of these combinations. I am bound to say that I never heard of a man being in the trade who found that he was suffering through want of regularity of transport.

4145. I suppose, as a matter of fact, you have no basis of comparison, because you have only known the Ring system, is that not so?—The Ring system has existed now for a good many years, and so it is a little difficult to make a comparison.

4146. But you are convinced that the Ring system, while it may give uniformity of rates, has also given uniformly high rates; that is your position, is it not?—I should say unduly high rates.

4147. And uniformly high rates?—Uniformly high in our trade.

4148. Now about this American competition. I gathered from your evidence that if the lower freights

from New York were the result of competition in which the Americans could give a lower freight, you would not object?—No, certainly not. If the American, through any circumstances of his own, is able to put his share of the trade of the world on such a footing that he can command lower freights into America, we must put up with it.

4149. But you say that some of the Conference boats, in order to fill up, have actually taken it for 20s., whereas they were charging you 45s.?—That is so.

4150. And that is your ground of objection?—I object to that. I simply give that as an instance of what we are suffering from in consequence of the Rings.

4151. Just one word about that very important statement of yours—and here again I am not going to press you, because you have made your position plain—about your knowledge of the preference being given to certain firms by steamers in the Ring?—I will be absolutely precise. I think you have got just one letter too much in it; we will bring it down to a certain firm.

4152. Then your evidence is that you know a certain firm which did get preference from a line of steamers in a Conference?—Quite so.

4153. Might I ask you whether that preference was given on account merely of a very large shipment?—Doubtless it would be only given to a firm whose business would be of sufficient importance to make it worth their while to give it to them.

4154. So that it was a very large shipment. We have had it stated in evidence that the abolition of Rings would be bad for the small man; what do you say to that?—No; not if he is a man of intelligence.

4155. We will assume that?—I do not see that it would be. Besides, the legislation of this country does not all tend to foster the small man; the legislation of this country, so far, is to let the small man and the big man each fight his own.

4156. I am only putting to you what we have already had before us, so that by comparison we may (though there is a little doubt about it) get at the truth. You have already said that the basis of this preference to this particular firm was its large shipments; in an open freight market would not the small man, who could only offer small consignments, small parcels, or whatever you call them, be constantly knocked out?—No, for this reason: I do not know in the least whether it is legal, and I do not suppose for a moment it is binding, but there is an understood law in the China shipping trade, and I believe that it is invariably abided by, that the lowest rate at which freight is taken by a steamship company shall apply to the whole cargo. Supposing a steamer puts on to the berth in China at 40s., and when she has secured 5,000 tons out of her 6,000 wants to fill up and get away, she lowers her rate to 35s. from the 40s.—then the people who have engaged at 40s., and shipped at 40s., and whose stuff is on board, are reduced to the 35s.

4157. That is most important evidence; do you know that as a matter of fact?—It is the case. If you call before you any steamship company people, they will tell you it is so. They can raise, and it is not unknown that they do raise, the rate of freight when a steamer is partly loaded. I have known myself a case where I have engaged so many thousand tons outward from this country to the United States at a certain rate of freight, but the demand has come along. We will take the McKinley Tariff some years ago as an instance, when there was an enormous rush of freights in this country to get stuff out. When you had got your stuff engaged at probably 12s. 6d. or 15s., which is about the normal rate of freight outward to New York from London, they raised the freight to 30s. on every ton that they engaged afterwards, but you stood in, on your prior engagements, at the lower rate. But if they lower them, it is all lowered and the small man is on the same footing as the big man. If Jardine, Matheson, and Company ship a thousand tons home and they engage it at 40s., and if anyone goes or friends of mine go into that steamship company's office and say, "I want a hundred tons on that steamer; I pay 40s.," they do not charge me 42s. 6d. because I cannot give them a thousand tons.

4158. So that the net result of your evidence upon this point is that in an open market the small man would get the lowest rates on a ship?—I should think

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it is a question that you could easily satisfy yourselves upon from the steamship companies; but that is my belief.

4159. You said something about combination being all right for those who had nothing to do; but it has not, as a rule, been the idle people who have combined, has it?—Not much to do?

4160. I think you said, "Nothing to do." The Chairman, I think it was, asked you whether it would not be possible to get a combination of shippers to break these Rings, and you said you had no belief in combinations—that they were all right for those who had nothing to do, but you were busy. I merely ask you whether you think combination is generally the outcome of idleness?—I do not know that I said that those who had nothing to do went into combinations.

4161. I will not press that. But this is my really important question: Combination is only a means, it is not the end of things, and if by combination you could break these Rings, which you so much object to, you would attempt it, would you not?—Certainly. We have attempted to do that; we loaded a steamer, or she was loaded, in Shanghai about two years ago, for 20s., for the purpose of trying to break them.

4162. Why did you not keep on that steamer?—It is a very difficult thing to load a steamer with 6,000 or 4,000 or 5,000 tons, and you find that the moment you get into the market of Shanghai or Hankow, John Chinaman knows you have got a steamer on the berth, that you have chartered and that you have got to fill her, and that if you do not fill her you have got so much a day to pay for lying there, and so he puts his prices up against you until you have loaded her.

4163. Of course, you will admit that the shipowner has also to meet these difficulties of John Chinaman?—No. He has none of those difficulties because he has got the whole trade of the port to support him.

4164. Do you mean that the Ring prevents him from having those difficulties?—His difficulties being what? The ship has nothing to do with the difficulties. It is the buyer of the tea that would have to do with the difficulties which would be as between John Chinaman and himself. Suppose I had a steamer at Hankow, and John Chinaman knew that she was coming in and I had got to load her, I should find the markets against me until I had loaded her. They have the most powerful guilds in the world there. Our labour trade unions in this country or trade union combinations in this country are children in combination compared to John Chinaman—children.

4165. I have had to defend trade unionism against some attacks, but I did not think we had got down to Chinamen. You will not institute a parallel between Chinamen and British trade unionism, will you?—Yes, I would.

4166. Then we had better leave the question?—I will say that the China combination is perfect.

4167. Yes, but it is of a different character?—And, therefore, if a steamer went into Hankow to be loaded by an individual, he would find the markets held up against him until he had loaded her; and, therefore, that would prevent a small combination of people trying to break down the Rings by sending in a steamer.

4168. But if you can bring that stuff here for 20s., would it not be such an attraction that people would break from the Rings and ship with you?—The attraction on that particular amount of stuff that they have, being shared amongst a number of shippers, would probably be less than the whole of their rebate for the season. It is only when a man can enter into a very large shipment at a very low rate of freight that it becomes worth his while to give up the whole of his rebates; and even then, if he is doing it through an agent, the agent declines to ship by that opportunity.

4169. So that really, as a very keen business man wishing to break up the Rings, you see almost insuperable difficulties in doing it by ordinary combination?—As to-day we have them, yes.

4170. My point here is that, you have no right to be running whining to Parliament for help if you have not helped yourselves by trying to break them up?—You cannot break them up in the China trade, as I tell you.

4171. You give that deliberate evidence that you cannot break them up?—I say that for an individual to attempt to load a steamer in Shanghai—

4172. I am speaking of a combination of individuals?—In this country, as I explained, I think, to Sir Alfred Bateman, it is difficult for merchants to do that. They are all fighting one another; they are not combining together.

4173. But surely they have a common interest in getting low freights? I thoroughly appreciate what you say about competition, but surely there is a common point which all competitors can agree about?—As I also said to you, if those people through whom the Londoner is asking are also interested as agents for the steamship companies, and are getting their benefits from the steamship companies, they are not wishing to break down the profits of those steamship companies by fostering a competition against them.

4174. Are all the shippers agents of the steamship companies?—A very large number of them are.

4175. What proportion?—A very considerable number in the China trade are.

4176. Roughly, what proportion would you give it as?—That you must not tax me with, because I might prove to be wrong; but I know that there are very few firms out in China—

4177. That answers me; if you say there are very few out?—There are very few out in China, and a very considerable proportion of them are connected with the steamship companies.

4178. You have given us as your one concrete recommendation that the Government should make it a condition that no subsidy should be given for the mails to any line that was in a Conference?—Quite so.

4179. I gather from that that you think the carrying of the mails is a very important part of the Conference system, for their cohesive purposes and for their fighting purposes, so to speak?—I think it enables them, at any rate, to start. You may take it for granted, and at any rate I should take it for granted—it is purely a matter of opinion, and this is only my opinion—that such a Line as the P. & O. Steamship Company would not tie itself down to make a regular service of boats regardless of the freight they got, unless they were getting such a subsidy that it was of very considerable value to them and went a long way towards rendering them independent of the competition of the freight market.

4180. In the China market what proportion of the Conference Lines carry mails to England?—I am not sure that I know. The P. & O. do, the Messageries Maritimes do, and the North German Lloyds do; they are subsidised.

4181. By us?—No, but they are subsidised boats.

4182. But the economic effect is the same—I see your point?—I am not very *au fait* on these matters, because I have not anything to do with the shipping trade beyond the payment of the freights, but I have a notion that about four or five of our leading passenger companies who are catering for the English trade are subsidised.

4183. Out of how many?—What have we got in the trade? The bulk of our trade comes home by about four or five lines. There is the Japanese Line, the Maru, and there are the P. & O., the Messageries, and the German Lloyd, which make four. Then there is the Ben Line. The other boats have very little of the trade; the bulk of the trade comes home by about five lines.

4184. Who carry the mails?—Yes.

4185. This is why I am putting the question to you: A line in the Conference carrying mails may have an advantage in the way you describe, but how will that advantage come to the other companies who are in the Conference? They do not pool their business at all, do they?—It is shrewdly suspected that they do pool when they come into the Conference, and that although they do not run a regular line of boats, or a very large number of boats, that they still do participate in some of the benefits of it. But that information you can only get by putting the members of the steamship companies under cross-examination on oath.

4186. But you have a view on that point evidently that they do?—I have a strong impression on that point. You made a remark that we must not get away from this question into trade unionism; I know as a matter of fact that there is a large pool in London

in connection with the warehouse companies; they pool.

4187. (*Sir Alfred Bateman.*) Has that anything to do with our subject?—It has a bearing on this question.

4188. But it is only an impression of yours; you do not know it?—I know of this, when I speak about a pool in the warehousing question.

4189. (*Mr. Maddison.*) But you do not know it as to the Conference Lines, although you shrewdly suspect it?—I shrewdly suspect it; it is generally believed that it is so.

4190. With respect to your suggested remedy about legislation, what would you say as to the Conference Lines which do not carry the mails at all? Would you want Parliament to interfere in that case?—There are a certain number of boats in that Conference that Parliament would have absolutely no power over, because they do not fly our flag.

4191. I am talking about those that do fly our flag?—I would make it apply to all boats.

4192. Whether they carried mails or not?—Yes. I would prevent Rings altogether.

4193. Now you are carrying your suggestions a stage further?—You may depend upon it that if it was applied to mail boats the Rings would never exist.

4194. Now I have got to ask you this: Why should you single out a ship sailing on the free ocean—disabuse your mind for a moment of the mails—why should you apply a law to shipping that you do not apply to a Ring in your trade? You probably have a good Ring in your trade, I should imagine, have you not? You may in the produce trade have a pretty good Ring?—I know of no Ring in my trade.

4195. I thought perhaps you had one; I mean to say, would you single out shipping, apart from mails, and pass a law saying that they shall not combine, or would you apply it to all similar combinations in trade?—Personally, I would apply it to every combination and to every trade.

4196. (*Mr. Owen Phillips.*) Are you what is known as a buying broker?—No; I am what we call a merchants' broker—a selling broker.

4197. In your evidence you have stated that the Shipping Ring has kept freights to London from China very much above the rates to foreign ports, and you have quoted 37s. 6d. as the rate at present to the United States, and 45s. as the United Kingdom rate?—Yes.

4198. Is it the case that there is more tea going to the United States than is coming to London?—From China?

4199. Yes?—There may be a little more, but there is not a wide difference.

4200. Have you much experience in this trade?—I have been in it for about 47 years.

4201. Would you be surprised to hear that the trade to the United States and Canada in 1904 was 89,000,000 lbs.?—No, I should not; but was that 89,000,000 lbs. from China?

4202. It was from China and Japan. Now take 1905—would you be surprised to hear that in 1905 it was 75,000,000 lbs. to the United States, and to all ports in the United Kingdom it was only 29,000,000 lbs.?—No.

4203. That is, you would not be surprised?—No.

4204. Yet you told us just now, with your 47 years' experience, that there was no difference between the two practically?—I said that, but afterwards you linked Japan with it. You did not link Japan with it when I answered your first question, and I imagined you were speaking of China. The greater proportion—a very large proportion certainly, something like 50 per cent. of the American and Canadian consumption—is Japanese; in fact, it is considerably more than 50 per cent. if you include Formosa, which is under the Japanese flag now. But between the China trade to London and the China trade to the United States there is no very great difference.

4205. You are also interested in the Japan tea trade, are you not, or are you only interested in the China tea trade?—There is no Japan tea trade in England, not a fraction.

4206. Could you give the Commission what is the position of the China tea trade in England? Is it increasing or decreasing?—It is very common knowledge that it has enormously decreased of late years. At the present moment it is believed that it is increasing slightly. Then again we say that to some extent we have suffered, as you can easily imagine when you see an article like tea sold at the popular price at which it is. There is a very large quantity of it which is distributed over the counter by the retailer at a cost of about 14d., of which to-day 5d., and of late years 6d., has been the duty. That leaves 8d. The retailer's profit you may fairly put down at 2d., and that brings his cost to 6d. There is a good deal of tea sold at a sixpenny cost. If you are going to have a differential rate of freight as between 23s. 6d. from Colombo and 45s. from China, look how it fosters the one trade and tells against the other! We contend that these prohibitive rates of freight on a low-priced article have told against the China trade; that is part of our very contention. At the present moment the Indian people have, by fortuitous circumstances, had the good fortune possibly of having had unfavourable weather (if you can call unfavourable weather a good fortune); to some extent their supplies have been curtailed, and they have raised their price to about 8d. per lb. for common tea. Had we had the China trade less crippled, we should have had a fair supply of low-priced China tea—not common tea, but low-priced China tea—which would have to some extent stopped that.

4207. Would you admit that in a trade where there is a very large quantity shipped, there is a tendency for those ports to which there is a very large shipment of any commodity in bulk, to get lower rates than some other ports to which there is a less quantity shipped? Would you not admit that that is a competitive tendency all over the world?—Yes, it may be so, slightly; but you must understand that China tea is not the only article which is being shipped from China, and that these Rings apply to the whole cargo, and that those rates apply to the whole cargo.

4208. I find by one of the price currents of the Hong Kong Chamber of Commerce that in 1905 29,000,000 lbs. were shipped to the United Kingdom, as against 75,000,000 lbs. to the United States; would that not naturally tend to give a cheaper rate to the place where there was a bigger quantity going?—No, because you would require fewer ships for the 29,000,000, and those ships would still come in at a remunerative freight; instead of 20 coming in, perhaps you would have only 10 coming in.

4209. I would like to draw your attention to a somewhat remarkable statement that you made to the Commission recently. You informed the Commission as a thing which you know about, that in every case all over the world, wherever a shipowner took a lower rate to fill up, he always reduced the rate on the whole of the quantity already shipped. Were you speaking there from knowledge?—I am speaking of my own trade, the China tea trade in Hankow.

4210. You made the statement more general?—I am speaking solely of my own trade. I do not profess to have any knowledge of any trade other than my own.

4211. But you made a general statement?—The evidence which I may give here, and any answers which I may give, I am applying solely to my own trade. I believe that the custom in our trade is—I have been told it by men who have loaded boats in the China trade for a considerable number of years—that if a steamer puts on to the berth at one rate and then it is afterwards lowered, it is lowered to all the cargo that is on her.

4212. As you originally made the statement, it applied to a much wider area?—I think I must have been misunderstood. I had no intention of applying it to any other article than my own.

4213. You mentioned a great deal earlier in your evidence—I think it was when Sir Alfred Bateman was examining you—a case where a certain unnamed ship had, on a certain voyage, made £8,000 profit in carrying tea at 20s.?—Yes; but I think if you will look at the figures you will see the £8,000 must be £3,000. The total freight would be only £8,000, because there were 6,000 tons at 20s.

4214. It struck me that it was rather large, and I was interested in seeing how you made it out?—It

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23 Apr. 1907. should be £3,000 out of £8,000. It was 50 per cent. I said—10s. out of 20s.

4215. I would like to know a little more about this interesting voyage. Have you any experience of practical shipowning?—None.

4216. Did you see the ship's account for this particular voyage?—I said that the owner of the ship told my friend who chartered her what he made out of it; he made 50 per cent. profit on his freight.

4217. Excuse me, I do not want to press you, but I want to get at the value of the evidence you are giving this Commission. I understand you did not see the account, and the owner did not tell you, but you are coming and giving evidence to this Royal Commission not of what you know or what your friend knows, but of something some third party told your friend, who told you; and when you are pressed, you reduce the fact from £8,000 to £3,000?—The tonnage of the steamer was 6,000 tons, the freight was 20s., and consequently the gross freight was £8,000. The owner of the steamer told my friend who loaded her—

4218. Who told you?—?—I was very interested in the transaction, therefore, I am likely to know something about the facts—that he made 10s. a ton profit on his freight.

4219. And you believed it?—I believe it.

4220. We will pass from that for a moment. You made a very interesting statement in your evidence-in-chief which has already been referred to, namely, that arrangements are made by some shippers—I think you reduced that to one firm?—No; do not say I made the statement "by shippers."

4221. I was reading the words in your own statement. You say in your proof, "Arrangements are made un-known to the general consignees by some shippers"?—By a shipper; I speak only of a case which I know.

4222. In your opinion, all such arrangements are very undesirable, to put it mildly, is that so?—Certainly I think it is—if we are being subjected to a Ring, and we are told that the advantages of that Ring is that we are all put on one footing, and we then know that it is not absolutely abided by by all the members of that Ring, what safeguard, what guarantee, have we of there being any firm basis for that arrangement that we are all in?

4223. Therefore, you would agree with my question that it is very undesirable? I put it mildly. You do agree with me?—Undesirable that—

4224. That such a thing should be possible under the existing arrangements?—I think it is distinctly undesirable that any arrangements should be entered into that it is possible to depart from in such a way.

4225. It would not surprise you, I suppose, to know that the leading companies in the trade would consider it as undesirable as you do? Or would that surprise you?—No; I should say that they would all profess that it was undesirable.

4226. Therefore, I would like to carry it a stage further and suggest to you: Would it not have been the best way to deal with a question like this, which, I think, from the fact that it is unknown to the general consignees, we may take it is not very general—is that not so?—I do not know at all. I was asked the question before, and I say it is not likely to be made public.

4227. Have you taken any steps?—?—I was asked that question—no.

4228. I mean have you taken any private steps, because private steps are very often taken by merchants who are aggrieved, to bring a matter to an end?—No, I have taken none. I do not feel justified, as I have said, in giving the names up. I only mention it as evidence of what it is possible to do with these Rings.

4229. You would not be surprised to hear that the leading firms in the trade are prepared to come here and give evidence that they have not done such a thing?—No, I should not be surprised to hear it. If they tell you that they are prepared to come forward, and do so, I should not be surprised and I should accept their statement.

4230. What?—If the leading companies in the trade have told you that they will come forward and give that evidence I should accept their statement.

4231. That is what I should have expected from you. There is only one other question I want to detain you

upon. You referred early in your evidence to omnibus companies; the comparison between shipping companies and omnibus companies is somewhat remote, is it not?—Except that it is a carrying trade in both cases, and we know in the case of omnibuses that it is a common practice to run one another off the road.

4232. Do you see any reason why a shipping company should not have the same rights of protecting its trade from being attacked as an omnibus company has?—Of protecting itself from being attacked? I do not know that it is being attacked.

4233. You quoted the omnibus company?—Quite so, but I do not see that because a man has got steamers and he wants to employ them, he is attacking a trade. Supposing he is taking a cargo out to Japan and he cannot load her in Japan, I do not see that it is altogether the right way of putting it to say he is attacking the other companies' trade because he goes into another port and wants to load home.

4243. I take your own simile. You talked of a strange omnibus coming on to the route, and you talked of its attacking the other omnibuses?—We know that they do so.

4235. Do you see any reason why the shipowners should be differently treated to omnibus companies in regard to their rights of combination? I should say they are both carriers, if not public carriers?—The illustration of the omnibus company is a very small matter. It is not a point affecting the trade of the country, when you are dealing with a question of whether a person is paying a penny or twopenny for a ride during the day. This is affecting the trade of the country, and these combinations might be very far-reaching and have a very considerable effect upon the trade of the country.

4236. I understood from your previous evidence, that whilst the omnibus company might be charging a penny extra, the most that you say against the steamship owners is that they charge one-third of a penny on a pound of tea?—But I say that they charge you the difference between 23s. 6d. and 45s., which is something like 100 per cent?

4237. No?—It is approaching it. The difference between 23s. 6d. and 45s. is an enormous percentage on the rate of freight that they could run at.

4238. You are aware, are you not, that both passenger and intermediate boats, all liners, are very much more expensive to build and to run than ordinary cargo steamers?—I do not go into a question of that sort; but if it is so, I suppose they get the advantage out of that by the handsome rates which they obtain from the passengers they carry. If they incur a certain expense for fitting their ships to carry passengers, you may take it for granted they do not carry those passengers at the cargo rate, but they carry them at the passenger rate, and so repay themselves for their outlay.

4239. Let us drop the passenger boats, because, after all, there are only a few in the Conference; and let me draw your attention to the ordinary cases of liners apart from passenger vessels. Would it surprise you to know that the ordinary cargo liner that runs in a regular line costs about 50 per cent. more than a tramp steamer?—No; I do not profess to know anything whatever about it.

4240. Would you be surprised to know that such boats are more expensive to run?—I do not know whether it is so. Is your argument this, that as we have got an expensive class of boats in the trade, so we ought to be charged a prohibitive rate of freight?

4241. No, that is not it?—Then I say, let us have our trade carried by the cheaper steamers that are willing to carry it for us if they are permitted freedom of trade. They will carry our stuff in a quite perfect condition; let us have the advantage of employing them, and do not drive us and compel us to employ a class of highly-furnished carriage with rubber-tired wheels which we do not want.

4242. It might be true that some trades which now use liners might be content with cargo boats, but you would not contend that the majority of shippers who now ship by mail lines and regular lines would be content with their goods always being shipped in tramps, would you?—As far as my experience of our China trade goes, yes. The class of boats that would come into it are quite good enough for us, and, as a matter of fact, as I think I said in my evidence-in-

chief, they will deliver their cargo in better condition. These mail steamers start from one port, put in at another, and they have a system of connecting boats under which they tranship at various ports, and so they land your stuff in bags instead of in the package in which it was shipped; and then they tell you, because they have all entered into a Ring together, that they will only submit to a certain allowance being made to you for your stuff that has been absolutely damaged in the passage by transhipment. I would rather have a boat that started and came straight home on her passage, even if she was not, as I put it, in order rather to paint a picture, so extremely highly-furnished a carriage with rubber tyres and all that sort of thing. She is quite good enough for us, if you leave her free to try to come into the trade.

4243. Your views are very interesting, but we may take it that they are the views of a buying broker, may we not?—No; I am not a buying broker.

4244. You are a merchants' broker; I beg your pardon?—You have asked me the question; I am a selling broker acting for importers into this country.

4245. I want the Commission to understand the value to be attached to your evidence. They are the views of a merchants' broker, and not the views of a merchant?—I do not know whether I shall make myself clearly understood to you, but the views of a merchants' broker, if he is a man capable of forming an opinion that is worth listening to, are the views of a man whose interests should be the interests of his importer, because if his importer cannot carry on the trade at a profit his avocation ceases; and, therefore, he has no interests, except those of his importers, the merchants.

4246. (*Professor Gonner.*) I do not quite understand the instance which you give in the beginning of your proof of evidence. You say you were asked by an American house to work for them instead of for London importers. As I take it, they asked you to sell on their behalf instead of selling on behalf of the London importers? I only want to get the transaction clear in my mind?—The American importers and the English importers are both dealers in a certain class of tea. The Americans import for their own consumption—

4247. Into New York, I suppose?—In this particular instance a considerable portion of the trade goes into New York, but it goes into other American ports also. The English trade in that particular branch of the business is very largely for re-export—not for consumption here, but for re-export to the Continent and to the Mediterranean, some of it, however, being for consumption here. I was approached by a large firm of American merchants, with whom I have had business relations for a great many years, who pointed out to me that inasmuch as they were rejoicing under a 20s. freight and a lower dock charge—there, again, we have great grievances in this country over the combinations of warehouse-owners; there is a big pool in the English warehouses just the same as there is in the shipping trade.

4248. (*Sir Alfred Bateman.*) But we are not going into that now?—No. This American firm pointed out that owing to these two advantages which they were rejoicing under, they could put our clients on a better footing than the English importer could; and they incited me to turn my attention to selling, or endeavouring to sell the American importers' goods instead of the Englishmen's.

4249. (*Professor Gonner.*) Where would you have been selling the American importer's goods—in London?—I should have been selling them in London.

4250. For the Continent?—To people who would be shipping them to the Continent.

4251. Then the position would be this—you will correct me if I am wrong—that instead of selling the tea imported by London importers to the Continent and around, you would have been selling from London the tea which would have been imported into London by way of New York by American importers; would that have been the position?—I should have been selling this tea which was lying in New York.

4252. I quite see; but it would be for wholesale houses or consumers on the Continent of Europe?—Quite so. It was only to my mind of value as showing what a disadvantage we in London were suffering under, that we should be approached in such a manner.

4253. What I wanted to see was where the particular point of competition would have come in between the two. With regard to the question of breaking of agreements or of giving secret rebates—I do not want to ask any questions on your opinion as to whether that is right or wrong—might that not possibly be done in the case of large dealers, or large houses, in order to induce them to give up the practice of chartering vessels on their own account?—No.

4254. You do not think it was anything of that sort?—I know it was not. I think I may say that I know as a matter of fact that the firm in question have never chartered a steamer in the course of their career out there.

4255. Then with regard to the question of combination—I only want to get at your ideas; in your opinion it is exceedingly difficult to introduce any combination when there is a Ring; is that not so?—It is exceedingly difficult.

4256. By "competition" I mean any competing line?—I understand. It is exceedingly difficult for this reason: Take the port of Shanghai—

4257. I only want to summarise what you say; you have given your reasons, I think?—My reason for saying it is exceedingly difficult, is this: The number of firms in Shanghai that you have the opportunity of placing your business with, if you wished to become an importer from Shanghai, is very small. I was asked to fix the percentage, but the number of them that are there is small, and of that small number so many are already connected with the trade, as being agents of the steamship companies, that it is exceedingly difficult to set up any opposition or combination against them.

4258. Then supposing an effective competition in the way of shipping was introduced, there is the risk, on the experience which you have stated, that that competition would be absorbed into the Ring?—Our experience is that it has been absorbed into the Ring.

4259. There is just one point I may have missed in your statement. You said, I think, that the difference between, we will say, the rate from Ceylon and the rate from China amounts to a third of a penny per lb. That would be a third of a penny on what? What would be the importer's price for the article?—For a very considerable time, we will say, for the last three or four years, and until within the last few months, the average of the selling value here in London has been under 7d.; therefore it would be 5 per cent.

4260. That is all I wanted?—5 per cent. in my estimation is more than an average merchant's working profit. He would be very glad to work for a profit of far less than 5 per cent., and he is mulcted of that to start with on the freight.

4261. The point I wanted to find out is the percentage which you have now given. In answer to Mr. Owen Philipps you spoke about the damage on transhipment, and said that the shipping companies limited their liability for that damage?—Yes.

4262. Do they limit it greatly, could you tell us?—No, it is not very serious. Sometimes it is not unusual to have a claim on a steamship company, and if you have had a fair amount of cargo you may have a claim of £10 or £15 against them. I speak with knowledge on this point, although it is not my claim; but there again, acting as a broker, I have to sign a certificate which I give to my importers when I have sold their goods, stating that of these goods so many packages were damaged. That is accepted by the steamship company. They now are carrying this point in the Ring to the extent that they will not accept your claims, and they set up an arbitrary right to say what claim they will admit and what they will not admit. Therefore, in other words, you have no remedy.

4263. Where there is a Ring, I suppose particular lines or a particular line can lay down arbitrary rules for themselves, about which they do not consult you?—Quite so; against which you have no remedy whatever, because you have got to come home by them, if you wish to be in the trade.

4264. There is just a further point which several Commissioners have put to you, namely, that there have been certain advantages which a Conference Line ensures in the way of regularity of service and abundance of service. As I understand, you do not

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find in your trade that those advantages are of any very great importance?—I will answer it doubly. I will say: No, we find them of no importance; and I will also say that until the Rings were established we never felt a want of freight or knew of any inconvenience in consequence of there being no freight.

4265. (Mr. Mathers.) How does your correspondence go to China at the present time?—Since the close of the war we have re-opened the Dalny route by railway.

4266. As a matter of fact, does not the correspondence with China go by the Canadian-Pacific Railway?—A good deal of it now goes by the Canadian-Pacific Railway, and a fair amount of it is carried by the Siberian route, and also by the P. & O.

4267. Then the subsidy which the respective Imperial Governments pay to the Canadian-Pacific Railway and to the Siberian route would not in any way interfere with the freighting of steamers; and it would not affect the Conference steamers, because the Canadian-Pacific Railway is not in the Conference. You said the subsidy to the steamers for the mails enables them to take this course, but if the Canadian-Pacific Railway is the channel through which correspondence goes to China, and it is not in the Conference, and if the Canadian-Pacific do not carry tea across the Canadian Continent?—I have no doubt they carry a good deal of tea across the American Continent.

4268. That may be, but that does not interfere with the freights to England, does it?—No.

4269. None of the Conference boats now running into China enjoy any subsidy for carrying the mails, do they?—None of the Conference boats, do you say?

4270. I am asking you. Are any mails despatched to China by the Conference at the present time?—Yes.

4271. I was under the impression that the Canadian-Pacific Railway carried the mails to China?—The P. & O. is carrying mails to China, and receiving a large subsidy; and it is in the Conference.

4272. Is it carrying the mails in addition to the Canadian-Pacific Railway?—The P. & O. is receiving a subsidy from our Government.

4273. That may be to India; but does it to China?—Yes; at any rate, the P. & O. are receiving a subsidy from the Government which enables them to keep up their China system of boats.

4274. I was under the impression that the mails were carried to China now by the Canadian-Pacific Railway?—I cannot say. But if the P. & O. Company are receiving a subsidy from the Government, and that enables them to set up their system of boats—it may be that they only carry the mails to India, as you suggest; I do not profess to know—and that it is only a certain part of their trade.

4275. (Captain Collins.) Referring to the question of the steamer which you said carried 6,000 tons at 20s. freight, I think Mr. Owen Philipps addressed you some questions with regard to the difference of expense in maintaining a line of steamers of high speed and of a higher class as compared with a tramp; but there was a question asked you as to whether that particular steamer was a liner or a tramp steamer?—She was not a liner.

4276. Therefore the conclusion might be that the expense of running that steamer would not be equal to the expense of running a liner?—Doubtless she did not run at so high a rate of speed, and therefore her consumption of coal would probably have been smaller.

4277. But you would expect to ship at a much lesser freight by a tramp steamer than you would by a steamer of high class and of high speed, would you not?—Yes, I should do so; but there again I say that the exigencies of our trade do not call for those very rapid passages; they are no advantage.

4278. You made a comparison of freight by that steamer, and you said they could get a profit of £3,000 by that steamer; and then you made a comparison as to the freight being excessive in steamers of another class?—Yes; but the comparison which I really meant to draw is with the Colombo and Calcutta rates, where their gross rates of freight are respectively

29s. and 23s. 6d. for 40 feet, out of which they must have to pay something like, I should say roughly speaking, 10s. per ton expenses. These figures go to prove that this steamer came home at the cost of 10s. If these steamers had to pay more, then the argument is even greater; but if they can run at 19s. and 13s. profit respectively, why should we pay 45s.?

4279. Do you know any reason why they should charge a lower freight from Ceylon; is it owing to the German competition?—I believe it is owing to this fact that there are large interests in that trade who, if the freights were prohibitively high, are sufficiently powerful to charter their own steamers, and therefore these people would get no freight; and so they have come to a reasonable working-profit rate.

4280. Would that not apply to other places, too?—It does not apply in our trade.

4281. Would not those causes be at work anywhere?—They do not apply in our trade. Our trade is not sufficiently large to prevent us, as I say, being run off; whereas this trade is sufficiently large, and it would not be run off.

4282. There is no agreement, is there, with the Conference which the shippers have to sign?—There is nothing signed in London.

4283. There is no agreement, therefore, to carry at any fixed freight, or to carry at the lower freight, or to give the people who stick to the Conference the benefit of the lowest freight—there is no such thing, is there?—The lowest freight on what?

4284. The lowest freight that the Conference carries goods for?—On that particular steamer?

4285. On any particular steamer in the Conference Lines?—I do not quite grasp your question.

4286. If you are a shipper and ship by the Conference, and you stick to the Conference, is the only advantage which you get from the Conference regularity of sailing?—I do not say that that is an advantage.

4287. Do you not get this advantage from the Conference—that you get a uniform rate of freight?—A uniform rate of freight with the rest of the world?

4288. Uniform with the rest of the people who ship by the Conference?—On the face of it you get a uniform rate of freight.

4289. You have no written agreement to that effect, have you?—No; there is no agreement that I have ever heard of.

4290. You referred to secret rebates and you say that a large shipper does get, in certain cases at any rate, or in one certain case, an advantage over the small shipper. If you give free freights, would not the large shipper make his own terms?—Why should he not?

4291. If he makes his own terms, how would that affect the evidence you gave just now when you said that if a person is shipping by any steamer, even if he is a smaller shipper, he is treated like the rest?—That is, I believe the custom of the trade.

4292. And on a reduction of freight he gets the benefit?—That, I believe, is the custom of the trade.

4293. That would put the small shipper exactly on a level with the big shipper?—The big shipper, if he sees that the freight at the moment is a low one, may go into the markets, as being a favourable time, and deal, whereas the other man may not be able to deal. There may be no inequality in the freights that they may be getting by the particular vessel, but one man may be more enterprising and deal because he sees the freights are tempting, and induce him; and the other man may not.

4294. Do you not consider that under a free freight market the large shipper would gradually press out the smaller and poorer man?—No, not if he is a man of ordinary intelligence and ability. For instance, I contend that it is not the business of anybody to foster people. Let everybody care for themselves. I do not want anybody to protect me. If a man cannot protect himself, then he must suffer.

Mr. GEORGE MILLER, called and examined.

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4295. (Sir Alfred Bateman.) You are Chairman of the West African Trade Association, which is composed, I understand, of all the important merchant firms and companies trading in the British Colonies and Protectorates of the West Coast of Africa?—That is so.

4296. Could you tell me the number of firms in the Association?—There are 29 firms that have entered the Association, and those firms, I may mention, are those who have actually trading establishments in Africa, and also have their home houses here. This Association is limited to those who are actually engaged in the trade on both sides.

4297. Are there many firms outside the Association?—Not of any importance.

4298. I suppose the proportion of trade done by the members of the West African Trade Association would be about three-fourths of the whole?—Quite that; more than that I should think.

4299. I understand you are also a partner and shareholder in the most important firms and companies established in Liverpool and London who carry on British trade in West Africa?—Yes.

4300. In your proof you say, "The carrying trade between Europe and Western Africa is monopolised by three steamship companies—the British and African Steam Navigation Company (1900), Limited, of Liverpool; the African Steamship Company, Limited, of London; and the Woermann Line, of Hamburg. The two first are under the management of Messrs. Elder, Dempster, and Company, of Liverpool, and have the exclusive trade from English ports to West Africa, and equal rights with the Woermann Line in sailings from German and other Continental ports. The Woermann Line confine themselves to sailings from Continental ports." I think at the end of your proof you speak of the Woermann Line having sailings from Glasgow and other places?—No.

4301. I am referring to paragraph 11?—I am speaking there of the Sun Line, which is a new company that has been established since November.

4302. You say there, "In consequence of this competition, the Woermann Line offers a return of 40 per cent. on freight to those places for which the new lines are taking goods"?—Yes.

4303. (Mr. Owen Philipps.) "Are taking goods," not "are loading goods"?—Yes.

4304. (Sir Alfred Bateman.) That would be from the Continent then?—The Sun Line is a company got up by the mining interests, and they have cargo such as machinery loading from Glasgow and goods going from Liverpool. The Hamburg-Bremen Afrika Line is also a new company started in Bremen about the month of October or November for the purpose of competing with the Woermann people in West Africa. These are two new companies recently formed, and they carry goods exclusively almost from Glasgow, Liverpool, and other places, such as coal from Newport; and the Bremen Company carry their goods from Hamburg and other places on the Continent.

4305. Then this competition does not mean that the Bremen Line now carries goods from Glasgow and Newport?—No; they do not do that.

4306. In 1905 you say, "Those three companies came to a working agreement by which the German Company was prohibited from sailing from Liverpool, which is the port of shipment in England for West Africa, and to preserve their position issued to all shippers a joint circular notifying that the primage on certain freights would be returnable after a deferred period on certain conditions." Is that deferred period made up every six months?—The primage runs for twelve months, and at the end of that period they give a return of a portion, provided the shippers have carried out the undertaking in the agreement not to ship by any steamer or company other than themselves.

4307. That is at the end of twelve months?—Yes.

4308. You hand in a notice to shippers, dated October 1, 1905, in which it is said, "The said primage to be computed every six months up to the 30th June and 31st December in each year, and to be payable six months after such respective dates to those principals only who until the date at which the primage shall become payable shall have shipped exclusively by the steamers despatched" and so on?—

(See Appendix, No. XXIX. (u.i.))—Yes, that is correct.

4309. It is for good behaviour then, from their point of view, for twelve months?—Yes.

4310. You say, "This circular has been modified from time to time, and I enclose copy of the last one issued." That is the circular you have handed in?—That is so.

4311. Then you say, "In the first circular the shipping companies called for the signature of the merchant firms who had no other option at the time than to sign, as the circular was issued on short notice, thus leaving no time for other arrangements to be made, or for competing lines to initiate a service"?—That is so.

4312. What was the short notice; how long was it?—I cannot remember the exact period, but it was all done in a hurry. I do not think we had a month's notice for that.

4313. Did you protest or ask for delay, or what?—It was done by the issue of a circular. We knew nothing of that until the morning we received the circular.

4314. What alternatives had you at that time?—None of us were prepared to take any action, because taking action to carry your own goods in the West African trade is not very easy; in fact, it is difficult to do.

4315. Is that on account of the so-called harbours?—On account of the many ports that you want steamers to call at. Supposing you are sending a thousand tons of goods, you might be sending that quantity spread over four or five different ports.

4316. Anyhow it was a very short notice, and there was nothing for you but to take it?—Yes; we were forced into taking this.

4317. Then you go on in your proof to say, "The circular provides for a return of primage on all freight outwards and on palm oil and kernels homewards, leaving a great variety of produce on which no return of primage is granted and on which the freight rates are excessive and with the addition of 10 per cent. primage; among these articles are rubber, cocoa, gum, ivory, fibres, coffee, &c." What strikes one is that a great deal is left outside on which you get no return?—The bulk of the carrying from West Africa is no doubt what we call seeds or kernels and palm oil. Since those circulars were issued, certainly, other things are growing. Cocoa has grown into a trade; corn has grown into a trade; and rubber is becoming more important. Mahogany is also a large import. On these we pay the 10 per cent. primage, but these are outside, and there is no return primage paid on them.

4318. Why is that?—I must refer you to Sir Alfred Jones to ask him why.

4319. He did not tell you why?—No, he did not tell us why.

4320. I understand you to say that at the time of the circular they gave you a return on palm oil and kernels representing how much per cent.?—That would realise quite three-fourths of the whole carrying of West Africa.

4321. From Africa?—Yes, I think so.

4322. Then you go on to say, "From time to time the rates have been advanced on short notice and without consulting the merchant firms; they having no option but to agree to the rates demanded, as if they shipped by any other company or chartered occasional steamers, they would lose the returned primage held in hand by the companies"?—The first intimation we would get of an advance would be a circular issued this morning, and we should pay the new rates, perhaps, on the first of the month or with the first steamer, possibly.

4323. I suppose you are under a rather powerful Association; could you not represent to these three companies that they should not have raised their rates, or that they should lower their rates?—That is true. But you must understand that in the West African business there are three or four very powerful companies and many who are not in a position to make effectual any objection that they have to raising rates. Take my firm, for instance; we might protest and we might write down to, or we might see, Sir Alfred Jones, and

Mr. G. Miller. do everything, but it would make no difference. We have to pay those new rates of freight or not ship by his company. There is no alternative for us.

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4324. I think you said it was very difficult for you to get other shipping to come into that particular business?—Just because we are bound up by this rebate. Supposing a large firm ships freight to the extent of a £100,000—take that as a figure—10 per cent. on that means £10,000. Not many people are prepared to throw overboard £10,000.

4325. Then you go on to say, "In regard to the carriage of railway material, material for public works, coal for railways and Government purposes and the mines, open competition for the carrying has been non-existent owing to the fact that regular or occasional steamers were prevented from risking voyages to West African ports as they had no chance of completing their cargoes outwards or homewards through ordinary commercial channels, all shippers being bound. Had this returned primage system been non-existent the merchant firms would have gladly undertaken the carrying of coal and railway material at very much reduced rates, greatly to the advantage of the Colonies." On that I should like to ask you, who are the shippers of this railway material and material for public works?—Just now, the mining people have established the Sun Line of Steamers, by which they are getting coal for their own purposes and for their machinery. I refer to that later on, I think, in my proof. Practically the supplying of the Government is in the hands of the steamship owners.

4326. Do you mean that they carry all these goods on ship's account and sell to the Governments out there?—No, they take a contract; that is to say, supposing the Government of Lagos wanted 10,000 tons of coal, Sir Alfred Jones, or his firm, would tender for it.

4327. C.i.f.?—Yes.

4328. (Mr. Taylor.) Through the Crown Agents?—It might be through the Crown Agents. I will give you an illustration of how this is worked. A tender was asked by the Colony of Lagos for 15,000 tons of coal, which our firm and another firm joined in tendering for. That coal had been charged hitherto at 45s. per ton. We tendered at 35s. per ton. Unfortunately, by some accident, our telegraphic instructions and offer became known to the other parties, and we lost the contract, because the original contractors, Messrs. Elder, Dempster, and Co., quoted 32s. 6d.

4329. Knowing of your offer of 35s.?—There was an officer discharged from the telegraph office in consequence of that; I can tell you that.

4330. An employee was discharged?—Yes. It is very difficult for shippers like ourselves to tender for these things, because the shipowner can always reduce the freight—while he will not reduce it to us he will reduce it to himself.

4331. (Sir Alfred Bateman.) Do these three companies carry goods habitually on ship's account out there for stock or only on order?—I can speak more positively regarding the English Shipping Companies. They have practically a monopoly of cement, for instance, which is a very large item. We cannot buy cement and sell it to the Government as cheaply as they can do it. We cannot do the coal either; we cannot supply the coal. We cannot supply almost any of those common rough cargoes that we speak of. The steamship owners can always enter into competition against us and give a low freight, because, as I understand, they can sacrifice their freight so much to themselves which they will not do to us.

4332. They can fill up in fact with goods on ship's account, I suppose?—I do not think they do that. We buy our cement from the steamship company. Why? Because we cannot buy it from the cement company and get it delivered as cheap.

4333. What is it that they sacrifice it for?—How is it that they cut the price here?—They must be satisfied with a lower freight to themselves.

4334. Do they take it at a very low rate?—Suppose they charge us 15s. per ton, and suppose they charge themselves 12s. 6d.; cement is an article on which 2s. 6d. makes the difference between being able to ship or not.

4335. Is cement one of the things you object to their competing with you upon?—Very strongly. The whole

West African trade is against Sir Alfred Jones in that way.

4336. They want Sir Alfred Jones to confine himself to carrying goods, I suppose?—We say to him practically, "If you are a steamship company, be a steamship company, but do not be a steamship company and a trader as well."

4337. Then in paragraph 8 you say, "Until recently the rates of freight from Hamburg and Rotterdam were very much lower than those in force from Liverpool, British goods thereby being handicapped to an unjust extent. For example, cotton goods could be sent from Manchester in the following manner, by rail to Liverpool, cartage to the outward steamer, freight to Hamburg, by lighter from Liverpool-Hamburg steamer to Hamburg-African steamer, and freight to Africa. This mode of carrying showed a saving of 28s. per ton weight as compared with the shipment of the same goods by the steamers from Liverpool. This disparity was, however, recently modified by the Hamburg-Rotterdam rates being brought into line with those from Liverpool"—The modification arose from a question being asked in the House of Commons.

4338. Really?—Immediately after the question we had a circular raising the rates, so that we had no longer a complaint of the difference. We had to pay a higher rate of freight for goods so carried.

4339. Can you give me the date of that?—It is within six months.

4340. Six months from now?—Yes.

4341. So that it was some time in the Autumn Session of Parliament?—Yes, it would be.

4342. In consequence of a question in the House of Commons these rates from Hamburg were raised, you say?—Attention was called to the preferential rate being given from Hamburg by the English steamship companies as against the rates from Liverpool; and immediately on that question being asked Sir Alfred Jones equalised the rates by simply raising the Hamburg rate on his own steamers.

4343. How about the others, the Hamburg Line?—They followed.

4344. They followed, do you say?—Yes, they became uniform.

4345. That is an excellent example of the effect of a question in Parliament?—That is an easy way of making them uniform.

4346. In that respect you have nothing to complain of now?—Just now I do not think there is any serious inequality in the rates between Hamburg and Liverpool.

4347. Then you say, "At present cargo from the United States to West African ports via Liverpool can be shipped at the same rate as cargo from Liverpool to West Africa; that is to say, the ordinary rates are so high that the Atlantic freight, inward dues, cartage, master portorage, and the outward dues incurred in transit via Liverpool can be paid and still leave a fair rate to the steamship owners. Shippers from Liverpool have to do their own cartage and pay all dues and charges of shipment. This system is prejudicial to Manchester and the manufacturing districts of England and Scotland, where, in addition to the Liverpool shipping charges, their goods have to pay heavy railway and coasting rates, so that the American producer is placed much more favourably in regard to West African trade than the producers in our own country. This state of matters would not exist were the shipping facilities open to competition." Can you tell me if there is a trade in cottons, for instance, from the States that comes through in that way?—Not cottons, tobacco would come from America.

4348. I do not think as far as my knowledge goes that it would be cottons?—Kerosene oil would come and other staples from the States.

4349. Kerosene oil would come anyhow, would it not?—It would come, but the point I want to bring out here is that the through rates from America to West Africa, bringing the cargo from the United States to Liverpool and handling the goods there and delivering them practically in Africa, is done at the same rates as for the same goods shipped from Liverpool. That is to say, the United States rate, the

through rate, is equivalent to, and the same as, the rate from Liverpool. Then if people in Glasgow or London or other places want to have their goods shipped to Africa they have to pay the surcharge which comes in the freight from Glasgow and the freight from London, inland carriage and other carriages from all parts of the country; whereas the American can have those goods sent to Africa via Liverpool practically at the Liverpool rates.

4350. So that Glasgow and places like that, far from Liverpool, pay more?—They are penalised, and they pay more.

4351. Then you further say in your proof, "In regard to cargo homeward from West Africa the conditions enforced by the steamship companies demand that shippers shall bring their cargo to ports served by the Conference Lines." Does that mean that there is a cost incurred in bringing down their goods to load at particular ports?—No. All goods coming from Africa come practically from the shore of a river or the shore of a sea. Those goods must come to one of the ports to which the steamship companies trade—it may be to Hamburg or it may be to Liverpool. Then if you want to send those goods to any other ports, say Marseilles or London, you pay extra freight and they will carry it there for you; it is a modified extra freight, and they deliver it there for you.

4352. These are ports in Europe, then, that you refer to there?—Yes.

4353. Then you say, "Shippers have certain options by paying an excess freight, but were there no such rebate system in vogue African produce would be shipped more cheaply by existing lines direct to such ports; for example, produce from West Africa to Marseilles must come to Liverpool or Hamburg and be sent there in transit"?—Yes, unless a shipper in Africa took one of the French boats, which would be outside of the agreement, and sent his cargo to Marseilles direct and made a breach of the agreement.

4354. I suppose the effect of that is to a great extent to bring the business to Liverpool, is it not?—It brings it to Liverpool or Hamburg.

4355. You do not mind its being brought to Liverpool, do you?—It adds to the cost of the produce when it is delivered in London.

4356. As a shipper from West Africa you want it delivered in the cheapest way possible?—We might sell, for instance, for Havre, or we might sell for Rotterdam, or we might sell for Marseilles. We would like our produce delivered there straight away if it were possible.

4357. You say that the shippers are debarred by way of agreement from shipping produce by steamers going direct to Marseilles and at lower rates?—Yes, that is so.

4358. That is not the agreement or the notice you have put in, is it?—As I mention in my brief, the French Companies do not compete seriously with the English or with the German companies; the French companies serve chiefly their own Colonies. They send chiefly to their Colonies, and their steamers go to West Africa from Bordeaux or Marseilles or Dunkirk or Havre. Any shipper who can send 500 or 600 or 1,000 tons of cargo from any port or place in West Africa to Marseilles could quite well get those French companies to go down there and to carry the goods for them to Marseilles or to any other French or Continental port. But if we do that, then we would have committed a breach of our agreement.

4359. You know that you would?—Yes.

4360. Are you sure? Have you known a case where the rebate has been forfeited for that?—No. We have done it previous to inauguration of the Rebate System.

4361. You have done it?—Yes, over and over again.

4362. What has happened? Has the rebate been forfeited?—This was before the rebates were begun. Since then the hands of all shippers are tied by these rebates.

(*Sir Alfred Bateman.*) You have not this agreement, have you, under which shippers are debarred from shipping produce by steamers going direct to Marseilles, and at lower rates; or is that do you think included in the notice you put in.

(*Professor Gonner.*) The notice says, "From or to Liverpool, Hamburg, Rotterdam, Havre, Antwerp, and Bremen or other ports or places in the United Kingdom or on the Continent"; so the notice does cover it, I think.

4363. (*Sir Alfred Bateman.*) That is the very thing, "or on the Continent"?—Marseilles is one of those excepted ports; we cannot ship to Marseilles.

4364. What you want is always to be able to ship your goods to the place where the market is at the moment?—Naturally that is what we should prefer.

4365. You get a regular service by these three companies, do you not?—Yes, that is quite true. There are advantages, no doubt, in having a company who have the exclusive carrying of the trade of a district—there is no doubt of that—while there are disadvantages.

4366. Do you deal much in goods that go from this country to West Africa?—We do very largely.

4367. In that do you not find an advantage in having rates that do not alter very much?—If those rates are moderate, yes, I quite agree.

4368. You do not want to send out a shipment of goods at a certain freight, and then find that the next shipment by a competitor is at a much lower freight, so that he can undersell you much?—One of the advantages of having a Shipping Ring is that rates are kept uniform; there is no doubt of that. All the world over, I should say that is one of the advantages.

4369. That, I suppose, is more of an advantage than having a regular line with the ships sailing pretty much to the day?—Having the rates uniform, do you mean?

4370. Yes?—I would not say that. The shippers to West Africa would not object and do not object to a fair rate of freight; but if you look at the rates of freight on the lists I have given you, you will find they are higher than in almost any part of the world, for 4,000 miles.

4371. For that short distance, you mean?—Yes, for that short distance, and the quantity of cargo that goes continually.

4372. (*Mr. Lawrence.*) Is there much cargo going?—Yes. There will be quite 100 steamers going.

4373. (*Sir Alfred Bateman.*) In the eleventh paragraph of your proof, you say, "Quite recently two independent companies have begun to run to West Africa—the Sun Line with sailings from Glasgow, Newport and Rotterdam, and the Hamburg-Bremen Afrika Line with sailings from the Continent." How many sailings are there by those two lines?—The Sun Line from Glasgow and Liverpool began to sail in October, I think, and they are running every month. That is specially for the mining people; they found the changes for machinery and coal by the existing company so high that they were practically obliged to charter, and they continue doing so.

4374. Then you add, "In consequence of this competition, the Woermann Line offers a return of 40 per cent. on freight to those places for which the new lines are taking goods"?—Naturally, those two companies, the Sun Line and the Bremen Line, want not to be dependent entirely upon the mining people. They will carry goods for any firm at a certain reduced rate. In the same way, in Hamburg the Woermann Line and also the Elder-Dempster Line will carry cargo to the ports at a lower rate where this competition exists, always provided that you bind yourself to ship exclusively by them for the next five years.

4375. It is five years with them then?—Yes, it is five years.

4376. Shall we find that in the notice you have handed in?—You will not find it there, I think.

4377. Could you give us or send us a notice which shows that you will get these reductions, provided you ship for five years with those companies?—I think I could show it to you.

4378. (*Mr. Taylor.*) I suppose you get the reductions before the five years are up?—I have here a translation of a circular issued by the Woermann Steamship Company at Hamburg, under date March 1, 1907. It was issued to meet this competition. It runs as

Mr. G. Miller. follows:—"By desire of our numerous shippers we are compelled to concede the following safeguard against the underbidding of freights by the Hamburg-Bremen African Line: 'Under withdrawal of the circular published in December, 1906, for some districts, and of same published 25th February for the s.s. Edward Bohlen, we are prepared to allow those of our shippers who consider it their interest to make use for the future exclusively of our lines for their shipments from and to the West Coast of Africa always the same rates of freight as those obtained by other shippers from the competing line.'"

4379. (*Sir Alfred Bateman.*) That refers to the Sun Line, does it?—Or to the other line.

4380. That is the Hamburg-Bremen Line?—Yes. The circular proceeds: "Off this rate we are prepared to deduct a primage of 10 per cent. in accordance with the conditions of our well-known primage circular." That means exclusive shipments. These reductions will, however, only be conceded to the extent of the remaining freights, due to us not sinking below M. 10 per cbm. or 1,000 kg. at ship's option. The quotation of such a fighting rate will be made when it has been proved that during the stated calendar months private merchandise or products (cargo for other ports than those called at by the opposition lines excepted) have been loaded or unloaded by a steamer of the competing line at the West African port in question. Minimum about 10 tons have to be loaded or unloaded. Confirmations by the agents of the Woermann Line or in default thereof by the authorities will serve as proof of the arrival, departure, loading or unloading of the rival steamers, as also concerning the receivers and shippers of cargo consigned by such steamers. At the same time we beg our shippers as far as it is in their power to do so, to procure us such information from the coast in order to positively assure the shippers the benefits accruing to them. The allowance for rebate is based thereon that receivers or shippers by the competing lines from West African ports have to be European firms which were already in existence at the issue of the present circular." Now, with regard to the rebate, "The rebate will be allowed on the freight out when goods have been unloaded, on the return freight when goods have been loaded by a steamer of the opposition line in question and namely on those products which had arrived or been shipped by our steamer from the port in question within the same calendar month. The extra rebate on shipments journey out will be allowed on shipments from Hamburg and Bremen, and applies to those from Rotterdam and Antwerp only in those cases when the rival steamers in question have been loaded in those ports. The aforementioned conditions become in force with our sailings from the 1st March, and are valid till recalled. One and the same rival steamer pays in the course of a circular journey in each of the West African ports touched by her for loading or unloading, only once for discharging and return cargo. As a point of reckoning serves the day of the first arrival or the journey out and the first arrival on the way back. For the calculations of rebate, the transit rates for all transit places are based on the actual charges incurred. The freight increase for transit allowance do not participate in the extra rebate reduction. In conclusion we beg to draw attention to our quicker and better service, our more frequent sailings, and the absolute reliance on our service." You have asked me for the notice giving the period of five years; it is not in that notice, but I know that it is for five years.

4381. (*Sir John Macdonell.*) That circular mentions a well-known circular; what is that?—I would not say this is a well-known circular, because it is a private circular issued on the 1st March by the Woermann Company to meet the competition of the Sun Line to these West African ports.

4382. (*Sir Alfred Bateman.*) I do not quite understand from that circular that it gives you the return of 40 per cent. which you referred to in your proof. Where is the 40 per cent.?—It is so, though I am not sure that I have it in a paper here so as to show you now that it is so. I have not brought one of their notices with me. Still, they make a large

reduction in the freight, and they have put it at 10s. a ton as a minimum.

4383. That would only apply to the Continental shipments, would it not?—Yes, only to the Continental shipments.

4384. Would that not bring the German rate below what you would pay from Liverpool?—Yes; but Sir Alfred Jones does not see that he requires to make any abatement in Liverpool because of the opposition coming from the Continent.

4385. Then you have no abatement there?—No. Those steamers do not come to England. They only sail from the Continent, and they only offer abatements of freight to shippers—it might be ourselves—in West Africa if we were binding ourselves to that agreement; but we would not do that.

4386. Do you mean that he says that you cannot ship by the Sun Line because you would lose your rebates?—We cannot do it.

4387. And you cannot ship by the Woermann Line without sending your goods to Germany?—We can ship by the Woermann Line; that is one of the agreement steamship companies.

4388. But you cannot ship by the Woermann Line at Liverpool?—No. They do not come to Liverpool, and we should have to send our goods over to Hamburg.

4389. That is what I put to you?—The cost of that would be excessive, and we should have to do it at our own cost.

4390. You say, "This return is payable only at a later period and only provided all the goods of any shipper have been shipped per steamers of the Woermann Line to such ports, and if said shippers will sign now a contract with the Woermann Line to this effect." Do you have to sign a contract containing that agreement?—As to the new rate of freight?

4391. Yes?—You have to make a contract with them. I am not sure that they actually make you sign a contract, but they give you a circular, and the whole of the primage that they owe to you is in their hands. Supposing, for instance, I sent 100 tons of goods and the freight is £100, I pay £110 and the primage is held for a year.

4392. Then you go on to say in your last paragraph, "Not content with the carrying monopoly which they enjoy or with being protected by their return primage system, the steamship companies formed at certain points on the coast boating companies to control the transport of cargo between ship and shore"—That is so.

4393. Does that mean that you are obliged to employ these boating companies for landing your goods and shipping them?—Yes. No doubt one object served by having a boating company is that when a steamer arrives there is an organised system by which it can be rapidly discharged and loaded. But another object is served by that. The boating companies being in the hands of the steamship people, that makes it almost impossible for competing lines, who have not boating companies, to land or receive their cargo on the coast of Africa.

4394. And they have to get a new machinery for that?—Yes.

4395. Have you the rates with you that are charged by these boating companies?—I can tell you what they are. They range from 5s. to 7s. 6d. per ton for loading or discharging on the sea shore.

4396. I suppose very often it is a troublesome business at those small places?—Sometimes there is a rough sea; but the insurance is moderate.

4397. Is that rate more than you paid before you were obliged to employ these boating companies?—Most of the firms had their own boating companies. We had our boating company. They took it over from us under arrangement. Our cost would be about 5s. per ton.

4398. I suppose you have not brought with you any specimen of the Notice of Agreement under which you are bound as regards the boating companies?—No, I have not got that with me.

4399. Is this system quite recent?—It was started two years ago.

4400. (*Professor Gonner.*) Are you bound to use their lighterage or boitage?—There is no other means of getting the cargo landed. They buy up the boats of all the people there, the natives and others, and you cannot help yourself.

4401. That is done by the system of monopoly?—It becomes a part of the monopoly.

4402. (*Sir Alfred Bateman.*) If you started your own boitage company, would you lose your rebate then?—I do not think so.

4403. You would not?—No. The rebate is not contingent upon keeping to the boitage company.

4404. Then it is simply that there is not the machinery available for you, and, therefore, you have to employ these boitage companies because they are the only ones there?—Yes.

4405. Then you say the steamship companies, "have entered into competition with the merchants delivering coals, kerosene, cement, and other large freight-paying commodities at various ports direct from their ships"; that you spoke of just now?—Yes.

4406. And in these operations you say they are aided "by a bank founded by them for the purpose, through which documents are passed and goods delivered." That is still an additional machinery for getting at you, is it not?—Yes, the bank is one of those machines; you can call it a machine if you wish. It is one of those systems by which a shipowner who is also a banker can keep to himself a great deal of the freight.

4407. How is that; can you tell us?—Supposing I am a poor man, and I want an advance of 80 per cent. or 90 per cent. or 100 per cent. on my goods, the bank who owned the ships says, "All right, I will give you the advance, but you are to ship the goods by my steamers."

4408. Are there branches of this bank at the chief ports?—There are two banks I might say, namely, the Bank of British West Africa, which is controlled by the shipping interest, and the Bank of Nigeria, which is a limited bank operating only in Southern Nigeria. That bank may advance, and does advance, on goods in the same way. But I apprehend that just now we are not at liberty to touch upon banking; it is more shipping that you have to deal with.

4409. If the banks are controlled by a Shipping Ring, I think we may talk about them, may we not?—It is a very wide question.

4410. It is a very wide question. By whom are these banks owned—by the shipping companies?—The Bank of British West Africa, which has been established for quite 15 years, I should think, was originated and owned principally by Sir Alfred Jones and his friends. The Bank of Nigeria is owned and supported and capitalised by British merchants situated in the whole of Northern and Southern Nigeria. It is called the Bank of Nigeria; the merchants there found a bank necessary for their business.

4411. I suppose business is increasing in Nigeria, or would you say not?—It is generally increasing all over Africa.

4412. The Elder-Dempster Company have no control over the second bank in that case?—No; they are daggers drawn against it.

4413. Would having dealings with that bank and getting advances from it entail the forfeiting of rebates?—No, I do not think so.

4414. So that the hindrances of these banks would rather be in Colonies and ports other than those of Nigeria?—My object in remarking about the Bank of British West Africa is this. Here you have a large shipping interest, ostensibly for carrying merchandise backwards and forwards from America to serve the purposes and interests of the merchants who are trading there; that shipping company, while precluding us from shipping our own goods as we please, reserve to themselves the right to buy produce, to sell cargo of various kinds, such as coal, cement, oil, and other things, and to secure for themselves cargo for their own steamers, doing the merchants' trade instead of leaving the merchants to do the trade. The complaint that the African traders have is that the steamship people are not steamship people alone, but that they are merchants and traders as well, trading against them, and using the right they have to take lower freights for themselves so as to compete successfully

and over-compete against the merchants who have to pay the tariff rates of freight. *Mr. G. Miller.*

4415. (*Mr. Taylor.*) Has the Bank of Nigeria that you speak of the same position in regard to silver-importing as the Bank of West Africa?—With regard to that, in 1895, I think it was, an agreement was made between the Crown Agents and Elder, Dempster, and Co., or the Bank of British West Africa, by which special privileges were granted to this Bank of British West Africa, it being specially stipulated that they alone and no other bank and no other merchant shall have the same privilege in regard to the free import of silver into Africa. It is a monopoly in the highest sense of the term.

4416. (*Sir Alfred Bateman.*) Was the Bank of Nigeria in existence at that time?—The Bank of Nigeria will have been formed now quite 10 years ago, and the Bank of British West Africa was established before 1895, perhaps, before 1890.

4417. Does your West African Trade Association have no communication with the Colonial Governments on this point?—Yes, frequently.

4418. But you have not got any redress?—With regard to the banking?

4419. On any points, I should like to know?—The purpose of the West African Trade Association is to consider what affects the general welfare of the merchant in Africa. On the question of silver, we hold that there ought to be freedom for other banks or other firms to have the silver. Any question that affects the welfare of the trade or the health of the natives and other people, or the opening up of the country by roads or by railways or by education—anything that affects the people or affects the trade interest—comes under our cognisance. We are not a political institution. We are an Association for the purpose of considering any hindrances that there are against trade or traders, and to press for anything that may be of advantage in regard to the health or the material condition of the people with whom we trade. We hold that the better the people are educated, and the greater the facilities they have for the disposal of their produce, the better it will be for them and the future of the country.

4420. Have you had much communication with Sir Alfred Jones on this question?—He is not a member of our Association.

4421. I gathered that he was not a member, but I thought you might have approached him?—No, we do not come much in contact with him, except, of course, on any shipping questions. Supposing there was pilfering going on on board a steamer, we should inform him and advise him to take what steps he can to put that down, and we would make suggestions.

4422. I suppose you could approach him if there was any sudden increase or change of classification which increased the rates of freight?—We would not, because he would not listen to us. He would say, "The rates are too low; we want another half-a-crown."

4423. I do not see in your proof that you have made any suggestions as to what could be done in this particular part of the world to redress your grievances?—Take a large firm who might ship, perhaps, £150,000 of freight a year; that firm could quite well freight their own steamers. We could do it and we have done it, but that was previous to the institution of this rebate system. I do not say that a rich firm would not be willing to lose £10,000 to serve a purpose, but they are restrained by the feeling that they might find serious inconvenience—they might not get their goods shipped freely from Europe or from Africa, preference being given to a firm working under the rebate agreement; but you are very much restrained if you feel that by taking independent action of that kind, and shipping your own cargo, you might find serious inconveniences—you might find that you could not get your goods shipped from Liverpool or Hamburg, and you might find that if you had cargo lying in some port of Africa, everybody else's was taken off and yours was not taken.

4424. You have already got a competing line now, in fact, two, I think—the Sun Line and the Hamburg-Bremen Line?—Yes. They would go by arrangement, but then they are too small to be of any value to a large firm.

4425. Do you ask for Government help?—No. We are quite able to do it ourselves if we saw a way to do it.

Mr. G. Miller. 4426. Then really you have no proposals to make to the Government?—I think what we ought to have is an independent shipping line.

23 Apr. 1907. 4427. How would that be started and kept up?—I do not know. I could only suggest a way. Somebody finds £500,000 or £600,000, and gets, perhaps, 6 per cent. for that as a return; then bring all shippers into it and give them a rebate in the form of a division of the profits according to shipments.

4428. You would make it co-operative then, to a certain extent?—Yes, certainly. I am only suggesting one way in which it could be done.

4429. (*Sir John Macdonell.*) I think you said "giving those persons a rebate"?—I am merely making a suggestion. Supposing I personally wished to inaugurate a new shipping company, I would find the money—somebody must find the money—to get the ships built, and I would ask those who could to help me. I feel certain that a company starting on co-operative lines would get the bulk of the carrying trade.

4430. (*Sir Alfred Bateman.*) Do you mean to have a deferred rebate in your new company so as to hold your people to it in imitation of these monopolists?—If a merchant firm became a shareholder in such a company they would send all cargo by it that was found convenient.

4431. Yes?—But they would not ship exclusively by it, because it would suit better to have many opportunities of shipping.

4432. You would have other customers besides those who had shares in the company?—Yes. I am merely suggesting how the thing could be so easily done.

4433. (*Sir Hugh Bell.*) When you said "rebate" just now, you meant, did you not, a division of agreed profits?—I should not have said "rebate"; I should have said this: If you gentlemen in Hamburg or you gentlemen in Liverpool or London will find the money or help to find it, we will build steamships, and it will be a co-operative steamship company and those who supply the money will get 6 per cent. returned upon their capital, and each of us according to our shipments will get our rebate at the end of the year when the profit is ascertained—according to the profits. If we make £10,000 or £20,000, for instance—

4434. (*Sir Alfred Bateman.*) By "rebate," then, you mean a share of the profit?—Yes.

4435. Not a deferred rebate as commonly understood?—Not a deferred rebate.

4436. Not the rebate which you object to?—Not certainly with a condition attached to it, the same as we have just now that if you ship by any other company you lose all interest in your rebate or profit. But it is merely a suggestion.

4437. (*Mr. Lawrence.*) Has that suggestion hitherto ever taken any practical line; that is to say, have these shippers seriously considered it amongst themselves if they are so badly treated by Sir Alfred Jones?—I must confess for myself that Sir Alfred Jones is an old friend of my own of 35 years' standing. I have not said any word against him just now, and I would be very reluctant to do anything against him personally.

4438. We are not taking it in a personal sense?—No, and I do not wish you to.

4439. (*Sir Hugh Bell.*) You describe yourself as a merchant, and you say that you are a partner and shareholder in some of the important firms that are established in Liverpool and London who carry on British trade in West Africa?—Yes, that is so.

4440. Your trade is very extensive then?—It is very extensive.

4441. It is, both in this country and in Africa?—Yes.

4442. Have you houses at most of the West African ports?—Practically all over the West Coast of Africa—in most of the British Colonies.

4443. That is, in all the British West African Colonies?—Yes. I think we have the largest connection of any one in the West African business.

4444. What sort of parcels are you shipping outward; what is the size of your parcels?—We might have 600, 800, 1,000, or 1,200 tons in a steamer.

4445. At a time?—Yes.

4446. Does that quantity go pretty regularly by all the sailing steamers?—We ship every week. We have ships sailing every week, and perhaps twice a week to different places, so that we do not require to ship any large amount of cargo by any one steamer, and it is not desirable to do it, because it is valuable cargo.

4447. What is the nature of the cargo that you are sending out chiefly?—To begin with the commonest of all, there is salt; there might be some coal for special purposes; then there are iron, earthenware, glassware, and all sorts of things—everything that is wanted for a house, including worked timber.

4448. A great many of these goods that you are mentioning are goods of domestic use, and not of manufacturing use?—Do you mean crude material for manufacturing?

4449. I am only referring to the list you have given us?—Of course there are cotton goods.

4450. That is also for domestic use, because it is for clothing the people?—Yes. You must understand that the African does not do a great deal for himself. He gets the money and he wishes to spend it, and he spends it on things that go to his material comfort—clothing, eating, drinking, and housing. He is not a saving man, as we are in this country.

4451. So far as you have described him, it does not seem to me that he differs very much from ourselves in various respects; but of course, as you say, he gets the money?—He has got the money.

4452. That is to say, he has got it by his industry?—Yes, by industry and by the resources of his country. He may be a farmer growing maize, or getting rubber which is indigenous, or gathering seeds that fall from the trees naturally, which he brings into the region of the shipping ports. Then another class of men buy from him and bring the produce to the shipping ports.

4453. Native merchants, in fact?—Yes. His natural wealth is from the soil—wood (mahogany) or rubber or palm oil or corn. He is not a manufacturer, and beyond preparing produce for the European markets does not greatly compete with European goods.

4454. You have incidentally led me into the question of return parcels, but I was rather looking to the outward parcels; and it was on that point I wanted to ask you some questions. You were telling me as to the size of your outward parcels, and you also mentioned that about 100 steamers go to South Africa; do you mean per annum?—I think that between the German firms and Elder-Dempster's they will have 100 steamers.

4455. Do you mean 100 sailings in the year?—No, 100 steamers.

4456. One hundred steamers on the station?—I have a list of the English company steamers with me, and I am sure there are other 40 of the Germans.

4457. There are a very great number of steamers, then?—I am certain there are about 100 steamers in the trade.

4458. I think you said a little while ago that there was a steamer at least every week, and more frequently than that?—We might have two sailings in the week. The West Coast of Africa is divided into sections, and a steamer might sail on the Wednesday for one section, and another steamer might sail on the Saturday for another section, and we might have goods on both steamers.

4459. Of course, it is a great convenience to you to have these frequent sailings?—Yes, certainly.

4460. Going now to one port and now to another?—Certainly. One of the benefits of being in a Ring like that—no doubt—is the frequent sailings.

4461. You get a large number of steamers, and since the individual shipments even of firms of the importance of your own rarely require the whole of a steamer, it is a very great convenience to have regular sailings by which you can ship the small quantity you require, and others can do the same sort of thing?—No doubt one of the advantages of a West African trader is having frequent opportunities of sending his goods out fresh to the markets as wanted.

4462. Then your complaint is that the freights are too high?—Freights are very high.

4463. That is a common complaint with the freighter, is it not?—You have only to look at the

rates of freight to see for yourself that they are very high. Take, for instance, salt, which is a common article of daily want, for people cannot do without it. If you ship out salt to Lagos the rate is 30s.* per ton, plus 10 per cent.; but if you ship out salt to America it is 4s. 6d., and to Calcutta it is 4s. 6d., so it is an exceptional rate.

4461. (Sir Alfred Bateman.) Did you say that it was 30s. a ton?—It is 30s.* to Lagos.

4465. Are you sure it is not 20s.?—To other places it is 20s. It runs from 20s. to 30s. To Lagos it is 30s.* and to the ordinary ports it is 20s.

4466. (Sir Hugh Bell.) But the native there is willing to pay the value of the salt, plus 30s.* I suppose you buy the salt delivered on board at Liverpool at 10s. or 15s.?—I do not know whether natives are willing to pay it; they do pay it, but that is no reason why it should be such a heavy rate as that. My view, at any rate, is that the cheaper we can get our goods to Africa, and the cheaper the rate of freight is, the more goods we can send to Africa.

4467. Of course, that is obvious?—That is what we want to do; we want to send plenty of goods there.

4468. If by reducing their freight they could get twice as much cargo, that is to say, instead of going half-full they could go full, they would reduce their freight for you, would they not? Perhaps I ought to ask you at first if the boats always go with full cargoes?—I hold that these high rates and high prices for cargoes just do the same there as they do in every other place—they restrict demand. What we want as merchants, and what we should all want as Britishers, is that we should have as many goods sent out as possible—as many as the people want, at any rate, and have them cheap.

4469. If you could demonstrate your proposition to Sir Alfred Jones, who has the reputation of being a somewhat shrewd man, and showed him that he could make half as much money again on his ships by reducing the freight, do you not think that would be a very strong argument with him?—He takes this view, that he is losing money all the time out of those high rates. That is the view he takes, and if you talk to him he says, "Oh, we are losing money; we cannot do it, we ought to put up the rates."

4470. I think you want to persuade him that if he took less money he would make more income. He would be open to any persuasion in that direction, would he not?—You will see the difference more effectively in the produce that comes home. We hear a great deal about cotton, and I will just try to find out for you what cotton costs to bring home. The rates homewards from ports between Benin to Old Calabar, inclusive, range from 21s. 3d. per ton for a common article like palm kernels to 52s. 6d. per ton for cocoa, copra, seed, and india-rubber; and from Lagos to Europe the rates range from 30s. for kernels to 55s. for india-rubber. Cotton is rated at 46s. 8d. per ton. All these rates are subject to an additional 10 per cent. primage, making the cotton no less than 51s. 4d. per ton. How can you expect to grow cotton there and pay the natives a fair price, if you are charged so much as 51s. 4d. per ton for the carriage of the cotton? You cannot do it.

4471. Unless the shipowner is going to make a profit on the transaction, why should he do it at all? Should he do it at a loss?—The shipowners have made enormous profits. It is well enough known that the British and African Steam Navigation Company—and here Mr. Owen Philipps, of the Royal Mail Steam Packet Company, will bear me out—was built on the profits made out of the trade—they were paying a handsome dividend all the time, and the ships were built on the profit.

4472. You are speaking of the possibility of establishing a line or lines for yourselves?—Yes.

4473. Am I right in saying that it is not so very long ago that Sir Alfred Jones was an employee of Elder, Dempster, and Co., and then bought them out and established his house?—It is a good many years ago; it would be quite 20 years ago. That in one's lifetime is a good bit.

* Mr. Miller has since written to say that the rate for salt to Lagos is 20s., and not 30s. as stated in this evidence.—J. A. W.

4474. You and I can look back longer than 20 years, Mr. G. Miller. I am afraid?—Yes.

4475. Would not that have been your opportunity to have founded a line, and made these large profits, and had the remedy, which you now suggest to us as a possibility, in your own hands?—We have it in our own hands, and I confess that we could start a line if we thought it desirable to do so.

4476. But you do not think it desirable?—Well, we do not. There is a personal element in it. I do not want to do anything that would bring harm to anyone, especially to an old friend; personally, I do not want to do that, unless obliged to do it by other people. But it cannot go on indefinitely.

4477. But it has gone on for a pretty long time?—Yes; that is quite true—thanks to the rebates, very much. I cannot charter a steamer, and I cannot buy a steamer and send it out on occasional voyages, without endangering my primage and putting myself to other inconveniences in the shape, perhaps, of not getting my cargo taken away from Africa when I want it.

4478. All these commodities that you have spoken of, it seems to me, might be sent at almost any time; and that is what I am coming to; why should you not charter a steamer?—Because, first of all, we would breach our agreement with Sir Alfred Jones.

4479. No; you are going to throw Sir Alfred over; you are going to have nothing more to do with Sir Alfred?—Yes; we could charter.

4480. And arrange for your goods all going out to a particular port by this steamer?—Yes, we could do that; but I do not care to do that.

4481. Don't you refrain from doing it because you find this the very much more convenient plan?—Having weekly sailings?

4482. Yes.—Certainly.

4483. You are committed to nothing?—I quite admit that there is an advantage in having weekly shipments or fortnightly shipments, as the case may be, to all ports and places.

4484. With regard to which you have taken no obligation?—If anyone was forming a company of steamships to go out to West Africa, they would have to have as many steamers as would continue that practice—they must have steamers for weekly or fortnightly sailings.

4485. That is if you formed a line; but I was suggesting to you that your kind of trade was one which would not be incompatible with chartering a steamer yourself, that is to say, if you had a sufficient quantity of goods for a particular port, chartering a steamer to that port and sending her out full?—We could charter, but we are not free to do it; we dare not do it.

4486. No; as I said before, you have then thrown over Sir Alfred; you are no longer in the Ring, and you have nothing to do with Sir Alfred?—We could easily do it; but still it is more convenient to have frequent shipments.

4487. I want to have that admission from you?—I quite confess that; everyone must admit that.

4488. I want the formal admission from you that the present arrangement, which commits you to nothing, which enables you if you like, to ship this week, or next week, or the week after, or never, is a better one than any arrangement by which you were virtually the owner of your own ships?—It is an advantage.

4489. It is an advantage, you say?—Yes; and I would not contemplate any steamship company being formed which could not comply with the condition of frequent shipments—I would not contemplate isolated shipments.

4490. You are not surprised that the persons who have established such lines—and there are many of them—with such sailings, have done something to prevent you going past them?—No. We were quite willing, I dare say, to continue doing as we were if we had any control of the rates, the same as I understand people have in South Africa and also in Australia. I understand that there there are Shipping Conferences between the shipowners and the shippers, and that, to a large extent, rates are mutually arranged; but in our West African trade we are very much in the position of children, and have got to do what we are told in regard to freights.

Mr. G. Miller. 4491. We have been told of such Shipping Conferences, but they have been described to us as rather in the nature of Conferences between wolves and lambs, in which the wolves can put forward the terms upon which they will eat the lambs, rather than in which there is any settlement of rates between the parties by agreement. You think you differ in that respect?—I know this, that we have been trying for five or six years now to come to some arrangement with Sir Alfred Jones, and we have not got it yet. We have been six years working for that.

4492. Endeavouring to get lower rates?—To come to some friendly arrangement.

4493. To get lower rates?—Yes; to get reduced rates and other privileges.

4494. What sort of other privileges?—Many things—I do not know that I could mention them just now, but we certainly want lower rates. I must say that the effect of that six years' working for them has been that we have better arrangements than we had at that time. We have had difficulty in getting our produce brought from Africa, or we might have timber lying so long as to become wormed.

4495. Do you mean on shore?—Yes. It might be being wormed.

4496. On this side or that side?—On the other side. If we cannot get our mahogany shipped, it worms very quickly.

4497. Why does he not take it away?—Because he has had too much to do—at one time. More steamers have been built and facilities are now better.

4498. I noticed you hesitated about saying the other things; is that because you dislike to disclose your trade arrangements, or is it because you do not remember them?—I do not think I am at all unwilling to give you any information that is of any use. You speak of other advantages?

4499. You said there were other advantages that you might get; but you hesitated?—It would lie in the direction of closer working, whereby all danger of collision between the shipper and the shipowner would pass away.

4500. I suppose it is not in your mind that you might make such arrangements as would prevent the risk of outside competition with yourselves, is it?—No, I am not thinking of that; but I am one of those who believe in people working together. I think that it would be to the interest of shipowner and shipper to be working in a friendly way, the shipper being somewhat identified with the shipowner; and I would also say that the shipowner might also be identified with the merchant.

4501. That is very difficult to bring about, except by common accord between the parties, is it not?—It is very difficult.

4502. And the interference of the Legislature would be very undesirable in promoting things of that kind, would it not?—The Legislature would not come in there. If I chose to take £10,000 of shares in a steamship company, and if I chose to give the shipowner £10,000 of shares in my company, that is mutual, is it not?

4503. Yes?—It is something of that kind that I suggest, where we should have mutual interests, and where the shippers could also have some control and direction of the ships; because when a shipper is suffering, as we have all done by the difficulty of getting our cargoes carried off the coast of Africa, it is necessary that there should be something done to save the loss that is occurring.

4504. A powerful organisation like yours surely would be able to make terms even with such a powerful body as Sir Alfred Jones and his organisation?—Then you do not know Sir Alfred Jones.

4505. I have that pleasure?—I know him pretty well; I do not think you know him as well as I do.

4506. No, I do not pretend to. I have no business acquaintance with him, but I have personal acquaintance with him?—Then you do not know him commercially.

4507. I want to take you for a moment or two to another matter. You have complained that he ships goods himself, as a merchant?—Yes.

4508. And you have described the way in which you, for example, ship coals. You were going to buy a

parcel of coals and make a contract—I think you mentioned 15,000 tons, at any rate, it was a considerable quantity of coals—which was to be shipped by you over some months?—The merchants in West Africa cannot take a contract for coal, first of all because they are precluded from taking the ships. When we along with another party tendered for this 15,000 tons of coals to be delivered, we had made up our minds as to how we should do it. That was certainly a saving of about 15,000 times 12s. 6d.—which was about £8,000; we saved that to the Government by a lower tender coming in.

4509. You put in a tender and it was necessary, therefore, for somebody—I will not use any names—to bid below you?—Yes.

4510. And the result was a saving of £8,000 to the Lagos Government, or whatever Government it was?—Yes. We should then have chartered—

4511. If they had accepted that tender?—Yes; we should not have shipped by his steamers, I should say, but we would have chartered our own steamers, and done it in a way by which we would have been kept still within our agreement.

4512. The colliery owner would not have objected to stand in with that arrangement, would he?—We could have got the coal charged to us at cost, insurance and freight, and then we would not have made a breach of our agreement.

4513. In other words, you made a bargain with the colliery to deliver?—We could do that. We could get the cargo delivered in Africa, cost, insurance, and freight.

4514. For goods like coals?—Yes; we buy them for people abroad.

4515. Cement also you mentioned?—We cannot touch cement.

4516. It is more difficult, I think?—Yes, because there is so narrow a margin that 3d. or 6d. a barrel is quite enough to make a difference.

4517. I do not quite understand why you complain of the shipowner doing that?—It is the merchant's business.

4518. You see he makes certain of a certain quantity of cargo, does he not?—He would have the cargo all the same would he not?

4519. How?—If it came through the merchants, he would have the same cargo, would he not?

4520. If you bought 15,000 tons of coal, you could have shipped it direct and not through him at all?—That is quite true. He would not have taken that cost for us.

4521. So it does not seem very surprising that the shipowner should make arrangements by which he is always taking out coal, and if his ship does not happen to go out full, he takes out coal by contract?—We have no objection to his doing that if he allows us to charter and do anything else we like; but we cannot use his ships in that way for our goods, such as coal and cement.

4522. These two new lines that have been established have been established, I gather from what you have said, because there are large quantities of machinery going from Glasgow?—And from Liverpool and other places.

4523. You have mentioned Glasgow, Newport, and Rotterdam, I think?—Yes.

4524. Of course, that is Newport in South Wales?—Yes, Newport for coal.

4525. The Sun Line is taking machinery from Glasgow?—Yes.

4526. And filling up with coal at Newport; is not that what she is doing?—Yes. I mentioned also that the Sun Line is a company working for the mine-owners of West Africa.

4527. She is assured, therefore, of her cargoes of machinery?—Yes, she is assured of those, and the ships are prepared to come home empty.

4528. You cannot, of course, ship home by them because that would be in breach of your arrangement?—We cannot ship by them because it would be a breach of our agreement.

4529. They could themselves ship home, could they not?—Yes; but they are not merchants and they can only send home gold.

4530. I suppose it takes a great deal of that to fill a steamer?—£50,000 of gold at 1 per cent. freight would be something towards the home voyage.

4531. I do not say it would not be. You do not see any way of putting a stop to the boatage arrangements on the other side, do you?—Except by the large people reverting to having boats of their own.

4532. But you sold yours?—We sold ours.

4533. You found it more convenient not to own the boats?—I cannot say that.

4534. You were not obliged to sell them?—I cannot say we think it is more convenient.

4535. You were not obliged to sell them?—No; but we did sell them thinking it might be an advantage.

4536. I suppose you got a good consignment for them?—It was done more to meet the wishes of the steamship people. The argument they had was that by doing so the steamers would get quicker dispatch in discharging and loading.

4537. So that really on the whole in that matter, as apparently in others, you fell into the views of the shipowners?—We did.

4538. They said, "We have the monopoly of the carrying outwards, and it would be to your advantage and ours if we had the monopoly of the carrying from the side of the ship to the shore"; you agreed to that view, and you sold your boats?—It is true that in certain parts of West Africa we did that; and I must say that we do not feel quite satisfied that that was the best thing we could have done.

4539. That only means that you made a mistake which is common to us all?—I would not like to admit that we made a mistake, but we think that it might have been better for us not to have done it; we could have controlled our own cargo better.

4540. It seems rather odd that you should be in some sense complaining of a monopoly which you yourselves have done your best to strengthen and reinforce?—It looks like that, I admit. However, that only affects a small portion of our business.

4541. I suppose it is only by accident that you only happened to have boats on one part of the coast?—The great bulk of our cargoes is delivered by our own boats still.

4542. Is it still?—In certain parts. All rivers are done by ourselves, but the open boatage is done mostly by the Elder-Dempster Company.

4543. Most of that is done by them?—Yes on the open sea, what we call bar or beach work.

4544. But where it is river work, you still do it yourselves?—Yes, we do that by our own boats.

4545. But you do not think of going back to the sea and beach work yourselves, do you?—I do not know; I think we would. A very little thing would make us go back to that again.

4546. You gave us some evidence on the subject of banking and in regard to the imports of silver. First, with regard to banking, I understand you to complain about the Bank of West Africa, do you?—Yes, I do.

4547. You suggest to us that it is a sort of tool of Sir Alfred's?—No doubt; the bank was inaugurated by him.

4548. The Bank of Nigeria is your counterblast, is it?—It is a bank established by those who are trading in Northern and Southern Nigeria.

4549. Your firm, among the rest?—I am a shareholder.

4550. I suppose you could become a shareholder in the Bank of West Africa, could you not?—By purchase.

4551. We mostly have to get things in that way, have we not? We do not get much except on those terms?—That is so.

4552. What is your complaint about the silver import?—The question is, Does this really come within the scope of this Commission?

4553. I did not raise it?—I did not want to raise it either. Mr. Taylor, who is interested in silver, apparently, asked the question about silver.

4554. (Sir Alfred Bateman.) If it is connected with the operations of the Ring, certainly it does come within the scope of this Commission?—I just doubt

whether this question about the silver comes within the scope of the inquiry. *Mr. G. Miller.*

4555. (Sir Hugh Bell.) You see we have got it upon our notes now that these landing facilities and the import of silver are both of them used to strengthen the monopoly of the Shipping Rings?—I have no hesitation in saying that the merchants do feel very keenly upon this question of silver, and that any agreement should exist between the Government and the Crown Agents for the Government and the Bank of British West Africa by which the right to import silver into West Africa should be denied to the merchants and to everyone else, and given only to the Bank of British West Africa free of cost of delivery in Africa. We do feel that. It is an extraordinary thing that our Government should grant a monopoly of that kind to a bank who will not give you silver except at a commission which ensures them a very large profit on the amount of money they import, which the merchants ultimately have to pay for or the natives, after it is charged to the goods.

4556. Like so many things connected with the precious metals, one gets into an ambiguity; what do you mean by "silver"?—New silver coin—English coin.

4557. You mean silver money then; you do not mean silver bars?—No, new silver coin from the Mint.

4558. How does that create any disadvantage, because after all when you take a £ you get twenty shillings, do you not?—Yes. This privilege is, that the Mint or the Crown Agents send that specie out to a port in West Africa, free of cost, to the Bank of British West Africa. But if I go to the Mint, and ask for £10,000 worth of silver to export to Africa, first of all I would not get it, and then if I did get it I would myself have to pay the charge of its going there.

4559. I am afraid I do not quite follow. If you went to the bank to-day and asked for £10,000 worth of silver they would give it to you, would they not?—I question whether they would. I do not think they would. We asked for about £50,000 worth of silver about three months ago by letter and we did not get it.

4560. Was any reason given?—Just that they could not do it.

4561. The coinage of silver is a very profitable transaction to the British Government, is it not?—It is not a question of profit. We want more for our business; we want silver to pay for our purchases.

4562. I am putting it to you that I hear with some surprise that the British Government is not willing to hand you £50,000 worth of silver for £50,000 in gold, because when you get £50,000 of nominal value in silver you will get silver of which the real worth is only about £25,000?—The real value is about 13s. or 14s. to the £. They have given that privilege to the one bank for Lagos, the Bank of British West Africa.

4563. Will they not let you take silver coin in for your transactions?—They would not give it to us. I wrote with my own hands a letter to the authorities asking for £50,000 worth of silver for our business, and we did not get it.

4564. I think we shall want to know something more about that, as it is rather a strange case, if you cannot state to us anything more. You positively state you applied to the best quarter you could think of for a large quantity of silver, and it was refused to you?—Yes.

4565. And no answer given?—Just that they could not do it.

4566. (Professor Gonner.) Was it to be delivered to you in Liverpool or London?—We wanted it delivered in Africa.

4567. You applied for it to be delivered in Africa?—Yes.

4568. That was your application?—On the same terms as they gave to the other people; that is, on the same terms as they gave to the Bank of West Africa, and they could not do it.

(Professor Gonner.) He tried to get a delivery on the same terms in Africa as the terms it is delivered on to the Bank of West Africa, and that was definitely refused.

4569. (Sir Hugh Bell.) I am much obliged to you, for that of course does clear the ground. Any bank in

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Mr. G. Miller. London asking the Mint for silver would get the money they want, I think?—But then there was always a difficulty of getting silver transported to West Africa. The Mint people, or the Crown Agents, are afraid of the silver being redundant—of there being too much silver and of its being sent back again to this country; and they want some guarantee that those who send out the silver will undertake to relieve them of any loss which may ultimately come from redundant silver being sent back to this country.

4570. (*Mr. Taylor.*) You were saying that your real objection in West Africa is to the high rates of freight mainly?—That is one reason. The other reason is that we object to a shipowner being a merchant while we are precluded from being shipowners.

4571. Your proposed remedy would be the lowering of rates of freight so as to increase the quantity of goods exported and imported?—Our wish would be to have reasonable rates of freight.

4572. And then you think the total amount of trade would increase?—There is no doubt that the cheaper you can make goods to anyone, you always do a larger trade with them. The natives ultimately have to pay for those heavy-priced goods, and they can only buy a certain quantity of them. We want our English goods to be distributed more largely all over West Africa than they are now.

4573. Do you not think that lower rates of freight to the shipowner might also mean smaller profits to you?—But then we live on small profits now; the profits are very small.

4574. If you did more business, you would get a larger number of small profits?—You may make a loss on £100,000, whereas you may make a profit on £1,000,000. When business is cut as it is cut in the West of Africa, it is by a large turnover and a large trade that you make your profit; it is not on a small trade. All your current standing expenses have to go against you before you can make a profit. It is the volume of trade that pays in West Africa, as it does anywhere else.

4575. You think these high rates of freight have really prevented the volume of trade from increasing as it ought to increase?—Take as an illustration the question of salt, the commonest necessity of life. Salt is a necessary in West Africa. If you put on that salt a freight of 20s. or 30s. and a duty of 20s. or 30s., and there is the cost of the salt added to that, you make it always dearer to the native who would buy it more freely, and it would go further into the interior if it were cheaper. It gets sometimes beyond his price. It is very apt to get, by the original cost, the heavy freight, the heavy inland duty and the heavy inland charges, such as tolls—

4576. And transport?—And transport—with all these things it becomes very expensive to them, and they cannot in the more inland places use salt as freely as they would like to do.

4577. I want to examine you as to the position of the Crown Agents in all these transactions. Will you just follow me while I put two or three questions to you? In the first place you mentioned this coal contract of 15,000 tons, which originally had been held by the Government at 45s. and against which you tendered at 35s. That was a Government contract, I understand?—Yes.

4578. Was it arranged through the Crown Agents here?—No, we tendered for it in Lagos.

4579. You tendered direct to Lagos?—Yes.

4580. Was it not in the hands of the Crown Agents?—I think that was not in the hands of the Crown Agents.

4581. Are you satisfied of that, or not?—We got our forms sent home to us, and we sent them out to our agent there and gave him the price, and that was tendered to the Government at Lagos.

4582. Do you not know that all the business of all Crown Colonies is done through the Crown Agents here, and that they are really the people who do the business?—We cabled out the price of the coal to our agent for arrangement, and it was lodged there. It had to be lodged there in that particular case.

4583. Then what happened?—We lost the contract. It was taken at 32s. 6d. by another party.

4584. You say someone was discharged from the telegraph office?—There was a discharge of a telegraph officer.

4585. With regard to the bank monopoly upon which Sir Hugh Bell was speaking to you, I understand that your complaint is that the silver is delivered for the Bank of British West Africa free of charge in Lagos?—That is so.

4586. And the silver is not supplied to anyone else?—It is not supplied by Government.

4587. To any merchant?—To any merchant.

4588. Or to any bank?—Or to any bank.

4589. You spoke of an agreement. Who made that agreement?—The agreement is signed on the one part by the Bank of British West Africa and on the other part by Sir Montague Ommanney and Sir Edward Blake.

4590. They signed it on behalf of the Crown Agents, I suppose?—Yes.

4591. Do I understand that one clause of that agreement is that the Government shall not supply silver to any other bank, or to any merchant in West Africa?—Or to any firm or person whatever.

4592. May I ask why, knowing that the Government had agreed not to supply silver to anyone but the Bank of British West Africa, you applied for that £50,000 worth?—I did not know at that time that that agreement existed.

4593. How long is it since you applied for the £50,000?—It would be quite November or December of last year, I think.

4594. Do you really say that, being in the West African trade and wanting silver out there, as you must have done frequently, you did not know that you had to go to the Bank of British West Africa for it, and pay them the necessary commission?—I knew that quite well.

4595. Did it never occur to you before November of last year to get silver out for yourself?—We were told by a gentleman whom we thought we could rely upon that that difficulty was over and that by making application we would get the money. We made the application in the hope that that was true and that we would get the money, but we did not get it.

4596. I understand that all the silver that is required for the purposes of barter and commercial transactions and Customs duties and everything else must be got through that bank?—Yes.

4597. I have mentioned Customs duties; are they payable in cash out there?—Yes. We would pay in silver, or we would pay in gold, or we would pay by a draft on London.

4598. All that must go through the Bank of British West Africa?—All new silver must.

4599. Can you send out old silver?—We would never think of sending out old silver; but as merchants, if we sell a native anything he gives us silver for the goods we sell, and then that silver we use again in paying him back for his produce.

4600. When silver either enters the country or leaves it, it must enter it and leave it through the Bank of British West Africa; is that not so?—New silver can only be sent to Lagos through the Bank of British West Africa.

4601. But it is delivered free by the Government on the strength of this agreement with the Crown Agents?—Yes.

4602. And the Bank of British West Africa is empowered to charge a commission?—Yes.

4603. What is that commission?—I may not be quite correct, but it is not less than 1 per cent. or $\frac{1}{4}$ per cent.

4604. Therefore that Bank is in a better position by $\frac{1}{4}$ per cent. than any other person or body of persons in West Africa?—Yes.

4605. That is as regards the supply of silver coin?—Yes, that is their advantage.

4606. And you think that is a grievance?—Yes, I think it is a grievance.

4607. You say that that money and those resources are used by the bank to trade against you by the purchase of produce in West Africa; is that what I

understand you to say?—I would not say that the Bank of British West Africa used that silver as traders to buy produce. That is not so—not to my own knowledge.

4608. To finance the trade then; is that what you mean?—Yes, they may finance trade; they may do that.

4609. I thought you said that they financed trade?—That is quite true.

4610. I thought you said that they financed clients who want to do business homewards?—Yes. That silver goes free, and if they are short of the old silver they can have this new. Then they get a commission; besides getting it free, they would charge a banking commission for supplying it, I suppose.

4611. Then they also finance those customers who ship by the steamers with which they also are associated?—Yes, the bank, as the bank, makes advances of 50 or 60 per cent. to the parties here the same as the banks in India do, and the produce when bought may be hypothecated, or the bills of lading may be held until the steamer arrives in Africa, when the money may be repaid to them there.

4612. Then the whole of this is a monopoly to which you object, is it?—It is very strongly objected to.

4613. And it is all based upon an agreement between the Government and this bank?—Between the Government and the bank, yes.

4614. (Mr. Reeves.) And the Colonial Office?—No, the Crown Agents.

4615. (Mr. Taylor.) So really the Government are responsible for this monopoly?—Yes.

4616. As far as the Crown Agents are concerned, they might as well almost be shareholders in it; from the line that is adopted, they appear to be part and parcel of the whole edifice, do they not?—I would not like to say they are shareholders.

4617. I do not suggest that they are shareholders, but as far as the interest is concerned they appear to be a necessary link in the work transacted, do they not?—I suppose that Lord Elgin or Mr. Antrobus, the Permanent Secretary, will arrange and decide what is to be done, and I suppose that the Crown Agents will carry out their wishes, or perhaps use arguments with them to follow a certain course. I cannot tell you what they do. But I do not think I could say that the Crown Agents become partners in this transaction; that would not be correct.

4618. Why did they give this monopoly to this particular bank? Has your Bank of Nigeria applied for similar privileges?—Yes.

4619. Why have they not obtained them?—Because that agreement still exists.

4620. But that agreement can be cancelled, can it not?—Yes.

4621. That agreement can be cancelled on notice given at any time, I think?—I hope it will be cancelled.

4622. There is a clause in that agreement to that effect, is there not?—Yes, on three months' notice.

4623. Notice can be given to get rid of it at any time?—Yes, it is three months' notice.

4624. So there can be no difficulty on that account. Why should they withhold from a similar bank the same privilege?—I cannot answer that question. I cannot tell you why they do it, but they do it.

4625. Can you tell me why palm oil and palm kernels are subject to rebate homewards? Are they the largest items?—Yes; I think I said that they might be three-fourths of the bulk of the carrying.

4626. That is of the total import?—Yes.

4627. And therefore they are made subject to rebate as being the substantial articles of trade?—Yes. Then other things have grown up in addition; cotton, for instance, has grown up since that arrangement was made; the cocoon trade has grown up since that arrangement was made; and the rubber trade has grown up. These are developments of trade in the last 10 or 15 years.

4628. But they have been outside?—They have been outside.

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4629. With regard to these boatage companies, is the cost of boatage in addition to the cost of freight?—Yes.

4630. It is 5s. to 7s. 6d. a ton, I think you said?—Yes.

4631. (Mr. Reeves.) Is that at Lagos?—No, not at Lagos, but generally where there are beaches—sea beaches.

4632. On the Gold Coast?—Yes, on the Gold Coast and all down there.

4633. (Mr. Taylor.) Do you suggest that you could revert with advantage to your old system of having boats of your own?—We are not satisfied that we did right in handing over our boats to Elder, Dempster, and Co.

4634. If you had boats of your own, would you have the same facilities with the steamers?—If we had boats of our own we should do the work probably as well or better than they are doing it for us.

4635. But on the whole that is not a subject about which you complain very severely, is it?—The boatage is not a matter of great importance to us, only it is one of the links that make it more difficult for outside ships to come into West African ports or places.

4636. (Mr. Reeves.) You say you know of this bank agreement about the silver; who signed it?—It was signed by Sir Montague Ommanney and Sir Edward Blake on the one side, and by three directors. Mr. Coke, some other one, and Sir Alfred Jones on the other.

4637. Then it is not a matter of local ordinance?—No.

4638. It is an agreement?—I only saw it for the first time in "The West African Mail" last week. It was published *in extenso* last week in one of the papers in Liverpool.

4639. What is the alleged reason for giving it?—I suppose at that time the idea was that there should be a recognised point of issue on the West Coast of Africa for silver.

4640. Do you take out silver yourselves?—Personally we do not do it. We would not be given silver; the Mint would not give us the silver for West Africa. That agreement prevents us from getting that. I say that we tried to get £50,000 worth of silver some months ago, and we were refused.

4641. Here?—Yes, here.

4642. To whom did you apply?—I think we wrote to Lord Elgin.

4643. (Professor Gonner.) We had it from one witness, Mr. Soper, that in the case of South Africa there were certain conditions which he thought must be secured if the rebate system is retained. I should like to read those to you. He says, in a statement which he handed in on February 26th, 1907:—"If, on the other hand, the rebate system is retained, the following conditions must be secured: Reasonable rates of freight, modification of the terms of the rebate system, inclusive of adequate protection; abolition of preferential contracts despatch of steamers on fixed dates, undertaking by shipowners not to take cargo on ship's account, except coals to fill up; new classification of goods and at the reduced rates of freight, and a system of arbitration to cover all points in dispute." I should like to take those one by one. First, reasonable rates of freight; you do not consider that you have reasonable rates of freight?—We think they are very excessive.

4644. On what do you found that opinion? Do you found it on the ground that the freights to the United States, for instance, are much cheaper?—What we found it upon is experience. We know quite well, because we have done it ourselves—we have run in opposition to the steamship company on two separate occasions—that they can run very much cheaper. We know perfectly well in a company with which I am connected, who have an arrangement for chartering steamers, that if it is a matter of coal we can get the coal out quite well for 12s. 6d. per ton.

4645. In the case of salt, you compared its rate of freight with the rates to other places?—Yes.

4646. Do you not think, taking the question of reasonable rates and comparing the different kinds of goods, that the rates are rather erratic? Some goods

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Mr. G. Miller. are charged at very high rates, for instance, are they not?—If you will allow me to hand them in, I will give you the rates of freight as they are here, and you can see for yourselves what they are. Taking the outward rates of freight from Liverpool to the West and South West Coasts of Africa, and taking Lagos to begin with, I see that salt and shooks are 25s., with 10 per cent. primage; bricks, cement, coal, earthenware, gunny bags, iron, iron pots, lime, rice, soap and worked timber, 32s. 6d., with the 10 per cent.; gin and rum, 27s. 6d., with the 10 per cent.; aerated waters, beer, bread, castings, cordage, cowries, felt, flour, furniture, glassware, guns, hardware, liqueurs, machinery, matches, &c., 35s., and 10 per cent.

4647. You feel that those are rather arbitrarily determined?—Yes. Then take beads, brassware, cottons, drugs, perfumery, sewing machines, yellow metal—they are 45s., with the 10 per cent., and gunpowder is 50s.

4648. Perhaps you would put in the particular rates?—Yes, I have brought it with me to leave with you.

4649. I was just asking you if, in your opinion, there was not rather an erratic difference in certain cases; for instance, aerated waters are subject to the same charges as liqueurs, are they not?—Aerated waters, beer, bread, castings, cordage, cowries and liqueurs all go together.

4650. At any rate you, as a shipper, have not been consulted at all as to the freights?—We were never consulted.

4651. That, of course was one of the suggestions when forming reasonable rates of freight, that the shipowners were to consult merchants if merchants had an association; but that is not done?—No. If we could get Sir Alfred Jones to meet us and we had a Conference and met him regularly, rates of freight might be adjusted mutually between us. But we have found it impossible in the last five of six years to come to any arrangement with him.

4652. Have you tried to?—We have tried, as I said before, to come to an understanding which would obviate all difference of opinion.

4653. The classification is also a matter of difficulty very often, I suppose?—That could be a matter of adjustment also.

4654. Do you think that classification is one of the matters you would like to talk over?—Yes. Take, for instance, the item of bricks. Imagine anyone paying 21s. 3d. per ton on bricks, with perhaps five or six tons of bricks in a thousand bricks. 21s. 3d. with the 10 per cent. added is 23s. 3d.

4655. (Sir Hugh Bell.) There are only three tons in a thousand bricks, I think?—Whatever it is, makes it a very high rate per thousand as you can see.

4656. (Professor Gonner.) Then you have no doubt whatever that you can sustain your opinion that the freights are not reasonable, that they are fixed in an arbitrary way, and that there is no consultation with the merchants?—That is quite correct.

4657. Then taking another of the points, the question of preferential agreements, I want to know whether there are any differential rates in the West African trade? Do you think that different people are charged different rates?—No; I think every one is charged the same. There may be one company who has a little arrangement with them; but generally speaking, practically, the one rate is charged to all.

4658. You believe that that is general?—I think so; at any rate, we pay a uniform rate the same as the rates here; and we get no abatement whatever.

4659. The exception there coming under the head of when they ship for their own account?—Yes.

4660. We know, of course, that in England there is a firm of Elder, Dempster, & Co., and then there are two steamship companies; Elder, Dempster, & Co., I believe, act as merchants, and the steamship companies, which they manage, carry their own goods; I believe that is almost the case with the Woermann Line, is it not?—The Woermann people say that they do not trade, and I cannot speak so positively about them.

4661. But there is a trading firm of the same name, is there not?—Yes, there is a trading firm of the same name. They would supply cement, they would supply kerosine oil, and they would sell certain things.

4662. They trade in certain articles at any rate?—Yes.

4663. I only wanted to bring out the point that it seems general in the West African trade that shipping lines do, at any rate, some trade on their own account?—Yes; the shipping companies do that.

4664. And on that, of course, I think you say there are differential rates, that they do not charge themselves the same freight; at any rate it is difficult to determine how they charge themselves?—We cannot tell. If we were putting in a tender for cement to the Government, we could not buy the cement in this country and sell it out here, because the steamship company would come under us.

4665. In point of practice, do you find that this trading on ship's account prevents you competing against them in certain articles and has prevented you?—We cannot compete with them in those articles.

4666. That is quite definite; you have had experience in certain articles, and you have given us those particular articles?—Quite so; we cannot compete with them.

4667. Passing to another question, of course there has been the dispatch of steamers on fixed dates in order to maintain a regular service to and from England?—Yes.

4668. Is that service sufficient? Do you get sufficient tonnage?—As a rule, yes. We might have cargo left over, but we must expect that now and again. It would be unreasonable to expect that in the case of a steamer receiving from everybody there might not be at certain times more cargoes sent down than she can carry. We might have 400 or 500 tons left over, but it goes by the next steamer.

4669. Is there any preference given to individual cargoes out there by the steamers in respect of the receipt of cargoes?—I do not think so. I think the cargo that goes down first to the quay is put on board first.

4670. On the whole, you think it is so?—I think so.

4671. That deals with that heading. Then another point is a new classification of goods and reduced rates of freight by consultation; but you have already answered that there is not any consultation. What effect do you think that this form of rather intricate monopoly has had upon the development of trade in the country?—What effect it has had upon development by the higher rates, do you mean?

4672. Take the whole matter. It is an arbitrary system, as you have said, and a high rate system; has it retarded development, do you think?—What I say is this—Africa has been developing during the last 20 or 30 years, and goes on developing. There must be a natural development as countries become more civilised and as native traders increase, and as the population increases. There is a very large amount of wealth being sent into Africa just now in the shape of money, and they are always giving us an increasing quantity of produce and are taking from us an increasing quantity of goods. But we hold that if rates outward and homeward were more moderate, we would be able to give the natives in Africa a larger quantity of actual goods than we give them now in exchange for their produce.

4673. In one paragraph of your proof, I see you state particularly that the merchants "would have gladly undertaken the carrying of coal and railway material at very much reduced rates" had it not been for this?—Yes.

4674. Of course, coal and railway material are essential for the development of the country?—Yes. It is admitted—and I think, perhaps, the Government will themselves admit it—that those railways have been costing us more than they should have done. We believe that those railways which are now built in Africa could all have been built at very much less cost than they have been.

4675. The point of my question is, of course, whether the rates of freight on railway material have been any excessive burden on the country?—There is no doubt that everything has been charged very high. The mining people only resorted to having their own steamers to bring out the coal because of the exorbitant rates on machinery, coal, and other material for the mines. They were forced to do that by the high rates that were being charged.

4676. That seems to be a very serious thing, because we are now dealing with articles which are essential in a developing country. Who arranged the rates of freight with regard to the shipping of the railway material—did the Governments, the Crown Agents, do it?—Yes, the Crown Agents did.

4677. Do you say that for some time, in your opinion, the people responsible for the development of the country have been submitting to a system whereby the development has been rather retarded?—Yes. For instance, if we can build a railway at £8,000 instead of £10,000 per mile, we can send that railway far further, can we not?

4678. Certainly?—And if we can build at £3,000 instead of £6,000, we can send it still further. That is the view we take, and we have always complained about the excessive cost of the material going out to build the railways.

4679. That is, of the material for the development of the country?—Yes.

4680. I suppose the Crown Agents could have chartered, could they not?—Yes, they could, but they have never done it to my knowledge.

4681. Before this Lagos coal contract, of which you have told us, was offered for tender, how had the Lagos Government been getting their coal? Had there been a public tender before that one?—The previous price was 45s. per ton delivered.

4682. How was that ascertained—by a tender?—By a tender also.

4683. Had anyone been invited to tender?—Just the shipowner.

4684. You had not been invited to tender?—We did not tender.

4685. But had you been invited?—The contract was taken for years by the shipowning people. We knew the price, and we thought it was an exorbitant price, and we decided to test it ourselves and offered at 35s.

4686. Previous to that had there been an invitation to the public to tender?—It did not come directly before us. It would probably be lying on the counter of the offices in Lagos, and we would not be there to receive it or know anything about it. It might have been in the "Gazette" for a limited time, and we had no opportunity of taking advantage of it.

4687. At any rate, there was not any great effort made to obtain public tenders from this country?—No, all these things were in very few hands.

4688. Then, if I might take your general answer to my question, the industrial development of the country has obviously been distinctly retarded by the existence of the monopoly?—It has been made more costly.

4689. I think that usually retards development, does it not?—Yes.

4690. Passing from that, there is just one other point I want to put to you. You were asked why you did not break down the monopoly by entering into the shipping line—that is what it really comes to. I suppose you did not want to engage in another business, that is, apart from your desire not to encroach on any other people, you did not want to engage in another business?—There are a great many reasons why I did not do that—personal reasons.

4691. I mean those?—Then there were patient reasons—waiting, waiting in the hope that something could be done by parties to overcome the difficulty.

4692. Do you not think it is quite reasonable that a man should desire to confine himself to his line of business, and not be expected to take up another person's line?—I would not say that exactly, because we might be shipowners and also merchants, you see.

4693. But you object to that, do you not?—In a public company?

4694. You object to the shipowners coming and competing with the merchants?—That we should say to Elder, Dempster, & Co.; but we do not want lightly to be shipowners—we do not want to enter into that very lightly, if anything else can be done.

4695. It is not a new principle, for, I suppose, you would object to railway companies selling goods against the people for whom they carried goods?—Yes.

4696. (Mr. Owen Phillips.) In your evidence, you have pointed out that the carrying trade between Eng-

land and West Africa is controlled by one firm; are you aware that in this respect the West African trade is exceptional, and that in other large trades the carrying is not confined to one firm?—Between England and West Africa it is confined to two shipping companies.

4697. You have told us that they are two shipping companies controlled by one firm?—Controlled by Elder, Dempster, & Co.; that is right.

4698. Is not the cause of the monopoly of which complaint is made in the West African trade to be sought elsewhere than in the rebate system? You complain of the rebate system, but I would ask you whether in this particular trade, the cause of the monopoly is to be found elsewhere than in that system?—I have no doubt the rebate system has hindered the chartering, by individual firms, of steamers. Had there not been the rebate system, and had shippers not been tied up, I have no doubt there would have been many chartered steamers, or individual steamers, going and coming to and from West Africa.

4699. Now, regular lines maintain the service both in good and in bad times?—Yes.

4700. Surely that is an advantage to merchants?—I certainly admit that that is one advantage. There are advantages in the rebate system and in having Rings. I quite admit that.

4701. Is it not fair that in such circumstances the regular lines should have some means of protecting themselves against the incursion of outside steamers when trade is good? If they have maintained a service for the merchants during times of bad trade, is it not fair that they should have some means of protecting themselves when trade is good?—I think if shippers generally recognised that they had been fairly treated they would not be readily given to change. I speak for myself. We would not support an occasional steamer upon competing lines to the detriment of a company that was established and serving us well; we would not do that.

4702. Could you suggest to the Commission any means, apart from Conference arrangements among regular lines engaged in the trade, by which stable rates could be maintained? Could you suggest any other way of maintaining stable rates?—Take our own West African business; I think we could have a mutual arrangement between the shippers and the shipping companies which would tend to make the rates stable, fair rates. I see what you mean. You want, I suppose, to bring out that there are advantages in Shipping Rings and Shipping Conferences?

4703. Yes?—I am quite willing to go as far as is desirable in admitting all that is good in regard to Shipping Rings and Shipping Conferences, but I can only speak to you here about our experience in West Africa. We have found, as I have in my evidence stated, that we have no opportunity of mutually considering the rates with the steamship owner. I admit that if we had a conference of merchants meeting the steamship owners and fixing regular moderate rates to suit all parties, I believe that there would be no agitation at all in West Africa; we would be loyal to our steamship people—I believe we would.

4704. You have mentioned the excessive rates in paragraph 5 of your proof. If it is the case that the steamship lines only earn on an average 5 per cent., would you consider that an excessive return on capital?—That would depend entirely on the management of the steamships. If you run a steamer which will carry 5,000 tons, an expensive boat built for carrying expensive passengers and all that sort of thing, and you bring that boat home a fourth full, I will say that you cannot make that pay. But if you have good management, you can make it pay quite well at low rates.

4705. Is the Commission to understand that in the West African trade merchants are not permitted to ship cargoes of coal by chartered vessels without sacrificing their rebates? Different trades have different customs; would you sacrifice your rebates in the trade if you shipped a full cargo of coal by an outside boat?—To begin with, the thing is impracticable except in contracting for the Government or in contracting for the mines. The mines are doing that for themselves now.

4706. I know?—And the Government are doing it by contract with Sir Alfred Jones. In that case

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Mr. G. Miller. where we and another firm joined together and made a tender our intention was to have got a c.i.f. delivered price on the coast.

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4707. Could you tell me whether in the West African trade, if you did take an outside steamer, you would forfeit your rebates in that particular Conference? I will put another question to you: Are you aware that by the general Conference arrangements in all other parts that I know of, the merchants are not debarred from loading coal in chartered tonnage; can you tell me what the custom is with you?—I am afraid if we, as a firm, chartered a steamer and took out coal, bricks, lead, cement, or anything else, we would not get our primage.

4708. I meant coal only?—Even coal. When we made that offer to the Government to send out 15,000 tons of coal we were prepared to hand over that contract to a third party.

4709. But you think you would forfeit your rebates?—I am afraid we would; but we have never tested it.

4710. In paragraph 8 you make allusion to the fact that Manchester goods have in the past been sent to Continental ports for shipment; that was when you had these very cut rates from the Continent, I understand?—No. That was written before this opposition came on; I think it was, at any rate.

4711. Can you suggest a reason why Liverpool Lines should allow traffic to pass them in this way if they could afford to charge such rates as would retain the traffic?—I say in my proof that we can buy goods at Manchester, send them down to Liverpool, send them off to Hamburg, and get them shipped there as cheap as from Liverpool.

4712. I know, but can you suggest any reason why the Liverpool Lines allowed these goods to pass them?—We did not do it, but it could be done, because the rates were so high as to permit you to send your goods down by rail to Liverpool, thence by steamer to Hamburg and go through all the troubles there, and then ship them to West Africa. Let me tell you the rate of manufactured goods going to West Africa.

4713. I will not trouble you if you will kindly hand those lists in?—Yes, I have promised to do so.

4714. You testify that the rates from the United States to West African ports by Liverpool are as low as, or lower than the rates from Liverpool to the same destination; can you suggest any reason why the Liverpool lines should carry American goods at a lower rate than English goods, in the absence of direct competition from the United States?—I think the probable reason is that they do not want to see a line of steamers established from America to West Africa. That is the only reason I can think of. It may not be that reason.

4715. Referring to your last paragraph in which you make reference to the steamship lines engaged in this trade entering into trade competition with merchants; do you know of any other large trade except the West African trade where it is customary for steamship owners to compete with merchants?—I could not tell you; I do not know the conditions of other trades.

4716. As far as you are aware you do not know of any other?—I have not the knowledge.

4717. Turning for a moment to the question of competition with Germany, I see that in 1892 the two Liverpool companies had 50 steamers of 67,000 tons, and in 1906 (now) they have 61 steamers of 97,000 tons; whilst the German company, the Woermann Line, in 1892 had 13 steamers of 15,000 tons, and now they have 47 steamers of 71,000 tons?—That is very likely.

4718. Can you account for the fact that the German companies have practically in 15 years acquired half the trade? These are most striking figures?—I said there were altogether about 100 steamers engaged in the three companies. You must remember this, that Germany has colonies as well as we have, and they use their ships for going to their own colonies and bringing home their own produce, the same as the French people do with their colonies, bringing home the produce from them. I think also some of those ships may probably have gone, or still go, to the East Coast of Africa. I do not know how many, but some of them may go. No doubt you know that quite recently a new arrangement has been come to by which Herr Ballin has bought so many steamers of

theirs. That alters the position a little and becomes a very serious one for our shipping.

4719. (Mr. Maddison.) Your evidence seems to point to a very close monopoly in this West African trade in regard to shipping?—That is so.

4720. You have given us the names of three companies; are those three companies largely financed by the same people?—The three companies are not financed by the same people.

4721. Two of them are—I should have said two, for I meant two?—The British and African Steam Navigation Company belongs to Elder, Dempster & Co., the African Steamship Company is managed by the Board in London, and is a separate company.

4722. But similar people are on it, are they not?—No, I would not say that. The British and African Steam Navigation Company was bought by Elder, Dempster, & Co., a few years ago from Glasgow people. They have since added to their fleet as Elder, Dempster, & Co. Then the African Steamship Company in London is an old London company, and their fleet is being added to by a large shipbuilder.

4723. What about the Woermann Line; is that entirely foreign capital?—Yes.

4724. I want to know a little more about the history of that tender for coal. First of all I want to know really whether previous to your firm and another tendering, you had invitations in the ordinary way to submit a tender?—No. No direct request ever came to us as a firm to tender for these coals.

4725. What made you tender in the end?—The fact that we knew that very high prices were being paid on the coast by the Government for their coals.

4726. What I really want to get at is whether you would say that the Government did put these tenders in the market, using that term in its commercial sense? Did they put the tenders fairly in the open market, asking for tenders from all reliable firms?—I could not say they did not. They did not come before us. I cannot from my own knowledge tell you what steps they took to bring them before shippers in this country; I cannot tell you that.

4727. Was shipping coals out of your line?—Coal is an article that the natives of Africa do not want; it is only the Government or the Mines who want it, largely.

4728. They give orders from time to time, I suppose?—These are for the railways and for the Government boats and other Government purposes. It is not what a native would ask for.

4729. I follow that?—We have shipped regularly coal for natives who may have their own little boats there; we ship that coal for them.

4730. I am just wanting to keep to this Government contract, chiefly for the railways. There would be from time to time previous to that, contracts given out, I take it?—Yes.

4731. Previous to you tendering, I take your evidence to be that they had not come to you in the same sort of way?—They never came to us.

4732. I mean came to your notice?—They would only be published in the "Gazette."

4733. What "Gazette"?—The Lagos "Gazette."

4734. But you have your agent there, have you not?—Yes, but coal was not in our way.

4735. That is my point?—It did not come before us; it was not a thing that we could sell except to the Government.

4736. That was rather why I asked you what it was. Would you say the Government made this contract as public as they ought to have done?—They published it in the "Gazette"; what would you call that?

4737. Nay, I ask you—you know all about it and I do not?—It did not come before us.

4738. What date was this?—It is not two years ago.

4739. Has there been a contract given out since for coal?—Yes, there was.

4740. Did you tender again?—No, we did not tender for it.

4741. Why did you not tender again?—To be perfectly straight, we did not think we were straightforwardly treated by the Government and we would not do it again.

4742. Why did you think you were not properly treated?—Because we ought to have got the tender at 35s. instead of its going to other people for 32s. 6d.

4743-1. Do you know the figure at which the contract was given out next time it was sent out?—I could not tell you, but I think it was 35s.

4745. But it never got up to the 45s.?—No.

4746. You are quite sure that the high price of coal represented by the 45s. was not due to the great dearth of the coal at that time?—No, because coal was then very cheap.

4747. Then it was very cheap when the price paid by the Government was 45s.?—But not cheaper than it had been for several years before then.

4748. It was not dearer; that is my point?—Coal has become very dear during the last year.

4749. You think that represents a distinct loss to the development of the country?—Yes; we all think so.

4750. Just a question about your objection to ship-owners being merchants. I think—and I do not want to repeat the question because it is too late for that—that Mr. Owen Philipps has asked you whether it is peculiar to the West African trade for shipowners to become merchants?—It is a very unfair thing.

4751. But is it peculiar to West Africa, as far as you know?—I have no knowledge of it being done anywhere else.

4752. What I want to get at is whether there is anything in West Africa itself which naturally would cause a difference, if such difference exists; but you do not know that it does exist, so I will not bother with that. Would you have an objection to shipowners carrying stuff on ship's account if there were no Rings?—Yes, I would certainly object to it.

4753. Yours is a general objection?—Certainly, because, as I have said already, a man who is a shipowner has a distinct business to carry on. I am a merchant, why should I go and support his ships if he is going to compete against me in my special department?

4754. Now keeping in view your great interest in the African native which you have displayed, do you still see any objection from that point of view to the shipowner being a trader?—I do see an objection to it.

4755. From a consumer's point of view?—From every point of view.

4756. Take the point of view of the consumer, for a moment, in whom you have been interested, remember, up to this?—Tell me now what you propose that the shipowner should do, and then I will be able to understand it better.

4757. Your objection is to the shipowner carrying on ship's account, that is, becoming a trader in goods?—Yes.

4758. Because you say he competes unfairly with you, inasmuch as he need not debit to the cost of the goods the full freight rates he charges you; that is your case, is it not?—Yes.

4759. Therefore, you mean that it enables the shipowner to sell his goods cheaper than you can sell yours?—Yes, he can do that.

4760. Would it not be for the benefit of the native for him to do that?—I dare say the natives would not object to get their goods 2s. a ton cheaper.

4761. And it would assist development, as far as it went, in West Africa?—Yes, it would.

4762. Then it would only hurt you as a merchant?—But, then, the merchant would not stand it, you see. If that was done to a large extent there would be no peace between the shipowner and the merchant.

4763. Perpetual peace does not reign, I suppose, generally with you?—It ought to.

4764. You said that Rings did not make for good management?—I say that the management on the West Coast of Africa we do not think is the best.

4765. I am talking about the West Coast?—I did not say the Rings did not make for good management; I speak of a fact.

4766. But they are all Rings on the West Coast of Africa, are they not?—I say the management on the West Coast of Africa in our opinion is not what it should be.

4767. And the management is the management of Rings, is it not?—Yes, it is a Ring.

4768. You have said several times over in reply to Mr. G. Miller and the other Commissioners that Rings have this advantage and the other advantage. You have been perfectly fair. Let me ask you one question to save time, and that covers it all, in my own mind. What is the balance—good or bad?—In my opinion as to the advantage of Rings?

4769. Yes?—I am speaking now of the West Coast of Africa.

4770. Quite, I understand that?—I would rather not have them.

4771. That means you think the balance is to the bad?—Yes, I think it is decidedly to the bad.

4772. Both for the consumer and the trader?—I am speaking of the West Coast of Africa.

4773. I quite accept that, and I am putting the question with the knowledge that you are speaking of the West Coast of Africa?—I think the present system is not satisfactory.

4774. And that it is detrimental to the development of the Colonies?—It is unfair to the general traders.

4775. I will put it in this comprehensive way. It to some extent arrests development, it produces higher prices to the African consumer, and it is not fair for the merchants?—I quite agree with you.

4776. I suppose some of these vessels carry mails to West Africa?—A great many of them carry mails.

4777. But all these three companies will not carry mails, will they?—The Woermann people carry mails, in fact they all carry mails. I do not think there is a subsidy for mails on the West Coast of Africa, but I am not sure. I think it is merely payment by weight.

4778. The mere earnings?—Yes.

4779. Therefore I do not need to press my question. You gave to me, quite a novice, some startling figures about salt, on which you said the freight to West Africa was 30s.*?—That was to Lagos, I said, but there are differential rates to different places.

4780. And that to the United States it was 4s. 6d.?—That is so.

4781. That 4s. 6d. would be merely a ballast rate, I take it?—Yes.

4782. So it is not fair to compare the 30s.* with that 4s. 6d., is it?—No, but most of the salt goes from this country as a ballast freight.

4783. To Lagos?—Most of the salt that goes from this country goes as ballast freight to Calcutta and China, for instance.

4784. It is a ballast freight to Lagos which we are talking about?—No.

4785. That is my point; therefore we cannot compare the rates you gave with the rate to Lagos?—That is quite true.

4786. What would be the mean between them, have you any idea?—It is 30s.* to Lagos, with the 10 per cent. primage, which makes it 33s. If it were 20s. it would be more moderate.

4787. Do you think that would be the freight rate to the United States?—If I were sending salt out in my chartered ship I would not rate it at more than 20s.

4788. (Sir John Macdonell.) You mention 30s.* as the rate of freight to Lagos for salt?—Yes.

4789. What would be the selling value in Lagos of a ton of salt, and what would be the original cost? Give the figures roughly?—I can give it you pretty closely. It would not be less than 80s. per ton. Say 30s. per ton for the cost of the salt, 30s.* for the freight, 3s. for the primage, 20s. for the duty, and then for the handling it would not be less than 8s. or 9s.

4790. Taking all charges together, then, the cost of the salt in Lagos would be something like 80s. per ton?—From 80s. to 90s. per ton.

4791. And of that 80s. to 90s. per ton something like a third would be attributable to the freight?—Yes, a third.

4792. In your judgment that is an unreasonable freight?—It is a very high rate.

4793. Another point which perhaps you will clear up for me is that in your proof you state, as I understand,

* See footnote on page 165.—J. A. W.

Mr. G. Miller. that the rebate is not applicable to rubber, gum, fibres, coffee, cocoa, and certain other articles?—That is to say, for those articles excepted, we pay the full rates of freight, plus 10 per cent., and we get no return.

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4794. That is what I understand. Assuming that to be the case, do you understand that if you shipped ivory or fibres or gum or cocoa or any of these other excepted articles by a vessel outside the Conference, you would forfeit your rebates?—Yes, I understand so.

4795. So that, as I understand from your explanation, as regards these particular articles you have the disadvantages of the rebate system without any of the advantages?—We have no privileges beyond those advantages which I have freely confessed there are from Shipping Rings, such as the regular sailings.

4796. That I am not forgetting. Taking some of these excepted articles, such as gum and rubber, how do these rates compare as regards the articles which are included, such as palm oil?—Palm oil might be 27s. 6d. per ton, and these articles might be double that.

4797. So that all these articles in regard to which the rebate is not enjoyed are subject to much higher rates?—Yes.

4798. As I understand, you have two remedies in your mind with regard to this system. In the first place you do not want the shipowner to go into your trade?—That is so.

4799. But then, as I understand, you propose to go into his trade?—We have not done it.

4800. But you think that that might be essential?—If the rates are so high as to be unreasonable, we are quite justified in taking steps to do it ourselves.

4801. Let me see how that is to be done. As I understand from your explanation, the way out of the difficulty is for some person to find a sum which you state roughly at £500,000?—The money.

4802. May I take it that you see no other way out of the difficulty?—Except as I suggested, by friendly consultation in conferences with the steamship owners.

4803. You have had opportunities for applying that remedy by conferring, have you not?—No; very few.

4804. I have before me a friendly description of the Conference system to the effect that "it is an arrangement by way of co-operation to the mutual benefit of shipowners and merchants"; would you think that a felicitous description of the system as far as your experience goes?—We would not call it a correct description of the West African arrangement.

4805. You have not seen in your experience any symptoms of co-operation?—I would not object to co-operation and a friendly arrangement between the shippers and the shipowner. I think that would conduce to friendly working, and probably to lower rates.

4806. Drawing upon your experience of the past, would you say that the words which I read are not quite an apt description of the system?—Read them again.

4807. "An arrangement by way of co-operation to the mutual benefit of shipowners and merchants"?—That is desirable. We do not find that existing between us on the West Coast of Africa.

4808. Do I understand that you deprecate legislation of any kind?—I could not say; I would like to see the views of this Commission.

4809. Let me put to you this point; supposing that these disadvantages which you have described

were to continue, and supposing the unknown person willing to supply £500,000 did not appear, do you still say that you think legislation should be deprecated?—What I should say is this, that we would be all delighted if this rebate system was put an end to.

4810. In what way put an end to?—Being bound as we are for a year, we cannot ship anywhere else by any other body.

4811. That I understand. What I wanted you to elucidate a little more clearly than you have is your statement that you want the rebate system to be put an end to. Do you contemplate in any contingency Parliament saying such a system shall not be permitted?—That is a very difficult question to answer. That must come from the evidence which I have not seen, and I do not know what may come yet. The Commissioners are here for the purpose of taking evidence and to guide Parliament, I suppose.

4812. For the moment I am asking you to draw upon your very large experience and no doubt your long reflection over this subject; and I am asking you to tell me whether in the event of this hypothetical company not being formed you would contemplate legislation?—I believe that we would favour legislation to prevent the system which is now in vogue on the West Coast of Africa tying up our hands.

4813. Would you for a moment dwell upon the words which you have used—"legislation to prevent this system"?—Of tying up.

4814. With those words in your mind will you explain to me what you think might be practicable in the way of legislation?—The Government might make it unlawful to make such tying arrangements. It might make it illegal.

4815. Illegal in the sense that the parties who entered into such an arrangement should be punished?—Illegal in the sense that they would not be binding upon us.

4816. At the present moment they are not binding if you choose to forfeit your rebates?—Yes, but we do not want to do that, because we lose all our rebate.

4817. That comes to the point that I was wishing you to come to, and it is this: Would you be in favour of legislation which would enable you to recover the rebates notwithstanding that you had not fulfilled the letter of the agreement?—I think if there was legislation, and we have entered into an agreement with the steamship people on the West Coast of Africa, we ought certainly to abide by the agreement for a certain period. Supposing legislation was enacted, it would be hardly fair just at the moment to say that that must all end. It might be fairer to give notice that these things were to expire.

4818. Without going too much into details, may I take it that you are prepared to advocate legislation to the effect that the letter of the agreement should be disregarded and that you should be entitled to a return of the rebate notwithstanding that you had shipped by other lines?—We should be pleased if the law was made so that the present system in vogue in West Africa could be put a stop to.

4819. I am not going to put to you any more questions except one: Are you prepared to state something a little more definite than your somewhat general proposition?—And recommend it, do you mean?

4820. Yes?—Well, I recommend that to the Government as far as West Africa is concerned—yes, I do.

EIGHTH DAY.

Tuesday, 30th April, 1907.

PRESENT :

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

Lord INVERGLYDE.
The Hon. C. N. LAWRENCE.
Sir HUGH BELL, Bart.
Sir D. M. BARBOUR, K.C.S.I., K.C.M.G.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
Captain R. MUIRHEAD COLLINS, C.M.G.
The Hon. W. PEMBER REEVES.

Mr. J. BARRY.
Professor E. G. K. GONNOR.
Mr. F. MADDISON, M.P.
Mr. W. H. MITCHELL.
Mr. OWEN PHILIPPS, M.P.
Mr. AUSTIN TAYLOR, M.P.
Mr. J. H. MATHERS.
Mr. J. A. WEBSTER, *Secretary.*

Mr. JOHN HOLT, called and examined.*

4821. (*Chairman.*) According to your wish, we have excluded the public Press. You are a West African merchant?—Yes.

4822. And have been in business for many years?—Yes.

4823. I think you have prepared for us a memorandum of the evidence you propose to give?—Yes.

The witness handed in the following statement :

MEMORANDUM ON THE WEST AFRICAN REBATE SYSTEM OF THE BRITISH AND GERMAN LINERS SAILING FROM LIVERPOOL AND HAMBURG.

1. The British and German Conference Lines run steamers to all the chief ports on the West and South-west Coast of Africa in French, British, German, Portuguese, Spanish, and Congo State territories, and their rebate system has lately been made to embrace the South-West Coast ports, which up to October, 1905, were excluded. It must be understood that my remarks more particularly apply to Lagos and the Niger Delta, and incidentally to French Congo ports.

EXTRACT FROM LLOYDS REGISTER OF SHIPPING.

	1892-3.		1906-7.	
	Steamers.	Tonnage.	Steamers.	Tonnage.
Woermann Line ...	13	15,741	47	71,957
British and African Steam Navigation Co. and The African Steamship Company.	50	67,125	61	97,646

The increase in German tonnage—56,216 tons (Woermann Line)—employed in the West African trade during the past 14 years has been 357.13 per cent., whilst the increase in the British tonnage—30,521 tons—is 43.47 per cent.

Extract from Gold Coast Report for 1905 :

"The mahogany traffic requires special arrangements, every effort is being made to foster this industry, which, however, is hampered by heavy ocean freights."

Extract from Lagos Report of 1902 :

"While the number of British steamers has fallen off, the number of foreign ones has very materially increased. This is accounted for by the unprecedented activity of the Woermann Line. During the past year the port was visited by 223 German steamers, as against 124 in 1901, whilst the British steamers numbered 321 in 1902, as against 331 in 1901.

"John Holt & Co. paid freight, in 1896, to Woermann Line £4,714, to British Lines £23,073; in 1904, to Woermann Line £12,573, to British Lines £16,521."

FREIGHT PER TON GROSS WEIGHT ON PRODUCE EXCLUSIVE OF 10 PER CENT. PRIMAAGE BY CONFERENCE LINERS TO LIVERPOOL OR HAMBURG. *Mr. J. Holt.* 30 Apr. 1907.

	From Forcados, Bonny, Opobo, Calabar.	From Warri, Benin, New Calabar.	From Lagos.	Margin of Freight to cover Bar Service at Lagos.
Palm oil	£ s. d. 1 7 6	£ s. d. 1 7 6	£ s. d. 2 0 0	£ s. d. 0 12 6
Palm kernels ..	1 1 3	1 1 3	1 10 0	0 8 9
Maize	1 0 0	1 0 0	1 0 0	—
Cotton	3d. lb.	3d. lb.	3d. lb.	—
	nett wtgt.	nett wtgt.	nett wtgt.	
Cottonseed	1 0 0	1 0 0	1 0 0	—
Cocoa	2 12 6	2 12 6	2 5 0	—
Coprah	1 5 0	1 5 0	1 5 0	—
Ebony	1 7 6	1 7 6	1 5 0	—
Fibre	1 7 6	1 7 6	2 5 0	0 17 6
	40 c. ft. mmt.	40 c. ft.	40 c. ft.	
Gum	2 12 6	2 12 6	2 5 0	—
Ground nuts ..	2 12 6	2 12 6	2 5 0	—
Rubber	2 12 6	2 12 6	2 15 0	0 2 6
Ivory per lb. ..	0 0 11	0 0 11	0 0 1	—
Pepper	2 12 6	2 12 6	2 5 0	—
Pissava	1 7 6	1 7 6	1 5 0	—
	40 c. ft. mmt.	40 c. ft.	40 c. ft.	
Mahogany—				
Up to 10 cwt. logs	1 5 0	1 5 0	1 5 0	—
10 cwt. to 2 tons each	1 5 0	1 5 0	1 10 0	0 5 0
2 to 3 tons ..	—	—	1 15 0	0 10 0
Over 3 tons ..	—	—	2 5 0	1 0 0
Shea oil	1 7 6	1 7 6	2 0 0	0 12 6
Shea nuts	1 1 3	1 1 3	1 10 0	0 8 9

The bulk of the produce carried consists of palm oil and palm kernels, although maize, ground nuts, cotton, cottonseed, and rubber constitute important items of freight, and mahogany is a large freight payer, probably ranking first after palm products.

PRESENT CONFERENCE RATES FROM LIVERPOOL AND HAMBURG EXCLUSIVE OF PRIMAAGE 10 PER CENT.

	To Forcados, Bonny, Opobo, Calabar.	To Warri, Benin, New Calabar.	To Lagos.
Iron	£ s. d. 0 15 0	£ s. d. 1 1 3	£ s. d. 1 12 6
Shooks	0 15 0	1 1 3	1 5 0
Timber (unwrought) ..	0 15 0	0 15 0	0 15 0
" (wrought)	1 1 3	1 1 3	1 12 6
Bread	1 1 3	1 1 3	1 15 0
Bricks	1 1 3	1 1 3	1 12 6
Cement	1 1 3	1 1 3	1 7 6
Coals	1 1 3	1 1 3	1 12 6
Earthenware	1 1 3	1 1 3	1 12 6
Gin, rum	1 1 3	1 1 3	1 7 6
Bags	1 1 3	1 1 3	1 12 6
Lime	1 1 3	1 1 3	1 12 6
Rice	1 1 3	1 1 3	1 12 6
Salt	1 1 3	1 1 3	1 0 0
Soap	1 1 3	1 1 3	1 12 6

* A subsequent letter from Mr. J. Holt, complaining of the failure of the Elder Dempster Line to allow rebates on the same basis as the Woermann Line, will be found in Appendix XXII.

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	To Forcados, Bonny, Opobo, Calabar.	To Warri, Benin, New Calabar.	To Lagos.
	£ s. d.	£ s. d.	£ s. d.
Cordage	1 1 3	1 7 6	1 15 0
Felt	1 1 3	1 7 6	1 15 0
Flour	1 1 3	1 7 6	1 15 0
Furniture	1 1 3	1 7 6	1 15 0
Glassware	1 1 3	1 7 6	1 15 0
Guns	1 1 3	1 7 6	1 15 0
Hardware	1 1 3	1 7 6	1 15 0
Matchets	1 1 3	1 7 6	1 15 0
Paints	1 1 3	1 7 6	1 15 0
Pipes	1 1 3	1 7 6	1 15 0
Tar	1 1 3	1 7 6	1 15 0
Aerated waters	1 7 6	1 7 6	1 15 0
Beer... ..	1 7 6	1 7 6	1 15 0
Castings	1 7 6	1 7 6	1 15 0
Cowries	1 7 6	1 7 6	1 15 0
Ginger brandy	1 7 6	1 7 6	1 15 0
Liqueurs	1 7 6	1 7 6	1 15 0
Machinery	1 7 6	1 7 6	1 15 0
Provisions	1 7 6	1 7 6	1 15 0
Spirits	1 7 6	1 7 6	1 15 0
Wines	1 7 6	1 7 6	1 15 0
Beads	1 7 6	1 13 9	2 5 0
Brass rods	1 7 6	1 13 9	2 5 0
Cottons	1 7 6	1 13 9	2 5 0
Drugs	1 7 6	1 13 9	2 5 0
Perfumery	1 7 6	1 13 9	2 5 0
Tobacco	1 7 6	1 13 9	1 15 0
Woollens	1 7 6	1 13 9	2 5 0
Unenumerated goods ..	1 7 6	1 13 9	2 5 0
Tiles	1 1 3	1 1 3	1 12 6
Chalk	1 1 3	1 7 6	1 15 0
Candles	1 7 6	1 7 6	1 15 0
Petroleum in cases ...	2 2 6	2 2 6	2 5 0
Matches (safety)	2 2 6	2 2 6	2 5 0
Turpentine... ..	—	4 2 6	4 10 0
Oil	1 1 3	1 7 6	1 15 0
Gunpowder	2 12 6	2 12 6	2 11 0

2. *Observations.*—Warri is three hours' steaming distance, about 25 miles from Forcados, with ample depth of water and safe navigation.

Opobo is 250 miles from Forcados, with shallow bar to cross, and specially shallow draft ocean steamers are necessary to navigate it with safety.

Bonny is 200 miles from Forcados, with safe bar for ordinary ocean steamers.

Calabar is 310 miles from Forcados and 35 miles up river, with safe navigation.

New Calabar district towns are reached by ocean steamers through inland, 23 miles of navigable creeks, from Bonny.

Benin towns are reached by ocean steamers through inland creeks from Forcados, distant 100 miles.

Note.—When independent steamers were working Lagos, the bar freight was always reckoned at 5s. per ton for use of small steamers plying over the bar to steamers in the offing at Lagos, or between Lagos and the ocean steamers in Forcados. Upon a comparison of the rates charged to Forcados, Bonny, Opobo, and Calabar with Warri and Lagos, it will be observed how arbitrary and erratic the rates are, whilst timber is carried to Lagos without any charge for the bar boat service, and salt is actually carried at 1s. 3d. per ton and gunpowder at 1s. 6d. per ton, less than to Forcados. Iron, beads, brassware, cottons, drugs, perfumery, and woollens are charged 17s. 6d. per ton for the Lagos bar freight. Cordage, felt, flour, furniture, glassware, guns, hardware, matches, paints, pipes, tar, and bread are charged 13s. 9d. per ton for bar freight; bricks, earthenware, bags, lime, rice, and coal 11s. 3d. per ton; shoeks, 10s. per ton; aerated waters, beer, brandy, castings, machinery, provisions, cowries, liqueurs, wines, spirits, and tobacco are charged 7s. 6d. per ton; cement, gin, and rum 6s. 3d. per ton, whilst petroleum in cases is 2s. 6d. per ton, probably because the rate to Forcados is sufficiently high to prevent shipments on independent account. The rates on coal and cement also, whether to Forcados or Lagos, are so calculated as to prevent any possibility of shipments by these steamers, coals are not carried in bulk for shippers, and if they have to be packed in casks the cost delivered is much more than they can be sold for. The steamship companies themselves quote prices delivered ex ship in Lagos and other ports of such goods as cement, coals, and kerosene at such prices as to make shipments of these impracticable for shippers by their steamers if charged

the quoted rates. It must be remembered that the shipowners have the option of charging by weight or measurement in all cases. Apart from the question of the amount of rate charged, it is useful to observe how illogically the rates are differentiated. Why, for instance, should such things as cheap clay pipes, felt, and tar pay the same rates as brandy, wines, best spirits, beer, and tobacco? Why do bricks, earthenware, gunny bags, and lime pay more than gin and rum? The same question might be asked in regard to the cheap hardware shipped to Africa, and the matchets imported for the use of the native agriculturer and costing 2d. to 3d. each. Why should aerated waters, so necessary for health in West Africa, where good drinking water is scarce, be classed for freight charges with the best brands of whisky, wines, and brandies, and why should such things as rice, flour, soap, bread, and provisions pay a higher rate than gin and rum?

It is difficult to comprehend upon what reasonable ground the rate of 6s. 3d. per ton is based for the carriage of cargo by ocean steamer to Warri, which is only three hours' steam from Forcados in a safe, deep, and easily navigated stream, whilst nothing over the Forcados rates is charged for such ports as Bonny, Opobo, and Calabar, the two former inside rivers, the bars of which have to be crossed, and Calabar some 35 miles up a river after crossing its bar, distant 345 miles further from Europe than Forcados. These anomalies can only be the outcome of monopoly. A free market in freights would certainly equalize all the rates to those charged to and from Forcados, with the exception of Lagos, which would have to pay an extra 5s. per ton each way for the normal Lagos bar service.

3. RATES OF FREIGHT OUTWARDS IN 1900 AND ONWARDS TO 1906, EXCLUSIVE OF PRIMAAGE 10 PER CENT.

	From Liverpool to Forcados, Bonny, Opobo, Calabar.	From Liverpool to Warri, Benin, New Calabar.	From Hamburg to all Delta Ports.	From Liverpool and Hamburg to Lagos
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Salt	1 15 0	1 1 3	1 1 3	1 5 0
Shoeks	1 7 6	1 7 6	1 1 3	1 5 0
Gin and rum	1 1 3	1 7 0	1 1 3	1 7 6
Geneva (gin)	1 1 3	1 1 3	1 1 3	1 7 6
Iron	1 1 3	1 1 3	1 1 3	1 12 6
Bricks, cement, coal ..	1 1 3	1 1 3	1 1 3	1 12 6
Lime	1 1 3	1 1 3	1 1 3	1 12 6
Rice	1 1 3	1 1 3	1 1 3	1 12 6
Earthenware	1 1 3	1 1 3	1 1 3	1 12 6
Bags	1 1 3	1 1 3	1 1 3	1 12 6
Timber	0 15 0	0 15 0	1 1 3	1 12 6
Soap	1 1 3	1 1 3	1 1 3	1 12 6
Wines, spirits, beer ..	1 7 6	1 7 6	1 1 3	1 15 0
Aerated waters, liqueurs	1 7 6	1 7 6	1 1 3	1 15 0
Bread, biscuits, flour ..	1 1 3	1 7 6	1 1 3	1 15 0
Biscuits and flour ..	1 7 6	1 7 6	1 1 3	1 15 0
Cordage	1 1 3	1 7 6	1 1 3	1 15 0
Castings	1 7 6	1 7 6	1 1 3	1 15 0
Cowries	1 1 3	1 7 0	1 1 3	1 15 0
Felt	1 1 3	1 7 0	1 1 3	1 15 0
Furniture	1 1 3	1 7 0	1 1 3	1 15 0
Glassware	1 1 3	1 7 0	1 1 3	1 15 0
Guns	1 1 3	1 7 0	1 1 3	1 15 0
Hardware	1 1 3	1 7 0	1 1 3	1 15 0
Machinery	1 1 3	1 7 0	1 1 3	1 15 0
Paints	1 1 3	1 7 0	1 1 3	1 15 0
Pipes	1 1 3	1 7 0	1 1 3	1 15 0
Provisions	1 7 6	1 7 0	1 1 3	1 15 0
Tar	1 1 3	1 7 0	1 1 3	1 15 0
Tobacco	1 7 6	1 13 9	1 1 3	2 5 0
Beads	1 7 6	1 13 9	1 1 3	2 5 0
Brass rods	1 7 6	1 13 9	1 1 3	2 5 0
Cottons	1 7 6	1 13 9	1 1 3	2 5 0
Drugs	1 7 6	1 13 9	1 1 3	2 5 0
Perfumery	1 7 6	1 13 9	1 1 3	2 5 0
Woollens	1 7 6	1 13 9	1 1 3	2 5 0
Gunpowder	2 12 6	2 12 6	2 12 6	2 10 0
Chalk	1 1 3	1 7 0	1 1 3	1 12 6
Candles	1 7 6	1 7 0	1 1 3	1 15 0
Matches	2 2 6	2 2 6	2 2 6	2 5 0

For at least six years the rates from Hamburg to Niger Delta ports by both German and British steamers have been fixed much lower than from Liverpool—the foregoing schedule of rates shows that whilst the Hamburg rates were 21s. 3d. per ton for all goods with the exception of matches and gunpowder, the only goods from Liverpool on which this rate was charged were—salt, Geneva (gin), iron, lime, bricks, cement, coal, rice, earthenware, bags, soap, bread, biscuits, flour, felt, cordage, furniture, glassware, guns, hardware, paints, pipes, tar, and chalk. Whilst an additional rate over the Hamburg rates was fixed at 6s. 3d. per ton on gin and rum, wines, spirits, beer, aerated waters, liqueurs, castings, cowries, machinery, provisions, tobacco, beads, brass rods,

cottons, drugs, perfumery, woollens, and candles. This additional rate against Liverpool shippers, therefore, constituted a premium in favour of Continental goods.

It is difficult to guess why the Conference lines arranged their tariff in favour of the German port when shipped to the Niger Delta ports. They showed no such preference for Hamburg when dealing with the Lagos rates, which were fixed exactly the same from Hamburg and Liverpool; public attention having been called to this injustice to British trade at about the same time that the Royal Commission was appointed to inquire into the subject of rebates on freight, the companies concerned hurriedly issued rate lists, making the Liverpool and Hamburg rates identical not by a reduction of the Liverpool rates to those of Hamburg (with the exception of gin and rum, which were reduced from 27s. 6d. to 21s. 3d.), but by increasing the Hamburg rates.

In considering the extra charge for the Forcados to Lagos branch boat service, it will be interesting to observe how gin and rum were carried without any charge over Forcados rates, whilst other goods were charged from 3s. 9d. to 7s. 6d., 11s. 3d., 13s. 9d., and even 17s. 6d. per ton on cottons, in which a large trade is done at Lagos. It must be remembered that Lagos is the most important trade centre in all West Africa, and the heavy burden put upon the buyers of goods there has been specially felt as a hindrance to the economic progress of the Colony. Large quantities of machinery, rails, &c. in connection with the building of the railway by Government have been imported into Lagos by the British steamers, and it is understood that the same rebate system is applied to the Government as to private shippers, so that they are as much at the mercy of these monopolists as other people and have to put up with their exactions. The coals supplied for the use of the railway were charged at such exorbitant rates (said to be 55s. per ton) that the engineer of the line drew attention to the matter in his report, and the governor took the supplying into his own hands, and got a considerable reduction by negotiation, but at last advertised for tenders and got offers at 35s. per ton for the best South Wales coal, when the same suppliers actually accepted 32s. 6d. rather than miss the contract—an excellent object lesson of how much the trade of Lagos as a whole would benefit if there was competition in freight as in other things, and a clear proof of the enormous profits being made out of the Colony by the exactions of the shipping ring.

Conditions imposed by the Conference lines in regard to rebate and their bearing on commerce.

4. The enclosed forms of the German and British liners set forth in the form of a notice to shippers the conditions upon which they will allow and repay certain primages on goods and produce carried by their steamers. The lines of communication between Germany, Holland, England, and West Africa having been concentrated in the hands of the three operating lines, with all mails, passengers, and goods going by their steamers, they adopted their rebate system and imposed it upon all shippers by their steamers presumably for the purpose of preventing competition by other steamers. When it suits their interests to defend themselves against the complaints made by their shippers that they cannot get sufficient tonnage when wanted to carry their goods, they are apt to refer to this notice as an agreement by which shippers are bound to ship all by their steamers. It is not, however, an agreement as there is but one party to it. The rates of freight are fixed by the shipping companies, not by any agreement but by the will of the shipowners, and the rebate of primage is but a return of what has been first imposed upon shippers and then conditionally returned upon terms that the shipping lines impose. What can a shipper do? He cannot start a line of steamers on his own account unless a very big merchant, and in the West African trade it is doubtful if there exists any firm big enough to run economically a line of steamers to and from the ports which the conference liners serve, besides once the terms were imposed, the bigger the shipping company the larger would be the primages they would have to sacrifice if they ventured to run a line of their own or ship by any competing line. Therefore, big or small, they are in the grip and at the mercy of the shipowners. They possess an absolute monopoly, with a penalty kept in their own hands which they are able to impose upon any shipper who may dare to transgress their orders. See their rebate conditions:—

- (1.) Shippers to and from the West Coast of Africa as far south as Tiger Bay are informed that on

all shipments outwards and palm oil and kernels inwards, until further notice, will be allowed a rebate of the 10 per cent. primage reserved by them on all shipments effected at their tariff rates outwards and on palm oil and kernels inwards from or to Hamburg, Bremen, Liverpool, Rotterdam, Antwerp, and Havre or other ports or places in the United Kingdom or on the Continent east of and including Havre.

- (2.) The said primage is to be made up half-yearly and to be payable six months later to those shippers only who, until the date when the primage becomes payable, shall have shipped exclusively by the steamers despatched by the conference liners from or to the before-mentioned ports to or from the West African Coast, provided that such shippers have not directly or indirectly made or been interested in any shipments to or from such ports by vessels other than those despatched by the conference liners, and provided the statement of claim be made on the form attached to the notice. (App. XXIX.)

It is to be observed that whilst all outward primages are to be conditionally returned, the inward primages on palm oil and palm kernels only are included. If the principle were a fair one, it is difficult to comprehend for what reason the primage on all produce other than palm oil and kernels is withheld. All outward but partial inward primages are the lines upon which the rebate system is worked by these steamers. There are no conditions or even promises made by the shipowners that they will carry a shipper's goods to or from the places named, that the rates of freight will be fixed as agreed upon, that the same rates will be charged to every shipper or that the shipper's goods will be carried at all. The tariff rates may be any rate the shipowners like to impose, with any conditions they may choose to inflict. They are under no obligation to put on tonnage sufficient for all purposes to take the produce where it may be wanted by the shipper or to give delivery without unreasonable delay. If a shipper should want to sell kernels to Rotterdam because he judges that the best market, he must, according to their conditions, ship 1,000 tons in order to get the kernels sent there direct. If he has only 100 tons he must send them to Hamburg and bear the losses such produce entails on transshipment, or if he sends them to Liverpool from Lagos and the Niger Delta ports he must not only suffer this loss, but also pay 6s. 3d. transit freight from Liverpool to Rotterdam. These conditions may be favourable to the big shipper but exclude the small one. Competition would make both ports equally available to big and small shippers.

If he should want to sell oil to Havre because of the better market conditions there, he can only do it on the condition that he ships tons and pays the tariff fixed by the shipowners, and this, although the oil may be from a French port in Africa and a French vessel ready to take it to Havre or Dunkirk, at a lower rate of freight. The only part of Europe not touched by the shipowners' proclamation is France south of Havre, Portugal, Spain, &c. The chief port to which shippers are permitted freedom is Marseilles, and there the rates are 8s. 6d. per ton for oil, and 3s. per ton for kernels less than the conference liner rates from Lagos to Hamburg and Liverpool, the effect of competition.

A reference to the rates of freight on produce will show what high freight is being charged on some of the most important products—upon which no return of primage is made, such as rubber, mahogany of the larger sizes from Lagos, cocoa, fibre, gum, ground nuts, &c.

A monopoly of the carriage of goods naturally embraces a monopoly of the carriage of passengers, and all intermediate freight and passengers on the West Coast where rates for both are exorbitant.

Bills of Lading.

5. I call attention to the ever-being-added-to conditions of the bills of lading which seem to exclude every possible liability or responsibility on the part of the carrier to do anything once the goods are handed to him, except perhaps to obtain his freight on outward goods against delivery of bill of lading, and on inward produce before delivery of same to consignee.

How the Rebate System Works.

6. I have shown how up to the end of 1906 the tariff was fixed by which all the Niger Delta ports were charged higher outward rates from Liverpool than from Hamburg. This constituted a premium on German goods which was

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Mr. J. Holt. not abolished until January, 1907, when the Hamburg rates were made identical with those from Liverpool.

30 Apr. 1907. In the working of the business the Lagos shippers have repeatedly had to complain of the great delays they have experienced in obtaining delivery of their goods. It is no unusual thing for goods to be five and even six weeks on the way from Liverpool to Lagos. The same thing frequently takes place on the shipments from Lagos. It is a common thing for a shipment of produce—say of bags of kernels, or maize, or logs of mahogany—to be shipped in one bottom at Lagos, and transhipped at Forcados into several steamers sailing at various dates, and the Liverpool consignee remain in absolute ignorance as to when his shipment will be arriving until it is actually in port. At times there has been a glut of produce and no tonnage available, and shippers have had to suffer much loss and inconvenience in consequence. Thousands of pounds worth of mahogany have been lost to shippers through the action of seaworms on logs waiting for steamers to load them. On the South-west Coast I know that the shippers have had to rely upon the German steamers to take their timber to Hamburg, as they could not get British steamers to carry it to Liverpool, either because they could not give the necessary time to load, or they were indisposed to send their steamers to the ports where the timber was collected. They did not put on boats for Hamburg, so shippers had no option but to submit to whatever conditions the German line might choose to impose. Much timber was damaged, and complaints made that they took Mr. Woermann's timber first, and that of other people if there was room and time to spare. British steamship enterprise is at a low ebb on the South-west Coast, and the Woermann line to Hamburg is doubling its monthly sailings to that part in March next. It must not be forgotten that whilst the Woermann line is not directly trading in the African Coast, the firm of C. Woermann is established in Liberia, Kamerun, &c., and that Mr. Adolph Woermann is the head of the trading firm and of the steamship company. The firm sells coal, also petroleum in cases, cement, &c. c.i.f. in competition with shippers by the German line of steamers. In like manner Sir Alfred Jones controls the British lines of steamers as well as the Sierra Leone Coaling Company, the Grand Canary Coaling Company, both of which are trading concerns which sell coal, petroleum in cases, cement, &c. at c.i.f. prices which shippers cannot touch if they pay the tariff rates. Besides controlling steamship lines and trading concerns, Sir Alfred Jones controls the Bank of British West Africa, a concern which has got a monopoly of the free import of silver delivered on the coast at the cost of the mint, whilst anyone else wanting to ship it would have to pay freight and insurance (another way of giving a subsidy to the Bank), and has the patronage of the local governments' accounts. In addition, the firm of Elder Dempster have sold the buoys placed at the entrance of the various rivers of the Niger Delta visited by the steamers under their management, are paid a small sum for painting the buoys, and the very valuable privilege of paying no navigation dues for, I believe, 10 years, whilst all other steamers have now had dues imposed upon them. The conference liners may now therefore be regarded as a monopolistic trust embracing the business of ocean carriers, traders, bankers, &c., with all other traders and even the local governments as feeders and completely in their grip. It cannot be a healthy state of affairs for the interests of the community and the progress of West Africa. From a British shipping point of view the position is most unsatisfactory. Whilst there was free competition, the British carriers held the bulk of the trade. They have lost it through lack of that attention to detail and concentration of effort which has characterized German action once a common basis of freight was fixed between them; it then became a matter of which could most attract shippers, and in this, the German line has clearly proved itself superior. It is the common opinion of shippers that the German line is more obliging, more helpful, more pushing, more ready to adapt itself to altered conditions of trade, more reliable as to time and fulfilment of promises—in other words, more earnest, thorough, and business-like. Having secured the carrying on agreed upon lines, the British and German lines have been thinking more of show than utility in the construction of new ships. They have vied with each other in building faster steamers with luxurious cabin accommodation and fittings for government passengers and, perhaps, gold miners with plenty of other people's money to spend; and although there has of late years been a large increase in the number of passengers carried they

have recently put up passenger rates instead of lowering them.

7. There can be no question whatever that the rebate system hampers the free exercise of the means at men's disposal where no such conditions exist, that it tends to cripple enterprise, and to prevent the expansion of trade which depends largely upon free and open competition. The system is entirely to be deprecated as being in restraint of trade and a thing which the Legislature should by enactment make illegal without delay in the interests of British trade of all kinds, including that of shipping.

General Observations.

8. There are other goods to be carried which do not appear on any tariff, and are always the subject of agreement. For instance, petrol, dynamite, boats of various make carried on deck and such like. Upon these the shipowner can exact any rates he likes, and the shipper has no option. He must either accept them or do without the things he wants to ship. In point of fact, the rates exacted for such things as boats are far in excess of what would be obtainable under any reasonable system of free trade or competition. Although the rebate includes the northern French ports such as Havre and Dunkirk, the conference liners do not provide any regular service to or from these ports. The only service between the West Coast, Havre, and Dunkirk is by the French boats. There are merchants who are doing a large business all over the West and South-west Coast of Africa. Supposing one of them should see an opportunity of a favourable sale, say of timber in Havre to be shipped from Caboon, which is a French colony, he could not, without risking the stoppage of rebates on the whole of his business at the other ports along the coast, venture to take advantage of the offer and ship by a French steamer. In point of fact the small shipper is freer to operate than the big one with a wide district to work, each port with its different conditions and requiring freedom of action in order to produce the best results.

9. The conference liners would say that such a shipper ought, before making his contract, to come and see them and endeavour to make arrangements, but in business, orders cannot be delayed whilst arrangements are being made with the conference liners, and besides, the French steamers would offer opportunities for monthly shipments of small quantities of timber against a forward contract, whilst to induce the conference liners to go to Havre at all they would want an unknown quantity shipped by one steamer. In point of fact, the small shippers by the French liners without any interest in other parts of the West Coast are in a much better position for dealing with Havre than the larger house is. In regard to timber for London, there have been complaints by the brokers that they cannot get consignments of mahogany direct to their port. Everything has to come via Liverpool or Hamburg and be charged an extra 5s. per ton for transit freight. If there was free competition in the trade this condition would not exist. Vessels would be chartered by shippers to carry to the port where the produce is required. Kernels for Rotterdam would not go to Hamburg and be shipped on from that port free, or to Liverpool where they would have to pay an additional 6s. 3d. per ton in order to be sent on to the port for which they are required.

10. It is not an unknown thing for shipowners to give advantages in freight to shippers in whose trading operations they may be interested or whom they judge it advisable to help in competition with traders whom they would like to see weakened. This can be done secretly by measuring cargo at less than actual, or accepting lower weights than the true ones, or they can appoint such people, their agents, for the purpose of giving them commissions on freight carried to and from the port at which they are engaged in trade. Up to the year 1900 all the South-west Coast ports did their own landing and shipping, but in that year, the traders there were compelled to pay the steamers 5s. per ton for this service each way, in landing to and receiving from the beach—and this has been made a permanent addition to the rates of freight already exorbitantly high in most cases. It was not until 1905 that the West Coast rebate system was extended to the South-west Coast, and even now the primage returned is mainly on the outward cargo as the inward cargo contains little of palm oil and kernels from that coast compared with other cargo. Cases have occurred where it has been found out that Hamburg rates had been lowered on certain goods, but never discovered to the shippers in Liverpool or accepted there until accidentally found out by them and complaint made. An instance of unfair

and arbitrary action towards shippers may be here referred to. A firm of important shippers trading in Lagos and other parts of the coast have a small steamer which they employ locally. This steamer at times runs from Lagos to Forcados with produce for shipment by the Conference liners, but both the German and British captains have been instructed not to accept cargo from her, and to-day that steamer is boycotted by them to the great loss and inconvenience of her owners who are large shippers by the Conference liners to and from Lagos and many other West and South-West coast ports under their rebate system. The object in this case is to keep the carrying freight between Lagos and Forcados to their own local boats, and prevent the lowering of the artificial bar freights they have imposed upon the Lagos trade.

11. The local Governments are in a better position than merchants to remedy the evils of the shipping monopoly and the rebate system the shipowners have imposed. They have no trading competitors to be played off against them. They have the taxes of the community at their back to support them in any action they may take in this matter for the good of the country. They can by public tender obtain carriage on the very large quantity of goods they ship annually through the Crown Agents, at very much lower rates of freight than they are paying. Their support to a competing line of steamers would smash the monopoly and benefit the colonies enormously by the reductions in freight on all goods which would ensue, and that without seeking to lower freights to an unremunerative basis for ships worked economically and on sound business lines. Instead of doing this the Crown Agents support the monopoly in every way, by giving the British liners the whole of the carrying without letting other British shipowners have a chance of it, and by giving the monopoly of the free-of-charge import of silver coin to the bank, place that institution in a position to favour those customers who support its steamship allies, and place obstacles in the way of independent shippers who, in any case, must have silver coin in a country where that is the standard currency.

4824. (*Chairman.*) I am afraid there is a good deal in that memorandum to which I must direct your attention because it seems to require explanation. You commence by referring to the British and German Conference Lines. What lines are those?—The German Woermann Line, and the African Steamship Company, and the British and African Steam Navigation Company.

4825. Then you give us a table showing the increase of German tonnage engaged in the West African trade as compared with the increase of British tonnage engaged in the same trade during the last 14 years. Can you tell me when these ships go out to West Africa what goods they bring back?—African produce—natural produce.

4826. What does that consist of principally?—Palm oil and kernels are the main things; after that, I suppose, now there will be timber, maize, cocoa, gums, coffee and a lot of produce of that sort.

4827. Do they generally come back full?—It is a season trade very largely, and they are not always full. Sometimes they are full, and sometimes they shut out cargoes.

4828. There has been, it appears from this table, a great increase in the number of German steamers as compared with the number of British steamers?—Yes.

4829. To what do you ascribe that?—In the first place, to this agreement or conference. The agreement having been made with the British Lines, the basis of the tariff fixed, and by that means a monopoly secured, the next thing, of course, is what will an enterprising competitor do? Here there are only two of them practically, although nominally three, because really the two British companies are managed by one firm. Therefore, here there are only two people to be considered. It then becomes a question of who manages his affairs best, and who attracts his customers. I say that the German Line has been much more enterprising, much more agreeable to deal with, readier to oblige, and readier to give facilities in different ways than the British lines.

4830. Speaking briefly, in your opinion, the German Line manages better than the English Lines?—I am sure of it, speaking from my point of view as a shipper.

4831. That is your opinion?—Yes.

4832. Of course, the British Companies have no inducement to favour German Lines?—No.

4833. Assuming your statement to be correct, namely, that the German Line manages their business better, more

shrewdly, and more prudently than the English Lines, do you see at all how we could propose any remedy for that?—I can propose a remedy for it.

4834. What?—Competition—another British Steamship Company working free of rebates and with its shippers instead of against them.

4835. That is the inference you wish us to draw?—Yes.

4836. You say, the fact that the number of German steamers has very much increased in proportion to that of English steamers, is one ground why there should not be this monopoly, and why there should be free competition?—Yes.

4837. And you think that monopoly is upheld and sustained by the rebate system?—It is. Without that rebate there would be no monopoly.

4838. Then you give a table which is headed "Freight per ton gross weight on produce exclusive of 10 per cent. "primage by Conference liners to Liverpool or Hamburg;" that is, on produce carried from Africa to Liverpool or Hamburg?—Yes.

4839. Let us take one or two of the items. First, palm oil, 27s. 6d.; does that mean to Hamburg?—To Hamburg or to Liverpool.

4840. What does the 40s. mean?—That 40s. has been given you for the purpose of showing how much more Lagos has to pay than these other ports; that is, comparing Lagos with Bonny or Forcados or any of the others, although Lagos is nearer Liverpool or Hamburg.

4841. These are the freights by Conference steamers?—Yes. May I say that my object in giving this table was to show how much Lagos has to suffer by means of this Conference? Without the Conference, Lagos would never have to pay 12s. 6d. per ton more for palm oil, as its bar freight; it is because of the monopoly that exists through this rebate system that it has to pay this high rate. Lagos is the chief port in West Africa.

4842. (*Mr. Taylor.*) What is the net cost of the bar freight?—5s.

4843. So there is 7s. 6d. over that?—Yes, 7s. 6d. is the extra charge, assuming that 27s. 6d. is the normal rate of freight for the other places.

4844. (*Professor Gomer.*) I do not quite see why Lagos should suffer more than the other places, could you explain that?—Because of the monopoly and the arbitrary manner in which they impose their will on Lagos.

4845. (*Chairman.*) When a ship goes to Lagos, what part of West Africa does it first touch?—Forcados is the port. They can deliver over the bar without going in port at all. At the present day they all go to Forcados and tranship there into branch boats to Lagos which run to and from.

4846. Now as regards Bonny, do they go to Forcados and then to Bonny?—Bonny is a place about 200 or 300 miles to the eastward of Lagos, and all the steamers there go over the bar into the port of Bonny like they do at Calabar. All these places have bars that the large steamers are able to cross, but Lagos has a bar which no large steamer can cross.

4847. So that these large steamers go to all these seven places which are here enumerated?—Yes.

4848. And carry goods without transhipment?—Yes.

4849. But Lagos is the only port or place where there is transhipment of that kind?—Yes.

4850. The third column of figures in this table, headed "Freight per ton gross weight," is the difference between the figures stated in the two other columns?—Yes.

4851. And the figures indicate what is paid for carriage to Lagos on those boats on which the goods are transhipped?—Yes.

4852. To whom do those boats belong—to these shipping companies?—The boats belong to the companies; each company has its own boats.

4853. What is the tonnage of those boats?—Some of them are as high as 1,000 tons each. They are of different sizes, and they run from 200 up to 1,000 tons.

4854. Is the freight to Liverpool the same as the freight to Hamburg?—It is.

4855. The freight to Hamburg has been raised then?—No, since the 1st of January this year the freight from Hamburg has been raised so as to make the rates the same as from Liverpool but rates from Africa to Liverpool and to Hamburg have been identical.

4856. Lately in fact?—Yes. The Hamburg freight has been raised to that of Liverpool.

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Mr. J. Holt. 4857. Following that table is another table, headed "Conference rates from Liverpool and Hamburg"—
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4858. The rate from Liverpool is the same as the rate from Hamburg now?—Yes.

4859. I see here a distinction is made between those seven places which are divided into two, the first figure you give in the case of iron being 15s. for Forcados, Bonny, Opobo and Calabar, and the second being 21s. 3d. for Warri, Benin and New Calabar; and to Lagos it is 32s. 6d.?—Yes.

4860. So that there is a very striking difference; and that is what you wish to point out, I think, between the freight to Lagos and the freight to the seven other places?—Yes.

4861. Following on that table, you give us the different distances in order to show that the differences which your figures illustrate are not justified by those distances?—No, they are not, from that point of view of distances.

4862. Then I come upon one sentence which is of importance: "When independent steamers were working Lagos the bar freight was always reckoned at 5s. per ton." By "independent steamers working Lagos," do you mean working Lagos from some South African port?—From over the bar.

4863. There were then formerly independent steamers, not belonging to the liners?—Yes. For some years the Woermann Line did not go to Lagos at all, and the Lagos trade was absolutely in the hands of the British Steamship Line Woermann confining his steamship trade chiefly to the German ports, and to the westward ports where there is no bar. Woermann came to me and said he would be very glad to carry our stuff. We had had differences with our British steamers. Sir Alfred Jones is a man who treads on your corns very frequently, in other directions besides being a steamship owner. Woermann said to me—"If you will put on a bar steamer we will carry your stuff if you will bring it over the bar to us." So we put on a steamer and we ran over the bar to the Woermann steamers.

4864. What is that distance?—It was only over the bar in Lagos. I am speaking of carrying the stuff over Lagos bar to Woermann's steamers in the offing. For that I charged him regularly 5s. per ton. The reason why I had to build that steamer for the purpose of carrying this stuff, and other things, was, that at that time we could not get tonnage out of Lagos for our timber. Myself and another company in Lagos lost, I suppose, £4,000 or £5,000 one year through lack of tonnage to get it away. We determined that we would build steamers in order to do that bar service ourselves and give it to Woermann outside, rather than have it left in Lagos eaten by worms waiting for Elder, Dempster's steamers to carry it away. The steamer paid us very well at 5s. per ton. Therefore, I said the normal rate of freight either to Forcados or over the bar in Lagos is 5s. per ton; and I should be very glad myself to undertake the work for anybody who would keep my steamers going at that rate.

4865. What is the distance from Lagos over the bar?—In the offing we see Lagos; I suppose it would be four or five miles.

4866. (Lord Inverclyde.) How far does Elder, Dempster's steamer lie from Lagos?—Off the bar.

4867. How far is that from Lagos?—To the steamer off the bar I should say it would be five miles.

4868. (Chairman.) So that the 5s. are paid for the carriage over the five miles?—Yes.

4869. (Professor Gonner.) Who pays for the transshipment from the small steamer to the large steamer that is lying outside the bar?—The small steamer carries her boats and the main line steamer helps with her boats and Kroo boys to tranship from one steamer to the other.

4870. Is the cost of that covered in the 5s.?—Yes.

(Lord Inverclyde.) It is partly covered by the ocean freight too, is it not?

4871. (Professor Gonner.) That is what I wanted to know; does it not come in the ocean freight as well?—I do not quite follow.

4871a. (Sir John Macdonell.) The liner gives the use of her tackle and of her men also in the transshipping of her cargo?—Yes.

4872. (Professor Gonner.) But is it more expensive to tranship in the sea, is it not, than to just land the goods

on the quay?—It is not the expense; it is the convenience. It is better to ship in Forcados—although it takes you 12 hours' steaming—than it is to ship off the bar, from a shipper's point of view, because you lose a certain amount of cargo in the transshipment.

4873. What I want to get at is this—is the ocean freight justified in being heavier to Lagos than to a port where you can go alongside a quay, because, in the case of Lagos, there is transshipment which costs the ocean steamer something?—I do not see where the cost is to the ocean steamship in any transshipping over Lagos bar. It costs them nothing. It is true that they employ their boats in giving assistance, but we give the boats in our small steamer and we give the men to tranship the stuff, and they help in order to get expedition.

4874. (Lord Inverclyde.) Is it always smooth water there, outside Lagos bar?—No, it is sometimes rough.

4875. Then is there sometimes great delay?—Sometimes there is no possibility of going alongside the ship.

4876. (Mr. Taylor.) Is it all done in small boats?—It is all transhipped by surf boats. The reason why Forcados is now used entirely as a port of discharge for Lagos, is because of the inconvenience of working at the bar.

4877. (Sir Alfred Bateman.) Could you describe to us the exact process that happens? Take the goods at the start, palm oil first of all, or something coming from Lagos. What happens to it actually?—From Lagos your branch boat will come alongside our piers; our own men roll our casks of oil or take our bags of kernels on their heads and dump them on to the deck of the branch steamer; on the branch steamer—I am speaking of the small steamer—they handle them with their slings, and put them down into the hold. Then they take them over the bar, and they put them over the side into their boats with their slings. Their boys and their boats carry them alongside the ocean steamer, and she with her tackle takes them out of those boats and stows them in her hold. The work is finished there.

4878. (Sir Hugh Bell.) They are three times handled, therefore; first in putting them on board of your steamer, then stowing on board the boats, and then out of the boats into the ocean steamer?—Yes.

4879. That you did for 5s.?—Yes; and whether it is over the bar, or whether it is to Forcados, it is the same thing. Whilst we are on that subject may I say, with reference to it, that our branch steamer is now boycotted by all those Conference Lines, because they see that if in our branch steamer we carry goods from Forcados to Lagos, or vice versa, we are earning by that steamer more than 5s. per ton. They have therefore issued strong instructions to their captains that on no account are they to receive any cargo from our branch steamer. Both the Woermann Line and the Elder Dempster Line have issued those instructions, so she is boycotted.

4880. (Mr. Taylor.) Is she left on your hands, then—a dead loss?—We use her in the season when the Niger is high to carry stuff up and down the Niger. At other times we are trying to earn a freight by taking advantage of it and making the best we can of it by transshipping into our stores at Warri and shipping from them instead of from the steamer. All our Lagos cargo inwards and outwards is shipped by these Conference liners, which have combined to prevent us from using our steamer to earn freight.

4881. Have they not yet carried the boycott to the extent of saying, "We will not take any goods that are tainted by the fact that they have been in the hold of that steamer"?—They have not done it.

4882. Perhaps they have got the will to do it?—They would do it if they could, but that would mean refusing to take any cargo from our stores as well as our steamer, and would be a boycott of our whole trade.

4883. (Chairman.) Now, I will read this note: "When independent steamers were working Lagos, the bar freight was always reckoned at 5s. per ton for use of small steamers plying over the bar to steamers in the offing at Lagos, or between Lagos and the ocean steamers in Forcados. Upon a comparison of the rates charged to Forcados, Bonny, Opobo and Calabar, with Warri and Lagos, it will be observed how arbitrary and erratic the rates are, whilst timber is carried to Lagos without any charge for the bar boat service, and salt is actually carried at 1s. 3d. per ton and gunpowder at 1s. 6d. per ton, less than to Forcados." Then a little

later on you say: "The rates on coal and cement also, whether to Forcados or Lagos, are so calculated as to prevent any possibility of shipments by these steamers; coals are not carried in bulk for shippers, and if they have to be packed in casks, the cost delivered is much more than they can be sold for." When you say that the rates on coal and cement are so calculated as to prevent any possibility of shipment by these steamers, what steamers do you mean?—All the Conference steamers.

4881. Is that not rather strange, because, of course, they want to carry as many goods and as much cargo as they can? Then you go on to say: "The steamship companies themselves quote prices delivered ex ship in Lagos and other ports, of such goods as cement, coals and kerosene, at such prices as to make shipments of these impracticable for shippers by their steamers if charged the quoted rates. It must be remembered that the shipowners have the option of charging by weight or measurement in all cases." I do not quite see the bearing of this?—I have gone over the tariff rates in the previous pages of the memorandum, and I have to show there how impossible it is for shippers to ship cement, coal and kerosene, paying those rates to the steamers, seeing that the steamship companies themselves are selling c.i.f. cement, coals and kerosene at prices which prohibit the payment of these rates.

4885. It is suggested, do you mean, that the shipowners themselves deal in cement and those other things?—Yes.

4886. And quote these high rates in order to exclude your cement and other things?—To prevent me from shipping, I suppose. I cannot compete with them.

4887. Can you as a fact state that the shipowners do carry cement on their own account?—Yes, they carry cement on their own account, or on account of their managers, and sell regularly on the coast.

4888. They do?—Yes, they do, and also coals and kerosene.

4889. (*Lord Inverclyde.*) Will you tell us at what price the shipowner will sell cement delivered at Lagos?—He will sell cement at Lagos, I suppose, at 9s. per barrel in case of need.

4890. Delivered at Lagos for 9s.?—Yes.

4891. What freight does he charge you on cement?—To pay his rate of freight that same thing will cost me 10s. 6d.

4892. Less a rebate?—No, not taking the rebate at all into consideration. Allowing for my rebate being paid me there is a difference, I take it, between his price and mine of 1s. 6d. per barrel. If I paid him his rate of freight I should lose 1s. 6d. per barrel, a barrel being 400 lbs.

4893. (*Mr. Taylor.*) Are there not large lines of this cement that go there for the Crown agents?—Yes; the Crown agents are the principal consumers.

4894. (*Chairman.*) Then you say: "Apart from the question of the amount of rate charged, it is useful to observe how illogically the rates are differentiated. Why, for instance, should such things as cheap clay pipes, felt and tar, pay the same rates as brandy, wines, best spirits, beer and tobacco? Why do bricks, earthenware, gunny bags and lime pay more than gin and rum," and so on?—I mention that for the purpose of showing you that in drawing up their rates they have not drawn up a scientific tariff; it is not a thing in which they have considered the quality of the article in relation to its price or the freight thereon. You can see clearly enough that articles like gin and rum will stand a much bigger freight than clay pipes or the bricks which should enter into the making of their houses in Africa, and would do so if we had cheaper rates of freight. The same considerations would apply to salt. Salt should be at a cheap rate compared with gin and rum and beer and tobacco. Take your best champagne, that would come under the head of "best spirits," and you will pay the same rate of freight for that as you will pay for a cask of coal tar, or pipes that you buy at 2s. a gross. In drawing this, they have never thought of coming to the merchants, although they are merchants themselves; they never came to us and took us into their confidence in classifying, or we could, I am sure, have improved on their method of classifying the different kinds of goods, and that with advantage to the Colonies, which they are supposed to be serving.

4895. Then you go on to say: "It is difficult to comprehend upon what reasonable ground the rate of 6s. 3d. per ton is based for the carriage of cargo by ocean steamer to Warri, which is only three hours' steam from

Forcados in a safe, deep and easily navigated stream, whilst nothing over the Forcados rates is charged for such ports as Bonny, Opobo and Calabar, the two former inside rivers, the bars of which have to be crossed, and Calabar, some 35 miles up a river after crossing its bar, distant 345 miles further from Europe than Forcados. These anomalies can only be the outcome of monopoly. A free market in freights would certainly equalize all the rates to those charged to and from Forcados, with the exception of Lagos, which would have to pay an extra 5s. per ton each way for the normal Lagos bar service." Those remarks are followed by a table of the rates of freight outwards in 1900 and onwards to 1906 exclusive of primage?—That table is for the purpose of showing you how Hamburg was shipping at 21s. 3d. whilst Liverpool was charging all these different rates.

4896. This table shows how before the very recent alteration the freights from Hamburg were considerably lower than the freights from Liverpool?—Yes.

4897. And therefore at that time goods from Germany had a much better chance than goods from England?—Yes.

4898. How long did that difference exist between the rates from Hamburg and the rates from Liverpool? First, when did that difference begin?—I am not sure when it began, but I look back, as I have stated in the heading of this table, from 1906 to 1900.

4899. (*Professor Gomer.*) In the first part of your table, do you mean that the Hamburg rates for all those commodities were 21s. 3d.?—Yes.

4900. (*Sir John Macdonell.*) At the top of the table "Rates of freight outwards" you mention as the freight from Liverpool and Hamburg to Lagos, 25s.; but in the table headed "Conference rates from Liverpool and Hamburg" you mention with respect to the same article, salt, that the rate is 20s. to Lagos; is there not a discrepancy?—The present rate to Forcados is 21s. 3d. The present rate to Lagos is 20s.

4901. I am directing your attention to Lagos?—And I am speaking now of Lagos. The rate to Lagos was 25s.

4902. I call your attention to it because a previous witness stated that the rate for salt to Lagos was 30s., I think?—The rate for salt to Lagos to-day is 20s., and was 25s. I will tell you what happened. A firm of timber exporters much annoyed by the high rates of freight arranged for a steamer to load salt outwards for Lagos and sell on ship's account. This he chartered and put on board a super cargo to sell and he loaded the vessel back with timber. Our little steamer did the Lagos bar work for him at a charge of 5s. per ton. Two voyages were made and then the liners reduced their rates on salt to Lagos from 25s. to 20s. per ton, and the rates on timber to the reasonable charge of 25s. per ton. That is the effect of a little competition, but even 20s. is a high rate of freight on a cheap product like salt.

4903. (*Professor Gomer.*) Was that alteration of which you speak recently made, and was this competition a recent competition?—No; I should think it was 18 months ago.

4904. This table will need to be amended, because it says in effect that up to 1906 the rate was 25s. whereas the rate now is clearly 20s., and the question is when the 25s. or the 35s., whichever it was, was stopped?—Yes.

4905. (*Lord Inverclyde.*) The table headed "Conference rates from Liverpool and Hamburg" shows the rates since 1st January, 1907, and this table of "Rates of freight outwards" shows the rates previous to that?—Yes.

4906. (*Professor Gomer.*) But I gather from you that this change in the rate on salt happened before the end of 1906, and may have been in 1905?—I think the change took place in 1904.

4907. (*Chairman.*) Do the figures in the table "Conference rates from Liverpool and Hamburg" represent the freights as they exist at the present time?—Are you speaking of salt?

4908. No, generally?—Those are the figures to-day for shipments from both places, and Hamburg, as you yourself have pointed out, to-day is charging the same rate as Liverpool, so that the old Hamburg rate of 21s. 3d. no longer exists. The Hamburg rates were raised and made the same as the Liverpool rates, shortly after the publication of several articles in the "West African Mail" calling public attention to this unfair treatment of British trade by the Conference lines. I am not at all sure that Sir Alfred Jones knew that he was

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giving that favour to Hamburg. I cannot understand what reason he should have for quoting a lower rate from Hamburg than from Liverpool, and I do not see what purpose it serves, unless it is for the purpose of taking trade from his own country, and I do not believe he intends that. I believe that as soon as he saw the thing in print in the "West African Mail" he took steps at once to alter the rate—not to reduce the Liverpool rate to the Hamburg rate, but to put up the Hamburg rate to the Liverpool rate.

4909. You say that the freights are fixed by the shipowners, independently of any agreement come to between them and the shippers or merchants, and you ask, "What can a shipper do?" To and from West Africa there is now a very considerable trade, is there not?—Yes.

4910. Are there many merchants engaged in that trade?—Yes.

4911. If they all combined, could they not do anything?—Yes, if they would all combine; but that is an impossible thing.

4912. Why?—You have so many people shipping to Africa who are not merchants directly with interests in the African trade. You have many commission houses shipping to Africa as well as merchants. It is not an easy thing, indeed it is a very difficult thing, to get even two men to combine; when you get, I suppose it is 30 or 40, it would be, you know, an impossible thing to do.

4913. Do you say it would be impossible to form a combination of shippers and merchants for the purpose of resisting what you consider the exorbitant demands of shipowners?—Yes.

4914. Could they not combine for that purpose?—Yes, they could if they could reconcile their differences; but the merchants of West Africa (I know them) are all competitors. We are big fighters one against another.

4915. But you are all anxious to have the freights lowered; you have that one common object?—We have one common object, I quite agree; and the West African merchants are big and powerful enough, and have money enough, if they could only be combined to put an end to the rebate system and the shipping monopoly. But you cannot get these men to unite; they are competitors one against another.

4916. Do you not think they would combine if they felt strongly on the matter?—If they felt that they were going out of existence altogether unless they did combine, I suppose they would; but so long as there are so many of them, and their interests are so divergent, they are at the mercy of a line of steamers, or of conference liners such as Woermann and Sir Alfred Jones together, and so the steamship people can do quite what they like with them.

4917. You say, "What can a shipper do? He cannot start a line of steamers on his own account unless a very big merchant, and in the West African trade it is doubtful if there exists any firm big enough to run economically a line of steamers to and from the ports which the conference liners serve; besides, once the terms were imposed, the bigger the shipping company the larger would be the primages they would have to sacrifice if they ventured to run a line of their own, or ship by any competing line. Therefore, big or small, they are in the grip and at the mercy of the shipowners. They possess an absolute monopoly, with a penalty kept in their own hands which they are able to impose upon any shipper who may dare to transgress their orders." Then you describe the rebate system, with which we are now already well acquainted, and then follows an observation to which I wish to direct your attention. "It is to be observed that whilst all outward primages are to be conditionally returned, the inward primages on palm oil and palm kernels only are included." Just before that you say, "Shippers to and from the West Coast of Africa as far South as Tiger Bay are informed that on all shipments outwards and palm oil and kernels inwards, until further notice, will be allowed a rebate of the 10 per cent. primage reserved." Why is there that distinction between shipments outwards and palm oil and kernels inwards?—Because they mean to exclude everything homewards but palm oil and kernels. They include the rebates on all goods shipped outwards, that is, from Hamburg and from Liverpool; but they exclude rebates of primage on everything homewards except palm oil and palm kernels.

4918. Do they wish to fill up with other goods than palm oil and palm kernels, or what is the reason for that?—I cannot tell you the reason, except that they suppose

that it is quite enough to get the shippers in their hands by giving them that rebate and excluding the others.

4919. (Mr. Reeves.) They do not want to give a rebate on more than they are obliged, I suppose?—That is about it; they have gone as far as they think will secure you, and they will go no further.

4920. (Professor Gouner.) The tie is sufficient if the rebate is given on those particular things?—Yes; because, of course, palm oil and kernels are the main things. They had in 1895, I think it was, what they call their rebate agreement—their rebate imposition, I call it—there is no agreement. They never came to the merchants and said, "Let us put our heads together and see what we can do, and then say we will take the goods at such and such a rate and on such and such conditions." They simply issued this as if they had been a government and said, "Here you are; you have got to take that, or do what you like." They imposed those conditions that we should give them all our goods outwards and all our goods homewards from Africa to Liverpool and any port of the Continent of Europe, and we got the rebate if we obeyed their laws.

4921. (Chairman.) That we well know?—Yes; but do you know that this thing absolutely has the effect of hindering us from dealing in and selling our stuff at the Continental ports, where we might have an opportunity of selling if we had the opportunity of getting there, which we could do but for this rebate? There are two sets of conditions. Elder Dempster sent out one form, and Woermann sent out another. They are supposed to be exactly the same, but Woermann makes a difference. Woermann is a more reasonable man in making out his conditions. He says that it is, "To other places in the United Kingdom or the Continent east of and including Havre." That is a big difference. That means that we may ship by French boats from Africa to ports south of Havre; that is, we may ship to Bordeaux, and we may ship to Marseilles. But in Elder, Dempster's form it is, "The United Kingdom or the Continent"—all Europe, and that is prohibitive. I may say we do not take any notice of it, because those of us who are strong enough to defy it do so. But then your weak man, your poor man, your man who is dependent upon these steamers, is in an awful position. He cannot do anything, and his liberty is gone from him.

4922. (Mr. Reeves.) It depends on the strength of the worm whether he can turn or not?—Yes. In point of fact we ship to Marseilles now, and we ship to Havre, and we must ship to Havre in spite of anything they may do. But there is this point, that we may have any day a lawsuit and shall have to defend ourselves because they may stop the rebate from us, and we shall have a big lawsuit over it. But your small man, your weak man, cannot do that, therefore he is handicapped.

4923. (Chairman.) If you ship to Havre do they stop the rebates?—They have never stopped any rebates yet.

4924. (Sir David Barbour.) What line do you ship by?—I ship by a French line. Is it not absurd to put a thing like this before a man, and say, "You cannot ship by any line of steamers but ours to places that we never go to at all?" Just imagine not being able to ship by a French steamer from a French port on the West Coast of Africa to Havre, simply because this man says, "Unless you give us all your stuff to Havre you will get no rebate at all!" Why? We cannot help ourselves; we must sell to Havre.

4925. (Mr. Owen Philipps.) That is a position which is quite unknown in any other trade, is it not?—I have no knowledge of any other trade. It is enough for me to have my own trade; that is bad enough.

4926. (Mr. Taylor.) Is not the sole object to encourage trade in Liverpool, because then Liverpool gets the benefit of the transshipment of these goods?—Yes, but you cannot bring goods to Liverpool for Havre with a surtax of £2 10s. per ton against you if you do that.

4927. (Chairman.) Have you known any cases in which the rebates have been stopped, and the shippers have claimed them?—No, I do not know of any at present.

4928. (Mr. Reeves.) There is a certain amount of infringement of these conditions or regulations though, is there not?—I think you said so just now?—Yes.

4929. (Chairman.) And the shipowners themselves do not think it proper to refuse the payment of the rebate?—For myself, I do not think that they would tackle or that they are really likely to tackle this question seriously, if it comes to a question of a fight. They know that they are

in the wrong, they know that it is an imposition, and that they ought not to do it. It strikes at the freedom of all human intercourse when you have a condition of this sort over your head, prohibiting you from doing this, that and the other thing unless by their steamers. It is an impossible thing, really, if you are to carry on your trade at all. But there is always the fear over your head. When a man comes with an order to buy some of your goods at a certain place the first thing you have to turn up and settle now is, "How does that affect us with the rebate system? Can we listen to the man's offer at all?" It stops you from getting on with your business. We sell a great deal of our stuff to the Continent. A fair quantity of our produce goes to France. America, happily, is left out of it, as they have not included America, so far; but I take it that if this thing goes on we shall have the whole world included in it, and we shall not be able to sell anywhere except by their permission.

4930. Then you speak about the forms of bills of lading. The question is now being considered, not far from here, whether any restrictions could be put upon the unlimited power of shipowners to vary bills of lading, and I do not think we can go into that question here?—Have you seen their bill of lading?

4931. Often—It is terrible. I have had a case just now in which I discovered something in a bill of lading I never knew before. The Elder Dempster steamer "Jebba" was lost on the South Coast the other day, and I found by the bill of lading that the steamship company claims the right to charge freight, ship lost or not lost; but is, the freight is payable whether the goods are lost or are not lost.

4932. That is quite true.

4933. (Mr. Owen Philipps.) Are you aware or not that the shipowner has to incur the whole expenses of the voyage, whether his ship arrives at the other end or not?—Yes.

4934. That condition is common all the world over, and it is not special to British shipowners or to any particular line of shipowners?—May I say it is not common all the world over, because the Woermann Line has not got it?

4935. (Mr. Taylor.) The shipowner, at any rate in other trades, almost always insures the homeward freight, does he not?—Yes, and he is insured in the African trade too. We have never yet paid on freights shipped from Africa; it has always been recovered on the delivery at the port of destination. Woermann's Line states that distinctly, that it is payable at the port of destination. I have his clauses here.

4936. (Mr. Owen Philipps.) Are you talking of the homeward freight?—Yes.

(Chairman.) There is that difference between Woermann's bills of lading and the bills of lading of the English line. You are quite right.

4937. (Sir John Macdonell.) Would you put in samples of those two bills of lading?—Yes, I have got them here.

(Professor Gonner.) This does not really concern us, does it?

4938. (Chairman.) I think not. (To the witness.) The next part of your memorandum is headed, "How the rebate system works." You point out, correctly, if I may be allowed to say so, that before the freights were uniform from Hamburg and England the system constituted really a premium on German goods?—Yes.

4939. You say that the Lagos shippers have repeatedly had to complain; of course, that ground of complaint no longer exists?—That is so.

4940. But you are not quite sure how long that will last?—No, we are not.

4941. You go on, "In the working of the business the Lagos shippers have repeatedly had to complain of the great delays they have experienced in obtaining delivery of their goods. It is no unusual thing for goods to be five and even six weeks on the way from Liverpool to Lagos." What is the ordinary duration of the voyage?—A tramp steamer takes 23 days.

4942. What is the cause of this occasional delay?—There are several causes. The delay very often takes place in Forcados in transshipping. With the main liners it is an unusual thing to deflect their steamers from one port to another, but it has been no unusual thing in the past with the ordinary cargo steamers to time them to be at a certain place at a given date, but something has

turned up which has made them send that vessel to another port altogether, and that has delayed you a week or two. The fact is that in Lagos we are very often six weeks before we can get delivery of our goods, largely through the steamers transshipping in Lagos to branch boats and the branch boats not going direct to Lagos, and sometimes going in and going back again with our goods on board; not transshipping and not landing them, because they are in a hurry to get cargoes outwards to the outward-going steamers.

4943. The position you take up, I think, is this—that where there is a monopoly or a quasi monopoly established, you cannot expect to find any great efficiency?—I do not think you can.

4944. And what you state in the passage I have just read illustrates that point?—That is so.

4945. Then you go on to say, "In like manner Sir Alfred Jones controls the British lines of steamers"; in what position does Sir Alfred Jones stand in respect to the liners?—Sir Alfred Jones is the head of Elder Dempster & Co., and they are the controllers of the British and African Steam Navigation Company and the African Steamship Company; they manage those lines.

4946. Is it known whether there is any agreement between them and the Woermann Line?—I do not know whether there is any written agreement, but I should think there is. Certainly there is a working arrangement with them, and they are supposed to be working on identical lines with regard to the tariff and rebate.

4947. (Professor Gonner.) There has been a circular issued which is signed by all those firms?—That is the rebate notice which is signed by all the parties.

4948. (Chairman.) You have put in that circular which is signed by the three lines?—Yes.

4949. (Professor Gonner.) The point being that in the circular which the Woermann people issue abroad they make certain concessions with regard to ports west of Havre?—Yes.

4950. (Chairman.) You say, "Sir Alfred Jones controls the British lines of steamers as well as the Sierra Leone Coaling Company and the Grand Canary Coaling Company, both of which are trading concerns who sell coal, petroleum in cases, cement, &c., at c.i.f. prices which shippers cannot touch if they pay the tariff rates." In fact, I think you have said before that on those articles the tariff rates are put so high as to exclude the possibility of the merchants shipping those articles?—Yes; but that is where the steamers of Elder Dempster & Co. are selling direct cost, freight and insurance. Elder Dempster & Co. or Sir Alfred Jones have the Grand Canary Coaling Company; they have the Sierra Leone Coaling Company, and they have an indefinite number of trade connections. Now, the Sierra Leone Coaling Company, for instance, is a trading company. That trading company, I am told by the people who are trading in Sierra Leone, can undersell them in all cheap goods having a high tariff rate of freight in relation to the value of the goods. Take, for instance, iron pots or rice; nobody can compete in those things with the Sierra Leone Trading Company. When it comes to cotton goods where the value in relation to freight is altogether in an inverse ratio to the value of rice to the freight, then they can pay the tariff rates; the rate factor does not become predominant in the transaction, and they can compete with the Sierra Leone Trading Company. Now they could compete with the Sierra Leone Trading Company unless there was something out of the freight which is credited to the trading company. That is the conclusion which I, as a practical man, should come to. Therefore, I say that in these cases which Elder Dempster & Co. manipulate and control, they are getting some advantage which we and other traders shipping and paying the full tariff rates do not get, and, therefore, we are unable to compete, and there is unfair competition.

4951. (Mr. Owen Philipps.) You have been referring to the Sierra Leone Trading Company. Is that the same as the Sierra Leone Coaling Company, or are there two different companies?—It is the same company; it is not simply a coaling company.

4952. The coaling company deals in iron pots?—Yes.

4953. (Mr. Taylor.) And in rice?—Yes.

4954. And in cotton goods?—In everything; they are general importers, like any other merchant.

4955. (Chairman.) You say further, "Sir Alfred Jones controls the Bank of British West Africa, a concern which has got a monopoly of the free import of silver

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Mr. J. Holt. "delivered on the coast at the cost of the mint, whilst anyone else wanting to ship it would have to pay freight and insurance"?—That is another branch of the mercantile business in which Sir Alfred Jones has entered with great success, and thanks to the kindness of heart, perhaps, of the men who control affairs in this country through the Crown Agents.

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4956. Do you assume that the Bank of British West Africa makes advances to steamship companies against coals and cement?—I do not know. I think it would be a good thing if, when they were granting this privilege to the bank, they had insisted upon a list of the people they give credit to. The Government has protected itself by obtaining a deposit of Consols, but no other creditor of the bank enjoys such security.

4957. Will you just tell me what privileges has the Bank of British West Africa?—The privilege that the Bank has above any competing bank and everybody else is this—they can get from the Mint the cash that they require in their banks in West Africa delivered free of insurance and freight—c.i.f.; whilst anyone else getting that would have to pay the cost of freight and insurance, the people receiving the freight being of course the steamship company who charge one per cent. whilst the French steamers are charging half that. Before the Bank was established we used to take our own money out there. I have sent lots of money out there and paid the freight out to get it delivered on the coast, because money, silver cash, is just as much an article of barter there as cotton goods. We require the cash to pay the natives just the same as we use cotton goods to pay the natives; it is a commodity and we must have it. But they have compelled us to get it through the Bank, because the Bank can supply it there now cheaper than we can get it out by paying the freight. The Mint used to give it to us, before the Bank was started, freight free, just the same as they do for the Bank now.

4958. (*Mr. Lawrence.*) How long has that Bank been established?—I think it has been established about 13 years.

4959. (*Professor Gonner.*) You can give us that actual fact, can you not, in evidence—that you used to get free silver from the Mint?—Yes.

4960. Prior to the establishment of the Bank?—Prior to that.

4961. (*Mr. Owen Philipps.*) Prior to the establishment of this Bank was there any bank giving banking facilities on the West Coast?—Yes. There was the African Banking Corporation which was established first in Lagos, and which was a London and South African Bank. They were first established there and during the time they were established there we got cash out in the same way that we did before they came, that was by application to the Mint. The *modus operandi* was this: The Mint imposed the condition that you must get the authority of the Governor of the place, saying that money is required in the Colony, and then apply to them giving them gold, and they would deliver the equivalent amount of silver coin in Lagos, or elsewhere, free. That was the *modus* by which we got it before.

4962. (*Mr. Reeves.*) They delivered it to you in Lagos, did they?—Yes.

4963. (*Mr. Owen Philipps.*) Is the South African Banking Corporation still doing business at Lagos?—No, they have retired from Lagos.

4964. Do you say that the grant of this monopoly to the Bank of British West Africa has had the result that the other bank, which had previously been given banking facilities, has had to retire?—No. The Bank of British West Africa took their business over from the African Banking Corporation, and then this monopoly was obtained.

4965. (*Mr. Taylor.*) I understand the agreement with the Crown Agents was made as soon as the old bank became the Bank of British West Africa?—Yes, I think so.

4966. The two things synchronised?—Yes.

4967. They took place together?—Yes, approximately.

4968. (*Mr. Maddison.*) Was it then a continuation of a privilege?—No. The old African Banking Corporation had no privileges over any other trader.

4969. I thought they had this privilege?—Not exclusively.

4970. It was individual shippers or traders who got it then?—Yes, as well as the Bank and on equal terms.

4971. (*Mr. Taylor.*) Before taking over the old bank, did Sir Alfred Jones have an agreement with the Crown Agents that when he took it over he should have this monopoly?—I do not know. That is not an unlikely thing, I should think.

4972. (*Chairman.*) When did the Bank acquire that privilege?—I think the date of the agreement is given in the "West African Mail." I have sent you copies of the "Mail." I think it was 13 years ago.

4973. You say "From a British shipping point of view the position is most unsatisfactory. The Conference arrangement has been the making of the German Line." Will you kindly explain that a little?—Before this Conference was made, the British shipping lines had more fighting power and looked better after their business. When I knew Sir Alfred Jones as junior partner in Elder Dempsters his one idea was low rates—"Low rates, you know; we must have low rates if we are to keep the trade." I say, if he had continued that policy he would have kept the trade. If we had had competition in Liverpool amongst British shipowners we should have kept that trade. I have not hesitated to tell Sir Alfred Jones, over and over again, that he has been the making of the Woermann Line. If he had fought as he fought in his younger days, and as Elder Dempster as a firm fought, it would have been different. It is a misfortune for our Colonies that we have this Conference line, by which high rates of freight are maintained, and which compel them to pay infinitely more for the products that we send them from this country and from Europe than they would have to do if they had competing lines. It looks as if we were incompetent here and could not attend to our business—as if England had no shipowners ready to carry our stuff, and as if we were lacking in enterprise equal to other nations. We are competing with merchants all over the coast, but we find no difficulty in competing with anybody if we attend to our business and work as hard as they do. We do not want any protection, and we do not want any help, and we do not want any monopolies, and we do not want any grandmotherly legislation to help us. We want a free hand and a fair field. The British shipowner, I say, can maintain the same position if he will do the same thing for himself. But it is a great misfortune that we have not a competitive line of steamers in England to keep our trade and extend it.

4974. Now, I think we will go to the general observations with which you close your memorandum. You say, "There are other goods to be carried which do not appear on any tariff, and are always the subject of agreement." Then you mention them, and you add: "Upon those the shipowner can exact any rates he likes, and the shipper has no option." He must either accept them or do without the things he wants to ship. In point of fact the rates exacted for such things as boats are far in excess of what would be obtainable under any reasonable system of free trade or competition? What do you mean by boats there—boats which are carried?—Yes; there are a large number of boats required in opening up a new country.

4975. "Although the rebate includes the northern French ports such as Havre and Dunkirk, the Conference liners do not provide any regular service to or from these ports?"—I mentioned before that although we are compelled to ship they do not provide the boats to run the stuff to the ports.

4976. "The only service between the West Coast, Havre and Dunkirk, is by the French boats. There are merchants who are doing a large business all over the West and South-west Coast of Africa. Supposing one of them should see an opportunity of a favourable sale, say of timber in Havre to be shipped from Gaboon, which is a French colony, he could not without risking the stoppage of rebates on the whole of his business at the other ports along the coast, venture to take advantage of the offer and ship by a French steamer." I am afraid you will be rather surprised, but it astonishes me that merchants have never run that risk and tried the question. You say you have never heard of the return of a rebate being refused; why should the merchants be so frightened? why do not they do what they choose, and if the rebate is not returned, claim it? Do you not think that this matter of the rebate, if brought before the public in a very definite shape, might affect very much actual shipowners?—I do not think the shipowners are much affected by public feeling in the matter, are they?

4977. I thought you said about an hour ago that in your opinion shipowners would not like the question raised?—That is with the shipper—yes.

4976. What rather astonishes me is the inactivity and supineness of merchants and shippers?—The helplessness of them.

(*Chairman.*) Why, for instance, do they not take any course they please, and then claim the rebate from the shipowners in spite of that?

(*Professor Gomer.*) And bring the matter into Court, if necessary?

(*Chairman.*) Yes, if necessary.

4979. (*Mr. Reeves.*) It might be too expensive a thing?—That is what we think.

4980. (*Chairman.*) It appears to me that it would be very important to do so in order to test the question whether this rebate system is, quite independent of any legislation, illegal. That question has never yet been raised, and I cannot understand why shippers and merchants do not think it important to raise that question. Generally speaking, before any legislation is recommended, it is considered that the question whether a certain system is legal or not ought to be established by the Court?—The object of my allusion which you have just read was to point out that the bigger the shipper the more helpless he is, if he has to keep within the lines of the rebate system. The further he extends his trade, the more difficult it is for him to keep within the rebate. If he is a small man at one place he can keep to that without difficulty, but if he has got wide interests, it is impossible for him to carry on his trade as well as he could if he had only one place. With regard to the question of raising this point in a court of law, we have several times gone over the matter with our lawyers in Liverpool, and said, "Is it possible that such a thing as this can be legal?" Taking the bill of lading and all these things into consideration, they say, "It is perfectly legal, and you cannot get out of it."

4981. Allow me to say that it has been established by cases which have even gone up to the House of Lords that a shipowner, like every other common carrier, is now at liberty to exempt himself from liability from any loss, howsoever occasioned. About 60 years ago Lord Ellenborough held the contrary view, but that was overruled by the House of Lords in the case of *Peck v. The North Staffordshire Railway Company*. So it now stands, whether wisely or not, that, according to the law of England, a shipowner is allowed to exempt himself by express words from liability for loss occasioned by any cause whatsoever. It has even been suggested by very eminent judges that it would be far better and far more straightforward on the part of shipowners to say that they would not be liable for loss caused by any cause whatsoever; but they have introduced into their bills of lading, as you have pointed out, so many exceptions—which are generally printed in very small type?—Which nobody ever reads—yes.

4982. (*Sir John Macdonell.*) Following up what the Chairman has said, I think a well-known commercial lawyer has defined a bill of lading as a document by which the shipowner binds himself to do nothing except to receive freight?—That is practically what it does to-day.

4983. (*Chairman.*) I wanted to ask you—you need not answer the question unless you like—whether your legal advisers in Liverpool have told you that this system of rebates is clearly legal?—From their point of view, yes.

4984. They have?—Yes.

4985. (*Mr. Taylor.*) Do they also advise Elder Dempster & Co.?—They may do; I do not know.

(*Chairman.*) There are ever so many Liverpool solicitors who would not be in the least influenced by that.

(*Mr. Taylor.*) Of course, I quite admit that.

(*The Witness.*) We have had the point talked over with them, and they say, "You cannot get out of that." It is not an agreement they say. You ship your goods on those conditions; you pay your freights; you have no agreement with these men, and they simply give you that as a bonus, so you have got no case.

(*Professor Gomer.*) I think the Chairman, if I might say so, put a particular case, namely, Have your legal advisers advised you that this might be held by the Court to be in restraint of trade? I think what the Chairman put to you is, has that point been specifically put to your legal advisers?

(*Chairman.*) Yes, that was the point of my question. I quite see the difficulties in the matter.

(*The Witness.*) We should never get to know the law until we went to the House of Lords, and it is not everybody who cares to go through all that. It is a big subject.

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4986. I think we may go on with your memorandum. You say, "It is not an unknown thing for shipowners to give advantages in freight to shippers in whose trading operations they may be interested, or whom they judge it advisable to help, in competition with traders whom they would like to see weakened lest they might get strong enough to take independent action in freight matters." Do you know as a fact that these Conference Lines give different terms to small shippers and merchants than to large shippers and merchants?—I have reason to believe that they do make differential treatment, apart from rebate and apart from rates. I have known cases where, as I point out in my memorandum, cargo has been measured at less than its actual contents; therefore the advantages which the consignee was getting came under nobody's supervision. That is one way of doing it.

4987. (*Mr. Owen Philipps.*) A previous witness gave us some evidence of that sort, and it would very greatly help the Commission if you could actually produce a freight note?—A freight note would not show it.

4988. Could it be shown in any way?—You would have to go to the merchant's invoices.

4989. With the previous witness it was a case where the Shipping Lines were alleged (rightly or wrongly) to have altered the mode of measurement, but this is a case you mean, of actually wrongly measuring?—It is a case where it was wrongly measured and passed through the shipping office without question on the measurement given by the shipper.

4990. (*Mr. Taylor.*) There would be no measurement on the quay, but they would take the shipper's measurement?—That is so.

4991. (*Chairman.*) If there were not this quasi monopoly, and if there were free competition, I do not see at present that that would prevent a shipowner from making terms with any particular shipper; would it?—I do not know if I have quite caught what you said.

4992. You point out what seems to me to be an evil and a disadvantage, namely, that these Conference liners favour large merchants?—Or small ones sometimes.

4993. Or small ones?—Yes, to weaken the large ones.

4994. If there were no rebate system, and if there were free competition, the shipowners could still do that?—But there would not be the margin. The shipowner is like ourselves working for profit; he can now take it out of one and give it to another, because he has got a good margin to go upon now with his monopoly; but let him have to fight for his bread and butter and he has no opportunity for doing it, and he cannot do it.

4995. I think you have now explained that perfectly. Then you say, "The local Governments are in a better position than merchants to remedy the evils of the shipping monopoly, and the rebate system the shipowners have imposed." What do you mean by the local Governments?—I mean the Colonial Governments. The colonial Governments, by reason of their having the rates to fall back upon, are not in the same position as a merchant. They do not mind about losing the rebates; the rebate is a secondary consideration with them, and they have no competitors. They ought, in my opinion, to refuse to accept rebates of any sort. They ought to refuse to give the carrying of their goods and of their people to any company that is connected with the rebate system, which they must know is detrimental to the interests of their colony. By reason of the large amount of freight that they can give, they have the power to break this rebate system, or any monopolistic system that is in existence, if they like.

4996. Do you think they have the power?—Yes, they have.

4997. You mean that if they were to refuse to deal with any shipowner who supported the rebate system, this would to a great extent weaken the system of rebates?—Yes.

4998. If the local Governments refused to deal with any shipowners who supported the rebate system, do you think that would produce a very great effect?—I do. If you are to regard this as a purely business matter from a governmental point of view, and if I were dealing with it as the Governor of a colony, I am sure that as a Governor of a colony, if I were not hampered by my people here at

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home, I could make such arrangements with the steamship companies as would be fair to the colony and would prevent any such thing as we are complaining of now with regard to rebates. For instance, if I were Governor of Lagos I should, I am certain, save that colony in freights alone £70,000 a year.

4999. (Mr. Taylor.) £70,000?—Yes.

5000. (Chairman.) That is the exact figure which I see is mentioned in a paper which has been sent to us?—Yes.

5001. Now just tell us how?—But then I must not be hampered by arrangements in England, where I have got to act through one body of men here who do not know my local conditions, and who are not fully acquainted with all that I can see going on in my colony. I could buy better than they are doing if they would give me a free hand. I could get my freights lower than they are getting them, simply through the power that freedom of action would give me if I am an honest man. I could get all that for the colony. I maintain that we are running these steamers for the benefit of our colonies, and that the intention is to develop those colonies into something worth having. We have a tremendous future before us in West Africa if we go about it like honourable, straightforward, businesslike men; but I am afraid we do not do that. If we go on as we are doing, we shall have another West Indies on our hands, or at least our successors will, where everything is mortgaged up to the ears and everything is carried on in an extravagant way, which means ruin to the people concerned. I am sure that the Crown Agents, if they like, can stop that rebate system, and can save many thousands of pounds to every one of the different colonies in freights, and still get as good a service.

5002. (Lord Inverclyde.) To refer to that £70,000 which you mentioned just now; where does the £70,000 go to at present?—To the steamships and in the higher cost of the goods sent out.

5003. Do the steamers that trade to the West Coast of Africa make large profits?—I do not know.

5004. They are private concerns and do not publish accounts; is that it?—The only one I am interested in is the African Steamship Company, and we get 5 per cent. We get that 5 per cent. always, and it does not matter if the times are good, bad or indifferent.

5005. Then it is a very good investment. Do you represent any association of merchants, or is it only your own firm that you represent?—My own company and others.

5006. Is there no association in Liverpool of West African merchants?—Yes, there is one.

5007. Are you a member of it?—Yes.

5008. Have they expressed any views on this subject?—Yes, they have expressed strong views on the subject.

5009. In agreement with your views?—Yes.

5010. Then how is it that you do not represent them when you are here to-day?—I am here representing them I am here as a member of the West African Trade Association.

5011. Has this Association ever brought before the shipowners the views you have expressed to-day?—Before the shipowners?

5012. Before Elder Dempster & Co.?—No, we have never brought these matters before them in the shape that I have done to-day.

5013. Why not?—There are too many personal matters perhaps for us to go into it.

5014. I have not noticed anything very personal in your evidence?—I have made very frequent allusions, in my remarks, to Sir Alfred Jones; I am bound to do so, because he is the person that we have to deal with.

5015. But there was nothing personal in your remarks?—We have never as an association gone into the matter so fully with him as I do personally as an individual.

5016. I cannot see why you have not done so, and why the association has not brought these views before the shipowners?—We could not make anything much of Sir Alfred Jones if we did. We have had many occasions for interviews with him on different subjects, but he is a man that we cannot make much headway with, you know. He knows his strength; he knows that he has a monopoly; and anything that we say to him is not of much consequence, or likely to change his views.

5017. Is that the reason why you desired to give evidence in private?—My reason for giving evidence in private was that I might be able to speak with greater freedom.

5018. I see that Mr. Miller, who gave evidence last Tuesday is the Chairman of the Liverpool West African Association?—Yes.

5019. Of course, you realise that when you make all these charges in private they are discounted a little bit by your not making them in public?—Yes.

5020. I do not quite see why you should not make them in public?—I do not want to be brought into personal conflict with a man I have known all my life-time, whom really I should not like to injure, and whom I do not want to injure. I would like to alter him if I could. I think it would be better not to make it public.

5021. Still, a charge made to a man's face is far more effective than a charge made in private?—Yes.

5022. Turning now to the tables of rates that you have put before us, what do those rates include? Are there dues or anything else included in them?—No. We pay all our outward dues ourselves, and all the inward dues.

5023. Do you pay the Mersey Dock Board dues then?—We pay those.

5024. The shipowner does not do it?—No, not on our goods.

5025. Is there more of a monopoly to Lagos than there is to the other ports?—Yes.

5026. Why?—In Forcados and the other places the merchants, some years ago, made agreements with the companies, by which they bound themselves to give them their cargo for a certain number of years at those rates. Since then, although they have altered those rates a little, on the pretext of coal having gone up—Sir Alfred Jones put up his price, I think, half-a-crown a ton, and forgot to put it down when the coal went down again—they have maintained those rates practically ever since. I do not know whether there is any agreement to-day with the merchants who did that at that time; but I suppose they are able to keep him from putting up those rates. They have a strength there by the cohesion which the Chairman has pointed to, which we have not in the other place. We are a great number of merchants trading in Lagos: some of us import nothing but goods, and some export nothing but produce, and some are commission people.

5027. Did I understand you to say that this rate of 5s. for conveying goods across the bar at Lagos was, you considered, a fair rate?—I do consider it to be a fair rate.

5028. For conveying a distance of five miles?—Yes; but it is not only for five miles, it is for more. It is from Lagos to Forcados as well. It is five miles working over the bar; and then, I suppose, it is 100 miles or more to Forcados. It is one night's steam between the two ports.

5029. Supposing the steamer stops outside the bar, the bar boat gets 5s.?—Yes.

5030. Supposing she does not stop there, but goes down to this other port of Forcados, she does not get any more for doing that?—No.

5031. So the rate of freight from Forcados is less than it is from Lagos?—No, it is the same—5s.

5032. I mean the ocean freight?—The ocean freight is much less to Forcados.

5033. I do not understand why the bar boat does not get more for going the longer distance than she gets for going the shorter distance?—Because they go alongside the steamer in the Forcados river, and can discharge much more quickly than they can over the bar.

5034. At Forcados they are in port, and there is no small boat work there at all?—In Forcados they go alongside the ocean steamer, and discharge much more quickly than they can at Lagos bar.

5035. I asked you some questions before about cement, and I do not quite understand the position now. You said, did you not, that if you took the cement up to Lagos from Liverpool you would pay 11s. per barrel?—10s. 6d., I believe, is to-day's cost delivered price, paying steamers London rate of freight.

5036. Does that work out at 27s. 6d. per ton?—Yes.

5037. In one of your tables you give the rate for cement to Lagos as 27s. 6d.?—The rate of freight to

Lagos to-day is 27s. 6d. from Liverpool, London or Hamburg.

5038. I have it as 27s. 6d. in the table headed "Conference rates from Liverpool and Hamburg." The point I want to clear up is what the 27s. 6d. and the 10s. 6d. are. Are they both the same thing?—10s. 6d. is the cost of a barrel of cement delivered in Lagos.

5039. (*Mr. Maddison.*) C.i.f.?—Yes; shipping by the conference liners and paying their rates of freight, it would cost me, delivered in Lagos, 10s. 6d. per barrel of 400 lbs.

5040. (*Lord Inverclyde.*) Out of that 10s. 6d. you pay 27s. 6d. per ton?—Yes, for freight from Liverpool or London.

5041. Could you give an actual case of Elder, Dempster & Co. selling cement at Lagos at 9s. per barrel?—If a merchant wants to quote for cement to the local governments in Lagos, he cannot buy in Liverpool or London and pay those rates; but he goes to Elder, Dempster & Co. and asks them for their price in Lagos, and they quote a price in Lagos; that is, they did up to the beginning of the year. I am told now that they are no longer quoting c.i.f. to Africa, but that they are charging the ordinary rates of freight; that has come in recently, in fact, it has come in since the Commission began sitting. They do not quote now c.i.f., but they charge the ordinary rates of freight, and people ship themselves. But there is this peculiarity about it, that there is only one cement that is allowed to be taken by the local governments, and that must come from the Burham Cement Company.

5042. (*Sir Hugh Bell.*) Forgive our ignorance of the place; where is it, if you happen to know?—Down the Thames.

5043. Do you know if it is one of the Associated Cement firms?—Yes, it is one of the Associated Cement firms now. We used ourselves to buy from that company, and we shipped several cargoes out before this rebate system was on, until one fine day we found out that we could get it no longer from them. We made inquiry why, and they said, "Because we have given Elder, Dempster & Co. the monopoly of this brand." So we are in this position, that we could not offer any other brand, because the Burham Company's brand is the only one allowed by the Crown Agents, and Elder, Dempster & Co. had the monopoly of that one brand; therefore we were out of it.

5044. (*Mr. Owen Philipps.*) Could you tell us the approximate date?—I cannot without referring. I do not know when it began, but it has been going on for some time.

5045. Could you send the Commission the date approximately. In what year was it?—I cannot say without reference; but I can when I get home.

5046. (*Professor Gomer.*) Could you by reference to documents at home give us definite data on this incident?—Yes.

5047. This seems to me a very serious statement indeed?—I can tell you when we could get the Burham cement freely, and when it was stopped, and when the monopoly was given to Elder, Dempster & Co.

5048. (*Lord Inverclyde.*) Did they state to you in writing that they had given the monopoly to Elder, Dempster & Co.?—Yes, I think so.

5049. So you will be able to tell us?—I could tell you by referring to it.

5050. Am I to understand that they had come under agreement to Elder, Dempster & Co. to supply the cement to Elder, Dempster & Co. only?—Yes.

5051. (*Professor Gomer.*) And the Crown Agents will only accept that particular cement?—Yes.

5052. (*Mr. Owen Philipps.*) Could you give us any document, either printed or not, and could you show us any form of tender or anything else, proving that the Crown Agents will only receive that one form of cement?—I do not know whether I can give you any document or anything in print to that effect.

(*Lord Inverclyde.*) How do you know that the Crown Agents will only take this cement?

5053. (*Mr. Reeves.*) If that condition exists, that would be found in the tender forms would it not?—It might not be in the tender forms.

5054. (*Lord Inverclyde.*) Do you know yourself that they will only take it? You must have some knowledge

on which to base this statement?—That they will not take anything but the Burham cement? *Mr. J. Holt.*

5055. On what grounds have you made that statement?—I forget now how I first got hold of that. *30 Apr. 1907.*

5056. Are you quite positive about it?—I am quite positive they will not take anything else. I think I shall have got it from the other side, where the people tell us that the Crown Agents would not allow them to get anything but the Burham cement.

(*Professor Gomer.*) Perhaps you will examine your documents and see if you can give us any information on this point?

5057. (*Lord Inverclyde.*) Do you know as a fact that they do not take any other cement?—That they will not take anything but the Burham cement?

5058. Yes?—I have shipped other cement there, and sold it.

5059. (*Chairman.*) You have?—Yes, past the Crown Agents. The Crown Agents do not supply them with the required quantity just when they want it, and then the Public Works Department buy cement on the local market.

5060. (*Lord Inverclyde.*) I think if you could give us something a little more definite with regard to that—later on, I mean—it might be useful?—That is, as to when the change took place, and when I got to know that I could not get any more Burham cement from the works?

5061. Yes, that is one point?—And then if the Crown Agents have given instructions that nothing but Burham cement is to be sent?

(*Lord Inverclyde.*) Yes, we would like to be certain about that.

5062. (*Mr. Taylor.*) Have the Crown Agents quite recently said that they are open to buy only Burham cement?—I have not heard.

5063. (*Mr. Owen Philipps.*) Could you tell me if the facts that you are mentioning do, in your opinion, apply up to within the last year or two; or is it a matter of four or five years ago?—The c.i.f. arrangement I know—

5064. I mean when the Crown Agents limited themselves to the one brand?—It has been going on for years. If we tender at all to the Crown Agents, we have to tender this Burham cement.

5065. (*Lord Inverclyde.*) What you complain of is that the Crown Agents should have entered into such an agreement with Sir Alfred Jones?—Yes, I do complain that they have entered into some agreement with Sir Alfred Jones in regard to cement by which he has the practical monopoly of supplying West Africa with the only cement they will ship.

5066. And you think that is unfair?—I think it is very unfair.

5067. (*Sir Hugh Bell.*) What I think Lord Inverclyde is putting, and the proposition we want to have clearly from you, is this—that the Burham Cement Company have entered into an arrangement with Sir Alfred Jones, giving him the monopoly of their cement, and that the Crown Agents have entered into an arrangement with the Burham people saying they will buy nothing but that cement. That is the proposition we want to have cleared up. Are you prepared to clear it up for us?—That is what I understand to be the position. I do not know what evidence you may require. I cannot give you proof that that is so, but I know that I must ship Burham cement. The understanding is that I must not get anything but Burham cement for the Crown Agents, and the Crown Agents can only get that now from Elder, Dempster & Co., because Elder, Dempster & Co. by arrangement with the Burham Cement Company got a monopoly of the supply of their make to the West Coast of Africa. I know that I cannot get from that company cement for the West Coast of Africa, owing to the plea that they are under an engagement to give the whole of their supply to Elder, Dempster & Co.

5068. I want to make clear to you exactly what we understand you have alleged, and what we desire you to put into such proof as is possible to you, namely, that there is an arrangement by which the Burham cement alone will satisfy the Government specification, and an arrangement by which Sir Alfred Jones alone can supply Burham cement?—I understand.

Mr. J. Holt. (Sir Hugh Bell.) That is a tripartite arrangement we want to have from you in as clear a proof as you can give it. I am not asking for it now, but you have said that you believe you can give it in evidence, and I want to point out to you that you are making a very serious charge.

5069. (Mr. Taylor.) May I remind you—perhaps I can bring this to your recollection—that a letter was issued quite recently—within the last month or two—and was received by you and all the firms in the trade, from the Crown Agents, stating that they were open to receive other brands of cement than this Burham brand. Of course that does not alter the fact that for years before that they had been tied up to that brand, and that brand could only be shipped through the one firm which supplied that one brand?—That is so.

5070. As a matter of fact, I want to bring that to your recollection; I believe I am right?—Yes.

5071. A letter was recently issued—within the last month—altering this state of things?—Asking us to quote, and saying that they were ready to receive tenders. That is another thing altogether to accepting tenders.

5072. But even that is quite a new departure, is it not?—Yes. I could for years have given them a better cement than the Burham cement, and at a less price, if they would have taken it.

5073. (Mr. Maddison.) In their tenders would they not specify for the particular cement they wanted?—I do not know; I have never had their tenders. But if I remember, the Admiralty do; when they get different kinds of coal, they specify.

5074. They do that in their order book that they order things from?—Yes.

5075. Would they not in your orders specify Burham cement?—They would.

5076. If you have an order from them, that would settle it, would it not?—Yes, but I never had an order from them, and I cannot get one from them.

5077. It has only operated after this monopoly?—I suppose the monopoly still exists, the method of supply only has lately been changed. I am told that now anyone wanting to sell to the Government in Lagos does not buy c.i.f. from Elder, Dempster, but buys f.o.b. from them and pays the 27s. 6d. freight per ton from London to them.

5078. (Sir Hugh Bell.) I am very sorry to press it, but I hope that you understand that we attach great importance to your definite statement, fortified by such documents as you are able to produce, of the allegation that you have made?—Yes.

5079. (Lord Inverclyde.) I gather from your evidence that what you would be in favour of would be a free freight market?—Yes.

5080. When a man comes to you with an order under those circumstances you would not know what the freight would be without going to the shipowner and getting a quotation?—Before we had any Conference Line we always had a tariff of freights.

5081. But there would not be any tariff if there was a free freight market, because each shipowner would quote differently?—I cannot imagine a condition of things where there would not be a line of steamers regularly to the West Coast of Africa by a shipowner acting in his own interest.

5082. Even so, there would not be any settled rate of freight according to your way?—But he must do that.

5083. He could be beaten of course by the tramp steamer, and he would only be able to get what freight he could obtain?—You are imagining that there would be a set of conditions altogether different to anything I have ever experienced.

5084. What do you want?—In the African trade we had regular lines of steamers running without subsidies, having a tariff rate of freight to everybody, without chicanery or jugglery of any kind. Everybody knew what he was going to have to pay for his goods, and the thing worked well enough.

5085. How many lines had you?—We had the Elder Dempster Lines—the same two lines we have now—the British and African, and the African Steamship.

5086. At that time were these two companies quite separate concerns?—They were quite separate; they have been united by Sir Alfred Jones.

5087. And they had no freight arrangement between them?—No.

5088. Did they quote the same rate of freight, or different rates of freight?—They quoted the same rates of freight.

5089. Then surely there must have been some arrangement between them?—We had no German lines in those days. Originally the African steamship trade was started by Mr. Macgregor Laird, who got a subsidy of £10,000 a year from the British Government to run a steamer a month. Then came in two of the clerks of the managers, Elder and Dempster, Elder being the engineer and Dempster the bookkeeper. They started a line of their own, which was initiated in Glasgow with three steamers costing £20,000 each—£60,000 altogether, and a good deal of it borrowed money. Out of the earnings of those three steamers they built a magnificent fleet of steamers, which in the end was sold to Sir Alfred Jones of Elder, Dempster & Co. I forget now, but I think it was £700,000 or £800,000 that they got of debentures on the transfer of the fleet. I know nothing in my history so profitable as the West African shipping trade. I have been in it. I was a shareholder of both companies, and I am a shareholder to-day of the African Steamship Company. I was a shareholder as long as it lasted of the British and African Company, and I know of nothing that has paid me better than my shares in the British and African. When they came on of course there was a bit of a fight. The freights of the old African Steam Company with the subsidy were abnormally high—70s. per ton for palm oil for instance, against 27s. 6d. now. The effect of these three steamers coming in was to cause a reduction of rates. That increased the trade, and the two steamship companies did very well. Eventually they agreed upon a tariff the same as they have agreed upon now, but without any rebate, and then both companies charged the same rates.

5090. I take it, then, that you do not object to two or three shipping companies trading there, with an agreement with regard to freights?—With an agreement amongst themselves.

5091. Yes, to the effect that they shall charge the same freights?—If they had such an agreement, and if they had a tariff of rates, in their own interest they would keep down the rates on the main things, such as salt outwards, railway material outwards and coal outwards, and kernels homewards and timber homewards; they would keep those at such rates that there would be no inducement for a tramp steamer to come into the trade.

5092. So I think what I understand your position to be is that you object to the rebate, but that you do not object to shipping lines running under an agreement for equal freights?—That is so. I object to a rebate, because it is in restraint of trade; it stops my trade, and I cannot do anything.

5093. It is an advantage to a merchant to have stability in freights and not a changing freight, because then you know always what it is?—Yes, it is an advantage to the merchant to know what he is going to pay and to have it not changing.

5094. (Mr. Lawrence.) You told us a good deal, in the early part of your evidence, about Lagos and how it was penalised in consequence of the freight; can you tell us what the volume of trade is to Lagos as compared with any other ports?—Lagos is by far the biggest port of any one of them. I suppose Lagos will take, perhaps, a couple of hundred thousand tons a year on inwards and outwards stuff.

5095. As compared with what?—As compared with the others, where 20,000 or 30,000 would be considered a good thing in each port.

5096. Its trade is practically 10 times that of any other?—Yes. It is a great centre; in fact, the greatest centre of West Africa.

5097. In the early part of your memorandum you spoke of differentiated rates, which you said were on no business principle at all—we need not go back upon it. Would you suggest that those rates should be adjudicated upon, or dependent upon any outside authority, such as might be established by legislation?—I do not know that I quite grasp your question.

5098. You have pointed out discrepancies in rates of freight, have you not?—Yes.

5099. And you would alter those discrepancies?—Are you alluding to the difference between Lagos and the other ports.

5100. Yes. You have been saying that they are charging a great deal too much for one place as compared with another, and you are complaining of the discrepancies in the rates which are so charged; what method would you adopt to alter those discrepancies?—The doing away of the rebate system would alter them. Because it would open the door then to competition; if they did not lower the rates to Lagos, they would have competition from outside steamers.

5101. I do not want to labour this question, because you have answered the Chairman upon it pretty fully. Do you mean to tell us that the merchants in this West African trade, who are evidently from your account a very powerful set of gentlemen, and powerful financially as well as in the importance and volume of their business, cannot come to some agreement amongst yourselves, because of mutual jealousies and so on, to bring down such a monopoly as you describe exists to-day? Do you really mean to say that Sir Alfred Jones, or Elder, Dempster & Co., or whoever they are, are so powerful that no combination of merchants in that trade is going to face them?—No, I do not think they are. I think it is only a question of how much, and how far they will go, and then they will get combination.

5102. Do they go as far as it is their interest to go?—Is that good now? Is that good from a national point of view?

5103. I am looking at it from the point of view of the trader. You are an important trader, and there are a great many other important traders?—Yes.

5104. I think you told the Chairman that all you important gentlemen cannot afford to stand up against what you have described to us as a great monopoly?—I do not say we cannot afford to stand out. We are standing out. At the same time it is a thing that we object to, and that is injurious to the trade of the country and to the interests of the country. We can, and there is not the least doubt, if such pressure is put upon us, that we shall come to an arrangement, and we shall run our own steamers.

5105. Would that not be the best solution of the difficulty?—That will cure that evil, but it might cause greater evils still. It might not be a good thing.

5106. It might cause what?—It might cause greater evils for the country. It would not be a good thing for the merchants to be all in one concern, to have one pocket and to control the destinies of our Colonies. They might be worse than the steamship companies.

5107. You tell us that the Conference arrangement has been the making of the German Line?—I do.

5108. Has it not been the making also, to a great extent, of the improvement in the position of Elder, Dempster & Co. and Sir Alfred Jones?—Their improvement?

5109. That is to say, by their co-operation with the German Line, have they not been able to keep a stability of freights which did not exist before?—Yes, they have been able to keep the stability of freights, and they have been able to build up very fine steamers, far too fine for the trade. They have been able to do a lot of things which they consider possibly to be in their own interests, which they would not have been able to do if they had had less income.

5110. It has equally benefited the English lines as much as it has the German, has it not?—No, it has not equally benefited the English lines. The proportionate increase is altogether abnormal between the German and the English.

5111. There is only one other question that I would like to ask, and that is about the Bank of West Africa. You told us that some 13 years ago they got this privilege of the free importation of silver; can you tell us, as a matter of information, whether, in consequence of the privileges that were given to this bank, the colony got any advantage of any kind through the Crown Agents?—The colony before this—no.

5112. Why was this privilege given to the Bank of West Africa? Can you give us any reason why it was given?—The professed reason is to spare the colony the cost of the repatriation of redundant silver. That is the pretext.

5113. But it has acted really against the interests of the colony to give a monopoly to one trader, has it not?—It is against their interests, of course.

5114. Yet that is the reason alleged?—That is the only reason I know of, and the only reason I have ever had given me in correspondence with the Colonial Office on the subject. They admit that the Mint is making a very handsome profit, and anybody can see that; but they say, "Look at the terrible effects of having to bring that silver home some day if the natives do not want it; and then what would happen?" They say, "The bank is going to relieve us of that." My answer to that is, "Of course, if you had such a terrible thing as you are supposing, the bank would disappear altogether, and then where would you be? You would have to bring it home still, or somebody would." But they would not bring it home; the merchants would bring it home. It would come like any other product—just like a natural product; we should ship it.

5115. (Mr. Taylor.) It would come like palm oil?—Yes, it would. I have brought lots of money from Africa before this bank was established, and brought it at my own expense as part of my business. The Government would only have to repatriate what came into their hands as redundant revenue which they did not want and they could overcome the difficulty if they like by taking bills from the merchants on bankers in England.

5116. (Sir John Macdonell.) You have known the West African trade for a very long time, I think?—Yes, I have been about 45 years at it.

5117. I rather gather from your evidence that so far as freights were concerned, you knew three periods—a period during which there were very high rates and no competition, then a period during which there was competition but no rebate system, and then a third period during which the rebate system came in?—Yes.

5118. I think I understood that to be the effect of your evidence?—Quite right.

5119. When exactly did the rebate system come into operation in the West African trade?—The rebate system began, I think it was, eight years ago.

5120. Before that rebate system, I understand, there prevailed a system according to which there was an agreement between the shipping companies as to the rates of freight, but no rebate system?—Yes.

5121. Comparing the freights that have existed during the last eight years with the freights that existed in the immediate previous period, can you tell us whether they have been higher?—They were higher in the previous period than they have been since.

5122. They were higher, you say?—Yes, with this qualification—they were higher and lower in the previous period; they were higher until the arrangement was made with the Forcados-Bonny group of merchants reducing them to the present level, or 2s. 6d. below that. In other places, such as Lagos, some of the merchants had their own steamers, and in order to run those steamers off, the competing lines, like Woermann and Elder, Dempster & Co., ran down the freights to 13s. per ton for kernels, that is 18s. over the main side of the bar, against the rates that you see put in the tables now, of 30s. without package.

5123. That was a case in which the freights have been raised?—That has been raised since the rebate system began.

5124. I rather gather that there have been other cases in which the freights have been lowered?—Yes.

5125. If you were to compare the rates during the last eight years with the rates that were prevalent during the time immediately preceding, what would you say was the difference between them?—I cannot tell you. Generally speaking, I should say the rates have not been higher on the whole, perhaps, in the last few years than they were before.

5126. Then the rebate system, in point of fact, has not led to any increase in the rates?—Not to any great general increase. It has in the case of Lagos.

5127. But speaking of the other ports, what do you say?—It has not affected the main ports, that is, the river ports, which are the main ports of that part of Africa. It has affected Lagos on the one hand and the Cameroons on the other, and also the Gold Coast ports.

5128. You have drawn out very clearly in your memorandum the differences—the extraordinary differences, you may say—between the rates prevalent at the various ports; did these differences exist before the rebate system came into operation?—I am not sure. In the case of Lagos they did not; Lagos being a big port, the rates were less than they are now.

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5129. Do you know whether or not the rates to such places as Forcados and Calabar, which are more distant than Lagos, were in some instances lower than the rates of freight for Lagos in the period before the rebate system came into operation?—Yes; they were lower than Lagos. They were always 5s. lower than Lagos, because of the bar rate.

5130. Was that the only difference?—That was considered to be the ordinary difference between the two—the normal difference.

5131. What I am putting to you is whether these somewhat curious discrepancies between the freights to Lagos and the freights to the more distant ports may not have existed before the rebate system came into operation?—No; they have not.

5132. They did not?—No.

5133. Now, passing from that point, I understand that the rebate is payable upon all outward goods?—Yes.

5134. But the rebate is not payable, except upon palm oil and kernels, so far as inward cargo is concerned?—Yes.

5135. Am I right in saying that as far as Lagos is concerned the great bulk of the outward trade is trade from England?—Yes.

5136. Therefore, so far as the trade from England is concerned, the shippers get the benefit of the rebate upon all goods?—I should say the bulk of the Lagos cargo is from England, but you have a very large continental trade, too, particularly in gin.

5137. I put it to you that three-fourths of the trade to Lagos is from England?—Yes; I should think it is.

5138. And on all that the rebate is allowed?—Yes.

5139. As regards the trade from Lagos homewards, am I right in saying that the bulk of that trade is to Germany?—The kernel trade is chiefly in German hands, and the palm oil trade in English hands; at least, I should say the bulk of it is now.

5140. I put it to you that somewhere about three-fourths of the inward trade from Lagos is to Germany?—No; I think you are not right in assuming that it is three-fourths.

5141. What should you say—somewhere about that proportion?—I should not say more than half.

5142. But at all events, upon that trade only a rebate is paid as regards a small proportion of it?—Yes.

5143. To that extent the burden of the rebate system falls chiefly upon the German shippers?—They are not German shippers who ship to Germany.

5144. "Shippers to Germany" is more accurate?—Yes; they are English shippers.

5145. We have been told that certain advantages appertain to this system, and the first advantage which is stated to us by certain witnesses is that all shippers, large and small, fare alike so far as freights are concerned. Do you say that that is true of the West African trade?—I do not think it is. I think there are some irregularities in regard to that matter in our trade.

5146. Do you think that preferences are given to some shippers?—Yes.

5147. The next advantage which we were told of was that there were always regular sailings in consequence of the rebate system. Would you say that that was true of the West African trade?—We had regular sailings without any rebate system.

5148. So far as cargoes going from Lagos and other ports to Liverpool and other ports, I gather that you tell the Commission that sometimes the sailing is not regular?—The sailings are regular enough, but the deliveries are uncertain and irregular.

5149. The third advantage which we were told belonged to the rebate system was that the freights were steady. Is that true so far as your experience goes?—Yes, they are steady; that is, the tariff rates are steady enough, and they do not alter much—they do occasionally.

5150. I gather that you complain of the classification of the goods?—Yes.

5151. You complain that the freights are high when the value of the goods may be low, and the freights may be low when the value of the goods is high?—Yes.

5152. If you look at the interests of the Colonies and their development, what are the class of goods which are

most needed? I suppose cement and building materials?—Yes; salt and building material chiefly should carry the lowest freights.

5153. Take salt in the first instance. What should you say is the actual selling price of salt in Lagos?—What the selling price should be, do you mean?

5154. What it is to-day?—It is about 45s. per ton.

5155. Is that the selling price?—That is exclusive of the duty, of course.

5156. I want to know the total amount of the price, duty included?—That is about £4 a ton, I should think.

5157. About 80s.?—No; £4 5s. per ton, I should think, would be the price of it.

5158. £4 5s. is the actual selling value of salt there?—Yes.

5159. I am speaking of the present rate. Has that been the price for some time back?—That is the present price, and has been ever since the rates of freight were reduced to 20s.—that is about a year or 18 months ago.

5160. (Mr. Lawrence.) That is per ton?—Yes.

5161. (Sir John Macdonell.) At the present moment, of that 85s. something like 20s. means freight?—Yes.

5162. You have referred to building materials. What particular kinds of building materials—I put aside cement for the moment—are exported?—The next thing, of course, would be timber and galvanized iron.

5163. Very well, take galvanized iron. What would be the selling price of galvanized iron suitable for roofing?—I do not know what the price is to-day, but an ordinary price for galvanized iron is £12 or £13 per ton.

5164. Is that in Lagos?—No, here. Then there is 35s. per ton freight. That would be £15 per ton, you might say, as an ordinary price.

5165. That is, the price here would be £12 a ton, and then there would be 35s. for the freight?—Yes. There is no duty on that.

5166. Is there a payment made in respect of the postal service by the Government to any of these lines?—The Post Office pay a certain rate—I do not know what it is—which gives them a very good income from carrying postal matter. There is no subsidy.

5167. There is no subsidy, but, in point of fact, there is a payment?—A very good payment.

5168. You do not know what it is?—I do not know how much it is, but I have understood it is something well worth having.

5169. I should like to get a little more clearly stated your notion of the remedy for the evils which you have described. What is the remedy?—My remedy is that I would make the rebate system illegal if I could.

5170. You would make it illegal?—Yes, as I understand they have done in America.

5171. You would, as I understand, propose that if any two persons entered into such an agreement they should be fined?—Pardon me, there is no agreement. We have not entered into any agreement; *this* is no agreement; *this* is a monopolist imposing a condition.

5172. I will accept your correction. Let me see how this is to work out. If any shipowner issues such a circular as you have before you, then that shipowner is to be fined, as I understand. Is that so?—Yes.

5173. But if any shipper of goods chooses to send his goods, with that circular before him, what is to happen to him? Is he to be fined?—I can hardly imagine anybody accepting a position of that sort—shipping under such a condition as that—accepting a rebate, and tying himself up while his competitor is to be free.

5174. I do not know whether I have made my point, such as it is, clear to you. It is this: Do you contemplate an Act of Parliament which will fine the shipowner, and only the shipowner; if he is a party to a rebate system, or to any document which asks for a rebate? Is that what you contemplate?—Yes, with all those conditions attached that he must hold his freight for so long a time, and after twelve months he will get the money, provided he has been a good boy in the meantime.

5175. I want to make it clear to my own mind. Suppose that a shipper said to a shipowner, "I am willing to accept this rebate system, with all its disadvantages, because I find it convenient to do so," and he hands over his goods to the shipowner on those conditions, are both

parties to that transaction under your suggested law to be fined?—I do not think it would be a fair thing for the Government, or for the legislature, to interfere with the freedom of contract; but this is not a contract at all.

5176. I will not argue that point with you. You spoke of desiring competition, and at the same time you said that you did not see how it was practicable to effect competition amongst the merchants interested. That is your view, is it?—Yes.

5177. You spoke also of the special interests of the commission merchants. Would you describe a little more clearly than you have done what is their exact position in the West African trade in relation to the rebate system?—I could imagine a commission agent being very much in favour of rebates, and as big as you can make them.

5178. Explain, please, why?—Because the commission agent is under no obligation to let his principals know all the rebates that he gets. I think it is not at all unlikely that the commission agent may put that rebate into his own pocket, and never tell his principal anything about it. If that man is placed on the West Coast of Africa he may be a foreign merchant or trader; and many of them do not know much about our system of doing anything here.

5179. You make rather a complex set of, I will not use the word "insinuations," but suggestions; do you mean that you know that commission agents in point of fact put into their pockets rebates?—I have heard of such things.

5180. Do you suggest that this is done extensively?—I know that we have had law cases where men have been found out, not taking rebates off straight, but taking discounts on goods as commission agents and pocketing them, and discounts on cases, while charging their principals a commission for acting as their agents. Would such a man, do you suppose, hesitate for a moment to put these rebates into his pocket?

5181. I rather gathered that you were not just now referring to exceptional cases; do I understand that this practice is so prevalent that commission merchants as a whole are on that account in favour of the rebate system?—I should not expect to find in the West African trade every commission merchant or commission agent so scrupulously honest as to give the credit of this uncertain thing to his customers.

5182. May I put it in plain English that you state that they all put it into their pockets?—Of course I cannot speak for all, but I should assume that great temptations exist because of the conditions. He has got to do certain things, and he may never do those things at all. He has to ship all his goods by that line for a certain time, and leave that money in their hands; if he breaks with them for any reason whatever he loses it. How can he begin to credit these customers of his with money that he may never get at all? He settles them up month by month; he does not wait for 18 months with his clients like rebate steamship liners.

5183. I will only take this point further very shortly: may I take it that your experience of this trade leads you to believe that the great majority of commission merchants do, in point of fact, keep the rebate?—I should say in the West African trade the temptation to do so is great.

5184. (Chairman.) And do not credit their principals with it?—They may not credit their principals with it.

5185. (Sir John Macdonell.) There is just one more question, and is this: I gather that you lay stress upon the fact that the freights to the various ports which you have specified bear no relation to their distances from Liverpool. In the order of the ports first comes Lagos, and then comes Forcados, then New Calabar and Old Calabar. Your point, as I understand it, is that the freights to Lagos, in a very large number of cases, are much higher than the freights to those more distant ports?—Yes. In relation to distance, Lagos should be the cheapest port—it is nearer to England than Forcados, for instance, but in point of fact, in regard to the freight it pays more, although it is nearer. A very strange thing is that a little further on you have 300 or 400 miles there of the delta of the Niger, all paying the same rates of freight; and you then have a 25-mile run, and you have the Lagos rates again. When you get into the German Cameroons, which is within 25 miles of Calabar, you have the Lagos rates and the Forcados rates in Calabar, although Calabar is a town 30 or 40 miles away from the sea. So the question of distance has no relation whatever to the freight charged.

5186. (Mr. Mitchell.) You have been asked some questions about your objection to rebates; I suppose your objection is to deferred rebates, and that you would not object to rebates on the quantity shipped if they were paid and not withheld, would you?—Of course that would be part of the freight, would it not?

5187. Quite so; but supposing the shipping company were to offer you a rebate on the quantity shipped, that is not a point that you would object to, is it? Your objection is to the rebate being deferred and held over, and so held up against you?—Yes.

5188. Therefore, what I take it you would wish in the case of legislation would be something like a prohibition of that particular use of rebates?—What I would like is to have a plain straightforward understanding as to what the freight is to be to a place, and to get my work done properly. I do not see the advantage of putting on something which you take off again under certain conditions, and I do not see the need for it. I like to see a plain sheet, and then I have finished and done with it; that is business.

5189. That is merely a matter of arrangement and bargain, I take it? Your real objection is to the rebates being held over your head as a weapon to threaten you with in case you send any business to anybody else?—Yes.

5190. That is really the objection on your part, and, therefore, what you would like to prohibit in any legislation that you would suggest, I take it, would be that particular use of that system of rebates?—Yes.

5191. You have spoken about the very great difficulty you have had in organising the merchants; have you ever been able to do anything through your Chamber of Commerce at Liverpool?—The Chamber of Commerce unfortunately is Sir Alfred Jones; so I can hardly expect to do anything in the Chamber of Commerce.

5192. Have you got any particular section which deals with your West African interests?—There again, it is Sir Alfred Jones. I am the vice-chairman of the section, and Sir Alfred Jones is my chairman, and he will not leave that African section to me.

5193. I suppose that section meets from time to time?—We meet every week.

5194. Have you not tried, when you meet, to influence Sir Alfred Jones by bringing up these difficulties that you have?—In actual practice we find it exceedingly difficult to touch upon anything relating to shipping, with him in the chair, or to anything else connected with his interests. Naturally it is a very difficult thing to attack your chairman.

5195. Still, surely, if you have matters which are affecting the trade of Liverpool, even at the risk of offending the chairman, you might bring them up and have them discussed?—Yes, we lately did undertake a little business on our own account when he was away. He was in the West Indies, and some of the gentlemen present said, "We feel the difficulty of raising a question affecting his interests when he is present; therefore let us propose a resolution in reference to the silver question." They proposed and passed unanimously a resolution condemning the silver arrangement between the Crown Agents and the Bank of British West Africa. There was only one dissident and that dissident was an agent of the Bank, his friends in the council of the Chamber of Commerce took the matter up, and in the council passed a resolution to the effect that in their opinion the resolution came to by the section did not express the feelings of the members of the Chamber. When Sir Alfred Jones came home, he said he did not think we had dealt very fairly with him in this matter, and that the thing ought to have been brought up when he was not present. Some of us said, "We thought this was a very fortunate time to bring it forward, because it would have been very awkward to have discussed this matter in your presence"; and there the matter rested. That is an instance of how difficult it is for us to raise questions. One of the consequences of this position has been this formation of the West African Trade Association, which is altogether outside the Chamber of Commerce. That is an organisation consisting of about 29 merchants, German, French and British, having interests in Africa. They, of course, can take up a thing of this sort, but how are you to unite those 29 men? I have, once in my life, united eight men and it nearly killed me. I got them together to form an association whose work is plainly seen in the rates that you have there in the Delta of the Niger to-day. Those lower rates are the work of the company that I formed.

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5197. The Chamber of Commerce is surely the natural guardian of the general trade interests of the community?—In the case in question, they are the guardian more of the interests of the steamship owners. You must remember always that Liverpool is a great steamshipping centre, and I think I may say in the presence of Mr. Austin Taylor that we are ruled by the shipowners of Liverpool.

5198. (Mr. Taylor.) Would you not put it that you are ruled by one or two shipowners?—I see you do not agree with me.

5199. (Mr. Mitchell.) You mean that the shipowners so far rule Liverpool that whatever you might attempt to do, you would not get the Chamber, which is under the influence of the shipowners, to follow you?—No, we should not.

5200. (Mr. Barry.) You told us that in your view the management of the Woermann Line gives greater satisfaction to shipowners than the management of the British lines?—That is so.

5201. Do you think that the less satisfactory management of the British lines is directly traceable to the Conference system?—No, I should not say that. It is directly traceable largely to Sir Alfred Jones having got the control of the two British lines, and having more to do than he can well manage. I think Sir Alfred is as competent a man as Mr. Woermann if he attended to his work; but with all his powers—and they are great ones—he cannot attend to what he is trying to do outside and also attend to his African business, and his business, from an African shipper's point of view, is neglected.

5202. Apart from the special and peculiar influence of Sir Alfred Jones, do you think that a Conference under a rebate system creates a general looseness in management, and an indifference to the interests of their clients?—No, I am unable to say that. I do not consider the rebate system causes Sir Alfred Jones to neglect his work, but I am sure that the neglect of his work gives an opportunity for the man, who concentrates his mind exclusively on that special work, to get the better of him.

5203. (Chairman.) If I remember rightly, you did say in answer to me that you thought the quasi monopoly which is established by the rebate system did tend to impair the efficiency of shipping?—Yes.

5204. Do you still adhere to that opinion?—Yes, all monopolies must tend to promote inefficiency.

5205. (Mr. Barry.) I think you said that you consider this enormous growth of German tonnage was in the main attributable to the Conference system?—I do not know whether I should be right in saying that it is in the main due to the Conference system. Still, that agreement with Woermann, by which the two are tied together in regard to the tariff, gives the opportunity to each one to do something that will induce the trade to come to him. Having fixed with your competitor a basis of charge to your customers, then the only thing that you can do, and the best thing you can do, is to draw as much of the trade to you as you can. Now, in a Conference system, you may have an arrangement between two steamship companies which would have the same effect without the rebate system, but the rebate system is a strong factor, is it not, in binding those two people together so as to give them their opportunity?

5206. Under a free freight system, do you think the position of British shipping in the West African trade to-day would be much better?—I have not the least doubt of it.

5207. Do you not think that the extraordinary expansion of German manufactures in the last 15 years has a good deal to do with the growth of German shipping, apart from any question of conferences?—That may have a certain effect, but there is not the least doubt that lower freights will have induced German shipments. At the same time, they do not depend only on the outward shipments; they also depend on the homeward shipments. Their success there again depends upon the enterprise of the German manufacturers in using the produce that comes to Hamburg, and on the enterprise of the German liners in giving facilities for transshipping and spreading that produce over the face of the earth wherever it is wanted. Woermanns have shown great enterprise in these things, and the German manufacturers have shown great enterprise in expanding their works for the treatment of palm

oil and palm kernels. The cocoa industry has gone largely to Germany. I have never been able to understand why it should be so, but a large proportion of our Gold Coast products of cocoa goes to Hamburg. The Gold Coast products of cocoa have grown enormously within the last 10 years. They began 10 or 12 years ago with nothing at all, and to-day—I have not got the figures before me—I should think there are 5,000 tons of cocoa shipped chiefly to Germany, all grown by the natives. I cannot understand why that should go to Germany, except that the Germans have a market for that class of cocoa; which is inferior to the cocoa that is used by our people in this country. As an importer of this stuff myself into Liverpool, I have always noticed that Cadbury's buy the highest-priced and the best quality, whilst to get rid of my inferior qualities, I have got to tranship to the Continent. One of the things that build up the German industries is that they are better situated to save on shipping charges, as they have a market behind them for things that we cannot use in this country.

5208. These influences which you so very well describe, exist altogether apart from any question of shipping contracts?—Yes, they do; but perhaps you have not seen this point—that when we are speaking of German trade, it is not all Woermann's trade that we are talking of, because Elder, Dempster & Co., as well as Woermanns, have a line of steamers running from Hamburg.

5209. You gave us some very striking figures about the charges to Lagos as compared with the other ports; do you know what is the proportion of produce shipped from Lagos as compared with those other ports?—The shipments from Lagos are more than the products of Lagos, because the shipments come from the adjoining territory, for instance, from Porto Novo, belonging to the French. The shipments from Lagos of palm kernels will be 60,000 tons a year, and of palm oil, from 12,000 to 13,000 tons. Out of that the Lagos Colony and Protectorate will give 45,000 tons of kernels and 10,000 tons of oil. Then in addition you will have about 10,000 tons of maize, and perhaps 3,000 or 4,000 tons of other kinds.

5210. So that the excess freights prevailing at Lagos cannot be explained by the assumption that the shipments are smaller than they are at the other ports?—No; they are bigger than any other of the ports.

5211. I think you told us that you conducted the bar service at Lagos for some time at a rate of 5s per ton, and that it paid you?—Not the bar service. I got a steamer out there to help us with our trade and to enable us to ship by Woermann's steamer, as Woermann at that time had no boats running into Lagos, and I wanted to get my stuff to Hamburg, and I had facilities from him. He sent his ships quicker, or he was an easier man to work with, or he gave me more assistance than the other people did; therefore the attraction was to give all I could to Woermann. I charged him 5s. per ton for the service, and he paid it.

5212. You found that the service could be conducted at 5s. per ton without involving you in any loss?—Yes.

5213. I think you told us also that it was, to some extent, a season trade?—Yes.

5214. Much heavier at some times than at others?—Yes.

5215. Was your experience long enough to cover both seasons?—Yes. That ship was principally employed in the kernel trade. You will have noticed, from the figures I gave you, the relations between oil and kernels, namely, oil 10,000 tons and kernels 45,000 tons. The bulk of the oil comes in, say, the first six months of the year and the bulk of the kernels comes in the next six months of the year.

5216. Taking the two seasons together, you found that 5s. per ton was sufficient to cover the expense of taking the goods over the bar?—Yes.

5217. There is rather a curious discrepancy in regard to some goods, for instance, ebony, gum, ivory, and pepper, where the freight is actually less from Lagos than from the other ports?—Yes, that is so.

5218. Is there any special reason for that?—There is one reason. When the arrangement was made between what I call the river merchants—that is, the Delta of the Niger merchants—and the steamship companies, the main things that they looked at at that date were palm oil and palm kernels among the outward goods, and their freight arrangements were made to cover these without any stipulation for anything else. The steamship companies were able to take advantage of that, and charge these very

high rates from the Delta—higher in some cases, as you have pointed out, than they charge from Lagos itself.

5219. You gave us a very interesting case showing the effect of competition in regard to the freight of salt, whereby the rate was reduced from 25s. to 20s. Do you know of any other instances where competition had the same effect?—No, I have no other instances.

5220. This question is perhaps not quite connected with your business, but the freight on salt seems to be so excessive that I would like to ask it—do you know whether salt is carried to Calcutta from Liverpool for 4s 6d.?—Yes, I know that.

5221. That is a fact?—Yes.

5222. And to South America for 11s. 3d.?—Yes.

5223. And to Japan (Yokohama) for 15s.?—I did not know it was so much as that; I thought it was less. I am not sure, therefore, about Yokohama. We regard 20s. as a low rate.

5224. The distances, in some of the cases I have quoted, are considerably greater than the distances to your West African ports?—Yes; and then in some of the cases you have the Suez Canal dues. That can be explained, I take it, so far as Calcutta is concerned, because the shipowners in that case only carry salt for the purpose of filling up their steamers.

5225. There is one question I should like to put in regard to a certain part of your evidence, which seems to me to reveal a very serious state of things, namely, your statement that in some articles, such as kerosene, cement and coal, the shipping companies are competitors with the merchants?—That is the case.

5226. And that they quote these articles which I have mentioned at a special rate, which renders it impossible for the merchants to compete?—And at the same time pay the shipping companies their freights.

5227. You are compelled to pay them their freights?—Yes.

5228. The result is that you cannot compete?—We cannot.

5229. Does it come to this, that shipping companies can create a monopoly in any article they like?—Absolutely.

5230. By following the same procedure, they could do that?—They could.

5231. Does the practice prevail in regard to any other articles, besides the three that you have mentioned, can you tell us?—I do not know that it does. They are shipping the things that you have named, and they are openly selling c.i.f. Then, as I pointed out, they are themselves traders and merchants trading under other names, such as the Sierra Leone Coaling Co., the Grand Canary Coaling Co., and other individual companies that we know nothing at all about.

5232. Does the Woermann Co. carry on a similar line of business?—Just the same.

5233. Exactly the same?—The Woermann Shipping Co. do not sell but the firm of Woermann does.

5234. Did the Woermann Co. commence that course of business before the British lines?—No. The British lines began at first I think. They went into this cement business, and that led up to the kerosene trade. I think the Grand Canary Coaling Co. first started it by buying large lines of kerosene from sailing vessels, who used to run to the Grand Canaries at certain times of the year taking over kerosene, and getting something back from the Spanish ports. That was the beginning of the kerosene trade. They did not confine themselves to that.

5235. As I understand, you are going to give the Commission some further information as to the Burham cement, and the Elder Dempster monopoly and control of that cement?—Yes.

5236. Can you say whether the control of the Burham cement by Elder, Dempster & Co., and the adoption of the Burham cement in the specification of the Crown Agents, were coincident and simultaneous?—I do not know, but they must have been, I should think.

5237. Those two things occurred about the same time?—They must have done.

5238. I think you said the freights from Hamburg and Liverpool were equalised in January, 1907?—Yes.

5239. And I think you gave us a hint that it was because this Commission came into existence?—I take it

so; or, because of the revelations made in the "West African Mail," showing how greatly Hamburg was favoured as compared with Liverpool.

5240. Would you anticipate a return to the old state of things when the Commission is over?—I am not sure. I never could understand the motive for making that difference, and I am not sure whether Sir Alfred Jones had not forgotten that he had ever made it.

5241. Then, I take it, that in a general way you think the solution for all this trouble and difficulty would be the establishment of a free freight market?—That would provide the remedy.

5242. Do you think that a better solution, in your judgment, than any legislative action?—I do not think that you can get that free competition without legislative action to abolish the rebate system.

5243. In the latter part of your memorandum you state that "cases have occurred where it has been found out that Hamburg rates had been lowered on certain goods" but never discovered to the shippers in Liverpool or "accepted there until accidentally found out by them and "complaint made." That, of course, is a general statement; are you in a position to give any specific case to the Commission?—That refers to the changes of freight or conditions which have taken place for unknown reasons in Hamburg, and have not been reported to the merchants in Liverpool by the British liners.

5244. I took it to mean that there was some special preference given in certain cases?—No. It applied to everybody when it was known to everybody, but then everybody has got to find it out for himself as best he can.

5245. (Mr. Maddison.) Am I right in gathering from your evidence that you regard the operation of the shipping ring on the West Coast of Africa as differing considerably from the operations of the ordinary shipping ring?—I have no knowledge of the ordinary shipping rings.

5246. You have not?—No, and I do not know what their system is. I can only give you what I know in West Africa.

5247. I thought with your long experience you would probably have a knowledge of other conferences?—It would be only hearsay—what I hear people say about the others.

5248. Perhaps you can answer me this, even from that point of view. Am I right in concluding that it is your view, that on the West Coast of Africa there are other things mixed up—I think it is obvious, in fact—than the mere shipowners' interests?—There are many things.

5249. So it is, to some extent, I take it, exceptional on the West Coast of Africa?—I should say so.

5250. It seems that you do not have those things which, in a good deal of the evidence given before us, have been generally admitted; for instance, you have not always a guarantee of sufficient tonnage, sufficient shipping?—No.

5251. There are also, in your view, cases of differential treatment not necessarily rates, but treatment?—Yes.

5252. I understood you, in the course of your evidence, to say—I think, in fact, you state it in your memorandum—that there are some goods, a minority of the goods, in which you have to ask for the rates, because you do not know them?—Yes.

5253. So that, as a matter of fact, you have not even a stable schedule of rates for all the goods from West Africa?—No.

5254. In this respect, it seems to differ from the average shipping ring?—Yes.

5255. With respect to your evidence about carrying goods on ship's account, you are against that, I understand?—I would not call it on ship's account; it seems to me to be on the ship's agent's account.

5256. That is more technical, but you mean to say that the shipowner becomes a trader?—Yes.

5257. And you object to that?—Yes.

5258. Would you go so far as to say that it should be made illegal?—No. I do not see how you can make that illegal. It is very unfair trading and would bring its own cure if you had free competition in shipping.

5259. You think free competition would cure that and several other evils that you have mentioned?—Yes.

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Mr. J. Holt. 5260. I was thinking there might be cases where a shipowner might legitimately fill up his hold by goods on ship's account or for himself?—He may fill it up, but if he does, he fills it up at the expense of his shippers. That has been Sir Alfred Jones' plea to me over and over again—"I must fill my steamers." But he is constantly building bigger steamers, and so he has more and more space to occupy. I have pointed out to him over and over again: "You cannot do that without depriving your shippers of a similar amount of freight; you do not create any greater consumption because you put your stuff into your ship when she is empty."

5261. You gave us some prices in connection with cement, saying that Sir Alfred Jones, or his Company, could put cement on the market, I think you said at 9s. per barrel, whereas you could not put it on at less than 10s. 6d.?—Yes.

5262. That was an advantage to the consumer, in that case, was it not?—If the consumer got the benefit of it.

5263. Do you think he did?—I do not know. I cannot quote against a man who has got an advantage of 1s. 6d. over me in the freight. I must buy from him alone if I want to do a trade in that article and am dependent upon his steamers for freight at Conference rates.

5264. I am, for the moment, thinking of the man who buys this stuff; you have your doubts as to whether he would get the advantage of that?—The chief buyer will not come to me. He wants a kind of cement that I cannot give him, because the man who has the supply of the cement has got a monopoly of it.

5265. Is cement only bought by the Crown Agents?—All the cement used by the Government is bought by them, and they are the chief users.

5266. Yes, but is there not a market for cement apart from the Government?—You see it is wanted for the public works of the Government. At any rate, the other purposes would be very small in comparison.

5267. That really answers my question. The only consumer is the Crown Agent, and he is about as unlike a consumer as far as I can see as one can imagine. About these Crown Agents, in this connection would they get this cement for 9s. instead of 10s. 6d.?—They ought to do so.

5268. But do they, do you think?—I cannot tell you. I do not know the price as it is not divulged.

5269. Have you any idea? What is your own opinion?—Up to the end of last year, they were allowed in Lagos to ask for quotations for cement, and the merchants there gave in tenders to the local authorities for the supply of cement for the coming year. But then the merchants had to get Elder, Dempster & Co. to quote them a price, and that price, with a little commission on, was quoted to the local authorities. I do not know that Burham cement at that time was one of the conditions of supply made by the local authorities; but they have been prohibited this year from buying locally, so that no other cement than the Burham cement can be supplied now in Lagos. We are prevented now from shipping out and selling to the local authorities any other than this Burham cement, and that must be obtained from Elder, Dempster & Co.

5270. You have made it clear that you are for open competition?—Yes. I think perhaps you are trying to get from me whether the Crown Agents are paying more for the cement than they need do; is that what you wish me to say?

5271. My immediate point there was this: You gave us two sums, 9s. and 10s. 6d., and I thought you meant that the 9s. was the price at which the stuff was bought, whereas you could not sell it under 10s. 6d.; and I wanted to know from you whether, in that case, the Crown Agents on behalf of their clients did get the advantage of 1s. 6d. per barrel?—I do not think that Elder, Dempster & Co. would get the 10s. 6d. from them; I think they would get the 9s. or more.

5272. That is to say, the Crown Agents would only give 9s.?—I think so, or possibly 10s. 6d.

5273. That was my point. In that case the Crown Agents and the Colony through them did get the advantage of this trading on the part of Elder, Dempster & Co.?—They would get something less than the ordinary freight which Elder, Dempster & Co. would charge, but they have not got the benefit of all they would get if they had an

open freight market. I will supply them that cement if they will give me a charter for it to-day, and I think it will cost me 8s. 6d.

5274. (*Mr. Taylor.*) Loading a steamer of your own?—Yes, by our own steamer. I should certainly give a greater advantage over what they are getting, even with this monopoly that they have got on that class of cement, and would charge lower rates of freight on it than they are charging to the open trade.

5275. (*Mr. Maddison.*) If there was an open freight market, and free competition, how do you think the small man would come off?—The same as he came off before, when there was opposition.

5276. How did he come off then?—Everybody was on the same terms—the big and the little all got the same rates of freight.

5277. Under free competition?—Yes.

5278. It is not a fact then that a man who can only ship a small quantity is at a disadvantage?—No.

5279. How is that?—He is on the same footing as the big man.

5280. Does that mean that the lowest rate quoted is the rate for the cargo; in other words, that the freight rate which any man has is the ruling freight rate for the whole of the cargo?—The tariff rate applies equally to the small shipper as to the big shipper.

5281. On the homeward business?—Both ways. There is no difference from the tariff point of view between the rate charged to the man who ships one ton and the rate charged to the man who ships a thousand tons.

5282. (*Mr. Owen Philipps.*) That is under the present Conference?—Yes.

5283. (*Mr. Maddison.*) I said in a free freight market and with open competition, not where there was no competition and no free freight. I asked you how you think the small man would come off under free competition?—Of course, with such things as salt, where you can get a big bulk, the probability is that your small man would not be able to get it out as cheaply as your big man if there was a big shipper; but in regard to general goods, he would get the same terms. I was referring to what was the case before the Conference, when there was competition, that is, first, when there were what you would call two lines running from Liverpool, and when there was no German in it at all, and then afterwards when the German came in. In those days, when there was no arrangement, the tariffs were equal to everybody—to the small shipper and to the big shipper—whatever the rate was.

5284. That was my question, and your answer is that if a man shipped a ton, he could get as good treatment as a man who shipped 100 tons?—Just as good.

5285. You told us that Sir Alfred Jones, through having the world to look after—at least that was the way I interpreted it—is not able always to give all the attention he might to West Africa?—He is not able to give the attention it deserves and needs for its success.

5286. Why does not that attract other shipping lines into the business?—I do not know why other shipping lines are not attracted to it. I look upon the West African trade as a great field for shipping enterprise, and I think that the shipowners of this country are greatly lacking in enterprise in not coming into it.

5287. That was the impression left on my mind by your evidence, only it was discounted a little by your powerful merchants showing such timidity?—A merchant's business is one that needs all his experience and all his care to attend to properly himself. I cannot attend to my business as a merchant and at the same time do my duty to a business as a shipowner, which I should have to learn, because there must be something in shipowning, I expect that a man has to learn in order to conduct it properly.

5288. That does apply with some force to you as merchants, but it does not apply to other shipping firms; and what I want to know is, why we should go to Parliament if there was a profitable field in West Africa for other lines? Why do they not make competition?—You may observe that the conditions of this rebate system are put in for the express purpose of making it very difficult for anybody to get into the trade. You are faced at once with the possible loss of all your rebates. Your new shipowner comes in, and, however

enterprising he may be, unless he is backed up well by enormous sums of money, it is a hopeless case for him, because he has to go to everyone of his shippers and say: "Now, I will guarantee that you shall not lose a penny of your rebates by joining me."

5289. So that in your view—in fact, it has been very clearly put—the rebate system, looking at it from a practical point of view, kills outside competition?—Absolutely.

5290. I am interested to know whether the French boats are liners or tramps?—They are liners.

5291. Have they any conference at all?—No. The French lines running from Marseilles to the Coast have an understanding between themselves as to the rates they are to charge. They did fight with one another up to a certain point, and then they made terms; but the terms, even now, are much more favourable from a shipper's point of view, that is, they charge lower rates of freight to or from Marseilles than Elder, Dempster & Co. do. The arrangement which I know they are making is, that if a man will guarantee them a certain amount of freight during the year, they will take that freight from him at a lower rate than if he ships a small quantity. That is the very opposite of what you were speaking about just now. For instance, if I will guarantee a thousand tons of timber to Marseilles, I can get the rate of freight on that reduced, say, 4s. per ton; if I ship 100 tons, I lose that. Therefore, my efforts are directed to securing that benefit by sales during the year to the port, and that gives them the freight.

5292. Then, as a matter of fact, at any rate under the French system, the small man would not get so good terms?—The small man has not got the same chance under the French system that the big man has.

5293. That rather brings me back to my original question; but you do not think that that would operate the same under English free competition?—It has not done so.

5294. I gather that you do make a vital distinction between lines who make terms mutually among themselves, and a conference or ring system which is kept by deferred rebates?—Yes.

5295. The former you expect to come naturally, and it is always subject to competition?—Yes; and it is a matter of arrangement and agreement between you. The conference system is not an agreement.

5296. (*Mr. Owen Phillips.*) You have told us that you very strongly object to the shipowner trading; if the shipowner was absolutely removed from trading, would your principal objection to the rebate system be removed?—No.

5297. That would not remove it?—No. I do not want him to trade, and I do not want the rebate system. The trading is not due to the rebate system. Do away with the rebate system, and then as a shipper I am on this footing—I have then to compete with him as a shipowner and as a shipper; he is both, and I must be both too. But my rebate system prevents me from getting into that position, does it not, inasmuch as it taxes me and fines me?

5298. You have told us that in the West African trade merchants are bound down by rebates to ship only to the shipowner's terminal ports, and to ship to other places *via* the terminal ports—that is the gist of the evidence that you have given on the subject. Are you aware that that is not the usual custom of shipowners in other trades, and that if that is so in West Africa it is quite unusual?—I did not know that. I thought that all shipowners made a point of that—all liners anyhow.

5299. I am talking of liners?—I thought they made a point of arranging transit terms and transit rates of freight from one port to another, so as to give the facilities necessary to induce the freight to go part of its way towards its destination by their ships.

5300. But that is quite a different thing to using the rebate system to tie the merchants to ship only *via* their terminals is it not?—Yes; it is quite another thing.

5301. Therefore, in that particular, the West African trade stands alone?—I take it so.

5302. In answer to a question, you stated that you thought that rebates ought to be abolished; may I ask whether you wish to put the British shipowner by legislation in a worse position than the foreign shipowner?—It is not my desire to do so; but I want him to do away with his rebate system, for the benefit of his own country.

5303. The rebate system is allowed in Germany, and you have told us how the Germans are increasing their African trade?—Yes.

5304. If the protection granted by the rebate system to the German shipowners puts them in a stronger position than the English shipowner would be in if rebates were abolished in England, would you still be in favour of their abolition—to the detriment of your own country?—But I do not see it. It is put in this way to my mind: If the Woermann Line kept up their rebate system, and the British lines do away with their rebate system, would that be detrimental to British interests?

5305. May I put this to you? Assuming the Hamburg-America Line, which is now in the African trade or just entering on the African trade, and the Woermann Line are protected from the Continent by a rebate system, and assuming on your advice it was made illegal in England, would not the position be that the German lines would be protected from competition in their own trade, whilst the Englishmen would have open competition in the English trade?—No.

5306. I know it may be to your interests to have competition here and not in Germany?—I want competition in Germany too. I do a good deal in Hamburg—I am bound to—and, therefore, I want a British steamship line there as well. Your British steamship line to day is in Hamburg as well as in England. If you can make it illegal here, and not in Germany, that will not prejudice me.

5307. No, I did not ask you whether it would prejudice you; excuse me, the question I asked was whether, in your opinion, it would prejudice the British shipowner?—I do not see that it would, and I cannot see how it would. The British shipowner depends upon his shippers.

5308. I do not know whether you have read the evidence which has been given before this Commission, or some of it; but a great number of witnesses have told us, or have admitted in cross-examination, that a shipping conference secures equal treatment to the small man and to the big man, and that if it were abolished, and if there were no shipping conferences, the small man would have to pay more than the big man. Are you, yourself, of opinion that that is not the case?—I can only say that it never was so with us before the Conference Lines.

5309. I know you are a big merchant, personally?—It never was so before.

5310. You do not think it would be so?—I do not think I should have any advantage over anybody else.

5311. You do not think when there was a shipping fight on in the West African trade, that you and other big firms got a slight advantage during that fight over the smaller man?—I do not think so. I say we might do it in chartering.

5312. Then you might have got an advantage?—In the big lines, sometimes; but the West African trade is not made up of big lines.

5313. As far as the big lines are concerned, you might?—You might in salt and such things.

5314. In your memorandum, you mention the Grand Canary Coaling Company as trading on the West Coast; do you mean that the Grand Canary Coaling Company trades in petroleum, cement, and other things, on the West Coast?—It trades in everything. It is not only a coaling company, but a trading company.

5315. I wanted to make that quite clear. Both these companies, the Sierra Leone Coaling Company and the Grand Canary Coaling Company, are ordinary merchant companies on the West Coast?—They are merchants, just as I am a merchant.

5316. And they are both controlled by the managers of the steamship companies?—It is under another name, but I say it is the same man; and not only that, but a multitude of other things. For instance, we have an oil mill in Liverpool; then we have bag-making places, we have engineers' shops, we have hotels on the coast—I do not know what we have not got; all part and parcel of the same thing, as much as the bank and the steamers. It is one big trust.

5317. Apart from these things, if it was shipowning—absolutely plain shipowning—and nothing else, would your objections to a conference and rebates be modified? You have told us that they would not be abolished, but would they be modified if the shipowner confined his business entirely to shipowning and to carrying merchants?

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Mr. J. Holt. cargo. Would they be modified; I will not put it stronger than that?—I do not know about modification.

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5318. Do you think they might be modified?—I think the rebate system is a thing which should be done away with under any circumstances. I would leave you perfect freedom to have as many conferences as you liked in the steamship world, and you could come to any agreement you like, except to have a rebate system by which you tie a man up, or get him by the neck and hold him down until he constantly gives you more and more stuff. That is unfair, it is in restraint of trade, and is an obnoxious thing which ought to be made illegal.

5319. The mere fact of the shipowner not going outside his own trade would not much modify your views on the subject, would it?—No.

5320. (*Professor Gonner.*) Still, if it did not modify your views, it would, at any rate, remove some of the more prominent grievances which you have brought before us, would it not?—Naturally, it is a grievance if I have got a man in another trade, who is competing against me in my own trade, whilst I am feeding him as a shipper.

5321. I think I might suggest to you that several of the prominent grievances which you have brought before the Commission would be very much minimized, I will not say altogether removed, if there were not this competition with the merchants by the shipowners?—We should work in a more friendly way together, and be less inclined to support the foreign trade if it were not for that.

5322. Following that up, is the trade which is carried on by these companies—the shipowners' companies—as far as you know, considerable in amount. Could you estimate it generally?—I have no idea.

5323. You do not know?—No. Compared with the whole amount of trade, I should say it is not any great amount. The kerosene trade and the general trade that they do along the coast is not a very serious matter. It is the thing itself that annoys you.

5324. It comes in like the erratic competition of tramp steamers, I suppose, which is found so irritating to the shipowners?—Yes.

5325. I suppose, in certain lines it is serious?—It is serious, of course, in things like kerosene, cement, and coal. Nobody can compete with them in coal.

5326. It has been serious, I suppose, with regard to the dealings with Colonial Governments and local bodies. Are these not conducted on the principle of tenders, and are not the tenders advertised for?—There are no tenders advertised. These things are supplied by the Crown Agents.

5327. Are tenders not called for?—There are no tenders here.

5328. Really?—That is so.

5329. With regard to the West African public bodies, do you mean that there is very little tendering for coal?—The only tendering locally is for the little odds and ends that they require for the prisons and that kind of thing.

5330. What about the large supplies?—The large supplies are all obtained through the Crown Agents, and have got to be; and the Crown Agents do not ask for public tenders.

5331. Do you know what steps they take to secure the goods on the best and cheapest terms?—I have no idea what the methods are here.

5332. They do not go round to merchants in the trade?—No. They do not buy as any sensible man would buy if he wanted to serve his clients' interests.

5333. (*Sir Alfred Bateman.*) That must be only in the West African trade, because you will see in the "Board of Trade Journal" every week that the Crown Agents are asking for tenders for certain things?—I am speaking of our trade, and I do not know of any other trade. We do not see any tenders, and apparently they do not want to give us a chance to supply locally at a less price than they are charging the Colonies.

5334. (*Professor Gonner.*) I limited my questions entirely to West Africa?—The Crown Agents have never asked for tenders for any of the railway material for West Africa, and they have never asked for tenders for the freight for carrying that material there, which must have been a very big thing.

5335. We must pass from that point of the shipowners carrying on a merchant's business to another point. With reference to what one of the Commissioners was putting to you as to whether the consumer did not gain by buying cement at 9s. when you could only deliver it at 10s. 6d. I suppose your answer, if one puts it broadly, would be that if you were given the same advantages as the shipowner gave the firm which was in relation with him, you could tender at 9s. or under 9s.?—Yes.

5336. Is that so? If you had the same freight as presumably he allows to himself, or to a firm which is in such close identity with him, could you tender under 9s.?—Exactly.

5337. I only wanted to get that perfectly clear. Therefore, the consumer does not really benefit by the arrangement; it is you who are handicapped by a differential freight against you?—Yes.

5338. With regard to the rates, I understand there is a considerable attempt being made in West Africa now to encourage the growth of cotton; is that so?—Yes.

5339. And it is developing?—Yes.

5340. Is the freight on cotton homeward low in order to encourage it?—The steamship companies at the outset gave every encouragement to the growth of cotton. They carried the stuff, or offered to carry it for two years freight-free in order to encourage its growth. The Government guaranteed for the same time as the steamship companies would do it to carry it freight-free by the railways. Now, both the railways and the steamship companies are charging very high rates, and they are going to recoup what they say they have been losing in the past. They are charging double the rates of freight it costs to bring cotton from America by sea; and the Government is just lately charging about 50s. per ton for the carriage from an inland station about 120 miles away.

5341. So you feel that the encouragement was to get the cotton growth to settle in West Africa, and now that it has settled there to have back payments?—Yes. I think it was a very wise thing on their part to do it for nothing, for a time, with a view to developing the trade.

5342. Certainly?—But they have always got an eye to business, you know. Whatever philanthropy there may be at the outset, they intend to make profits. I do not blame them; but I wish we had less philanthropy and more business.

5343. (*Mr. Maddison.*) Do I understand you to say that the present rates are, in your opinion, excessive?—Yes, I think so. I think they ought to be taken at half the price. They ought to be taken at the American price—at whatever it costs to bring it from America. Here we are not on a footing to compete; the native grower is not able to compete against the American.

5344. What I want to get out is whether, in your opinion, the present rate for bringing cotton to England was considerably higher than by comparison it need be?—I think so.

5345. (*Sir John Macdonell.*) Is the actual rate 45s. per ton?—It is 4*l.* per lb.

5346. And that works out to 45s. per ton?—Yes.

5347. (*Professor Gonner.*) You feel that it is almost like a discrimination against the British Empire grown cotton as compared with American cotton?—Yes.

5348. It strikes one as a curious way of encouraging an industry in which we all have so much interest. There was another point I wanted to ask you about, and that was the question of consultation, which I do not think we got quite clear. In most shipping conferences about which we have had evidence there is some opportunity given, or some opportunity alleged to be given, for a conference between the shipping combine and the people who ship; at any rate, that is a general condition which people consider should be observed. Have you ever been consulted before alterations of rates or in the classification of the goods?—No.

5349. Have you ever attempted to get such consultations?—No.

5350. Have you ever raised the question with the British firm?—I have protested against the thing.

5351. That is, of course, raising the question; you have protested against the excess?—Yes.

5352. But you have not found that your protest has been effective?—No. The steamship companies act just as all monopolists do. They ignore everybody and will go on putting on the screw as far as they can when they see

there is going to be sufficient resentment, or some action is going to be taken, then they will draw back. Their idea, and their one idea, is to get as much as they can out of the thing and not to go so far as to upset it.

5353. But just short of that, you mean to say they would push their action?—Yes.

5354. With regard to the general rates of freight, Sir John Macdonell examined you on that point. The real point, of course—and it is rather a puzzling point—is whether the rebate has led to a higher rate of freight than would have existed but for the rebate?—The rebate has secured the higher rate of freight which was put on, I believe, before the rebate system was invented.

5355. You mean that there might have been a chance or a probability of reducing the rates but for the deferred rebate?—Yes.

5356. That is hypothetical, of course?—Yes, it is hypothetical, but they had the freight arrangements between themselves before they invented the rebate, and the rebate has secured them from interruption.

5357. Were the rates of freight raised about three or four years ago or four or five years ago on the ground of a higher price of coal?—Yes.

5358. Was there a general rise then?—Yes.

5359. Have they been reduced since that time?—No.

5360. The fall in the price has not led to a reduction in the freights?—No; and I should not be surprised to see them raised again, although there has been no reduction, on the plea that coal is going up again now; in fact, I was told only yesterday that the rates would have to be raised because coal is dearer.

5361. Then there has been a fairly general rise in rates since the period of the introduction of the deferred rebate?—Yes.

5362. That has been owing to this cause, the rise in the price of coal, and notwithstanding the withdrawal of that cause during the past year or two, there has been no reduction?—That is so.

5363. In your opinion, I gather that the existence of the rebate has enabled the retention of that higher rate?—That is so.

5364. When you were speaking about the difference between the Continental rates and the Liverpool rates—whatever the precise difference was that existed before the end of last year—you said, I think, that you did not quite understand why the Liverpool shipowners should have encouraged that. Have they not got a line which runs from Antwerp?—Yes.

5365. To the West Coast?—To the Congo.

5366. So that, to a certain degree, they do own a line which may come into the Continental competition?—Yes.

5367. Might not the reason why they agreed to the rates being lower on the Continent than the rates from Liverpool be because they could not help themselves?—The Continental line that goes from Antwerp to the Congo does not touch at any other ports than Congo ports.

5368. It is exclusively to the Congo?—It is quite apart from the others, and it would not come into competition with the others at all.

5369. Then you do not think it is that?—No, I do not think so. I cannot understand how they came to agree upon those differential rates favouring Hamburg.

5370. I thought possibly that there might have been an explanation in that; one always likes to try to get a reasonable explanation of an erratic action?—I do not think that is the explanation, because though they are sailing under the Congo flag and are owned by the African Steamship Company here in London, they do not call at other ports and they do not take cargo for any ports but the Congo. They are subsidized by King Leopold.

5371. Then they really do not come into this Conference, or into competition with the Conference?—No.

5372. (Mr. Taylor.) You say that there has been unprecedented activity on the part of the German lines during the last few years, and that owing to this Conference, they have had an opportunity of developing, of which they have taken full advantage. The remedy, according to you, is more competition; that is, another English line. Have you followed that out? Supposing you had another English line, do you really think that that would get rid of the rebate system?—No, I do not think it

would. An English line alone, I am afraid, would not get rid of the rebate system; the probability is that the new English line would come into it.

5373. Would adopt it itself?—Yes.

5374. It would either be bought out or come in?—Yes, *à la* Houston.

5375. So that another English line alone is not a sufficient remedy?—I do not think so.

5376. Even if the merchants combine and get another line going, that would not be sufficient without Government action making the rebate system illegal?—I do not think so.

5377. Have you any idea what the total amount of rebates held by Elder, Dempster & Co. is at any given time?—It is very difficult to guess it even.

5378. What is the amount of your rebates which they hold?—I should think our rebates would be about £6,000 at any one time.

5379. That is one firm, £6,000?—Yes.

5380. Would you say that Elder, Dempster & Co. held £50,000?—I should say certainly that would be in the hands of the Conference liners.

5381. Would you put that as a minimum or a maximum, or something between?—It would be something about that, I should think, or possibly more.

5382. Something about £50,000 would have to be sacrificed if the trade, as a whole, wanted to encourage competition?—Yes.

5383. You do not get any interest on that money, do you?—No.

5384. As a matter of fact, has there not been some change in the ownership of the Woermann Line lately?—Yes. The Hamburg-America Line have bought eight of their steamers. That is Mr. Ballin's company.

5385. Have they bought the trade as well?—I do not know. They paid them £250,000 in shares of the Hamburg-America Line.

5386. And they are going to run the steamers in that trade?—Yes, they are.

5387. Do you think that is a good thing or a bad thing for you?—I think it is a bad thing. I do not like to see an enterprising company and a powerful company like the Hamburg-America Co., coming into the West African trade and forming part of a Conference line with rebates.

5388. Why? It gives fresh shipping facilities, does it not?—It will give shipping facilities, but I take it that under this agreement it will become part of the ring at once and be a more powerful factor to deal with and we shall have to ship by their steamers.

5389. You talk of shipping by that line, but would you mind clearing up a point in my mind on which I am not clear? What port would you ship from by a German line like that?—From all the ports.

5390. But not from Liverpool, because they do not come to Liverpool?—I thought you were thinking of shipping from Africa. We should ship from Hamburg and Rotterdam outwards.

5391. Then really, you see, these German lines only serve German customers outwards?—That is so if you exclude British merchants shipping continental goods.

5392. And they do not touch the English manufacturers?—No, not the English manufacturers, although the rates have been such that it paid us to send British goods from Grimsby via Hamburg to the coast.

5393. I cannot understand some figures which you give in the early part of your memorandum. You say that John Holt & Co. paid in freight to the Woermann Line in 1896, £4,714, and to the British Lines £23,073; and then in 1904—that is three years ago—instead of £4,714 you paid £12,573 to the Woermann Line, and reduced your payments to the British Lines from £23,073 to £16,521?—I must correct those figures somewhat; I find that the clerk who took them out gave me wrong figures there.

5394. (Sir Alfred Bateman.) Cannot you give a later figure than 1904?—No. We have not any figures taken out later than that. The figures for 1905 have not been made out yet. Those figures have been considerably altered, I know. The figures I have given for 1896 apply to all our ports of shipment, but the figures for 1904 apply to Lagos shipments only. If you take the shipments from all our ports, in 1896 we paid freight to the amount stated in my memorandum, and in 1904 we paid

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Mr. J. Holt. Woermann £29,000, and we paid to the British Lines £32,000, so that the British Lines had gone from £23,000 to £32,000, that is, an increase of £9,000, and Woermann had gone from £4,700 to £29,000.

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5395. (*Mr. Taylor.*) Just to get a little further into these figures, they include homeward freights, of course?—Outward and homeward.

5396. The increase in the freights paid to Woermann must be all homewards, must it not? You do not ship by him outward, do you?—Yes, we do.

5397. How do you manage it?—They are not British goods; they would be German goods.

5398. Do you buy in Germany and ship by him?—Yes. We buy all over the Continent—all over Germany, Austria, and Italy.

5399. Is your point that where you get better facilities for shipping on the Continent you buy more on the Continent, and that if your facilities were as good in England you possibly might be able to give the English manufacturer a turn; is that it?—That all tells. Every penny in freight tells. We go by the cost price delivered in Africa. But I would point out to you that if the British Lines from Hamburg had conducted their business as well as Woermann's, they would have taken that £42,000, and ought to have taken it.

5400. Could they? Will you suggest how?—If they had given us the same facilities as Woermann's did.

5401. (*Mr. Owen Philipps.*) What facilities?—A regular service, proper treatment, the help that Woermann gives our people, civility and the ever-so-many things that constitutes value besides cash.

5402. (*Mr. Taylor.*) Do you mean that they might have held the whole of this proportion of the German trade if they had been attentive and conciliatory?—If they had attended to their business. Woermann has no subsidy whatever from his Government, but he has the carrying of the mails.

5403. I rather had in my mind the natural preference that Germans might give or would be disposed to give to the German flag; there is always something in that, is there not?—There is something in the German character, I think, that favours his flag. The German merchant, all other things being equal, would give it the preference; and so would your British merchant, all other things being equal, give the preference to his own flag.

5404. (*Sir Alfred Bateman.*) Does the German give through rates from inland towns on those lines?—We have none.

5405. (*Mr. Taylor.*) I want now to ask you about Lagos and those freights to Lagos which seem singularly high. Do you think that the Lagos freight is skilfully adjusted so as to compensate and equalise the lower rates of other ports? Is Lagos really made the backbone of the thing, and are the other ports treated better?—Lagos, for some reason or other, is fined heavily by the steamship companies.

5406. They cannot have any special animus against Lagos, can they?—They cannot have any against Lagos, only. I take it, that these two steamship companies have put their heads together and said, "You take Lagos and get as much as you can out of it, and I will take the 'Cameróons.'" In that way they have equalised the two things. The one is just as willing to take it out of the Germans as the other is to take it out of the English. There is absolutely no reason whatever for that much higher rate in the Cameróons, only 25 miles past Old Calabar. Can there be? It is an open waterway, an open river.

5407. Probably the shipping companies feel that they have got to make their profit somewhere, and they are going to make it in those particular places?—Their profits will come out. If the rates from Bonny, Calabar and the river ports are profitable rates, they do not need more profitable rates to be taken at the expense of Lagos or the Cameróons. I know if you talk to these men they will say, "Oh, they are unprofitable rates." Woermann has said to me, "I do not know how Jones is taking those 'rates at all; I cannot understand his taking such rates'"—those were the 20s. and 27s. 6d. rates. But Woermann is quite ready enough to take them now himself. At one time he would not go for them, and he would not go because the British people who had made these lower rates in the rivers had engaged themselves to the Elder Dempster & Co. for so many years, so it was no use Woermann going there.

5408. The fact that Lagos has got a bar and cannot be dealt with direct by ocean steamers, but has to be served by a sort of coasting steamer practically, really gives an opportunity for these very stiff rates?—That is so.

5409. Is that the one explanation of it?—They make that the reason.

5410. Because there can be no open competition?—Yes.

5411. But that is impossible; the bar forbids that except to those who have a coasting steamer to serve the ocean steamer, does it not?—Yes.

5412. Do you say that heavy weather sometimes interferes off the bar at Lagos or not?—We have heavy weather there in July.

5413. But not serious?—No.

5414. And there is no serious delay?—No.

5415. Now tell me about the railway material. We have heard a great deal about the cement and the monopoly in the Burham brand; there is a great development going on in Nigeria, is there not?—Yes.

5416. Have not the Government quite recently decided to increase the railway mileage there?—Yes. I see in the last six months up to the end of the year that the amount of tonnage carried up the railway for building new railways for the Government, was quite equal to what they carried for everybody else.

5417. That the amount of tonnage carried by the railway during the last six months was equal to what they carried of every kind of cargo for everybody else?—Yes.

5418. (*Mr. Owen Philipps.*) Half the whole trade in fact?—They carried for six months up to the end of 1906.

5419. (*Mr. Taylor.*) Who is this?—The railway.

5420. But I am talking of the railway material which goes out by the steamers?—I am speaking of that same Government material which is going up that line to construct the new line. They carried 9,000 tons of something for the Government, and they carried 9,000 tons of something for the merchants.

5421. I can quite understand that on a particular line of railway the material carried to the rail head for the prolongation of the railway might be equal to the trade carried on that railway by everybody else; but that was not my point. I was asking you about the railway material which is carried by the steamers for all the railways on the West Coast of Africa; is that shipped through the Crown Agents?—Yes, entirely.

5422. Do they ever ask for tenders?—Never.

5423. How is the freight arranged? Do Elder, Dempster & Co. go into their office and say, "We will take the railway material for so much," and that is the end of it—or what?—I presume that must be the way. There is no other way. It is all done by arrangement between Elder, Dempster & Co. and the Crown Agents. They never give outsiders any chance of tendering for freight in the case of railway material, or anything else.

5424. Are you aware that the Crown Agents state a great many things on this point? Now, about the Bank of British West Africa, and the silver monopoly. Questions were put in the House, I think, by Mr. W. F. Lawrence, my late colleague in the Abercrombie division, many times on that point, were they not?—Yes; it has been a sore point all along.

5425. What replies did he get from the Government?—I do not remember the exact words, but it has generally been on account of the repatriation of the silver if it should become redundant. That is the one excuse.

5426. He never got any satisfaction at all, did he?—Never.

5427. Can you suggest any means of bringing pressure to bear upon the Colonial Office or upon the Crown Agents to get this matter put right?—We have adopted, I think, all the means we can now.

5428. Can this Commission do anything?—I should think the Commission might do a great deal if they could see the thing as we see it, and make a recommendation to the Government about it.

5429. Has not this 1½ per cent. a very important bearing upon shipments in West Africa?—Very.

5430. (*Sir Alfred Bateman.*) 1 per cent., is it not?—It is more than 1 per cent.

5431. (*Mr. Taylor.*) Will you explain how it works out to 1 per cent., when it comes to the shipment of palm oil or palm kernels?—It amounts to this, that, assuming it is 1 per cent.—we will assume that, but it costs more, and if I went to take out the cost I should find it costs me 1½—

5432. It is stated here: "Under the agreements between the Bank and the Crown Agents it is provided that no higher commission than 1 per cent. is to be charged by the Bank to its customers on new silver coin shipped for them to West Africa, and in no case has a higher rate ever been charged." That is stated in a communication from the Bank of British West Africa?—It is absolutely false if it means cash supplied in Lagos.

5433. They have been misinformed?—They charged us all last year 1½ per cent. in Lagos. We paid them all last year 1¼ per cent. for any cash we took from them. They charged those who agreed to take all their requirements of cash from them ½ per cent.

5434. Then they say, referring to the evidence of Mr. Miller, who was here on a previous day, "Mr. Miller has either been misinformed in the matters above referred to, or he has wilfully misrepresented the facts, and in either case I think it is due to the Royal Commission, and those interested in West African affairs, to have his statements corrected." But you adhere to the position that they do charge 1½ per cent.?—Yes.

5435. This bank gives a categorical denial to the statement or allegation that they ever make advances to any of the steamship companies against coal, kerosene, or cement?—I do not suppose they do.

5436. Do they make advances against homeward business?—They make advances against produce bought in Lagos, and that produce may be bought by agents in whom they are interested. They are so mixed up with so many things that you never know where they are not. The banker has 1 per cent.—we will take it at 1 per cent.; that is therefore an advantage to that banker of something which he can convert into produce to put on board those steamers, which are another part of himself, and which will give him 3s. a ton on the value of that produce—I am speaking of palm kernels.

5437. One per cent. is 3s. per ton, do you say?—1 per cent. is equal to 3s. per ton. The value of one ton of kernels is in Lagos to-day £15 per ton, and 1 per cent. on that is exactly 3s. per ton. He has a proportionate advantage in the purchase of palm oil. I assure you as a buyer in Lagos that with an advantage of half-a-crown a ton I could take all the kernels of Lagos away from my competitors.

5438. If that were so, here is a conflict of evidence, and of course it is impossible for me to say anything more than that there is a conflict of evidence. But if the 1 per cent. were employed to finance the homeward shipments of a particular customer on the condition that those shipments were shipped by a particular line of steamers, that obviously is a rebate?—Yes.

5439. It is only the same under another form, and the difference between it and the rebate we are dealing with is merely this, that the shipping rebate is put on by the shipowner himself, whereas this rebate is conferred by the Government on the shipowner gratuitously?—Yes.

(*Sir Alfred Bateman.*) I think we shall have to have this out with the Colonial Office or the Crown agents?

5440. (*Mr. Taylor.*) Before I go from this point I want to read Mr. Holt this, so that he may know exactly the bank's position. The bank says, "This statement"—namely, Mr. Miller's statement that "the bank is another means by which the shipowner gets hold of freight; if I am a poor man and want an advance, he says then "ship by my steamers." "This statement is absolutely untrue, as the bank advances and has advanced money against goods carried by all steamers to and from West Africa irrespective of their ownership, which steamers include, besides the regular British lines, those belonging to the Woermann Line, Sun Line, Menzell Line, and the French and Spanish Companies' steamers." You may take it from me that this letter on behalf of the bankers is a flat denial?—It is not impossible that the bank may advance money to anyone shipping by any lines, by the Sun Line, the Menzell Line, or any line they like; but that does not get away from this point that the monopoly of the import free of that silver gives that bank—which is a trading concern and which is a shipping concern, which has, for another thing, an oil mill in Liverpool crushing these kernels and converting them

into oil—that it gives them an advantage in competition with other people of 3s. per ton on palm kernels; and enables them really to control and to take charge of the whole freight of the country. *Mr. J. Holt.*
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5441. And you have done your best? I take it that the merchants have done their best to get a similar advantage conferred upon the Bank of Nigeria, or every liberty given to it?—Or, better still, no advantage to anybody at all.

5442. Equal treatment all round?—Yes.

5443. And you have been quite unsuccessful?—Yes.

5444. You said that the Crown Agents might, if they liked, refuse to ship by lines conferring rebates, I think?—Yes.

5445. Have you considered what would happen in that case? You see, the Crown Agents are always wanting to ship in a hurry. For instance, a Governor cables, "I want a hundred tons of this by such a date." If there were no regular line, and supposing they had passed a self-denying ordinance—"We cannot really, as Government officials, ship by the lines which give rebates, and we shall withhold all our goods until we can get a tramp steamer chartered, or something of that kind"—might they not put the Governor of the colony in a very awkward position?—Yes; they might make a good deal of that; but if they will say to the Governor, "We will give our tonnage to any steamers, or any line of steamers, that will run week by week and will give us these facilities"; they would get that line of steamers. At the same time I will say this, that I cannot conceive it possible that the Crown Agents could not do what any other merchant could do; if they have got a thousand tons of stuff to ship, they could get low rates of freight for that thousand tons. There must be many cases where they have a thousand tons to ship.

5446. Perhaps they do get low rates of freight; you cannot tell, can you?—Then, of course, if they do, these steamship companies differentiate between the Crown Agents and everybody else.

5447. (*Mr. Owen Philipps.*) I think, in fairness to the Crown agents, we should have it pointed out that previous witnesses have urged that the Crown Agents in other cases have rather taken advantage of their position to beat down the shipowners, at the expense of the merchants. It is unfair to attack them both ways, is it not?—It is possible that the Crown Agents are such sharp business fellows that they may go to Elder, Dempster & Co. and say, "Now, if you don't take this stuff at half rates we shall get some competing steamer," but I think I am right in supposing the very opposite.

5448. (*Mr. Taylor.*) You know that the Crown Agents hold that they have no power of determining the policy in these matters for themselves, and that it all depends on the Colonial Office?—Yes, but I do not agree.

5449. (*Captain Collins.*) In the course of your evidence, in reference to cement and coal, you have said, I think, that cement has recently been quoted for freight and that the shipowners have made some concessions with regard to it?—They have made a change. Instead of quoting c.i.f. they have told shippers that they will quote them f.o.b. London.

5450. Do they apply that to other goods besides cement?—No.

5451. They have only done that to cement?—Yes.

5452. And that quite recently?—That is recently.

5453. Do you know for what reason?—I do not.

5454. There has been a good deal of evidence about the shipowners being traders, and as to the objection to their being traders; were they so in the time immediately preceding the rebate period; were the shipowners then trading on their own account and carrying coal?—I am not sure about that. I think it has been going on since before that. I fancy they were trading then.

5455. Were they always trading?—They were not always trading. They did not trade until Sir Alfred Jones got hold of this monopolistic idea of his.

5456. From a remark you made just now to Mr. Austin Taylor, I understood you to think that perhaps the Crown Agents got concessions and got low freights by doing the proper business thing and bringing pressure to bear; but that would not agree with what you said before to the effect that they could, by public tender, obtain carriage at very much lower rates of freight?—If

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the Governments were allowed a free hand they could get lower rates of freight.

5457. But they have to deal through the Crown Agents, have they not?—Yes.

5458. And the Crown Agents do not make a good bargain for them?—I do not think so, that is, assuming that they pay the same tariff rates that everybody else pays.

5459. You do not know what rates the Crown Agents are paying or not paying?—I do not know.

5460. They might be making good business bargains?—It is just possible that the Crown Agents may be making some very good arrangements with them and paying much less than has been supposed, but from the replies to the questions that have been put in Parliament we have come to the conclusion that they are paying the same as anybody else.

5461. (*Sir Hugh Bell.*) Have you read Mr. Miller's evidence?—Yes.

5462. Do you agree with it?—Yes.

5463. Does it differ very much from the evidence you have given us to-day?—I do not think so from what I remember of it.

5464. Mr. Miller made no objection to giving his in public; he put no bar on the confidentiality of his evidence?—That is so.

5465. Why do you?—I have already given my reasons.

5466. Mr. Miller was not particularly reticent. You have read his evidence, and you agree, do you not?—Yes; but then, of course, I have only read what appeared in the Liverpool newspapers of Mr. Miller's evidence. I have not read the full report.

5467. I have no doubt the gist of it was in the Liverpool papers. They take a good deal of interest in our proceedings, do they not?—There is only one paper that did make much of a show of it, and that is one that is ruled by the same steamship company.

5468. You Liverpool people seem to be terribly under the thumb of Sir Alfred Jones?—We are, there is no doubt about it.

5469. But it is rather extraordinary that an independent body of Lancashire men should have let themselves become so dominated by one man?—Yes, and Scotsmen too, as well as Lancashire men.

5470. And he is a Welshman at that?—Yes. It speaks a great deal for his ability.

5471. That is just what I was coming to, because a great deal of your evidence rather goes to show that he is not so able as we have supposed him to be?—He is an able man, and very shrewd and clever.

5472. That has been the opinion of many of us up to having the pleasure of seeing you?—He is a resourceful man.

5473. And yet you are saying that he is mismanaging his business?—Yes.

5474. That seems very odd to us. You point out to us the great growth in German trade, and Mr. Barry and others, I think, have reminded you that Germany has made very great progress in her industries recently?—Yes.

5475. It is not surprising then that her foreign trade should also have grown?—I do not say it is all due to this.

5476. You yourselves, your own firm, are doing much more largely in Germany than you did?—Yes.

5477. You are a patriotic man, are you not?—I do not make any boast of my patriotism, but I prefer my country to other people's. I do not shout about it and publish it in the newspapers, and appeal to the public's feeling about it, and I do not want anything from the British Government or the British people because I like them in preference to anybody else.

5478. I am not suggesting that, of course; but, on the other hand, if you can make a profit by shipping German goods you ship German goods?—Yes, but if I am treated well and properly by a British shipowner I ship by him. I prefer my Britisher to my foreigner.

5479. If Sir Alfred Jones were as civil as Mr. Woermann you would rather deal with Sir Alfred Jones?—Yes.

5480. Did we rightly understand you to say that you are not aware of there being any preference given on the inland carriage of German goods?—I am not aware of it.

5481. You do not know of that?—No.

5482. What kind of German goods do you ship, if it is not indiscreet to ask you?—Largely such goods as enamelled ware—cotton goods to a certain extent, enamelled ware, beads, hardware of different kinds, and spirits, such as gin and rum.

5483. Let me take any one of these—the textiles, for instance. They come, perhaps, from Saxony, do they, or where do they come from?—From Saxony.

5484. Or perhaps from the neighbourhood of Cologne, or somewhere about there, in the Rhine provinces. Do you buy them f.o.b. Hamburg?—Yes.

5485. Then you have no means of knowing on what terms they have got to Hamburg?—I have no knowledge whatever about the arrangements for their conveyance.

5486. They are delivered to you in Hamburg for shipment, I suppose, are they?—Yes, for shipment.

5487. So that it is conceivable that they may have got an advantage in the railway carriage, because they are going for shipment?—Yes, I see your point. I get my quotations f.o.b. Hamburg from the Germans, but when I get quotations for goods in England, I pay the railway fare and I take that railway fare into account. There may possibly be some advantage that the German can get from the railway company which will enable him to put that stuff f.o.b. Hamburg at less than I can do it at Liverpool; that may be so.

5488. I am quite content with the answers which you have given me. I only desire to elicit quite clearly whether of your own knowledge you were able to say either that the German State Railways did assist or did not?—That will only apply to a very small proportion of the stuff that comes from Germany. It would apply to the beads although the beads are made in Bohemia, which is in Austria, is it not.

5489. I know; but they come for shipment to a German port, do they not?—Yes, they do.

5490. And if they are made in Bohemia, Prague is not very far from the German frontier, you know, and it takes a long German railway carriage to get to Hamburg. However, I do not want to press the point further than to get from you how far you have, of your own knowledge, information as to the possibility of the German State Railways giving rebates for shipment?—I have no knowledge whatever.

5491. I think we may take it that you have no knowledge. In the matter of the shipment of articles like coal, cement, and kerosene on ship's account, I noticed that you checked Mr. Maddison, I think it was, on that point, and corrected him and said "on ship's agents' account"?—Yes, for Elder, Dempster & Co., the managers.

5492. That was an intentional correction?—Yes. I do not suppose that the steamship companies do sell these. I take it that it is Elder, Dempster & Co. who are the managers of the steamship company who are making these sales.

5493. Your suggestion, then, is again that Sir Alfred Jones is shipping coal to Africa, to dispose of it there on better terms as to freight than would be got from the agents of the steamship by other people; is that your suggestion?—Certainly.

5494. If the steamship company itself were doing this, would you see much harm?—Yes, I should. Whether the steamship company did it or whether the managers did it, it is all the same thing. They are competing against their customers, and they are preventing their customers doing their mercantile business.

5495. I want to put this point to you: The steamer is bound to go on a certain day; that is the advantage of a line, is it not, that it sails on a particular day?—Yes.

5496. It must have stable cargo, and coal is always useful wherever you get it; would it be surprising that the steamship company should say, "We are always prepared to carry coal out to the port of arrival for that reason"?—No, it would not surprise me.

5497. Would you think it unreasonable of a steamship company to say so?—No. I think it tells eventually against them in their own interests. That coal has got to go to Africa.

5498. Do you not think we may let the steamship company look after their own interests?—They are, but then they are doing so at my expense. They are competing against me. I am feeding them on the one hand, and at the same time with the other hand they are hitting me.

5499. Surely, all that it means is, that you will not go into the coal trade?—That coal will go to the coast, and it will go at the proper time, and they will take the cargo that is offered to them, and they will get the cargo that the Continent requires, whether they fill up on ship's account or whether they take it for their merchants. The proper thing in my mind is that they should quote a low rate of freight to those merchants, which will keep competitors from coming in. The merchant then becomes their hand-servant in spreading it all over the coast. As it is now, they are competing with him at every point and making enemies, and the effect of it is that they are not working together and lowering their rates of freight more for themselves than for their shippers.

5500. I want to take you to another point on which no Commissioner has touched. In your memorandum you refer to the buoys placed at the entrances of the various rivers of the Niger Delta; will you tell us something more about them?—I will give you the history of the buoys. In the old sailing-ship times, before the inauguration of steam, the traders in each of the rivers, for the protection of their sailing-vessels, put down such buoys as they required and as they thought advisable. The steamship came in and ran off the sailing-ships, and naturally look upon themselves this duty of placing buoys at the entrances of the various rivers—fairway buoys. The time has come now when they have gone to the Crown Agents—I suppose the Crown Agents come in here again—and said: "Now, can you not take these buoys off our hands; we have been doing a great public service for you for many years; it is costing us a considerable sum of money; we have done a great deal for the country, and it is time to take these buoys off our hands and pay us for them." So the Crown Agents have agreed to give them a certain sum of money and to take over these buoys. They have got the steamship companies to do the painting for a certain number of years at a price not to exceed so much, and they have given the steamship companies freedom for 10 years, I believe it is, from any dues on their steamers in respect of buoyage, whilst at the same time they have imposed duties on everybody else's steamers, which I take it roughly means to Elder, Dempster & Co. a subsidy of £5,000 a year for the next 10 years.

5501. (*Mr. Owen Philipps*.) Could you give us any idea of the cost of the buoys which Elder, Dempster & Co. handed over to the Government and what they represented in capital?—I forget now, but I think it was about £1,700.

5502. Altogether?—I think so. They paid them for that.

5503. (*Sir Hugh Bell*.) I do not quite follow Mr. Owen Philipps's question, but I suppose what you can fairly say is this—Elder, Dempster & Co. carefully surveyed the channels and entrances to every harbour and properly buoyed them, is that it?—They buoyed them. I do not know that they properly buoyed them.

5504. But they buoyed them?—They buoyed them sufficient to find their way in and out of the rivers as their sailing-ship predecessors had done before.

5505. Then at a certain period they ceased to do this duty which they had been doing for their own purpose, sold the buoys to the Government, and made what they thought reasonable terms for the sale of the buoys?—Yes.

5506. Which included the right to paint them, I suppose, at a profit?—The duty of painting them.

5507. Well, the duty of painting them, but at a profit, I suppose?—There is no great profit on the painting and maintenance of the buoys. It was not much.

5508. And the right to use them free of the payment of dues?—The great advantage was the freedom from dues, whilst everybody else coming into the place is exposed to these dues.

5509. That was a bargain between the two contracting parties, the Crown authorities on the one side and Elder, Dempster & Co. on the other?—Yes.

5510. Have you any objection to that?—I have no great objection to it, but that is another way of subsidising a time, and I like straightforward ways of doing it.

5511. (*Sir Alfred Bateman*.) That is done by a Government Ordinance of the Colony, I suppose, imposing that tax?—No; it is done by agreement with the Crown Agents here I think.

5512. But it cannot be done by the Crown Agents here; it must be done out there by a Government Ordinance. The Government of the Colony must have done it?—It is a Protectorate we are dealing with.

5513. Then by leave of the Governor?—The Crown Agents in London made the agreement with Sir Alfred Jones, and his steamers have to do that painting, and on condition of their doing that painting and transferring their buoys for so much money to the Crown Agents, they are exempt for the next 10 years from any dues.

(*Sir Alfred Bateman*.) Even if it is only for 10 years, there must have been a Government Ordinance.

5514. (*Professor Gomer*.) What Sir Alfred Bateman is pressing upon you is, that although the Crown Agents may have drawn up the terms of the bargain, the bargain must be carried out either by way of imposition of dues or by relaxation of dues, and therefore there must be an Ordinance to carry out the bargain?—Of course, if they want an Ordinance, they have only to tell the Governor to pass one.

5515. (*Sir Hugh Bell*.) Who?—The Crown Agents—the Colonial Office. The Proclamations and the Ordinances are made there to order when required.

5516. My question "Who" was addressed to you, in the anticipation that you would answer "Sir Alfred Jones." Do you wish to amend your answer?—I do not think it has come to that yet. Sir Alfred has not got the power to govern the Colonies, although I think he thinks himself quite capable of doing it.

5517. What you really suggest is, that this is another way of riveting the fetters of the tyranny of Sir Alfred Jones on the ankles of the unfortunate Liverpool merchants?—No; on the unfortunate country that has to bear them.

5518. That is only another way of saying the unfortunate merchants?—After all, it comes on the country.

5519. (*Mr. Taylor*.) On the negro?—Yes.

5520. (*Sir Hugh Bell*.) The country out there?—Yes; that is the country that has to pay for it all.

5521. Still it is riveting the fetters of Sir Alfred Jones on the African negro, as Mr. Austin Taylor says?—Yes, on the African negro.

5522. One other matter I want to speak to you for one moment upon. You say that the Conference arrangement has been the making of the German Line; is that your opinion?—Yes; I do not say the rebate system, but the Conference arrangement.

5523. I quite understand that; but it seems very odd?—I am sure that if Sir Alfred Jones has never made that arrangement and has stuck to his business we would not have had the strong German competition in the trade that we have to-day.

5524. It seems very strange that a man of Sir Alfred Jones's competency, who so comparatively recently, as you know, came into the shipping trade, should have entered into an arrangement by which he got nothing and which would be detrimental to him?—He did not enter into that arrangement with the idea that it would be detrimental, but it is through his not looking after this part of his business so well as others have done that the detriment has come in.

5525. You suggest that if he had been looking more carefully after his business he would have seen that to let Woermann come into the trade was a very unreasonable thing?—I am sure if he had looked after his trade, if he had concentrated his talents on that business alone instead of dissipating them all over the face of the earth on all kinds of outside things, we would not have had the unfavourable results we have to-day in the trade, and Woermann would never have got that footing.

5526. Perhaps it is difficult to take up the question of German commerce here, but German commerce was going to develop, and if they had not been doing West African commerce they would have been doing some other commerce, and there would have been complaints there?—Yes, they would have been somewhere else; but I am sure that the lack of competition has given the German the hold they have got on us. I do not complain of German success. They deserve it, but that is no reason why we should not do as well or better.

Mr. J. Holt;

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Mr. J. Holt. 5527. Now you have not suggested to us any way in which that lack of competition could be overcome?—No, I have not. One of the ways of doing it would be to get rid of this rebate system by which the people would be freer to take hold of any opportunities that might occur to them to bring in competition?

5528. In your own trade you ship, of course, very frequently, do you not?—Yes.

5529. Perhaps every week?—Every week.

5530. More frequently than once a week?—Yes.

5531. In parcels running up, I dare say, to a thousand tons?—Sometimes.

5532. As much as that?—Yes.

5533. Commonly much smaller than that, I dare say?—Yes.

5534. Is it not a great convenience to you to have the certainty of shipment every week?—I quite agree.

5535. Instead of having to wait till you get 5,000 tons and then charter a steamer?—I quite agree.

5536. Must you not expect to pay for that?—Yes, I do.

5537. All that you say is that you are paying unreasonably for it?—I think so.

5538. That is what it amounts to?—Yes.

5539. That is a common complaint of traders, is it not?—I suppose it is.

5540. You are under the domination of a ring?—Yes. The buyer always, of course, thinks he is paying too much, but I do not think the Government are unduly taxed as regards coal at present. They have got a very good bargain at the present time in coal. They are paying, I understand, 35s. a ton for it.

5541. Delivered?—Delivered in Lagos, but the Government out there did pay as high as 55s. until Sir William Macgregor, who really was responsible for it, got out tenders and by means of competition reduced those rates for one year to 45s. and the next year to 35s.

5542. That would be the iniquity of the coalowner, who I know is a wicked person?—It was not that wicked person, it was the men who got the monopoly of supplying to Lagos at their own rates. We had a number of complaints from the railway people both on the Gold Coast and in Lagos that they were handicapped with coal at these high prices. For the sake of the Colony, this competition was necessary, and to-day they are really down to a moderate figure.

5543. You got up competition you say; how did you get up competition?—I think Mr. Miller told you that in his evidence.

5544. You tell us again?—The Government in Lagos put the matter up to public competition, and we arranged to tender in Lagos, not here, because they never give us the opportunity in London, but in Lagos we arranged to tender for 12 months' supplies. As soon as Elder, Dempster & Co. found that we were tendering, and as soon as they got to know, unfortunately, the price at which we were tendering, they put in a tender at 32s. 6d. and took the contract for 12 months.

5545. If you had got in, of course, you would have had to charter for it?—We should have chartered tramp steamers. We were going on the idea that coal would be at such and such a price during the next year, and that we could get steamers at such and such a rate, and therefore that we could deliver inside Lagos bar at that price. If we could do that you would clearly see that if they had competent men at the head of affairs as Crown Agents they could have done the same thing and they could have saved the money that we were going to make out of it, for we were certainly expecting to make 6d. per ton out of it.

5546. What one does not quite see is, why you do not do that with regard to some other large commodities and so break down the monopoly of which you are complaining?—There is no other big thing that we could do it in with the Government except cement, and they will not give us an opportunity of quoting for that here, nor allow the Governor to contract for his yearly supplies in Africa

NINTH DAY.

Tuesday, 7th May 1907.

PRESENT :

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

Lord INVERGLYDE.

The Hon. C. N. LAWRENCE.

Sir HUGH BELL, Bart.

Sir W. T. LEWIS, Bart.

Sir D. M. BARBOUR, K.C.S.I., K.C.M.G.

Sir A. E. BATEMAN, K.C.M.G.

Sir JOHN MACDONELL, C.B.

Captain R. MUIRHEAD COLLINS, C.M.G.

Mr. H. BIRCHENOUGH, C.M.G.

Mr. J. BARRY.

Professor E. C. K. GONNER.

Mr. F. MADDISON, M.P.

Mr. OWEN PHILIPPS, M.P.

Mr. I. H. MATHERS.

Mr. J. A. WEBSTER, *Secretary.*

Mr. WILLIAM EDWARD BLYTH, called and examined.

Mr. W. E. Blyth. 5547. (*Chairman.*) You are the managing director of Brace, Windle, Blyth & Co., Limited, merchants and manufacturers, Walsall?—There are two managing directors, but I am the senior of the two.

7 May 1907.

5548. I understand you have prepared for us a statement which we may put on our records?—Yes.

The witness handed in the following statement :

I, W. E. BLYTH, Managing Director of Brace, Windle, Blyth & Co., Ltd., Merchants and Manufacturers, Walsall, desire to make the following statements in this matter. I have been requested by the Walsall Chamber of Commerce to give evidence on behalf of that Chamber before the Commission on this matter, and desire to state such things as I know of my own knowledge thereon, and also such other information as has been furnished to me by other members of the Chamber.

1. My firm ship principally to nearly all of the British Colonies, and we have branch houses in Brisbane (Queensland) and Auckland and Dunedin (New Zealand). The bulk of our goods go from England, although we have some shipments from the United States and also from the Continent.

I direct my evidence chiefly to unfair preference in freight given by British vessels from foreign ports over

that from British ports, and do not enter upon the question of rebate except to say that we disapprove of the principle of rebate, as it is the base upon which Shipping Rings rest.

Goods are taken from foreign ports in English vessels to New Zealand at lower rates than the same line of boats will take them from English ports.

I bring forward the following facts as instances in the action of the Shipping Rings to the detriment of English trade.

COMPARATIVE RATES OF FREIGHT CHARGED ON BRITISH VESSELS FROM NEW YORK, AS COMPARED WITH THE RATES CHARGED FROM LONDON.

American Freights.

May 21st, 1906, per "Port Chalmers" s.s., of the Tysar Line, Ltd., on packages from New York to Dunedin (New Zealand):—

41 feet at 37s. 6d. per ton of 40 cubic feet on saddlery, castings, and wood spokes in cases.

3,740 lbs. at 37s. 6d. per ton weight, bolts and nuts, castings, and axles in cases.

(*Free of Primage.*)

The freight rate for the above goods by English vessels from London would have been as follows:—
Saddlery, 3 feet, 55s.

Castings and wood spokes in cases, 38 feet, at 40s.
Bolts and nuts, castings and axles in cases, 33 tons
1 cwt. 16 qrs., at 40s.

(Plus 10 per cent. *Primage*.)

COMPARATIVE RATES OF FREIGHT CHARGED ON BRITISH VESSELS FROM NEW YORK AS COMPARED WITH THE RATES CHARGED FROM LONDON.

October 4th, 1905, per "Star of Ireland" s.s. (The Tyser Line, Ltd.), London to Dunedin:—
63 feet at 27s. 6d. per ton measurement of 40 cubic feet.

640 lbs. at 27s. 6d. per ton weight.

(Free of *Primage*.)

The freight rates for the above goods by English vessels from London would have been as follows:—
63 feet at 40s. per ton cubic feet.

640 lbs. = 5 cwt. 2 qrs. 24 lbs., at 32s. 6d.

(Plus 10 per cent. *Primage*.)

2. I also give two instances of goods carried from New York to New Zealand on British vessels at a lower rate than from London. These vessels were, however, chartered vessels, but I give the instances as showing that if these chartered vessels could carry the goods from New York to New Zealand at lower rates than they are carried from London, it is only reasonable to suppose that the English companies which work in a Ring could give better rates of freight than they usually do.

COMPARATIVE RATES OF FREIGHT CHARGED ON BRITISH VESSELS FROM NEW YORK, AS COMPARED WITH THE RATES FROM LONDON.

April 12th, 1905, per "British Monarch" s.s. (United States and Australasian Steamship Co.), on 46 packages from New York to Dunedin (New Zealand):—
663 feet at 15s. per ton of 40 cubic feet.

1,928 lbs. at 15s. per ton weight.

(Free of *Primage*.)

The freight rates for the above goods by English vessels from London would have been as follows:—
12 feet 1 inch at 55s. per ton measurement of 40 cubic feet.

650 feet 9 inches at 40s. measurement.

1,928 lbs. = 17 cwt. 0 qrs. 24 lbs., at 32s. 6d. per ton weight.

(Plus 10 per cent. *Primage*.)

August 28th, 1905, per "Cape Breton" s.s. (United States and Australasian Steamship Co.), New York to Port Chalmers or Dunedin:—

217 feet at 20s. per ton measurement.

3,951 lbs. at 20s. per ton weight.

(Free of *Primage*.)

The freight rates for the above goods by English vessels from London would have been as follows:—

135 feet at 40s. measurement.

82 feet at 55s. measurement.

3,951 lbs. = 1 ton 15 cwt. 1 qr. 3 lbs., at 32s. 6s. per ton weight.

(Plus 10 per cent. *Primage*.)

3. I also give another instance of the controlling power of the Ring as follows:—

Continental Freights.

We have shipped from Hamburg to Dunedin (New Zealand) three packages of printing machinery, which were carried by the "Balgownie" s.s. to London, and on to New Zealand by the "Whakatane" s.s., the rate of freight being 39s. per ton with 10 per cent. *primago*. The rate on this same machinery from London at the same time by the same steamer was 40s. per ton with 10 per cent. *primago*, so that here you have an instance where the same company will carry the same article at 1s. a ton less from Hamburg than from London. The shipment we have made (to which we have referred) by the "Whakatane" is on a bill of lading dated November 15th, 1906, the steamer being one of Shaw, Savill & Co.'s Line.

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4. I would also point out the advantageous rates given to Continental freight as compared with English freight, as we can ship:—

Sailcloth and canvas from Hamburg to Auckland (New Zealand) at 40s. per ton weight or measurement, at ship's option, plus 10 per cent. *primago*.

To Port Chalmers, for Dunedin, at 39s. per ton weight or measurement, at ship's option, plus 10 per cent. *primago*.

The rates from London to both ports are 40s. per ton, plus 10 per cent. *primago*.

We can also ship collar checks from Hamburg to Auckland at 46s. 6d. per ton weight or measurement, at ship's option, plus 10 per cent. *primago*.

To Port Chalmers, for Dunedin, at 45s. per ton weight or measurement, at ship's option, plus 10 per cent. *primago*.

While the rate from London to both these ports on the same goods is 55s. per ton weight or measurement, at ship's option, plus 10 per cent. *primago*.

The goods in each Hamburg case have to be brought over from Hamburg to London to be transhipped into the English vessels which carry the freight from London for us at 40s.

American Freights.

5. As another instance of the rates in favour of America as compared with English goods, we may state that we have shipped in December, 1906, duck both to Auckland and Dunedin (New Zealand) from New York by the "John Hardie" s.s. (the Tyser Line), at 37s. 6d. net per ton measurement. If we were to ship that duck by the same line from London, we should have to pay 40s. per ton, plus 10 per cent. *primago*, = 44s. net measurement, and when we consider that English canvas and English duck is competed with very seriously by the American duck, it is undoubtedly a serious matter for English trade that a preferential rate of 6s. 6d. per ton on English boats should be given to American shipments.

5549. (*Chairman*.) I see that you have been requested by the Walsall Chamber of Commerce to give evidence on behalf of the Chamber?—Yes, I have.

5550. Your firm ship principally to nearly all the British Colonies, and you have branch houses in Brisbane, Auckland and Dunedin?—Yes.

5551. I think I had better read this paragraph of your statement:—"I direct my evidence chiefly to unfair preference in freight given by British vessels from foreign ports over that from British ports, and do not enter upon the question of rebate, except to say that we disapprove of the principle of rebate as it is the base upon which shipping rings rest. Goods are taken from foreign ports in English vessels to New Zealand at lower rates than the same line of boats will take them from English ports." Why is it they charge lower freights from foreign ports?—I am afraid I cannot answer the question; I wish I could. But we do find that they give them these advantageous rates.

5552. When you speak of foreign ports in this connection you do include ports of the United States?—Yes; what I should have referred to more particularly are the ports of the United States. Farther on in my statement I refer to some Continental ports.

5553. As regards ports of the United States you know, do you not, that rebates are not allowed?—Yes.

5554. So that it cannot be due to the system of rebates that lower freights are charged from the United States?—No.

5555. It must be due to some other cause?—Apparently.

5556. But you do not know to what cause?—It is only an opinion, and I have no ground for saying it beyond the observation of general business; but I should imagine that they have not as much freight offering there as we have here, and so they put on lower rates to tempt what freight does offer. That is the only opinion I can tender.

5557. Is there any objection on principle to that?—No, providing that the boats did not belong to the same lines.

5558. Then you give illustrations of the comparative rates of freight charged on British vessels from New York as compared with the rates charged from London, but I do not see the distinction—it is my fault, I dare

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Blyth.
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say—between the first table of comparative rates of freight and the second. Is it due to a different class of cargoes?—There is a difference in the comparative rates between the first and second, and they are of different dates.

5559. Then, under the same heading, you give some other comparative rates of freight?—Yes; but in this third instance the vessels are chartered vessels.

5560. These are all different instances then, really?—Yes. The "Port Chalmers" and the "Star of Ireland" are boats of the Tysler Line, which carries direct from England to New Zealand. That same line gave these different rates of freight from New York to New Zealand. In the third illustration the "British Monarch" and the "Cape Breton" are chartered vessels, and as you will see, I give the reason why I have introduced those.

5561. Then you give some Continental freights as showing what you describe as "the advantageous rates" given to Continental freight as compared with English "freight"; and then you make this important statement—"The goods in each Hamburg case have to be brought over from Hamburg to London to be transhipped into the English vessels which carry the freight from London for us at 40s." Do you think that the disadvantages of which you complain, or from which you suffer, result from the system of rebates?—I am perhaps hardly in a position to say that they result from the system of rebates; but I think they must result from the system of a ring or a conference, whichever it may be called, because the conference or ring controls the freights.

5562. How can you prevent it if three or four shipping lines combine?—I do not see that it can be prevented, and I do not think there is any reason why it should be. Our complaint is that if they have this power which we assume they have, why do they allow boats running under their control to carry freight from America at lower rates than they do from London?

5563. I think you pointed out the reason yourself a few minutes ago, namely, that it is most probably because there are fewer shipments from New York than from London?—Yes. I suppose they may say it is to their interests, but it is against our interests that they should carry American goods at lower rates than they carry them from here.

5564. Can that really be prevented by any legislation? We want you to help us. You have pointed out very clearly certain anomalies or disadvantages from which you suffer, and so far you have made a perfectly clear statement, if you will allow me to say so; but what we have to consider is whether those disadvantages can be prevented in any way. Can you help us there?—I am afraid I am hardly in a position to do so. If I may say so, I thought that I would lay, as far as was in my power, my facts before you, and your knowledge, derived from so much wider a source, would enable you to come to a far better conclusion than I could.

5565. So you content yourself (if I understand your position) with explaining to us what grounds of complaint you have?—That is so.

5566. Of course when you speak of complaint you really mean what disadvantages you suffer from?—Yes.

5567. They may be inevitable?—They may be.

5568. But you leave it to us to determine whether they are, and you yourself are not prepared to express any definite opinion on the subject; is that not so?—Yes, except, as I have pointed out before, if the ring controls the movements and the rates of the vessels, they have the power to control these freights if they choose.

5569. One opinion you do express clearly is that a combination of shipowners or shipping companies enables those companies or shipowners to control the freights?—Yes.

5570. Whereas if there were no such combination freights would be settled by competition?—No doubt.

5571. But further than that you do not wish to express any opinion?—No, I do not think I should be justified in doing so.

5572. (Mr. Lawrence.) Are the shipments from New York, which you speak of as being at lower rates than from England, regular shipments?—No.

5573. Do you attach importance to the fact that shipments should be regular in your business?—Yes. If our English shipments, which are, of course, very

much larger than our New York shipments, were irregular, it would be very awkward for us, and very inconvenient.

5574. It would be awkward?—To the Englishmen, yes.

5575. Therefore the two questions are not *pari passu*, really?—No. You will naturally understand the reason I brought up the question was because a differential rate of freight is disadvantageous to us, especially in certain lines.

5576. But the conditions are not the same, perhaps?—No.

5577. (Sir William Lewis.) Am I right in assuming that your Chamber is composed principally of manufacturers?—Yes, mostly of manufacturers.

5578. Do you happen to know when vessels take cargoes from New York via British ports to New Zealand whether they bring part cargoes for England?—No, I do not know that. As far as we know they go direct to New Zealand, but we do not know whether they carry goods for England also.

5579. Do you know whether the freights have been lower or higher since the adoption of rings?—I am afraid I can hardly tell you that. It is a considerable time ago now, but, of course, they are much more regular and stable.

5580. Should I be right in assuming that you prefer fluctuations to the present rate?—We would not, that is to say, I should not prefer fluctuation to a more stable and equal rate of freight; but if the one is based on a rebate principle then that brings in a different point.

5581. (Sir John Macdonell.) Has this subject been discussed by the Walsall Chamber of Commerce?—It has, but not in detail. A general opinion was expressed, and I was asked to come up on behalf of the Chamber because they knew that it affected us personally.

5582. Has any resolution been passed by the Chamber favourable or unfavourable to the rebate system?—No, not to the rebate system.

5583. I notice that the dates which you attach to your statement of the differences between the New York rates and the London or British rates are not quite recent; some of them are dated October, 1905, some April, 1905, and one is dated May, 1906. Does that contrast still exist?—Not so much. The rates have been equalising up more. I have given one in December, 1906, also.

5584. I had forgotten that there was one so late as December, 1906. If you were asked whether to-day there is that contrast, which your statement seems to show between the New York and London rates, what would your answer be?—I should say that the rate which I give for December, 1906, would be the rate of to-day.

5585. That is where you give an example according to which the preferential rate would work out to about 5s. per ton?—Yes.

5586. Should you say that the example which you give is a perfectly fair example of the difference?—I think so, because roughly speaking now there is generally a difference in the freight of about 2s. 6d., and then there is primage to be taken into consideration, so that it comes to about the present aspect of things, generally speaking.

5587. Would you consider that that would make a very appreciable difference to the shipper in regard to many classes of goods?—I do not know that it would, but in the particular instance that I have given of the shipment by the "John Hardie," that is a matter which does affect us, because English canvas and American duck do compete; and if we are to be charged 6s. 6d. per ton extra for the English canvas, that does handicap us against the American duck. We are competing now in that particular line because cotton being dearer, the English canvas comes in.

5588. But so far as concerns the remarkable differences given in the early part of your statement, they are matters of past history?—Yes, affecting general cargo; but the same principle obtains to-day, you see.

5589. You bring them forward, I understand, to show that at any time there might be a reversion to these remarkable differences?—It is quite possible. Of course, I cannot tell you what rules govern their actions on that side, but it might easily be so.

5590. Your argument, so far as I understand it from your statement, is that if the rates which you describe from New York are paying rates, then the rates from the English ports must be excessive rates?—That is a deduction which may fairly be made.

5591. Or perhaps you might say that if the New York rates are non-paying rates, the loss is made up on the London rates?—That may be so.

5592. You would hesitate to suggest any remedy, I gather?—Yes; I do not consider my experience sufficiently wide to enable me to do that. I think that the knowledge of things in London is so very much wider than ours can be that I hardly feel able to do that.

5593. In the answers which you gave to the Chairman, you throw out an explanation to the effect that the lower New York rates might be due to there being less cargo to offer?—Yes, that is what I have imagined; that is the only explanation I can offer.

5594. If that be the explanation, then so long as that difference exists it would seem to follow that the difference in rates must remain?—It may be assumed so. Of course, the difference is greater than appears on the face of it, because there is no *primage* charged at the New York end.

5595. Omitting that point of detail, would it not seem to be the case that so long as there is this difference between the state of the export trade in New York and that in London, there must be, if not the difference you show, at all events some difference?—Apparently so; but still, that all seems to hit us. You see they are carrying their goods practically at 5s. or 6s. 6d. per ton lower than we can get ours taken.

5596. The point I am putting to you is whether it would make any difference to you whether you were hit inevitably or not inevitably?—There may be that difference, but still it enables the American goods to come in on better terms than we can get ours in on.

5597. Do you sell goods in America?—No, we do not sell any goods in America; we only purchase in America. We have no American trade from here.*

5598. You sell goods in foreign countries; do you always sell the same goods in different countries at the same price?—You see in the colonies referred to in my synopsis of evidence, we have branch houses and our managers there settle their own selling-prices; but in all the other colonies we simply ship to our customers on certain terms which are, generally speaking, pretty much the same.

5599. You can, I presume, have a pretty definite opinion as to whether the same class of your goods are sold by you in different colonies at different prices?—No, they are not. It is quite true; the price varies. In certain colonies, as London merchants do, we buy on commission for customers and have one commission, and then they all get the same terms. In certain other colonies we do not charge any commission, but we sell the goods ourselves.

5600. Do you not see that you might be asked why, if you sell a particular class of goods in different colonies at different prices, a shipowner may not sell services from different ports at different prices?—Yes; it is a very fair question. But then in the very same vessels belonging to the very same line he competes unfairly; that is, he enables a foreign nation to compete unfairly with the English nation. That is my point.

5601. (*Mr. Birchenough.*) I gather that your principal grievance is that British shipowners give lower rates to foreigners at foreign ports than they give to British firms at British ports for the same goods?—That is it.

5602. That is your general grievance?—Yes.

5603. May I ask you whether it is in your mind that the Conference Lines, in view of their practical monopoly, might fairly be asked to guarantee to British firms that they will not give their foreign competitors lower terms than they give to them?—I think they might, because, presuming that the English freight pays them while they carry these goods from foreign ports at lower rates, it is quite evident that the freight must be averaged up somewhere, if the whole thing has got to pay them; therefore, I think, they might be asked to put us on an equality.

5604. Without legislation?—I should prefer that very much, and I think some other members of the Chamber

* *Mr. Blyth* subsequently wrote to say that his firm do ship some goods to the United States—*J. A. W.*

have told me the same thing. They do not wish to see legislation introduced, if moral pressure would bring it about.

5605. In fact, you would rather be in this position that you could say to them, "We will pay you your price, but you must guarantee not to give our competitors better terms than you give us"?—Yes, that is exactly it. That is the rule on which the Conference goes, I take it, in a certain way; that is to say, they say, "Because we keep this rebate in our hands, we enable the small merchant to ship his goods at the same rate as the large merchant." Therefore, the same principle, it appears to me, should extend to foreign ports as to the English ones.

5606. (*Mr. Barry.*) In your statement you give us a case showing the striking difference between the freight on three steamers from New York and the freight on the Conference steamers from London; may I ask how much per cent. in the cost of the goods would the difference in the freight represent?—I am afraid that is a question I could not answer unless I was at home and could look into the thing in detail.

5607. Would it be enough in a keenly competitive business to affect the issue of the business?—It would be on some of our goods; it would reduce our profit at the other end, undoubtedly.

5608. In one instance, there is a difference of 45s. per ton in the rate of freight, it being 55s. in one case and 15s. in the other?—Yes; but you see the 55s. rate is on a very little thing indeed.

5609. It is a small consignment?—It is hardly worth noticing. But in the last case taken by that ship "The British Monarch," namely, 1,928 lbs. at 15s., there is a difference of 17s. 6d. between that and the Conference ship.

5610. Could you give any instance of freight from Great Britain in chartered vessels?—No; because all the New Zealand freight, to the best of my knowledge and belief, is simply run by the two companies—that is, Shaw, Savill & Co. and the New Zealand Shipping Co. The Tyser Line work in conjunction with them.

5611. Would it be open to British manufacturers on this side to charter vessels without endangering their rebate?—That I do not know. I daresay it might be, but I should say that merchants, as a rule, are not in a position to charter a vessel, because their shipments are not big enough to enable them to do so. They are mostly, I should say, assorted shipments or mixed shipments.

5612. (*Mr. Maddison.*) In answer to the Chairman you gave us as the reason why the rates in the United States were lower than here because there was less freight offering there?—That is my opinion, but it is only an opinion.

5613. Supposing there was no ring, you would regard that as an economic reason which you could not quarrel with, would you not?—Yes; because, in other words, freight on this side would go down, presumably, at times.

5614. Just for the moment, keeping to America, and assuming now that there are no rings, supposing the same firms are met with the same state of affairs in America, I take it you would see nothing wrong in their adapting themselves to the economic situation, and taking less freight?—No.

5615. Therefore your real point is that, by being in the ring, these firms are able to get American freight at that low rate at your expense?—That is the deduction I draw.

5616. Although you have hesitated to name remedies, as a matter of fact in your statement you do name a remedy, because you tell us that you disapprove of deferred rebates, because they are the basis of shipping rings?—Yes, that is it, as a principle.

5617. If the Commission is faced with this difficulty, that deferred rebates cannot be got rid of except by legislation, what should you say then?—I think I was asked that from the other side of the table. I would rather see the pressure brought which the Commission is able to put upon the ring to bring the thing on a more reasonable basis, without having to go to legislation.

5618. I am assuming that all that has been done, and that pressure is of no avail; then what do you say?—As I say, I hardly like to express an opinion, because I do not consider my opinion is of the value that it ought to be to be given before a Commission like this.

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think the evidence you will be able to collect yourselves will enable you to form an opinion much better than I can. It is a very drastic step, in my opinion, to have to bring legislation to bear, and I should prefer rather to see the result without it.

5619. Then under no circumstances would you approve of legislation ; is that it ?—I should hesitate very much to approve of it.

5620. A Commissioner asked you if you were in favour of fluctuations in rates, and I think you said that you did not want fluctuations in rates ?—No, I do not.

5621. What is your objection to fluctuations in rates ?—It is very difficult to say. But take our own houses, for instance ; if we happen to take out a shipment at a very low rate of freight, then we laud a certain article at one price on that day, and in three months' time the freight may be 10s. per ton or 20s. per ton more, and the same article will be costing very much more.

5622. Is that not how you buy a good deal of your raw material ?—Yes, but then the raw material affects us on this side. It is our houses on the other side we want to protect.

5623. What affects you affects them, does it not ?—It does, but we only manufacture to a small extent and only for our own requirements. We simply act as merchants in the general body of our trade, and, as you know, things rise and fall with the state of trade.

5624. Supposing under an open freight market—because that is what the destruction of rings means—there were fluctuations, but the balance of those fluctuations was considerably lower than your present rates, should you then have any objection to fluctuations ?—No ; but I do not know if trade was good that we should find that the balance would run that way.

5625. Then you do not think that rings keep up rates ?—I should imagine they do, because they have the power in their own hands. I do not suggest that they keep them up in a way that would choke trade, because it would not be to their interest to do so, but it enables them to control their rates and to keep them up, no doubt.

5626. In reference to your great liking for uniformity, you would not continue your regard for it if it was uniformly high, I suppose ?—No, not if it were unduly high. It would recoil then on the ships themselves naturally.

5627. Supposing there was an open freight market, what would be your view of its effect upon the small man, that is, the man who is shipping small quantities of stuff ?—I think it would be detrimental to him, because he has not the power from his quantities to go into the market and make a bid for so much tonnage, but he has to take what is offered and what he can get.

5628. It has been put in evidence before us that the little man shares equally with the big man, and that if he ships 100 tons he gets that shipped at the same rate as if he ships 500 ; is that your view ?—Yes, that is so ; and I say for that reason I think, under the present arrangement, whatever the faults of the ring may be, the more equal the rates of freight the greater the advantage to the little man, because it is impossible from his position for him to be able to go and make a bid for a great quantity of freight as he cannot send it.

5629. It has been put in evidence before us also that in an open freight market the little man enjoys exactly the same advantages as the big man ; but perhaps you have no experience of an open freight market ?—Yes, years ago we did. So he does, but then if a freight market is open, naturally it follows that a man who can offer 1,500 tons of cargo can get a much better rate than the man who has only about 10 tons to offer.

5630. I suppose, as a matter of fact, freedom in these things is almost a matter of antiquity in your trade ?—Freedom in the rates of freight, do you mean ?

5631. Yes ; you cannot have much experience of them ?—The rates of freight run pretty equally throughout all the markets we export to ; there is very little variation.

5632. (Mr. Owen Phillips.) In your experience of the Australian trade, do you find that the maintenance of regular sailings is of importance to you ?—Undoubtedly.

5633. Therefore, if what the previous Commissioner said about a free freight market meant irregular sailings, what would you say ?—If that meant irregular sailings, it would be very disadvantageous to us.

5634. (Professor Gouner.) If irregularity is so serious a handicap, it ought to handicap your American competitor, ought it not ?—You might reasonably assume so.

5635. But yet in your experience he is, notwithstanding that irregularity, enabled to compete against you successfully and to your detriment ?—Yes ; and the importations from America into our New Zealand houses are increasing.

5636. So that this question of irregularity and regularity which has been discussed in examination with you, does not appear to be so great a practical handicap as has been suggested ?—No, apparently not. The only reason I can suggest is that the American freight offering is less.

5637. I am not asking you for the reason, but what is the effect of it ?—That appears to be so.

5638. It is irregular, and yet he is successful ?—Yes.

5638A. And cuts you out ?—Yes.

5639. Therefore, I think, it would appear that a certain doubt is thrown on the conclusion that irregularity is so great a disadvantage ?—Yes. Irregularity on this side of the water would be a far greater disadvantage than it can be on theirs, because there is so much more freight offering.

5640. I quite see that. Your position with regard to the rebate, as I understand, is simply this—that you consider it is disadvantageous that a conference should be so strict a monopoly that it can, in an arbitrary way, offer rates of freight in one place different to the rates of freight that it offers in another place ?—Yes.

5641. You regard the rebate as giving them that monopoly ?—Yes ; that is the only reason I can offer.

5642. You have no objection to the rebate as an abstract principle ; you object to it because it gives them a certain control ?—That is the reason.

5643. I suppose the real grievance is that in trade between New Zealand and America on the one hand, and in trade between New Zealand and England on the other, the shipowner is able, by a high rate where his monopoly is strong, to compensate himself for loss on a low rate where his monopoly is weak ?—That is exactly it.

5644. And the monopoly is weak in the case of America ?—Yes.

5645. With regard to the protection, you suggest, we understand, that in rings it is customary, when opposition occurs, for shipowners to protect their loyal customers or shippers ?—Yes.

5646. You propose that that ought to be extended to a protection against differential rates from foreign ports ?—I do.

5647. That issue might be met by a rise in the rate from the foreign port, might it not ?—Yes.

5648. Then the rate would necessarily be higher than it was before ?—On the other side, yes.

5649. The whole charge would be higher, but the rate would be uniformly high ?—Yes ; the rate on this side would then be the same as the rate at the other port.

5650. The rate at the other side would become the same as the rate on this side ?—Yes, that is right.

5651. If you complain of the rate being excessive from here, it would still remain excessive so far as regards its relation to the cost price of the goods there ?—Yes. I do not know that I have said I consider the rates excessive on this side, but I consider the rates on the other side too low.

5652. As a manufacturer, is it a disadvantage to you to be charged a high rate instead of a low rate ?—In using the word "manufacturer," I should say that although we manufacture for our own requirements, our trade as merchants is much larger than our trade as manufacturers ; therefore, I base my information, roundly speaking, on my more general experience.

5653. I understand that the attitude of the merchant or middleman, with regard to rates of freight, is necessarily somewhat different to the attitude of the manufacturer, and both are somewhat different, I suppose, from the attitude of the person at the other end who has to buy the things ?—No doubt.

5654. You would agree that there is a difference in interest between those parties ?—Yes, although it is to our interest always to do as well as we can for our customers on the other side, and to keep the charges down as much as possible.

5655. Certainly, because that may lead to an increase of business. You were asked a question with regard to your own attitude in charging different prices in different

places as compared with the attitude of the shipping rings in also charging different prices at different places. I suppose your view is that this Commission was appointed, not to consider whether merchants are charging different prices at different places, but whether for some reason shipping combinations are disadvantageous?—If you please, that is the right deduction, I think. We have reasons why we charge different prices in different places, as you may easily suppose.

5656. And they have reasons I have no doubt, but our object is to consider whether those reasons are adequate in view of the general well-being of the community?—Exactly.

5657. You have come here, not so much to discuss a general question, but to state the detriment which is experienced by you and your district?—Yes.

5658. You consider that there is a detriment experienced owing to the existence of strict monopolies?—That is it.

5659. And you associate those strict monopolies with the rebate as a foundation?—I do.

5660. (Captain Collins.) Uniform rates of freight are one of the advantages which you secure under any Conference, are they not?—Yes; so far as my knowledge goes, since the Conference has been in force a more uniform rate of freight has been maintained.

5661. And that you attach much importance to?—It is very advantageous certainly, provided of course that it is a reasonable rate.

5662. Do the members of the Conference treat shippers, in your experience, always exactly alike?—So far as we are aware there is no variation in the rates.

5663. (Sir David Barbour.) You state that the low rates of freight from New York might be due to scarcity of freight from that place?—That is what I think, but it is only an opinion.

5664. Do you mean a temporary scarcity of freight or a permanent scarcity of freight owing to a limited amount of trade?—I should think it is owing to a limited amount of trade, and I am inclined to think so, because the difference in the freight is less now than it was in 1905, and according to our experience we are making larger shipments from New York to New Zealand now than we were in 1905.

5665. Do you think that a permanent scarcity of freight owing to limited trade gives rise to lower rates of freight, because I thought it gave rise to higher rates?—No. As you know, the vessels have to be kept on the berth, and if they are offering a fairly low rate of freight, there is more chance that a ship will fill up.

5666. Is it not the fact that the rates of freight from a very large port which has a great amount of trade are generally lower than they are from a small port where there is a limited amount of trade?—You would think so, but I could give you an instance where we have shipped ourselves to the East Coast of Africa at a rate of freight which is almost ridiculous, and the only reason I can suggest is because there is so little freight offering.

5667-8. The general complaint is that the rates of freight from this country to West Africa are very high?—I am speaking of East Africa.

5669. Assuming that it is the limited amount of trade from New York which causes the low rate of freight there, would that argument apply to Hamburg?—No, and I should not think it would.

5670. In the case of Hamburg, I imagine, there is a very large trade?—Yes, and in my statement I have given an instance where goods have come over from the Continent, and have then been sent out at a lower rate of freight than the rate of freight from England, although they have to be brought to England.

5671. Shipowners conduct their business like other people, for the sake of profit?—No doubt.

5672. And they generally charge what rates of freight they find possible—that is, what the conditions will justify?—I think so. The market would govern them; the state of trade would govern them.

5673. Therefore, it is a fair assumption that if they charge low rates of freight from New York it would be because they cannot get higher rates?—That deduction may be drawn; but then, on the other hand, if there is no other vessel going but this particular one, people have to pay their rate of freight or keep their goods at home

5674. The shipowner will charge what rates of freight the conditions will enable him to charge?—Yes.

5675. Therefore, I do not see how he can be blamed for low rates of freight from New York?—No, excepting that if he was an outside person—that is, outside the Conference—it would be another thing altogether; but when he is in the Conference, and runs boats from this side at one rate of freight, and runs his boats from the other side at a lower rate of freight, I do not see the justice of it.

5676. Then your objection is that the rates of freight from here are high?—Not necessarily. I do not think they are unduly high for the goods, according to the classification, but I think they are too low from the other side.

5677. If he charges as much as he can from the other side, how can you say the freights are too low?—I think if he wanted to put another half-a-crown on he would put it on, because there are no other boats offering.

5678. If he can I expect he will do so?—I hope he will.

5679. (Sir Hugh Bell.) You describe your firm as merchants and manufacturers. Is your chief business the export of your own manufactures?—No. We only manufacture exactly what is required for our own business, but our principal business is that of merchants. We supplement it, you see, by our own manufactures.

5680. What kind of goods are you manufacturing?—The staple trade of Walsall is almost all leather goods, such as saddlery, harness, purses, pocket-books, and all sorts of leather goods.

5681. I see you give some saddlery in the instances you have selected?—Yes.

5682. You are shipping very regularly, are you?—Yes.

5683. Every week, or more than once a week?—I dare say we ship to Australia and to the West Indies every week, but to New Zealand the boats only run about once a month, or else we should ship oftener.

5684. What sort of parcels are you shipping—how large are they?—They vary, and I am afraid I can hardly give you the tonnage. The shipments are of all sizes, varying in value from £50 to £500 or more.

5685. But they are small parcels?—Yes, they are small parcels—they are a general merchant's trade.

5686. Small parcels?—Yes, in the matter of freight, but still many of them are substantial shipments having regard to value.

5687. Mr. Owen Philipps, I think, asked you as to the regularity of shipment, and I would like to ask you the question again. It is of great importance to you that there should be facilities of shipment every week, or at very regular intervals, is it not?—Yes, at regular intervals, at all events.

5688. Therefore, the maintenance of a regular line of ships is all important to you?—It is.

5689. And you would regard it as a very serious thing if anything were done to prevent that regularity?—Yes. That regularity has been increased and enhanced by the growth of trade, because within my time there are necessarily far more ships going now than there used to be. The demand has made the supply.

5690. You encourage me to ask a question as to the growth of trade. The growth of trade with New Zealand, for example, has been remarkable, has it not?—It has.

5691. It has increased enormously?—It has.

5692. In spite of the disadvantages under which the Shipping Conference has put you?—Yes. The natural advantages of New Zealand have brought that about.

5693. That is to say, New Zealand being a prosperous country, has wanted to buy things?—That is it.

5694. And you, being manufacturers and merchants, have been only too glad to supply them?—We have.

5695. And the Shipping Conference have not prevented you?—No.

5696. Do you go further than that, and say that if the Shipping Conference had not existed you would have supplied a great deal more?—I do not suppose we should, because the trade would not have been there.

5697. But the things would have been cheaper, and they might have wanted more of them?—They might have done so. I could not answer that question.

5698. It is rather speculative, I admit?—It is.

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5699. The growth has been largely an English growth, has it not?—Yes.

5700. Shipping conferences have not prevented that?—No. The increase in the American trade is a matter of recent history only.

5701. I was going to speak to you on that. The shipment from America is not by regular liners, is it?—Some of the shipments are. Some of these instances I have given you are by the Tyser Line, which forms part of the ring. Some of the others are chartered boats.

5702. I want to know whether they have fixed specified sailings from American ports?—No.

5703. They are casual sailings, then?—Yes.

5704. Ships have gone there for some reason or another and take what freights they can get outwards?—That is it, no doubt.

5705. Is that a plausible explanation?—I should think so.

5706. I understand you to say that so far as your information goes, there are no regular sailings from America?—That is so.

5707. Liners go there casually, as it were, and take such freights as they can get?—Yes. Then other boats are chartered by firms on the other side, so that they have almost always got a service going, although it is irregular.

5708. There are spasmodic shipments from America, not regular shipments?—They are hardly spasmodic, because the trade demands regular sailings—not regular sailings in the sense I have been asked already, but that there must be vessels frequently going. We find that to be the case, but there are not the regular sailings there that we have here going, we will say, fortnightly. They go at irregular intervals.

5709. (*Chairman.*) Frequent sailings, but not on fixed days?—That is it.

5710. (*Sir Hugh Bell.*) It is a little more than that if I understand you aright, but it is not worth while pursuing the question; because after all you are only answering on what you believe to be the case?—Still, we find with our own shipments that we are continually getting our shipments made from the other side by successive vessels, although they do not go at regular intervals.

5711. The leather trade is a very important trade in America, is it not?—Yes, but we do not ship any leather goods from there.

5712. What sort of goods do you ship from America?—To some extent hardware and very often wood goods, such as carriage wheels, spokes, and things like that, and a great many small American goods.

5713. America is a timber producing country, is it not?—Yes.

5714. And so you ship wood goods from there?—Yes. Then also we ship large quantities of American duck.

5715. So that your acquaintance is a direct personal acquaintance of the American trade?—Yes, in that sense of the word it is.

5716. You complain of differential rates against you from Germany, do you?—Yes.

5717. How do you account for them?—What the power of the ring is over the goods that come from Hamburg I cannot say, except that they form part of their line. Whether there are rebates given by the German Government to make up for that differential rate in freight, is a question which, of course, I cannot answer.

5718. Does your firm ship German goods?—We do, but not very many.

5719. What sort?—It is varying. We ship to the West Indies. We ship glass regularly.

5720. I was thinking of the quantity, not the nature of the goods?—They are small quantities.

5721. Are they leather goods?—There is only one line of leather goods that we import from Germany, and that is hogskins. That is a by-line because these are produced in England and Scotland as well as in Germany.

5722. Do you buy them f.o.b.?—Yes.

5723. You do not know whether the German Government may have given some advantages on leather goods or other goods for shipment, do you?—No, we do not.

5724. Have you any suspicions?—Yes; I think there is no doubt they get a drawback; I should think there is every reasonable probability of that.

5725. I am afraid it is my own denseness, but I do not quite understand two sentences. You say, "While the rate from London to both these ports on the same goods is 55s. per ton weight or measurement, at ship's option, plus 10 per cent. primage," and then you say, "the goods in each Hamburg case have to be brought over from Hamburg to London to be transhipped into English vessels which carry the freight from London for us at 40s."—I am afraid I am not quite right there, I must have another look at that.

5726. (*Chairman.*) Would it pay you to send the goods from Hamburg to London to be transhipped?—Yes. All the Hamburg goods for New Zealand have to come over to London.

5727. (*Mr. Birchenough.*) I do not think it would affect your argument if you crossed out the second sentence. Your point is that the goods have to be brought from Hamburg and transhipped here, and are subjected to a less freight than goods which go from here direct?—Yes.

5728. (*Chairman.*) Can you explain a little more clearly what you mean here?—I think the words, "which carry the freight for London for us at 40s.," should be struck out.

5729. (*Sir Hugh Bell.*) Do I understand you now, having made that correction, definitely to assert that certain things which are charged 55s. from London are charged 40s., 39s., 40s., 46s. 6d., and 45s., respectively, from Hamburg?—No. Taking the whole of that group together, there are six lines of comparative rates. If you take the three top lines first, namely, sailcloth and canvas from Hamburg to Auckland at 40s., and to Port Chalmers for Dunedin at 39s., the rate from London to both ports being 40s., you will see there is a differential rate there of 1s. in one instance.

5730. (*Professor Gonner.*) Then the words which have been struck out refer to the first two lines?—Yes, they do. Then, if you take the next two lines, you see that from Hamburg to Auckland it is 46s. 6d., and to Port Chalmers for Dunedin it is 45s.—but both those lines are 55s. from London.

5731. (*Sir Hugh Bell.*) Thanks to the assistance which some of my colleagues have been kind enough to give us, we have now got the thing in order, and if the sentence about the Hamburg goods were inserted between the third and fourth line here, your statement would then be accurate, would it?—Yes.

5732. (*Chairman.*) I do not quite understand why the goods are brought from Hamburg to London?—To the best of our knowledge there are no direct steamers from Hamburg to New Zealand; and so the goods are obliged to come over here.

5733. (*Sir Hugh Bell.*) No liners run from Hamburg to the New Zealand ports then?—No.

5734. (*Mr. Owen Philipps.*) Is it not the case that by the English shipowners making it easy for cargo to go via London that tends to delay the starting of a German line of steamers direct from Germany to New Zealand, and therefore is better for British Imperial trade?—No doubt, but then it does not follow that it is a good thing to give them an advantageous rate over us which will still enable them to tranship their goods in London.

5735. I am not dealing with the advantage; I am wanting to get at the result?—Yes; it is as you say.

5736. (*Sir Alfred Bateman.*) I think you are interested in several ways; first, as a manufacturer of goods at Walsall?—Yes.

5737. Then as a merchant at Walsall?—Yes.

5738. As a merchant from America?—Importing from America to New Zealand, yes.

5739. And as a merchant from Germany?—Yes.

5740. So that in some ways, I suppose you are interested in low rates from Germany and from America?—Yes, reasonable rates, if they are not lower than our English rates; because our English exports from here are naturally very much larger than those from the other nations.

5741. Your business from here is much larger than it is from America and Germany combined, is it?—Yes, very much.

5742. But you sell foreign goods just as much as you do English ones?—Not as much, but we do sell them when they are wanted.

5743. Are boots and shoes amongst the goods that you send to Australia?—No. As far as our opinion goes we

should have thought there were no boots exported, comparatively speaking, and that they are mostly made there.

5744. Are you aware that the import of boots and shoes into the Commonwealth, though only half what it was, is still worth £200,000 or £300,000?—No. We do not touch them.

5745. Your chief goods are saddlery and harness, are they?—And general hardware. That includes these other lines I have referred to—canvas and duck—which are all run in concurrently with the other goods.

5746. Do you consider that, owing to the high rates, your trade has not only not increased but has decreased?—No, I do not think so at all. I say that owing to the low rates of freight from New York, the importations from New York have increased. I will not go so far as to say it is owing to the low rates of freight that the importations from New York have increased, but that the trade has been facilitated by the low rates of freight.

5747. That is, in these particular goods the export from New York to Australia has increased?—Yes.

5748. You do not say that the American trade generally to Australia has increased, do you?—I think it has. I can speak more definitely of New Zealand; we certainly know it has in New Zealand, and we also know that the importations to Australia are larger than they used to be.

5749. Do you judge from your own trade or do you judge from the statistics?—From our own trade.

5750. Do you think that is a safe guide? Ought you not to consult the general trade figures before you speak?—I thought it was best to speak to the Commission of what I actually know.

5751. You do not, for the purposes of your own business, consult the general trade figures?—No; we go best by our own experience, as we have our houses on the other side, and our travellers.

5752. Do you remember about eight or nine years ago a very low rate indeed from New York to Australia?—No. At that time we were importing very small quantities of goods—not enough to be worth talking about.

5753. You did not know of a rate of 10s. per ton, or something like that?—No.

5754. Then you do not know whether it had any effect in introducing American goods at the time?—No; I could not say about that.

5755. As to the present rates—you speak of a rate on duck from New York of 37s. 6d. as compared with 40s., plus 10 per cent. primeage, that is 44s., in December, 1906?—Yes.

5756. Can you tell us whether that is the actual rate at the present time?—I do not think we have had any in the last few months, because they are season goods and the importation is all made at a certain time of the year, but I have no reason to suppose that the rate of freight has been altered.

5757. You do not know of alterations in the rate of freight until you have to send the goods, I suppose?—No.

5758. You do not get any notice from the shipping companies of any alteration, do you?—No.

5759. Neither in the classification nor in the rate of freight?—No. The classification is very different in New York to what it is here, and we cannot compare the two very well.

MR. CHARLES CAMPBELL McLEOD, called and examined.

5776. (Chairman.) You have been good enough to hand in a statement, which you make on behalf of the Indian Tea Association, which I will go through. What is the character of that association; is it a registered company?—No. It is an association composed of members elected by Indian producers who are engaged in the tea trade as producers.

5777. What is their object and purpose?—Their object is to promote the interests of tea generally, and to watch over questions affecting tea and the production of tea.

5778. What do you mean by watching over questions affecting tea?—Public sales, dealings with a question of this kind, with shipping, with bills of lading, and such various questions—in fact, anything that arises.

5779. All that affects the business of the tea trade, and the interests of the tea trade?—Yes.

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5760. Would it not be useful to you to know before you are sending goods, whether the rate has been altered, and whether it has been lowered or raised?—It would; but then the difficulty, you see, is that our larger shipments are of season goods, and practically they have to go at a certain time of the year, whether the rate is high or low. Besides, we have already seen that the rates from New York, although they may have been rising during the last couple of years, are still below the English rates.

5761. (Mr. Owen Philipps.) Is it not the case that the representatives of shipowners are constantly calling on your firm, and telling you from time to time if there is any change?—Yes; but they do not quote us the foreign rates.

5762. I meant in regard to the English rates?—Yes; besides, of course, we are careful to ascertain that. It is the foreign rates we do not inquire about.

5763. (Sir Alfred Bateman.) The Chamber of Commerce of Walsall are a very important body; have they not ever attempted to influence the shipowners with regard to these different rates?—I do not think they have. I think they generally leave it to those who themselves have the difficulties to face them. We generally deal with these matters ourselves; we find that is the best plan.

5764. But you hold a number of periodical meetings, do you not?—Yes. There have been certain instances when a grievance which affects several firms occurs and it is necessary for the Chamber to take it up. They took a matter up quite lately, and they have arranged it with the brokers.

5765. The Chamber has some considerable influence if it likes to exert it, has it not?—Yes.

5766. But you do not think in this matter they could settle the thing without coming to a Royal Commission or Parliament?—We were not the movers in this matter, but when the matter was moved the Chamber was only too ready to join in it.

5767. (Chairman.) Have you ever had primeage returned to you?—Yes.

5768. Regularly?—Yes.

5769. And it has never been refused?—No, because we ship by the Conference Lines only.

5770. Have you signed any agreement with the shipowners about the rebate?—We sign it when we make the claim. The claim is sent in periodically, and we sign the agreement then when we make the demand for the return of the rebate.

5771. But before you ship you do not sign any agreement?—No, because it is repaid to you contingent on your having done certain things. We sign the statement that we have done those things.

5772. And you make that declaration or statement when you claim the rebate?—Yes.

5773. Is that the only document which evidences the system of rebates?—Yes.

5774. That statement applies to the trade with New Zealand and to the trade with Australia, does it?—Yes; but practically with all the colonies we ship to, we have to make a claim signed in the same way.

5775. We have had evidence as regards the freight to South Africa that there is an agreement entered into between shippers and shipowners; do you know anything about that?—I believe there is such a one; I am informed of it, but I do not know of it of my own knowledge.

5780. You begin by saying, "I desire that my evidence should be taken in connection with the tea industry in India and the effect that the operation of rings or conferences has upon that industry. I have been closely connected with tea in India since 1877 as a grower and exporter, and have an intimate knowledge of what has happened during that period in connection with conference liners and the system of deferred rebates?"—Yes, that is so.

5781. I see there is an Indian Tea Association in London?—Yes.

5782. And there is also an Indian Tea Association in Calcutta?—Yes.

5783. Having the same purposes as the Indian Tea Association in London?—Exactly.

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5784. How long has the rebate system existed in your trade with India?—I should say since 1891. I have put it down in my statement as, "for some years previous to '1893'; it might have been two years, or it might have been three years, previous to 1893.

5785. When that system began, did the shippers sign any contract with the shipowners?—Some of them may have done so, and some did not.

5786. There was a circular, I suppose, from the shipowners?—There was, as far as my recollection goes.

5787. Which stated the character of the system of rebates and the terms?—Presumably so, but I cannot remember that.

5788. Are there any documents now which show the terms of rebate in this trade?—Yes.

5789. One of the documents now in existence?—There is an agreement between the conference liners and the majority of Indian tea producers.

5790. Is that in some document?—Yes; it is in the form of an agreement.

5791. You have not a copy of that agreement here, I suppose?—No, I have not.

5792. But you could supply us with it?—Yes.

5793. When was that agreement dated, do you think?—I should say in 1896.

5794. If you have tea to ship, do you sign any agreement in relation to rebates?—If we have tea to ship, yes, we sign an agreement. We are under an agreement at the present moment.

5795. Each time you ship tea, do you sign an agreement?—No.

5796. So there have been two agreements; the first is the agreement you spoke of before, and the second the agreement signed by individual shippers; is that so?—Yes, it is.

5797. Are there two agreements now?—No. The one I spoke of originally is done with; it was done with in 1896. The present agreement expires on September 6, 1907—this present year.

5798. Were those agreements we are now speaking of signed by a certain number of shippers and merchants?—They were signed by the majority.

5799. I want to know this clearly: when such an agreement is in force, does, besides that, each shipper sign an agreement when he ships tea?—No.

5800. The only agreement in writing is that general agreement?—That is so.

5801. And that is supposed to be known to all shippers of tea?—Yes.

5802. (Sir John Macdonnell.) Who were the parties to that agreement?—The conference liners of the one part, and the shippers of the second part.

5803. All the shippers?—Not all, but the majority.

5804. (Chairman.) I suppose that agreement is known in the trade quite well?—Yes, I should say practically by all.

5805. The terms of the agreement are well known in the trade?—Yes.

5806. Going back to your statement, you say: "For some years previous to 1893 the Indian Tea Association in Calcutta endeavoured to get rid of the deferred rebate system, by which 5s. to 12s. 6d. per ton had been retained by the conference liners for six or eight months as a guarantee that no tea would be shipped in other than conference steamers." What do you mean by 5s. to 12s. 6d.?—At one time it was 5s., at another time 12s. 6d.

5807. What is it now?—10s.

5808. (Sir William Lewis.) Did it range between 5s. and 12s. 6d., or did it go up from 5s. to 12s. 6d.?—I cannot quite recollect which way it went; it was finally 12s. 6d.

5809. (Chairman.) You go on: "The conference liners having declined to forego the system of deferred rebates, arrangements were concluded with a new line under the name of the India Mutual Line, to carry tea at 7s. 6d. per ton over the rate for rough cargo." "A new Line," of course, means a line outside the Conference Lines?—Yes.

5810. Did that line consist of many ships?—No.

5811. How many, do you know?—I am not certain; about five.

5812. Will you tell me what you mean by the rate for rough cargo?—Rough cargo is wheat, linseed, and jute.

5813. Is the freight for those goods the same?—Generally it is the same.

5814. And this new line agreed to carry tea at 7s. 6d. above that rate?—Yes.

5815. Would that freight be lower than the freight demanded by the Conference?—At the time it was.

5816. Excluding the 10 per cent. primage?—Yes, excluding that.

5817. Then you say: "The conference liners thereupon increased their rate of rebate in 1895, and the Mutual Line asked to be relieved from their contract." Why did the Conference Line increase their rate of rebate? I do not quite follow?—I will explain that to you. This new line was not altogether a satisfactory one, and was not able to carry away the tea from Calcutta; also, being steamers of not a very high class, they took a long time to make the journey. Some of the shippers in Calcutta who were not tied to this line preferred to go to the conference liners, and the conference liners, finding that the other line was generally unsatisfactory, increased the rate of rebate to all.

5818. To what extent did they increase the rate, do you know? What was it before?—I am not quite certain of the figure, and I have not stated it.

5819. The fact that the new line had, if you will allow the expression, failed in carrying out the objects of the association, gave greater strength to the Conference Lines, of course?—That is so.

5820. And enabled them, therefore, to increase their rate of rebate?—Yes.

5821. You go on: "A new arrangement was subsequently made with the conference liners, under which they conceded that the deferred rebate was to be deducted at the time the freight was paid." When was that new arrangement come to?—That was in 1896.

5822. When the other line had stopped?—Yes.

5823. Then we may take it that the new line stopped about 1896?—Yes.

5824. It is my fault, no doubt, but will you explain this to me: "They conceded that the deferred rebate was to be deducted at the time the freight was paid." What was the rebate that was deducted at the time the freight was paid?—It bound the shippers to ship on the conference liners.

(Professor Gouner.) I think the point is that an agreement, or a contract, was made then to give them the whole of the shipments.

5825. (Chairman.) In 1896 a new arrangement was entered into; you have not got with you a copy of that arrangement, have you?—That was the one you previously alluded to, which I am prepared to furnish to-morrow or this afternoon.

5826. According to that arrangement instead of retaining the primage there was, in fact, no primage after that arrangement?—I think it would perhaps be necessary for me to make a short explanation of that, if you will allow me.

5827. We should be obliged if you would?—When we had this rebate under the previous arrangement with the liners, it was not paid for a period of six or eight months, and that was what shippers had the greatest grievance against. When the new line, which had practically failed, retired, the Indian Tea Association and the London Tea Association induced the conference liners not to hold up the rebates for six or eight months, as in some instances they came to a considerable amount of money, but they agreed with them that they would pay the rebate, that is to say, that they would deduct the amount of the rebate at the time the freight was payable in London, so that really we were paying a net rate straight away without our rebates being held up. They had by that time got such a large majority of the shippers of tea under agreement, that it was not so necessary for them to hold up the rebates as it was previously when the other line was competing.

5828. Was the freight on the tea payable in London?—Yes.

5829. Could you to-morrow furnish us with a copy of a bill of lading for tea shipped from Calcutta to London under that agreement?—Yes, certainly. (Subsequently sent in. See Appendix No. XXVI.)

5830. I suppose the bill of lading would not mention anything about primage, would it, but simply the freight?—That is all.

5831. That freight has nothing to do with primage, I take it: it would be the ordinary freight?—You would find the gross freight on the bill of lading. When we sent down to pay the freight, the rebate was deducted from it at the time the freight was paid.

5832. In the bill of lading the gross freight would be mentioned, and when the ship arrived in London, from that gross freight would be deducted the primage?—Yes.

5833. Who got the benefit of that deduction—the merchant in London or the shipper in Calcutta?—Both, in this way—the merchant in Calcutta consigned his teas to be sold in London to some agent, who recovered the rebates for him; the merchant in London who received the freight from Calcutta, similarly had the rebates paid over to him or deducted.

5834. Your next sentence is, "The rate was fixed at 15s. per ton of 50-cubic feet over the average rate for rough cargo to be fixed each month with a rebate of 5s. per ton on payment of freight. This agreement was subject to two years' notice." When was the last agreement?—That agreement is still in force, and will be up to September 6, 1907—this year.

5835. "The Indian Tea Association have met the liners' representatives on several occasions during the last five years, and entered an active protest against the way in which the average rates on rough cargo were made up, but no satisfaction could be obtained, and on September 6, 1905, they as a body gave the conference liners notice to terminate the agreement on September 6, 1907." Then you add, "I am prepared to explain to the Commission where the abuses came in in calculating the rates of freight, and how the liners used their power to bolster up the freight for rough cargo in order to enhance the rate for tea." What shall you do on September 6, 1907?—We have a further agreement with the liners now in progress.

5836. That is to say, you are negotiating with the conference liners?—Yes.

5837. As regards those negotiations, have you been negotiating to do away with the system of rebates or to get the freight lowered?—We have been negotiating, and have concluded negotiations for an agreement which is not yet signed, that there should be a fixed rate of freight—not based on rough cargo or anything else, but a fixed rate of freight. That was the original proposal. Since then, the shipowners have inserted a clause by which the bill of lading is to bear an addition of 5s. per ton to that fixed rate of freight, to be deducted from all shippers who sign their agreement, so that shippers who do not sign the agreement will have to pay 5s. more than those who do.

5838. Have you assented to that?—We have assented to that.

5839. (Mr. Lawrence.) What is the date of that?—It has not come into force yet; it is at present going round for signature.

5840. (Chairman.) What is the duration of that arrangement; how long is it to last?—It is for three years fixed, with six months' notice on either side.

5841. So that the shipowners have, to a certain extent, assented to your demands?—To a certain extent, yes.

5842. And that is the arrangement which has now been come to between the conference liners and the great majority of tea merchants?—That is so.

5843. With the assent really of the Indian Tea Association of London and the Indian Tea Association of Calcutta; so that the great majority of merchants both in London and in Calcutta will have assented to this arrangement. Having come to such an arrangement, are you satisfied or do you object to it?—We object to it strongly.

5844. You could not get anything better?—No. Those who are in the minority have to sign the agreement. If they do not sign the agreement they have to pay 5s. per ton more; but the rebate is not allowed to them.

5845. I suppose this states your objection:—"There can be little doubt that the monopoly, which the

Conference really is, keeps up the rates to London at a higher level than they could otherwise do if there was an open market"—that is your opinion?—Yes.

5846. You proceed, "in proof of which a large firm of shippers chartered outside steamers to carry rough cargo at 2s. 6d. per ton under conference rates for rough cargo. I can give actual instances. There is an unduly high premium on tea compared with wheat, linseed, and jute, as the following instances show:—Wheat, 45 cubic feet in the hold, 13½ packages to the ton of 2,240 lbs., plus bags. Linseed, 52 cubic feet in the hold, 13½ packages to the ton of 2,240 lbs., plus bags. Jute, 54 cubic feet in the hold, 5 packages to the ton of 2,240 lbs. weight, including lashings. Tea, 50 cubic feet in the hold, 10 packages to the ton of 1,200 lbs. gross weight. But for this monopoly it would be impossible for the conference liners to get their freight for choice cargo. A more equitable rate would stimulate exports, not only to London, but, with the abolition of rebates, Australia, the Cape, New Zealand, and other colonies would get their tea laid down cheaper."—That is so.

5847. Then you say, "The conference liners do not all carry tea; but the Anchor Line and Brocklebanks, which carry no tea, get a share of the premium on tea, which is pooled. These lines are in the Conference merely to stifle opposition." Then you say that this system, which has created a sort of quasi monopoly, has kept the rates to London on rough cargo at a higher level than was justified; and then follows a sentence which I should like you to explain, as it seems to me an important statement—"In order to inflate the rate on tea, the conference liners have been booking cargo for Continental ports at a lower rate than they were carrying to London, thus giving Continental importers an advantage over their competitors in the United Kingdom. I am in a position to explain the procedure adopted to gain this end." Would you explain that, please?—Certainly; I will give you that point alone very quickly. The conference liners in Calcutta take freight to Dunkirk, we will say, at the same rate as to London; their steamers carry that freight to London only, and they have on-charges of from 6s. to 8s. per ton for taking it on to Dunkirk. Those freights to Dunkirk are entered in the manifests in Calcutta as being for London, and on that basis the freight for tea is made up.

5848. Would you just repeat that statement?—The conference liners book freight for Dunkirk, we will say, as one port that they do it for, at the same rate that they book it for London, but enter it as the rate of freight to London. The steamer, or the line, which brings that cargo to London has to pay from 6s. to 8s. per ton to take that cargo from London to Dunkirk.

5849. (Professor Gonner.) The rate is entered in the manifest as to London?—Yes.

5850. Which rate—the same rate as to London?—Yes.

5851. (Sir William Lewis.) Although intended for Dunkirk?—Yes.

5852. (Lord Inverclyde.) What is the rate?—It varies, of course; but say that it is 20s., then the steamer only gets 14s. of it to London, whereas it is entered at 20s.

5853. (Sir John Macdonell.) So the bills of lading for consignments to Dunkirk and to London would show the same rate?—Yes.

5854. (Professor Gonner.) I do not know if other members of the Commission have followed this, but I have not personally been able to see why that should inflate the rate for tea?—I can explain that to you.

5855. (Chairman.) The next sentence in your statement may explain it: "It is also well-known that conference liners have left Calcutta with cargo-space rather than drop current rates." Do you remember that passage?—In regard to your last question I can answer that is a fact that they have left Calcutta with space. I will read this paragraph I have got in a letter here, which perhaps will make it clearer than what I stated before; it is put rather differently, and perhaps I did not put it clearly enough:—"The conference liners have booked cargoes for such ports as Dundee, Hull, Hamburg, Antwerp, Dunkirk, &c., to be transhipped at London and forwarded to destination at the expense of the conference. The through rate of freight for such cargo used to be London rate, plus cost of transhipment and forwarding to port of destination. Not so this year. Though the cost of forwarding to the out-port may be 5s. or 6s. per ton, the inclusive or

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5856. (*Sir William Lewis.*) That is Dundee, not Dunkirk?—It is all the same to Dundee, Hull, Hamburg, Antwerp, and Dunkirk. I only took Dunkirk as being a convenient port.

5857. (*Professor Gonner.*) Is the rate of freight for tea calculated on the rate of freight for rough cargo to London?—Yes.

5858. Not on the rate of freight for rough cargo to the Continent?—No, on the rough cargo to London.

5859. (*Mr. Birchenough.*) That is your point?—That is where the point comes in.

5860. (*Professor Gonner.*) The point is not that they have reduced the rate to the Continental ports, but that they have managed to uphold the rate to London?—That is it exactly.

5861. And they have been able to do that—how? Is it because they make additional profits on their rough cargo to London as compared with their rough cargo to Dunkirk?—Our idea is that they uphold it in order to secure a better rate for the tea.

5862. (*Chairman.*) You have a strong opinion against the system of rebates, have you not?—Yes.

5863. I do not know whether you admit that the system has two advantages which we have heard of, the first being that it secures regularity of service. If you had no system of rebates, would you have ships leaving on fixed days?—I do not think it would make any difference in Calcutta.

5864. The second advantage is that there would be uniformity of rates. Would you not have more variation in the rates of freight if you had no system of rebates?—Probably.

5865. That, to a certain extent, would be a disadvantage, would it not?—No, I do not think so as regards tea.

5866. If you introduce steadiness of freights, it eliminates one element of uncertainty. You know what the freight will be, and, therefore, you can form a fair opinion about the market price of the tea, can you not?—I do not think it affects tea as much in that way as it affects other products.

5867. Having directed your attention to the alleged advantages of rings and the rebate system, let me ask you what, in your opinion, are its disadvantages?—The disadvantages of rebates, to my mind, are many.

5868. We want to hear them all?—I will give you as many as I can remember, or as I can talk about. In the first place, I think that my evidence will show that it creates a monopoly—I am talking, please remember, entirely about tea and Calcutta. A monopoly in the shipping trade, we hold, in tea is not good for us. It gives them the power to charge us a certain rate of freight, which we hold is not made up on proper lines; it also gives them the power to regulate their sailings as they think proper; and, further, it absolutely shuts us to the open market. We can make no bargain for our freight in tea at all, either for higher rates or for lower rates; there is no open market now in Calcutta—it is closed.

5869. That last remark I do not quite understand. What is closed?—The freight market in Calcutta is closed. It is entirely in the hands of the conference liners; and they hold it entirely in their hands, owing to the monopoly created and backed up by this rebate. If there was no rebate there would be an open market.

5870. That is to say, there would be a sufficient number of vessels to carry all the tea that comes from Calcutta?—Yes.

5871. Would there be good steamers?—Yes, good steamers. They are prevented from going and seeking it in Calcutta, and from taking cargoes to Calcutta, because they know they cannot get a cargo back, as it is all booked to the conference liners.

5872. Supposing the great tea merchants were to combine and establish a line of steamers, what would the shipowners then do, do you think?—We did that with this now Mutual Line that we have talked of, but we were not strong enough for the shipowners. Before the

question of rebates came into existence at all, they had lines running regularly to Calcutta—well-established lines, well-conducted lines, and powerful steamers; and they were able to command the call of cargo better than this small line that was started by the tea people.

5873. What is the amount of rebate under the new arrangement?—5s. per ton.

5874. The freight being how much?—The net freight is 27s. 6d. and the gross is 32s. 6d.

5875. What percentage is it?—It is 5s. on 32s. 6d.

5876. (*Mr. Lawrence.*) That would be about 15 per cent.?—Yes.

5877. (*Chairman.*) The shipowners have, therefore, this hold over the merchants, that the merchants could not form a new line without losing the amount of rebate which is in hand?—That is so.

5878. Is that a very large sum of money?—I beg your pardon.

5879. (*Mr. Owen Philipps.*) If the association had made no agreement, then on 6th September next the whole of the tea traders in Calcutta would be absolutely free, would they not?—Absolutely.

5880. And the shipowners would have no hold on them of any kind?—None whatever.

5881. (*Captain Collins.*) The rebates would all be returned to that date?—Yes, the rebates would all be returned.

5882. (*Chairman.*) I do not understand why the merchants could not oppose the shipowners?—They have been unable to do so.

5883. Kindly remind me once more. When that new line failed that you spoke of, in what year was that?—1895.

5884. At that time there was a system of rebates under which the rebate was kept, I think, by the shipowner?—Yes, for six to eight months.

5885. So that then the merchants and shippers laboured under the disadvantage that if they formed a new line they would lose the rebate?—Entirely.

5886. That is a position entirely different to that which you will be in when the existing arrangement comes to an end; so then you will have a much better chance of forming an opposition, will you not?—At the present moment there is an agreement on the terms which I have stated to you going round for signature. It is supported by several influential tea growers, who consider that they are well served by the regular liners, and that they would not care to risk having an open market, in the fear that the liners would nurse and run off the steamers that would be started in opposition, and that they might find themselves having to pay a higher freight than ever.

5887. Then there is a considerable body of merchants who are really in favour of the arrangement come to?—Some of them are.

5888. As regards merchants' associations, we have heard that some merchants are interested in shipping companies?—I believe that to be the case.

5889. I suppose that is also one reason why you find a difficulty in getting them actually to combine?—Just so.

5890. I do not know whether you are prepared to make to us any recommendations as to what should be done to prevent the evil results of shipping rings, or at least what you consider to be the evil results of shipping rings?—The only recommendation or suggestion that I would put forward would be to make the rebates illegal.

5891. I do not know whether you have considered the objection which has been urged to that plan, namely, that by so doing you prejudice English shipowners, because rebates are allowed in foreign countries like France and Germany. You see what I mean, do you not? It is said here that it would be unwise to stop the system of rebates generally, because you would put British shipowners in a disadvantageous position as compared with German and French shipowners; because in Germany and France rebates are allowed; and, therefore, if you do not allow them in England, the German shipowners and the French shipowners will have an advantage in that respect over British shipowners?—I consider that they have an advantage now, inasmuch as, I believe, in this very case of shipping in Calcutta, the British shipowner and the

German shipowner came under some sort of arrangement that there was to be no more cutting as regards rates in Calcutta, and they have come to some fixed arrangement as to freights; that is, that certain rates are to be charged. It should be remembered that a German shipowner has a subsidy, whereas the British shipowner has no subsidy at all, so that the German is enabled to compete at a cheaper rate.

5892. Another remedy suggested to us has been that the Governments, by which I mean the British Government and the Colonial Governments, when entering into mail contracts with shipowners, should stipulate that those shipowners should not be interested in any system of rebates; are you in favour of that suggestion?—Yes, strongly.

5893. (*Lord Inverclyde.*) You have told us something about the objects of the Indian Tea Association that you represent; is one of its objects to fix the price of tea?—No.

5894. How is the price of tea fixed?—Absolutely by the market.

5895. What is the average rate of freight for tea from Calcutta to London; it varies I know?—It has varied very slightly lately. The average rate of freight is about 51 10s.

5896. Would a reduction of 5s. in that rate make a considerable difference in the price of tea in London?—Yes.

5897. What is the price of tea to-day?—The lowest price of tea to-day is 7d. per lb., that is without duty.

5898. What difference would 5s. in the freight make?—5s. would make a difference of about one-sixteenth of a penny or one-eighth of a penny.

5899. Do you consider that a considerable difference in the price of tea?—Yes. The price of tea is high just now, and it does not make so much difference. A lower freight is not of much advantage when the price of tea is so unduly high as it is at the moment. It was down to 3½d. six months ago, and then it would have made a considerable difference.

5900. How much tea in the year should you calculate is imported into the United Kingdom?—169,000,000 lbs. was the total of last year's shipments to the United Kingdom; that is 169,000 tons of 10 chests to the ton.

5901. You spoke about a minority being obliged to fall in with this agreement; did you refer to the minority of the association?—Yes.

5902. Can you tell us in numbers how many are the majority and how many the minority?—No, but I could furnish that. The position is this: all merchants are not members of the Indian Tea Association, and the Indian Tea Association does not include all tea producers. There are a certain number, I should say 25 per cent. of those who produce tea, who are outside the Indian Tea Association at either end; that is, roughly speaking.

5903. I understood from your evidence that the majority were satisfied with the agreement, and the minority were dissatisfied?—Yes, that is so.

5904. Which do you belong to—the majority or the minority?—The minority.

5905. You are the first witness who has been before us who has not had a deferred rebate; your rebate is not deferred in any way, is it?—Not now, but it used to be.

5906. Taking the present day, either under the present agreement or the new one which you are making, it is not deferred?—That is so.

5907. So that you know what your freight actually is, and the shipowner does not hold up any of your money at all?—That is so.

5908. Then what is your complaint?—Our complaint is that this system of rebate creates a monopoly—that the shipowner who provides tonnage from Calcutta to London exacts a monopoly of the trade by insisting that every producer or shipper of tea should sign an agreement binding himself to ship by that line only under penalty of losing the rebate.

5909. What is your disadvantage in that?—Our disadvantage is that there is no open market in Calcutta, and we can never have an open market so long as these agreements are in existence. Our desire is to have an open market.

5910. Do you think the rate of freight minus the rebate is too high now?—No, not at the present moment.

It is not the actual rate of freight that we disagree with at all at the present moment.

5911. It is 27s. 6d. just now, I think you said?—Yes. That is about as low as we have ever had it.

5912. You think that rate is all right?—Yes.

5913. I cannot quite follow how better off you would be if there were no Conference?—At the present moment, the rate for rough cargo is from 17s. 6d. to 20s.; if there were no Conference we might quite easily expect to get our tea at from 22s. 6d. to 25s.

5914. Do you think it would pay a shipowner to give you the service he does just now with no agreement and only to charge 22s. 6d. for the freight?—I have given calculations to the shipowners themselves in conference which show that the premium they are charging on tea above rough cargo is excessive in every possible way.

5915. You say the rate is not too high, and yet you say you would like to have it lower?—We would like to have the chance of its being lower if there was tonnage available. We would like to have an open market.

5916. But still, at the same time, you do not charge the shipowners with charging you at present too high a rate?—No.

5917. Then I do not see what you have got to complain of. You tell us that the rates to London on rough cargo have been kept at a higher level than is justified. If there were a great number of steamers belonging to British shipowners who are not in any shipping rings at all and ready to go anywhere for freight, and if the rates to and from the East are very high, how is it that some of those tramp steamers do not go into the trade?—They do go into Calcutta, but they do not go into the trade. The trade is practically blocked. These conference liners carry all the trade from Calcutta.

5918. What do the tramp steamers carry then?—Coal chiefly.

5919. That is outward; what do they carry homewards?—They take coal round the coast to Bombay and Karachi.

5920. Do steamers in the United Kingdom ship coal to India?—Not now.

5921. Are there any tramp steamers going to India from the United Kingdom?—Yes, there are.

5922. What do they carry?—Outward some of them carry a general cargo I believe, and some of them carry salt from Liverpool.

5923. What do they carry homewards?—I do not know what they carry home.

5924. Why should you not ship with them?—They go round the coast, and they probably do not come home from Calcutta at all. They go from Calcutta to Colombo and Singapore; they carry rice to the China coast, and perhaps go round to San Francisco and bring home a cargo of grain. Very few tramp steamers come home from Calcutta with a cargo.

5925. Is it not worth your while to offer them 20s. a ton to carry tea home?—No.

5926. They are 10-knot boats, of course?—That would not do us any harm; that would be a distinct advantage at times.

5927. That depends on the market, of course?—Yes.

5928. So it might be also a disadvantage, might it not?—Quite so.

5929. Is a speedy delivery, taking the whole season round, no advantage to you?—It is no advantage. A moderate delivery, a regular delivery, is what we want.

5930. I have heard in the China tea trade of races home, and that it has made a difference which steamer arrived first?—Yes; those were the days when the end of the season saw no stock in London at all. At present we have large stocks and the quicker the tea comes home to inflate stocks the lower the prices go, generally.

5931. Is that the ordinary state of matters?—It has been for a considerable number of years.

5932. I think you spoke about the Conference Lines carrying tea to London at a certain rate, and charging the same rate to other ports?—Not tea—rough cargo.

5933. Supposing the rate to London is 20s., do they carry the same stuff to Dundee for 20s.?—Yes.

5934. Do you want the Dundee rate raised, or the London rate lowered?—The rate to Dundee is 20s., but

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they have to pay the on-carriage from London to Dundee, so that actually leaves only about 12s. 6d. for the cargo they carry to London.

5935. I understand that. To meet your point, you would like the rate to London to be lowered?—Yes, to 12s. 6d.

5936. And then that would bring down automatically the rate for tea?—Yes. That is what we hold it ought to be; that is what we think would be the correct calculation.

5937. At the Conference with the shipping companies to which you have referred, was not this view pressed upon them?—It was very strongly pressed upon them.

5938. By the majority of your members?—Yes; I should say by almost a unanimous number of the members.

5939. But, notwithstanding that, the majority of the association did not press it, and have fallen into the ring?—They could not press it. The shipowners would not listen to anything. I was one of those who attended there.

5940. Notwithstanding that, an agreement has been come to; so you have given in on that point?—The agreement has been come to, yes; they cannot help themselves.

5941. Is this new agreement a better agreement for you than the one which is just about to expire?—Yes, distinctly. It has only six months' notice, whereas the other had two years.

5942. I did not quite mean was it better on the ground of notice, but in regard to the general conditions?—Yes.

5943. How were you able to get better terms?—I suppose they did not like to break away from us altogether, and we could not afford to break away from them altogether.

5944. So you had some influence with the shipowners?—Very little, I suppose. They carry 169,000 tons of our cargo home, which means something to them.

5945. Surely that would be a very good backbone to start a company of your own on—only the last one did not succeed?—I do not think it would be. I do not think that anyone would risk it. They are very strong in Calcutta.

5946. In reply to the Chairman, you said, I understood, that you would recommend that a law should be passed making rebates illegal. Am I right in understanding that?—May I put it in another way? I am in favour of doing away with rebates, and either making them illegal or disallowing them in some form.

5947. But if there be only one way of doing it?—Then I am in favour of making them illegal.

5948. You think the Legislature ought to interfere?—I do.

5949. I understood you went a step further, and said that the Government should give no mail contracts to steamers which give rebates?—I am not quite so strong as that. Well, it would be virtually the same thing. I said it would be desirable, in giving a mail contract, to stipulate that the steamer was not connected with any conference that had rebates.

5950. Do you think it is an advantage to the trade of the country for the Government to interfere too much between people in different classes of business, and to make contracts for each of them?—No, I do not know about that.

5951. You would not object to the Government interfering in your trade, in regard to the price of tea, for instance?—We do not object to them interfering as regards the price of tea. The price of tea is guided by the market, which we want to be the case with the rate of freight.

5952. Is not the rate of freight very much a question of market, too?—No; it is fixed at £1 7s. 6d.—fixed absolutely for three years.

5953. I thought it was fixed at so much above rough cargo?—No; that is for those who do not sign the agreement. The fixture above rough cargo rate expires on September 6 next.

5954. You will be good enough to send us a copy of both the old and the new agreement?—Yes, I will. I have taken a note of that.

5955. (*Sir John Macdonell.*) What are exactly the objects of this Indian Tea Association; is it a purely advisory body?—Yes.

5956. Then it has no direct financial interest in the sale of tea?—None whatever.

5957. It is composed of tea producers in Calcutta and of tea merchants in London?—Yes.

5958. Does it include any other class?—No, none.

5959. May I take it that it includes practically all the producers in Calcutta, and all the tea merchants here?—Practically all; not all.

5960. Under the agreement which, as I understand, expires in September of the present year, the rate for tea is fixed with reference to rough cargo?—Yes.

5961. I suppose the reason why that has been selected as the standard is, that rough cargo forms the greater portion of the cargo shipped from Calcutta?—That is so.

5962. Does this rebate system—I am still speaking of the agreement running until September, 1907—apply to rough cargo?—No; there is no rebate on rough cargo.

5963. It applies neither to wheat, nor to jute, nor to any other article?—No.

5964. You are quite certain as regards that?—Absolutely certain.

5965. There was a prior arrangement which you have described—earlier than the one I now mention; under that arrangement, did the deferred rebate apply to rough cargo?—No.

5966. So that as far as your experience goes, one article has been selected for the rebate system, namely, tea?—That is correct. May I say one thing, in case I am misunderstood? I believe, in fact I am assured, that a rebate system on other classes of cargo exists for New Zealand, Australia, and South Africa from Calcutta.

5967. For the moment, I am directing your attention to Calcutta?—This is from Calcutta.

5968. (*Mr. Owen Philipps.*) Have you any experience of those trades?—Yes, I have.

5969. As an actual shipper in them?—Yes.

5970. From New Zealand?—No, from Calcutta to New Zealand, to Australia, and to South Africa.

5971. (*Sir John Macdonell.*) During the time in which the rough cargo was, so to speak, the standard of freight, I suppose one of the results was that anything which affected the freight upon either wheat, jute, or other articles, forthwith affected the rate on tea?—That is so.

5972. And if, by some set of circumstances, there was a large number of shippers of wheat anxious to obtain a shipment, and in consequence the rate of freight for wheat went up, the rate for tea would also be affected?—Certainly. We had the rate for tea above 50s. at one period of this agreement.

5973. So that during the period when that was the principle, the rate for tea was at the mercy of circumstances entirely unconnected with the trade?—That is so.

5974. In your judgment was that a principle which would be likely to create or ensure stability in freights, so far as tea was concerned?—We did not object to pay a premium on tea as above rough cargo, because it requires more careful stowage; but we objected to pay a premium that we considered too high, and which made too large a difference.

5975. The point I am putting to you for the moment is this: It is claimed as one of the advantages of the rebate system that it ensures stability of freights; would not the principle, according to which this rebate system of yours was governed, be likely to produce the opposite, that is, instability?—Yes.

5976. You have, as I understand, negotiated an agreement of a different character, according to which the rate for tea is to be entirely distinct from the rate for rough cargo?—Yes.

5977. The rate for tea you have stated is to be 32s. 6d. I think it was, minus 5s. for those who would ship by the Conference Lines alone?—Yes.

5978. In that agreement is there any provision for any breach of it on the part of the shippers?—On the part of the shippers?

5979. I am putting to you a possible contingency of one shipper who has entered into such an agreement, but who for various reasons, justifiable or unjustifiable, has broken

that agreement; is there any provision in the contract for a penalty, that is, for the damages which he has to pay in such circumstances?—No, I do not think so.

5980. At all events, under the agreement which you are negotiating you are bound for a period of three years?—Yes.

5981. So that in the event of there being a fall in freights during that period, you would be unable to avail yourselves of the fall?—That is so.

5982. And it is only right to say that if there should be a rise in the rate of freights during that period you will not suffer?—No.

5983. You have told the Chairman, and other members of the Commission, your remedy, which, as I understand, is first of all to declare this rebate illegal. Have you thought out carefully your remedy? Do you see all the consequences of it? I put to you this point: Assume that there was an Act passed in terms such as you have indicated, and assume that that Act notwithstanding, some shipowner and some shipper of goods entered into a contract into which there was imported the principle of rebates, are both shipowner and shipper to be fined?—I should say so, certainly.

5984. Might not a combination on the part of the merchants bring about most of the advantages which you desire?—If they were unanimous, yes.

5985. You have an example, of which you have told us, of one association being able to make certain changes that had been desired; do you not think they might be able to obtain other advantages?—We have tried, but we cannot get any further than we have got.

5986. I am not quite sure that I understand one point that you make about the difference in freights to foreign ports. You gave an example of goods shipped to Dunkirk; the bill of lading states the freight, which is exactly the same as for goods shipped to London, but in point of fact the vessel you suggest carries the goods to Dunkirk at a cheaper rate than it carries them to London?—No, not quite. What I hold is this: Here is London and here is Dunkirk; the ship accepts a freight to Dunkirk at 20s., whereas the ship really only receives 12s. 6d. We hold that the rough cargo basis should be on the 12s. 6d. that she receives for carrying the goods to London, and the freight on tea calculated accordingly—whereas she calculates it on the 20s.

5987. The question I am coming to is this: What is the reason that you suggest the Shipping Conference gives this advantage to Dunkirk?—We hold that the reason is to uphold the average rate for rough cargo in order to obtain a higher rate for tea.

5988. (*Lord Inverclyde.*) That does not apply to the new agreement, of course?—No, it does not.

5989. (*Mr. Barry.*) I do not quite understand the difference of opinion which exists between the majority and the minority in your Tea Association. Do the members forming the majority approve of the rebate system?—No.

5990. So that entering into this agreement does not mean that they approve of the rebate system?—No.

5991. But that they are unable to find any substitute for it?—That is the case.

5992. They may, as a matter of fact, disapprove as much of the rebate system as you who form a member of the minority disapprove of it?—Yes.

5993. So that practically it is a case of stand and deliver—you have no option but to accept the agreement?—None. That is our position.

5994. You mentioned a case where the freight on rough cargo to Dundee was actually less by a shilling per ton than the freight to London; is it not the case that there are many steamers carrying jute to Dundee, and linseed to Hull, which are steamers outside the Conference Lines altogether?—There are some.

5995. Possibly the greater bulk of jute is carried to Dundee by non-Conference steamers?—No.

5996. Would half of it be so carried?—No.

5997. It would be a smaller proportion?—Yes. An occasional ship for both ports would, I should say, be outside the Conference.

5998. Have you knowledge of what the rate of freight from Calcutta to Dundee on jute is for the outside steamers?—It is very much the same rate as with the

Conference, if it is occasionally less. It becomes a bargain between the charterer of the steamer and the steamer.

5999. What you advance as the peculiar hardship of your trade, as I understand, is this, that the rate on rough cargo to London ought to be as much less as the cost of the freight from London to Dundee?—That is so.

6000. In answer to a question put to you by another Commissioner, I think you said that all merchants and traders would have complete liberty of action after September 6, 1907?—No, I do not think I said so.

6001. At the expiration of the agreement of September 6, would you then have liberty of action?—If we had not signed the new agreement.

6002. I suppose the Conference Lines control the vast proportion of tonnage from Calcutta?—Yes.

6003. So that the liberty of action which anyone possesses who does not sign the agreement is more apparent than real?—Yes.

6004. You told us that it is "well known that conference liners have left Calcutta with cargo-space rather than drop current rates." Have you any reason to believe that if the rates had been dropped the space would have been filled up?—Yes, I have every reason to believe that if the rates had been dropped the space would have been filled up. I have had cargo waiting myself for some of those steamers that went away empty.

6005. So that both the merchant and the consumer were prejudiced by not getting lower freights in that case?—That is so.

6006. There was plenty of space on the ship, was there?—Yes.

6007. And if the lower rate had become operative the freight would have been forthcoming?—Yes, that is so.

6008. And the merchant and the consumer would have benefited by the reduction?—Yes.

6009. (*Lord Inverclyde.*) How did it come in the end?

6009A. (*Mr. Barry.*) It did not come at all by that ship, I understand?—No.

6010. (*Lord Inverclyde.*) It came by some other ship, did it?—Yes, probably a following ship of their own.

6011. (*Mr. Barry.*) At a higher rate?—At the rate that was kept up. Several of them came with half-cargoes and with a thousand tons of space.

6012. (*Chairman.*) That is to say, they prefer having half-cargo to having a full cargo at a lower rate?—That is so; but "half-cargoes" is perhaps putting it too high.

6013. (*Mr. Owen Philipps.*) You have told the Commission that in the case of one of these steamers that came away with part cargo rather than reduce the rate, you yourself had cargo waiting that would have been shipped. May I ask why you did not ship it in that steamer, seeing that you were bound by this agreement for so many years to ship by the Conference Lines?—This is rough cargo that we are talking about.

6014. You had rough cargo to ship?—I had rough cargo to ship, not tea.

6015. (*Lord Inverclyde.*) That is the point I want to get at; did you want to get that cargo home at a lower rate than what those steamers refused?—No.

6016. What was the object in refusing?—It was not our object; it was the steamer's object in not taking it.

6017. What was the steamer's object?—The steamer's object was not to drop the rates.

6018. (*Professor Gomer.*) Did you think that you would get it home at a lower rate by keeping it?—We had no option in the matter at all. The ship said, "I am full, and I am going away," and our cargo was left there.

6019. (*Lord Inverclyde.*) The ship said she was full?—She said, "I do not want to take any more cargo."

6020. (*Mr. Barry.*) As a matter of plain pounds, shillings, and pence, it comes to this that the steamer, with, say, some hundreds of tons available space, came away rather than reduce freight by which that space might have been filled up?—That is so.

6021. (*Chairman.*) But why—I do not quite understand?—I have got an explanation of it here, if I can find it, which will show an exact case that happened at the time.

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(Chairman.) I do not see why the shipowners should have gone away with their ship not quite full. Can you see it, Mr. Barry?

(Mr. Barry.) It is obvious, I think, that it is a disadvantage to the shipowner to go away with several hundred tons of space on his ship, when he might have filled up at the same rate of freight?

(Chairman.) Do you understand why it is?

(Mr. Barry.) The only reason that I can imagine is that it was to maintain a high rate of freight.

(Chairman.) A high rate of freight on tea?

(Mr. Barry.) No, on the rough cargo.

(Sir Alfred Bateman.) If he had taken the lower rate for the rest—

(Mr. Maddison.) It would affect the tea.

(Professor Gonner.) The cargo had to pay that price whether it came by that boat or another boat. What was the object of not sending the cargo at once at the price which had to be paid?

(Sir Hugh Bell.) The ship said she would not take it. The witness, as I understand, stated that the ship refused the cargo?

(Professor Gonner.) At a lower rate.

(Sir Hugh Bell.) No, he refused the cargo.

(The Witness.) He refused the cargo.

(Sir Hugh Bell.) Why put anything more in his mouth than he says?

(The Witness.) He refused the cargo, because if he lowered the rate to us—

(Sir Hugh Bell.) Mr. McLeod is now imputing a motive to the shipowner, but so far as he is concerned, I understand all that he got or his agent got was a refusal to take the cargo by that ship; is that not so?

(The Witness.) No, not quite.

(Mr. Maddison.) I think the witness should conclude his statement. It is his view of the matter, and we are here to hear his views. I think Sir Hugh Bell stopped the witness there. We want to hear what he is saying. He probably will tell it as well as any of us.

6022. (Chairman.) Do you know cases in which ships probably belonging to these Conference Lines have left Calcutta without being full although they could have carried cargo?—At a lower rate of freight, certainly. That is what I mean.

6023. (Mr. Barry.) I am sorry to trouble you so much on this point, but I regard it as one of some importance. I did not understand from you that the ship refused cargo at the established rates of freight, that is, at the full rate of freight?—Why the ship refused was that she would not drop the rate of freight which would have had the effect of reducing the rate of freight on tea as well. Rather than drop the rate of freight she went away with space; that is my point.

6024. She did not refuse to take freight at the full rate of freight?—No. That is not what I meant at all.

6025. I thought some commissioner put the question that she refused, even at the full rate of freight?—That is not what I meant.

(Lord Inverclyde.) But Mr. McLeod, on the following sailing, shipped his cargo at the higher rate of freight?

6026. (Professor Gonner.) Later on?—Later on.

6027. (Lord Inverclyde.) Why did you not ship by this ship? What is the advantage that you had? Why did you not pay the higher freight right away?—Presumably we tried to get a lower freight because we knew the ship had some empty space in her. We could not get it, and had to ship by the following steamer.

6028. If he had reduced his rate of freight then with you, would he not have had to reduce it on other people's goods, although previously accepted?—Only on tea, not on rough cargo.

6029. I am talking of rough cargo, too?—Not on rough cargo.

6030. He would not have been obliged to do so?—No. There is no agreement at all for rough cargo, and there is no conference. They do not fix any rates for rough cargo. The rough cargo is at the rate at which you can engage it. It is an open market, and that is what we want for tea.

6031. I quite follow that. With reference to this cargo of yours, jute or whatever it was, you wanted to get it shipped at 20s. when there was a lot already shipped at 27s.—Yes.

6032. If he had shipped yours at 20s. he would have had to reduce the other lot which he was taking 27s. for?—No.

6033. I do not see why not?—Every parcel of jute on the ship has its own shipping order at a specified rate; and there might be five or six rates in the same steamer. The lowest rate does not govern the cargo of the steamer at all.

6034. (Sir John Macdonell.) I am sorry to put another question upon this; but if there is this great variety in the rates on rough cargo, how is the higher rate for tea arrived at, which was to be 5s. in addition?—There is a basis laid down in the agreement for it. I am not at all suggesting that there was a wide difference; the difference would be very little—it is in pence sometimes. The agreement, which I will send you, will show you the basis on which the rate was arrived at. I can read it out to you here.

6035. (Lord Inverclyde.) Is it on the highest or the lowest rate?—It is on the average of rates quoted in a monthly circular in Calcutta.

6036. (Mr. Barry.) So you think the sole reason for this peculiar action on the part of the shipowners was to maintain the rates for the tea-shippers?—I do.

6037. (Mr. Maddison.) I want to be very clear about one point, namely, why in this new agreement you have sought for fixed rates?—Because we were dissatisfied with the calculation by which the rate above rough cargo was fixed.

6038. I gather from your evidence that the rate on rough cargo is fixed, as it were, in an open freight market?—It is.

6039. So that on the same ship you have the operations of free competition and of the Conference or agreement system?—That is so.

6040. We will assume for a moment that there is no agreement, no rebates, no conference; then under a perfectly free freight market something similar would take place, would it not, as between the rough cargo and tea; by that I mean that for superior stowage &c. you would pay more?—Yes. We pay a premium on tea freight.

6041. But both, I gather from your evidence, under a free system would be subject to competition, and all you would pay would be just that extra for better stowage?—That is so.

6042. But under this dual system, as it were, on the ship you do not trust the method by which the rates on rough cargo are reached?—That is correct.

6043. You said that in some cases of shipments of tea to London the merchants here recovered for the shipper his rebate?—Yes, that is so.

6044. Does he always get it?—Yes, I believe so.

6045. You really think that the grower on side, or the person who ships it on side in India, does as an invariable rule get the rebate here?—Yes.

6046. The merchants do not keep it?—No.

6047. I think you told us that the difference that this 5s. per ton would make would be about one-eighth of a penny on a lb. of tea?—Yes.

6048. So that it is fair to assume that that would make some difference; but do you think that one-eighth of a penny would ever reach the consumer?—I do not know. It would reach the producer.

6049. And the middleman here, I suppose?—Yes.

6050. But you think it is hardly big enough to reach the consumer; is that it?—I cannot follow the tea to the consumer.

6051. You are not much interested in that?—No. My answer may be clearer to you in this way—that when tea is down at such a low price as 3½d. or 4d., an eighth of a penny makes a good difference.

6052. In a perfectly open freight market do you think you could get anything better than that 5s. difference?—That we could get a narrower margin than 5s.?

6053. Yes, a narrower margin, I will put it in that way?—I do.

6054. So that it would make a great deal of difference in the price of the article?—I have secured the same rate

on tea in an open market that wheat, linseed, and jute were getting on the same day, because the steamer wanted some little light freight to fill up on her 'tween-decks.

6055. I suppose that would be rather exceptional, indeed too exceptional for it to be any guide to us?—Yes, as regards the same rate, certainly it is exceptional.

6056. Just one question as to the small man in tea. Do you think that the rebate system, or the agreement system as it is in this case, gives any advantage to the small man and puts him on a footing of equality?—I do not quite understand the question.

6057. Supposing you were shipping 100 tons would you, under the present system, get the same rate as if you had 500 tons?—Yes.

6058. Supposing it is free competition, do you think the small man would get the same chance of equality?—Yes.

6059. You do?—Yes.

6060. In the rough cargo, you would not say so now, would you?—No, not quite in the rough cargo.

6061. Why should there be a difference in tea?—It is choice cargo.

6062. It requires special stowage whether the parcel is small or large, is that it?—No. I say it is choice cargo, that is, it is cargo which steamers like to have because it is light.

6063. I am wanting to see where the small man with the choice cargo comes in under open competition?—On the same terms.

6064. (*Mr. Owen Philipps.*) You told us that you disapprove of rebates, I think?—Yes, that is so.

6065. And you also told Mr. Barry just now that the shippers had no option but to accept the rebate system—I took that down?—That is so.

6066. That is what you stated?—Yes, under this agreement.

6067. You make that reservation now?—I agree to leave my answer as it was this morning.

6068. Do you make it with that reservation?—No, I make it without reservation that we tea-shippers had no option.

6069. That is what I thought you said. You told the Commission that the tea-shippers had no option but to accept the rebate system?—That is so.

6070. Is it not the case that the Indian Tea Association, of which you are a member, although you have mentioned that you are in a minority, have just made a new agreement with the shipowners in which there is no rebate system?—No, there is a rebate.

6071. I put it to you again, because this is a very important point: Is it not the case that the Indian Tea Association has just made an agreement with the Calcutta shipowners in which there is no rebate system of any sort or kind? I put it to you, and I want your views on this subject, that under the new agreement all who sign the agreement can ship their tea at 27s. 6d.; that is so, is it not?—Yes.

6072. No rebate of any kind, net, what the Americans call a flat rate; that is so, is it not?—Not quite.

6073. Will you tell me in what particular it is not quite? I am confining myself at present to those who sign. Are you going to sign this agreement?—I shall have to.

6074. When you have signed this agreement is it not the case that you will have to pay 27s. 6d., as a net or flat rate—you know the American slang term; they call it a flat rate when there are no rebates, and no reductions of any kind?—Yes, that is quite so.

6075. Therefore, are you justified in making that statement that the merchants have been obliged to accept the rebate system from the shipowners, when you have now told me that if you sign this agreement there is no rebate?—Well, you have put it in two different ways to me. I am sending you a copy of the agreement to-morrow, and you will see that the rate of freight is 32s. 6d. less 5s. rebate, to be paid on production of the bill of lading.

6076. Is it not the case that the agreement is for those who sign it a flat rate of 27s. 6d., and for those who do not sign it—in other words, for those people who are outside the association or who decline to sign it—it is 32s. 6d.?—No, that is not the term of the agreement. The term of the agreement is 32s. 6d. to those who sign it, and they receive a rebate of 5s. the moment they pay their freight.

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6077. You will put in a copy of the agreement to-morrow in support of your statement?—Certainly.

6078. It is the case, is it not, that for some years past the imports of tea from Calcutta have steadily increased from year to year?—On the whole, yes, but some have been short years.

6079. Practically, taking it through, it is so?—Yes, quite so.

6080. Therefore, you would not contend that the Calcutta tea trade is very much suffering from any action taken by the shipowners in that respect; it has not throttled the trade or prevented its expansion?—No. The tea has to come forward.

6081. You told us that 14 years ago the Calcutta Tea Association made an agreement—I think it was with a Glasgow firm, if I remember aright, but that is unimportant—with an outside shipowner to carry the whole of their tea, I think it was for three years?—I think so too.

6082. Was it not the case that the firm who took that contract only owned tramp steamers. Did they not own three tramp steamers?—I do not know whether you could call them tramp steamers; they were well-found steamers.

6083. 100 A1 at Lloyd's?—Yes.

6084. (*Chairman.*) Did you tell us there were three steamers?—I think I told you five. I believe five was the number, but I do not attach importance to that.

6085. (*Mr. Owen Philipps.*) I think you mentioned five, but it does not matter; it is unimportant. They were only known in the shipping trade, I believe, as tramp steamers?—Well, they were not so good as any of the conference liners.

6086. Not so expensive as any of the conference liners?—No.

6087. Could you tell the Commission whether the tea was delivered satisfactorily by those steamers?—It was.

6088. Did you ship any yourselves by them?—Lots.

6089. Was it delivered satisfactorily?—On the whole.

6090. When you ship by the big lines, when the ship comes in and your tea is delivered, do you only say it is delivered on the whole in good order. If you have a shipment of Calcutta tea by one of the big lines and your man reports "On the whole it is in good order," are you satisfied?—There has been a great change in the tea trade. There has been a great change, for instance, in the chests that are used for carrying tea now, as compared with what there was 14 years ago; they are infinitely superior now.

6091. (*Chairman.*) Was the tea which was carried by these five new steamers delivered in as good order as the tea which was generally delivered by the ships belonging to the Conference Lines?—Yes, I should say so.

6092. (*Mr. Owen Philipps.*) I should like you to think about that, because it is important?—It is a long time ago, but I should say so.

6093. Is it not the fact that if your tea was delivered in good order the tea of other shippers was delivered in such bad order that they actually came to the Conference Lines and asked them to come and help them out of the very difficult position they were in?—I am not aware of it.

6094. You have told the Commission in the course of your evidence that the result was they came to the Conference Lines and paid 2s. 6d. a ton extra?—Certainly.

6095. The members of the Tea Association are business people, I presume?—Some of them.

6096. You come here complaining very much at, in your opinion, having to pay 5s. more than you think is absolutely necessary—I gather that from your evidence. Do you want the Commission seriously to believe that the great and powerful Indian Tea Association—which is one of the most powerful associations, I think we may take it, of shippers in the world—having made a contract with an outside firm came and asked the shipowners to take over the contract, and agreed to pay 2s. 6d. a ton extra, if they were satisfied with the way the outside steamers were carrying their tea. Do you want us seriously to believe that?—You put quite a different case from what really happened. I can easily explain that. This Indian Mutual Line had not the support of the whole tea trade; it had only the support of a portion of the tea trade.

6097. But a very considerable portion?—I do not think the major portion.

Mr. G. G. McLeod.

7 May 1907.

Mr. G. C.
McLeod.
7 May 1907.

6098. It was a very big contract, was it not?—It was a big contract.

6099. This year you have told us that the tea trade was 169 million lbs.?—It was nothing like that then.

6100. No, the tea trade was smaller then?—Yes.

6101. (Chairman.) Why had it not the support of all the merchants if it carried tea at a lower rate than the other lines?—Because some of the merchants in Calcutta did not believe that this new line were fit to carry their tea.

6102. (Lord Inverclyde.) What do you mean by "fit"?—They do not think that the whole arrangement was one that could stand up against the Conference.

6103. (Mr. Owen Philipps.) Is it not the case that the tea-shippers and the tea-growers are very particular about the class of vessels their tea is shipped in?—Yes.

6104. And a number of them, rightly or wrongly, dislike the risk of shipping their tea in the ordinary tramp; do you not think that had something to do with it?—Possibly.

6105. (Chairman.) And in ships that were not in the habit of carrying tea?—That is so.

6106. (Lord Inverclyde.) Have tea cargoes to be kept separate?—They have to be taken care of. They have to be kept separate from certain cargoes like turmeric and indiarubber and things that smell.

6107. (Mr. Owen Philipps.) A previous witness has told us that there is some 20,000,000 pounds invested in British shipping paying something between 3 per cent. and 4 per cent.; do you consider that 27s. 6d. for tea is an unreasonable rate?—No, I do not.

6108. Without any Act of Parliament you have been able to secure a three years' agreement with the shipowners at this 27s. 6d.?—That is so.

6109. Does that not go a little towards showing that sometimes the merchants and shippers can rather dictate to the shipowners? Have you considered that aspect of the question at all?—Yes, we have.

6110. The tea-planters in India, taking them over a series of years, have not been content with 3 per cent. or 4 per cent., have they?—No; they have been content with less; I am afraid.

6111. Sometimes—but not content?—They have had to be.

6112. I gather from some circulars I sometimes receive from them about the tea taxes that they are hardly content with them?—The trade is more or less prosperous at the present moment.

6113. (Professor Gomer.) This is the point, I think, which Mr. Owen Philipps was raising with you: We have had a good deal of complaint about deferred rebates, and the point I think which he wanted you to recognise, which at any rate I want to get your answer on, is that you are not complaining of anything like a deferred rebate in the system?—In this particular instance the deferred rebate has been done away with to a certain extent.

6114. Therefore in effect the only thing that exists in this contract, because it is a contract or agreement, is that people who take advantage of it get a discount?—That is so.

6115. And people who do not, do not get a discount?—That is it.

6116. I think that is very different from the rebate system as it is described where the rebate is deferred. You see that, do you not, because in this system—and, of course, I would ask your opinion upon it—the shipowner does not hold over any large amount of money?—No, he does not.

6117. Therefore, there is not so much power in the shipowner's hand outside the agreement; he has the agreement instead. This is a system of agreement, I would suggest to you?—That is so.

6118. Turning to other things besides tea in the Indian trade, you have told us there is no rebate in question with the other things, but are there any instances of contracts or agreements with rough cargo?—None whatsoever, beyond a shipping order which may be made months ahead.

6119. That is quite another thing. The case is, I think, that there is so much tonnage out in Indian ports that they are only too glad to get hold of the rough cargo to come home with, and consequently there is no tie on any

shipper to ship that rough cargo by a particular line or by an association?—None whatsoever.

6120. There is no tie?—There is none.

6121. Do they ship the rough cargo as a rule by these conference liners?—Almost exclusively.

6122. But they can use, I believe, any boat?—They can if they like.

6123. And if there is a boat in, they do use it?—They might.

6124. That applies to practically all the Indian ports, does it not, or do you only speak for Calcutta?—I would not like to say anything about any other port.

6125. You know for Calcutta that it is so?—Yes.

6126. In reference to your agreement about tea, you have agreed by the new agreement to send all your tea by the Conference Lines for the next three years; do you have to agree to send any other cargo as well?—None.

6127. It does not cover any other cargo?—Nothing else.

6128. If you have other cargo you can send that other cargo by any boat your like?—Yes, that is so. It does not vitiate our agreement.

6129. It does not vitiate your agreement at all?—No.

6130. Then the attempt at agreement or tie on the part of the shipping lines is exclusively on tea?—Entirely on tea.

6131. And if there is any question about regularity, tea has to secure regularity for the whole tonnage of the stuff required, that is, sent home from India, and it secures that regularity by this agreement?—Yes.

6132. Tea, roughly, bears the whole burden, because there is only a rebate, or only a discount, on tea; but you think that tea should be brought in on common terms with other cargo?—I do.

6133. That is the point of your grievance, I assume?—It is.

6134. Is this agreement necessary in the case of India to secure regularity of sailing or supply of tonnage?—No.

6135. The tonnage, I suppose, is really secured in the case of India by the conditions of outward freighting?—Partly, and by the condition of there being a very large export trade from Calcutta, where cargo is generally always available.

6136. Supposing there was no agreement and no system of rebates, you do not think, do you, that there would be any disadvantage in regard to the supply of tonnage?—None whatsoever.

6137. Or in regard to the regularity of sailing?—No.

6138. The boats would have to come back to England in order to go out again to India?—Yes.

6139. Taking one point that you raised, namely, your inability to secure the reduction you desire from the shipowners—you did secure some reduction, of course—you consider that that inability results from your being owners only of a portion of the cargo; and I suppose if you could get such a combination of the shippers as would secure whole cargoes, you would have greater power in bargaining with the shipowners?—Certainly.

6140. The important point is, I think, that you can only influence a certain proportion of the cargo which has come from India, and they might get the other cargo independent of the Tea Association?—Yes.

6141. You only govern that limited, though valuable, portion?—Yes.

6142. Passing from that, and coming to the point of the excessive premium, you claim that there is too great a difference between the charge for tea and the charge for other things; that, I take it, is pooled and divided in certain proportions between all the Conference Lines, whether they carry tea or not?—So I understand.

6143. Is that pretty well known?—I believe it is quite well known.

(Lord Inverclyde.) He says the Conference only applies to tea. What is the object of having the other shipowners, who do not carry tea, in the Conference?

6144. (Professor Gomer.) I think that is a very interesting point. Why should Brocklebanks and the Anchor Line share in the pool, or in the Conference, because there is no Conference on other goods?—Because I believe it is a fact that the other liners have induced

them to join the Conference—they made them join the Conference, in fact—by giving them certain portions of this pool as their share of being in the Conference.

6145. Do you mean that otherwise they might carry the tea?—Yes. I will give you an instance of what happened once.

(*Professor Gomer.*) Lord Inverclyde's point, and my point, is that they would not give it away for nothing.

(*Lord Inverclyde.*) That is so. I want to know why they gave it away.

6146. (*Chairman.*) Do they all agree to charge the same freight for rough cargo?—No, they do not. There are different rates for rough cargo.

6147. (*Professor Gomer.*) There is no agreement for rough cargo at all?—About the end of 1892 the Brocklebank liners and the Anchor liners, I believe, severed from the Conference and carried a certain amount of tea; but they have ceased to do so.

(*Chairman.*) I suppose they agreed not to carry tea then?

6148. (*Professor Gomer.*) Your point is, that they agreed not to carry tea, on the condition that they got part of the pool?—That is the inference.

6149. Do you know if the same lines are in this Tea Conference who are in the outward Conference from England?—Pretty well. I have in my hand a circular dated the 4th of last month, from all the Conference liners here—we have had notices from the different lines of ships separately—saying that for those exporters of goods from London and the coasting trade, and so on and so on, there will be a rebate of 10 per cent. on the net freight, exclusive of primage contributed by all descriptions of merchandise, but exclusive of cargo carried by tender or special contract. They send out circulars saying that these rebates will be granted to people who will ship outwards by them exclusively. (Appendix XXIX. (C).)

6150. Is there anything about tea in the circular?—No; this is outwards.

6151. Could you put in a copy of that circular?—Certainly.

6152. (*Captain Collins.*) Deferred rebates are in that, are they?—It is a deferred rebate.

6153. (*Professor Gomer.*) When the tea is shipped from Calcutta is it shipped right through, or is it transhipped?—It is shipped right through to London.

6154. There is no question of transhipping, then?—None.

6155. It comes right through. Then there is that point about Continental ports; did you refer to Dunkirk or Dundee in that connection?—To both.

6156. Your reference to a Continental port was, of course, to Dunkirk; I suppose you object to a differential rate to a foreign country?—Exactly.

6157. But what I do not think is quite understood is not your evidence so much as the wording of your proof, in which you say: "The conference liners have been 'hooking cargo for Continental ports at a lower rate than they were carrying it to London.'" What you object to is that they have not adjusted their London rate to the Continental rate?—That is so.

6158. I do not know whether it is to be printed, but if it is printed perhaps you would like that amended?—I would like it amended; I see what you mean.

6159. Your objection is not that they book it to Dunkirk or Dundee at a lower freight, but that they do not adjust their London freight?—That is so.

6160. They do not adjust their London freight, their object being simply to secure, in your opinion—it is a question of surmise, I imagine—this basis for tea, so as to keep up the rate on tea?—Yes.

6161. Then with reference to a case that has been discussed previously, namely, the refusal of cargo at Calcutta, is this really what happened—that a vessel leaving Calcutta refused to take cargo at a reduced rate because a reduced rate would have entailed a reduction in the rate paid for the tea?—Yes.

6162. You, who had the cargo, did not send the cargo by that boat at the rate which they would have taken it at, the standard rate at the moment, because you hoped by keeping it over to get lower rates?—That is so.

6163. And you were disappointed by not getting lower rates and had to send it at their rate?—Yes.

6164. But you retained it in the hope?—That is so.

6165. (*Captain Collins.*) Do you know anything with regard to the steamers trading to Australia from Calcutta that are in the Conference, or what lines trading to Australia are in the Conference?—I know very little about them.

6166. Do you know that there is such a line trading to Australia?—I believe there is a line, Currie's Line, which used to have a system of rebates.

6167. Are they in the Conference?—I do not think they are in this Conference.

6168. I do not understand the point with regard to this particular form of agreement. You have an agreement which you all sign and in it you have a primage or rebate, but this primage is never paid; why then should it be inserted in the agreement at all?—Because there are certain shippers who may not sign the agreement.

6169. If they do not sign the agreement they would be liable to whatever charge the shipowner makes?—They are liable to a freight of 32s. 6d. Yes, I suppose they would be liable to any charge the shipowner makes.

6170. I cannot see the object of putting into the agreement a rebate or primage which is at once taken off or never paid. What is the object of having any rebate at all when there is no money held in hand?—It is the same even at present with us.

6171. The signing of the agreement is sufficient; that is the hold they have got upon you, and nothing more is required?—Yes.

6172. (*Sir Hugh Bell.*) There are two Tea Associations, are there, one in England and one in Calcutta?—Yes.

6173. Are they powerful bodies?—Yes. As regards tea they are the only two bodies, or rather they are the two most powerful bodies connected with tea.

6174. Do they comprise the great majority of persons engaged in these trades?—Yes, I should say so.

6175. Do they deal with other questions besides questions of freight?—Yes.

6176. Such as questions of output, for example—production?—Yes, labour and all sorts of questions.

6177. Price?—No.

6178. They do not touch the question of price?—No.

6179. Neither the one nor the other makes any attempt to fix prices?—None whatsoever.

6180. So far as they are concerned the price of tea may either go up to an extravagant figure or go down to a very poor one?—That is so.

6181. Are you engaged exclusively in the tea trade?—No.

6182. You are a merchant, are you?—Yes.

6183. Shipping outwards and inwards?—Not outwards.

6184. Doing entirely an inwards trade?—Yes.

6185. May I ask in what other commodities besides tea?—Jute, linseed, wheat, rape seed, poppy seed, india-rubber.

6186. The articles constituting rough cargo then?—Some of them, yes.

6187. Are not all those you mentioned rough cargo? Is india-rubber rough cargo?—No.

6188. Is linseed rough cargo?—Yes.

6189. Is rape seed rough cargo?—Yes.

6190. All the oil seeds?—Yes, all the oil seeds are rough cargo.

6191. What is a ton of tea?—Roughly speaking, nine chests containing 1,200 lbs.

6192. I do not know what a chest is; I do know what a pound is?—1,200 lbs. gross weight is taken as a ton of tea. The actual ton weight of tea, if you were buying a ton of tea, is 2,240 lbs., the same as with any other article, but a ton of tea by measurement in a steamer's hold only weighs 1,200 lbs.

6193. That is what I wanted to be at—a ton of tea for the purposes of shipment is 1,200 lbs.?—That is so.

6194. What part of 1,200 lbs. is 60 pence, which is 5s.—that is another riddle? Would you accept it from me as a twentieth?—Yes, that is near enough.

*Mr. C. C.
McLeod.
7 May 1907.*

Mr. G. C.
MoLeod.
7 May 1907.

6195. Why did you agree with Mr. Maddison that it was an eighth of a penny?—Mr. Maddison asked you whether the 5s. was not equal to about an eighth of a penny?—But you cannot take it in that way.

6196. Thank you; but how are you to take it?—I do not think you can take it in that way, but I will tell you in a minute. I was taking it at 10 chests without counting the number of pounds. (*After calculating.*) It comes out exactly at a twentieth on that calculation.

6197. That is a very easy sum if you do not confuse your mind, or my mind, with chests. It is a twentieth of a penny, is it not?—It is exactly a twentieth of a penny. I believe I said a sixteenth to an eighth to start with, and the eighth was fixed upon. If you had asked me at the time I should have given you the exact calculation.

6198. I was puzzled because you see I wanted to know what a ton of tea is. For our purpose at present the ton of tea is 1,200 lbs.; that is, for freight purposes the ton of tea is 1,200 lbs.?—That is so.

6199. Therefore when you talk of 27s. 6d. per ton you are really talking of 55s. per standard ton, per imperial ton, are you not?—On 2,240 lbs., yes.

6200. That is so, is it?—Yes, very nearly.

6201. An imperial ton of tea is worth about £30, is it not?—This ton of 1,200 lbs. of tea is worth from £30 to £35.

6202. And the whole of this rebate is one-twentieth of a penny, which does not seem a large amount. Captain Collins has asked you how the 5s. gives the shipowner any hold upon you; can you make that any clearer to us?—I do not think it gives them any great hold on us just now; but there is this new agreement, and it is the agreement that gives them the hold on us.

6203. You are reluctantly just about to enter into an agreement which makes the rate on tea 27s. 6d.?—That is so.

6204. You yourself demurred to that?—Very strongly.

6205. The rest of your colleagues in the trade also disliked it?—A great many of them.

6206. But they have agreed to it?—They have.

6207. Why? You all of you disliked it, why did you agree to it?—Because we could not get a unanimous body the other way; we could not get sufficient of the people concerned with tea to stand out to let us have an open market.

6208. Does that not mean that the others were satisfied?—It might or might not mean it; it might mean that some of them were interested in it.

6209. How?—A good many of the growers of tea are interested in the shipping lines.

6210. So that they like to see the freight on tea high because they get it in dividends on their ships, do they?—I suppose so.

6211. In reference to the parcel of cargo that you kept on that celebrated occasion to which you have referred, and on which you were going to get a lower rate, why did you hope to get a lower rate?—It did not happen once, it has happened many times; it often happens, and it happens now. We hear through the freight brokers that a ship has got space, and when we hear through the freight brokers that a ship has got space and is wanting a certain amount of cargo to fill up, we always offer a lower rate of freight in order to get it.

6212. Hope springs eternal in the shipper's breast, and you expect each time that the shipowner's heart will break down and he will let you have it cheaper?—He will not let us have it any cheaper than it suits his own calculation to take it away at.

6213. I want to know why you hope; why do you?—We always hope. We make all the best bargains we can in the trade, whether it is in freight or in anything else.

6214. You kept your parcel of goods for the next ship, and then you shipped?—We thought probably we were taking a fair mercantile risk at the time.

(*Sir Hugh Bell.*) I am left still wondering why you kept your parcel.

6215. (*Sir Alfred Bateman.*) I think you said that you consider your rates from Calcutta as high, but we have had a witness before us who spoke of the rates on China tea from Shanghai and said your rates were much lower than the China rates?—I do not consider them high.

6216. Still, they ought to be lower?—They are very low just now.

6217. Do you know the China tea trade at all?—No.

6218. We were told that there was a different way of measurement, and that tea from China was calculated at 40 cubic feet to the ton; but you have not been in that trade, so you would not know?—I do not know; ours is 50 cubic feet to the ton.

6219. You do not know how far the 40 cubic feet on China tea compares with your 50 cubic feet?—No.

6220. So you do not know why it might have been adopted?—No.

6221. You have told us in your proof that a more equitable rate would stimulate exports, not only to London, but that with the abolition of rebates Australia, the Cape, New Zealand, and other Colonies would get their tea laid down cheaper. I suppose you compete very severely with Ceylon tea?—We do.

6222. I notice in the official returns that while you only appear to send from India about seven million lbs. of tea in the year to Australia, Ceylon sends 20 million lbs., and New Zealand takes less than a million lbs. from you but four million lbs. from Ceylon?—That may be so.

6223. Would you account for that at all by questions of rebate, or would it be a question of the quality of the tea?—It would be a question of the quality of the tea.

6224. Do you think that in Australia they rather prefer the Ceylon tea?—They do; they did, at all events.

6225. So that what you say in your proof there requires to be modified, if they prefer their tea from Ceylon?—I would only modify it in the sense that they have been taking more tea from Ceylon than they have from India because the Ceylon tea probably suits them better; but if there were more equitable rates, I say that the abolition of rebates to Australia, the Cape, and New Zealand would lead to an open freight market and cheaper tea freights—I do not say than at the present moment, because the present moment is only a period—

6226. You mean a period of some years?—I mean just now that freights are comparatively cheap.

6227. Do you think as regards that Australian trade the question of freight has as much influence as the difference in the quality of the tea?—No, I do not.

6228. So that you do not think there is so very much as regards the Australian trade in the question of rebates?—Not if you put it as a comparison with the other.

6229. As regards the China trade, I suppose the China trade does not compete with you much now in London?—No, very little.

6230. It has not begun to compete any more?—No.

6231. So those rates are not of much interest to you?—No, none.

6232. (*Chairman.*) In the arrangement which has been just come to between your association and the Conference rings there, has been, as you have already told us, an important concession made by the shipowners; they have, I think, given up the system of rebates, or rather the retention of rebates, in that new arrangement?—They did not retain the rebates under the old arrangement.

6233. We have been informed that the Conference Lines have in certain trades granted some important concessions since the sitting of this Commission; can you tell us whether you have obtained the concession you have obtained from the Conference Lines since this Commission has begun to sit?—No.

6234. It was before?—Yes, before.

6235. When do you think that concession was obtained? You say you have already come to an arrangement substantially; when were the main terms of that arrangement come to?—The agreement is now going round to the shippers for signature.

6236. When was that agreement really formed?—About three months ago.

6237. Three months ago?—More than that, six months ago.

6238. No longer than six months ago?—It might be seven, but it is not longer than that.

TENTH DAY.

Tuesday, 14th May, 1907.

PRESENT:

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

Lord INVERCLYDE.
The Hon. C. N. LAWRENCE.
Sir HUGH BELL, Bart.
Sir W. T. LEWIS, Bart.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.

Mr. J. BARRY.
Professor E. C. K. GONNER.
Mr. F. MADDISON, M.P.
Mr. OWEN PHILIPPS, M.P.
Mr. AUSTIN TAYLOR, M.P.
Mr. I. H. MATHERS.

Mr. J. A. WEBSTER, *Secretary*

Mr. AUGUSTUS HALL TOZER, called and examined.

6239. (*Chairman.*) You are a director of the firm of Messrs. Tozer, Kemsley and Fisher, Ltd., who are merchants, agents and insurance brokers carrying on business in London; that is so, is it not?—Yes.

6239A. You have furnished us with a brief of your evidence, which I presume we may put on our notes?—Yes.

(*The witness handed in the following statement.*)

1. AUGUSTUS HALL TOZER, director of Messrs. Tozer, Kemsley and Fisher, Ltd., merchants, agents and insurance brokers, 84, Fenchurch Street, London; also a member of the South African Merchants' Committee for the last four years. His commercial experience in connection with shipping has extended over a period of 20 years.

Mr. Tozer's firm ship to nearly all the principal ports. Practically all the routes to South Africa, Australia, New Zealand, Japan, China, India, and South America are controlled by "Conference" lines of steamers, and are consequently subject to the system of rebates. Shipments to the Mediterranean and West Indies are subject to an immediate rebate, and there is no "Conference" in these trades, although owners interested are understood to have working arrangements for maintaining rates between themselves.

2. It is understood that the schedule giving the terms of the rebate system, applicable, not only to South Africa, but to all other principal trade routes, has already been laid before the Royal Commission.

There are two rings to South American ports—one for Brazil, the other for the River Plate. River Plate rebate is 5 per cent. immediate to shipping agent, and 10 per cent. deferred to manufacturer; and Brazil rebate 10 per cent. deferred to shipper.

3. When a firm commences shipping by any "Conference Lines" they are not required to sign any form binding them to ship all goods per Conference steamers, but have to sign a statement, when claiming rebates, that under no circumstances have they shipped, or been interested directly or indirectly, either as principals or agents, in any shipments by steamers not included in the Conference Line boats.

4. It will be seen that the system of rebates varies according to respective routes, both as regards the period during which rebates are retained by steamship owners, and also the date at which payments to the shippers are made.

5. The continuance of the rebates system is advocated in consequence of the argument that such a system preserves reasonable, uniform, and maintained rates of freight, and that this is of the utmost importance to merchants and shippers, in order that all shippers should be on an equality with regard to the rates of freight charged on the respective routes, and to enable merchants to calculate the c.i.f. value of their goods.

6. On the question of "pros and cons of the rebate system" or "injury to British and Colonial trade," Mr. Tozer is generally in accord with the evidence given by Mr. Garland Soper, chairman of the South African Merchants' Committee.

7. As regards remedial action, if rebates are to obtain, the following conditions it is suggested should be secured not only for the South African trade, but for all the lines trading to all ports of the world.

Reasonable Rates of Freight.

8. At present the rates of freights are fixed by the ship-owners, and practically without any conference with, or

having regard to the interest of, merchants or shippers. They are altered or varied from time to time as suits the shipowners, again without regard to interests of shippers. It should be provided that no alteration should be made excepting after consultation with representatives of both shippers and shipowners.

Mr. A. H. Tozer.

14 May 1907.

Classification of Goods.

9. Here again there is no uniformity, and an absence of consultation with the shippers as to "classing" goods. The same remedy should be applied in this respect.

Disputes.

10. The arbitration clause suggested at the Freights Conference at the Colonial Office with regard to the South African trade should be insisted upon with regard to all trades, substituting the various Chambers of Commerce instead of the London Merchants' Committee for trades other than South African.

Retention of Rebates.

11. All rebates should be paid by shipowners into a central fund for each trade, or as an alternative, a central fund for trades to be properly managed by officials who should be all empowered to pay out rebates due for any trades to any one firm at one and the same time. The present system is confusing and complicated to a degree, and entails such a mass of detail that it is hardly possible for any firm actively engaged in ordinary business, and naturally attending to the progress of their own business, to be in a position to properly claim the correct amount of rebates ultimately due to them, excepting as a result of very considerable trouble; the result being that it is believed a very large amount of unclaimed rebates annually remains over in the hands of the shipowners. It should be imperative that shipowners pay to the shippers rebates as and when due, and not merely after they have compelled the shippers to make most elaborate returns in order to claim the various amounts. It should also be rendered impossible that the steamship owner should decline to pay rebates on the ground that the claims for such rebates were not made within a prescribed period fixed by the shipowners, and which it is suggested is entirely illegal and contrary to the Act as to the Statute of Limitation for Debts.

Period of Rebates.

12. All rebates in all trades should be payable at periods not exceeding every three months, and in full and not divided, as in the case of the China rebates, into two separate accounts. Any period which extends to nine months, as in the South African trade, should be rendered impossible.

6240. (*Chairman.*) I find in the second paragraph you state: "It is understood that the schedule giving the terms of the rebates system, applicable, not only to South Africa, but to all other principle trade routes, has already been laid before the Royal Commission." There are different rebate systems, the terms of the rebate systems are not identical in all cases; they vary, do they not?—Certainly.

6241. Are there many different systems for the different trade routes?—Yes. The broad system I think may be taken as being practically similar, but the details of the rebates are, of course, somewhat different. I understood that you had had these put in before this Commission, so I did not propose to trouble you again. That is the reason why I put that paragraph in.

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6242. Have you the terms of the different systems; could you furnish us with them?—You mean so far as the period for which the rebates are payable?

6243. Yes?—I have that here.

6244. Will you kindly show that to me; I should like to see in what form you have got it?—This is only a memorandum I have had drawn out for my own use. I do not propose to put this particular copy in; it is simply to refresh my memory.

6245. We have not had a schedule like this; will you kindly make this as complete as you can and let us have it?—Certainly.

(*Professor Conner.*) There are other points which you might suggest to the witness besides the actual term for which the rebate is. There are other points of difference.

6246. (*Chairman.*) You can add in the schedule any explanation that is necessary for understanding it?—Certainly; but this simply applies, as far as I have drawn it out at present, to the percentage which is allowed in the way of rebate, and the period over which the rebates are payable.

6247. You say, "There are two rings to South America, ports—one for Brazil the other for the River Plate. River Plate rebate is 5 per cent. immediate to shipping agent and 10 per cent. deferred to manufacturer; and Brazil rebate 10 per cent. deferred to shipper." Do you mean that the 5 per cent. is a kind of discount?—Yes.

6248. Paid immediately to the shipping agent?—Yes.

6249. And the 10 per cent. is a rebate which is deferred, which is returned afterwards to the manufacturers?—At the end of the period for which the rebates are allowed

6250. I see the Brazil rebate of 10 per cent. is deferred to the shipper; what distinction do you draw between the manufacturer in the one case and the shipper in the other?—In some cases the shipper may be, for the sake of argument, an agent. In such a case the rebate in some trades is returnable to him. In other cases the rebate is only returnable to the actual owner of the goods, who may not be, of course, merely a shipping agent. The form has to be signed, more or less, by the owner of the goods. My shipping clerk is here who carries out matters of detail, and he informs me that my statement is correct.

6251. Is not the rebate always returned to the shipper?—In some cases the shippers may, as I have just suggested, be a shipping agent, but he is not the owner of the goods, and in such a case, in some businesses, it is necessary that the actual owner of the goods should sign the form before the rebate is reclaimed.

6252. How does the shipowner know to whom the rebate ought to be returned? Supposing there is a shipper and a manufacturer, how does the shipowner determine to whom the rebate is to be returned?—I believe the form has to state that you are the owner of the goods.

6253. In some cases the shippers are supposed to be, or to represent the owner of the goods. I suppose that is it?—Yes, that may be so.

6254. We have had ample evidence about the matter referred to in the succeeding paragraph: "When a firm commences shipping by any 'Conference Lines,' they are not required to sign any form binding them to ship all goods per Conference steamers, but have to sign a statement, when claiming rebates, that under no circumstances have they shipped, or been interested directly or indirectly, either as principals or agents, in any shipments by steamers not included in the Conference Line boats." I think we all know that. I need not trouble you about that, nor the next paragraph, nor the succeeding one. Now I come to your general statement: "On the question of 'pros and cons of the rebate system,' or 'injury to 'British and Colonial trade.' Mr. Tozer is generally in accord with the evidence given by Mr. Garland Soper, 'Chairman of the South African Merchants' Committee.'" You have read that evidence?—I have not read his detailed evidence. I have not seen the actual copy of the detailed evidence which he has given, but I have seen the print, which I presume was the brief of his evidence, and in general terms, as I put it, I am in accord with that.

6255. Mr. Soper thought the system of rebates ought to be, to some extent, modified?—So I understand.

6256. I daresay you know there was a Committee on this very question which sat about two years ago in London at the Colonial Office?—Yes.

6257. Mr. Soper was of opinion that the system of rebates conferred considerable advantages on trade, but he thought there ought to be some mode of obtaining what he called reasonable freights from shipowners?—Yes. I understand that was his view.

6258. And also that there should be a compulsory system of arbitration?—Yes.

6259. When you state that you agree with Mr. Soper, am I right in saying you mean you agree with those ultimate conclusions which he stated here, namely, that the rebate system ought to be modified, to a certain extent?—Unquestionably.

6260. That is what you mean?—Yes.

6261. I think you have read the seven conditions which are referred to in Mr. Soper's evidence?—Yes.

6262. With reference to reasonable rates of freight, you say, "At present the rates of freight are fixed by the ship-owners, and practically without any conference with, or having regard to the interests of, merchants or shippers," and you are in favour of there being a combination of merchants and shippers who should confer with those who represent the Conference Lines?—Yes, that is my view.

6263. There is now a committee, is there not, for the South African trade?—Yes, I am a member of that committee.

6264. That committee has had some conferences with the shipowners?—A good many.

6265. And has obtained some concessions?—Theoretically; practically, no.

6266. That being so, why do you think that it would be useful to provide that no alteration should be made excepting after consultation with representatives of both shippers and shipowners; the consultation would be of no use?—In my opinion it would be of this use, that before the rates of freight are altered some communication, or conference or consultation, whatever you choose to call it, should take place between the shipowners and the principal firms who are engaged in the particular line of goods, not that the rates of freight should be altered without notice and without consultation, which in my judgment is not merely upsetting ordinary business, but is to the detriment of trade generally.

6267. Do you mean that there should be no alteration in the rates of freight without the consent of the merchants and shippers?—I understand that the interests of the shipping industry and the trade of the country are mutual, one cannot do without the other.

6268. Have you any expectation that if there were consultations between shipowners and shippers and merchants, they would ultimately agree?—"Ultimately agree" is perhaps going too far, but that there would be a good deal more harmony in working the business, I believe would be the result.

6269. More give and take?—Yes.

6270. Then you refer to arbitration, and say, "The arbitration clause suggested at the Freights Conference at the Colonial Office with regard to the South African trade should be insisted upon with regard to all trades, substituting the various Chambers of Commerce instead of the London Merchants' Committee for trades other than South African." When you speak of an arbitration clause you assume that there is some contract between the shipowner and the merchants. Is there any contract at all?—There is no contract that I have in mind other than the contract, or whatever you may be pleased to call it, which holds a shipper to the Conference Lines by reason of deferred rebates. It may not legally be called a contract, but it is a contract to the extent that it holds the shipper willy-nilly to ship his goods by the particular Conference Line, and therefore disputes may arise in that matter.

6271. Do you suggest there should be an actual contract between the shipper of goods and the shipowner with respect to the freight and the rebate. There is no contract now?—To amplify the existing system?

6272. Yes?—That is a point I have never considered, as regards a legal contract binding upon any one for a period, and I should want to give that consideration before I answered it.

6273. Unless you have a contract of that kind you could not have an arbitration clause?—I do not know the actual law of that, but in practice where disputes arise between mercantile firms on any point, it is largely to the interest of the firms that an arbitration should settle their dispute: where differences of opinion arise with respect to the reading of the conditions under these deferred rebates, or anything else, it seems to me eminently a proper thing that some arbitration system should be adopted to avoid disputes.

6274. Have you considered the question whether it would be advisable to make arbitration compulsory?—Personally I should be very glad if it were compulsory so long as the rebate system obtains. My reason for saying that is that at the present moment the shippers are absolutely in the hands of the Conference Lines. They have no remedy in cases of serious dispute.

6275. Your view is that although the rebate system is advantageous in many respects, it has this disadvantage, that it makes the shipowner always master of the situation?—Absolutely, at present. I am not suggesting there are not shipowners, and plenty of them, and trades where they carry out their business in as conciliatory a way as possible: I am not suggesting otherwise at all, but I am saying as a matter of business, if the shipowner chooses, at the present moment he has the upper hand all along the line.

6276. And for that reason you are of opinion that there should be a system of arbitration, either arrived at by agreement between the parties, or a compulsory system of arbitration?—Yes.

6277. Then you make several recommendations with respect to the retention of rebates?—Yes.

6278. Do you say the present system under which rebates are retained and returned is very confusing and complicated?—As a practical man in business, I say fearful.

6279. Can you explain a little how it is complicated?—If I may, in a somewhat colloquial manner. So long as the rebate system applies the present system is that my firm dealing with various parts of the world, have to ship by half a dozen different Conference Lines, and as you see from the schedule which I have here, to begin with the dates of the refund of the rebates are not similar, and the period at which they apply are not similar, and in any office of any size, such as my office, we have to keep a book which gives the actual marks and numbers of every shipment, which has to have carried out in detail every item of the rebate, and which has to be made up at various and varying periods in accordance with what I have just explained. They have to be sent in, checked, got back again, and in a business such as mine, where we have many thousands of shipments in the course of a year, the detail is very serious indeed, and even in an office which is carried out, as we hope, on careful business. Even it is impossible not to have a serious set of mistakes, because we have to apply to every shape of shipowner and loading broker for the different rebates which are applicable to the goods which have passed through their hands. I understand in Liverpool they have a different system, and the Liverpool system strikes me as the proper one.

6280. What is that?—They have a central office where there is an official whose business it is to recover the rebates from the various loading brokers. That is speaking of the Australian lines: I do not know about the others. The result of the present system is, even in my own office, I know perfectly well, that, I will not say every year, but it is quite often, we find we have omitted to recover rebates, and the amount of unclaimed rebates, taking the country over, which must have been never claimed because, in my judgment, of the trouble of claiming them, is and must be, I assume (it is pure assumption), very large.

6281. You would like the rebate system, if it is to be continued, to be made uniform in the different trades?—So far as the details of collection, and so far as the periods of payment and so forth. I can quite conceive, that for some firms which simply trade with one part of the world it does not matter, but with general merchants, such as my own firm, who trade with all parts of the world, it is a serious matter.

6282. (Lord Inverclyde.) In the first paragraph of your statement you say: "Shipments to the Mediterranean and West Indies are subject to an immediate rebate, and there is no 'Conference' in these trades." Will you explain that a little more. If there is no

Conference, how is there a rebate?—'Shipments to the Mediterranean and West Indies are subject to an immediate rebate, and there is no 'Conference' in these trades, although owners interested are understood "to have working arrangements for maintaining rates "between themselves." That is what I have said. I do not quite follow your question.

6283. You say there is no Conference; I presume when there is a Conference it means that there is a combination with regard to rates. What is the rebate paid for?—It is practically the same as a Conference, that is to say, that there is no other opportunity of shipping elsewhere.

6284. I understand a Conference is a certain number of lines which make the members of the Conference, and the merchants, undertake to ship only by those lines. That is what we have been told is the arrangement of shipping rings?—So far as I am aware there is no Conference in those lines. You have the rebate refunded to you, but the lines have a working arrangement, so we are given to understand, between them, to maintain the rates of freight as between them.

6285. (Chairman.) What rebate is there in the Mediterranean trade; is there any rebate in the true sense of the word?—It is an addition to the freight which is returned.

6286. (Sir John Macdonell.) An immediate rebate?—Yes.

6287. (Lord Inverclyde.) Are you bound to ship only by certain lines to the Mediterranean before you earn the rebate?—No, I do not think so. As a matter of fact, we do not ship very largely to the Mediterranean or to the West Indies.

6288. There is no shipping ring in those trades?—No, we should not consider it a shipping ring.

6289. Then this sentence of yours does not bear on anything with which this Commission is dealing?—No, I think not.

6290. You refer to reasonable rates of freight and settlement by arbitration?—Yes.

6291. Do you suggest that an arbiter should decide what a reasonable rate is?—No, that is not my point at all.

6292. Who is to say what a reasonable rate is; naturally a shipowner and shipper cannot agree?—I think they can, if they are reasonable shippers and reasonable shipowners.

6293. There are rather two different points of view, are there not?—I do not think so.

6294. You think not?—I think not entirely, for this reason. I am strongly of opinion that the shipowner cannot do without the merchant, and the merchant cannot do without the shipowner, and any rate of freight which is unreasonable, which prohibits goods being shipped, the consequence of which is to cut down shipments, is against the shipowner as much as against the merchant. The arbitration question is, in my opinion, much more the question of disputes which may arise, not the question of the rates of freight.

6295. Surely, to take that point, it is to the interest of the shipowner to get as much cargo as he can at a paying rate?—At a paying rate, yes, but not at an extravagant rate.

6296. But he is the better judge of that, more than the merchant?—No, I think most shipowners realise that in certain trades certain goods will not carry a larger rate of freight than is a reasonable rate of freight, and therefore they know that it is against their interests to put the rates of freight up, because that would prevent the goods being shipped. If I may amplify what I have said there with regard to reasonable rates of freight, what I would like to convey is this: That in various classes of merchandise which are exported, by reason of the prices being reduced, those articles come out of the category of fine goods, and should properly come into the category of rough goods. I say it is equally to the interests of the shipper and the shipowner that those conditions should be constituted between them, as to whether or not goods should or should not come into those classes.

6297. With regard to disputes, I see that you recommend in the arbitration clause, with regard to all trades, that the various chambers of commerce—I suppose you mean throughout the country—should act as arbitrators?—I presume that would be so.

6298. Have you much experience of the chambers of commerce outside London?—No.

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6299. Do you think it is likely people would care to submit questions such as these to chambers of commerce?—Do you mean the shipowners?

6300. Yes?—I cannot put myself in the position of a shipowner; I do not know what his views might be.

6301. What would those questions be that you would refer to these chambers of commerce?—Where questions arise under the rebate system; where, for instance, a shipowner maintains that you have broken your contract, or whatever you please to call it.

6302. You mean at the present time the shipowner is the sole judge of that?—Yes.

6303. You would like the chamber of commerce to be the judge of that?—I should like some independent party to be.

6304. You state the chambers of commerce?—Yes, for the want of something better. It cannot be right that the shipowner should be judge and jury too.

6305. In regard to your paragraph headed, "Retention of rebates," this I rather read as a suggestion of yours to overcome what might be called the present difficulties. Have you any knowledge of the system the railway companies adopt in the clearing house?—No.

6306. The different railway companies of this country have a clearing house where all the through rates are divided amongst the different companies?—Yes.

6307. Is it something like that you are aiming at?—I have no experience, so cannot express an opinion.

6308. What is this office in Liverpool that you speak of where they deal with the rebates?—I understand in Liverpool, in the Australian trade certainly, all the loading brokers have a central office or organisation, or whatever you may call it, through which the various claims for rebate are passed; and in due time the payment is made through the central office.

6309. Is this only a central office of the agents—the shipowners have nothing to do with it?—It is, I suppose, a mutual arrangement of theirs; it saves them all trouble.

6310. This is the first time we have heard of this office you have mentioned. It would be rather interesting to know more about it. You have not any knowledge first-hand of this office, have you?—Yes.

6311. Could you tell us a little more about it?

(Mr. Owen Philipps.) Are you not referring to the fact that the shipowners employ a large firm of chartered accountants in Liverpool to receive claims for rebates?

(Witness.) I cannot say that. I do not know what their arrangement is.

6312. (Lord Inverclyde.) Will you tell us what you know about this arrangement in Liverpool?—As I understand, in the Australian trade in Liverpool the shipowners and brokers have a mutual arrangement whereby they have one central official who passes the claims for rebate.

6313. Does he act as a sort of go-between between the two parties, the shipowner and the merchant?—How do you mean, go-between?

6314. Does he adjust the rebate payments?—Presumably he sees whether they are accurate or not. The claims are sent in by the various shippers, and in London they are passed through the various ship-brokers, who, in the process of time, say whether or not they are correct.

6315. You might give us the name and address of this person. What is his official designation?—I could not tell you what his official designation is.

6316. Can you tell us his name and address?—I know the firm in Liverpool which practically, I presume, leads this ring—Messrs. Gracie, Beazley & Co.

6317. They are shipowners, are they not?—Yes, a very high-class firm.

6318. (Mr. Lawrence.) Would you explain to me a little more about the rebates to the River Plate? In the second paragraph of your evidence you say: "The River Plate rebate is 5 per cent. immediate to the shipping agent and 10 per cent. deferred to the manufacturer"?—Yes.

6319. Do your shipping companies know who is shipping agent and who is manufacturer? Are they not frequently the same person?—Frequently.

6320. In that case would they get the 15 per cent.—the five and the ten?—If this form is signed.

6321. Take the case of the railways in the Argentine, which have offices in London shipping steel rails, would they give the rebate to the company in London of the 5 per cent. plus the 10 per cent., or would that go back to the people who manufactured the rails, whoever they might be?—I again say, as far as the River Plate and Brazil and West Indian trade is concerned, we do not do a large business. I think it would be better if instead of the word "manufacturer" the word "owner" of the goods had been used.

6322. They are frequently the same person, are they not?—Very often the shipping agent or the shipper is the owner, naturally.

6323. What I mean to say is this: There would be no difficulty put by the shipowner in the way of giving the full 15 per cent. to whoever was justly entitled to it?—No.

6324. He would not make any distinction with regard to the shipper, and say: "You are not the manufacturer, therefore I can only give you 5 per cent."?—I think I must withdraw the word "manufacturer" and use the word "owner," if you will allow me to do that.

6325. There is only one other question about this reasonable rate of freight Lord Inverclyde asked you about. I gather from your answers to him you would narrow that down to the question of the classification of shipments as between the shipowner and the merchants?—Are you talking now of the question of reasonable rates of freight?

6326. Yes, with regard to the reasonable rates of freight Lord Inverclyde asked you who was to decide what was a reasonable rate of freight; and I gathered that you narrowed that down to this: that what you wanted was that the shipowner should agree with the merchant as to the classification of the various classes of goods, the categories they went into; or do you say that the merchant is also to be the judge of what is a reasonable rate of freight?—I think the latter portion of your question will in practice answer itself—that is to say, that an unreasonable rate of freight precludes business; but with regard to the classification of goods and the classification of rates and the alteration of the rates of freight, there should be, at least in my opinion it would be very wise if there were, some communication between the shipowners and the merchants before those alterations take place.

6327. I understand that. What I wanted to know really was, the question of what was a reasonable rate of freight, and who was to decide what was that reasonable rate. That is what I want to get at really. The shipowner must be as alive to his own interest as the merchant; and if he finds that the goods will not bear the freights, he is not likely to charge it?—Yes; I think that is a fair way to put it.

6328. (Sir William Lewis.) How long is this 10 per cent. deferred? You say the River Plate rebate is 5 per cent. immediate to ship agents, and 10 per cent. deferred to what you have now altered to "owners"?—According to my list here, every six months after the 30th June and the 31st December. That I have to check yet in accordance with the request of the Chairman.

6329. Six months from the date of the shipment?—A six months' period after the 30th June and the 31st December. They are made up in two half-yearly periods.

6330. So it might be 11 months. For a shipment in February the rebate might not be given until the following December?—That is so.

6331. With reference to the fixing of freights, I assume that the freights, as well as the rebates, are decided upon by the shipowners, depending of course upon the competition?—There cannot be much competition in Conference Lines.

6332. But the competition with ships which are not in the Conference?—They are practically nil in the ordinary commercial trade.

6333. Are they nil in the particular trade which you are appearing for now?—To which one do you refer?

6334. I am referring to the trade with the South African ports?—As far as I am aware there is practically no competition for general trade there.

6335. Then with respect to arbitration, as to which Lord Inverclyde asked you, shipowners would hardly allow

an arbitration to fix either the rebates or the freights, would they?—No.

6336. Then what particular question would be submitted to the arbitrator such as you suggest?—Any question of disputes or differences of opinion which may arise under the working of the rebate system. For instance, under the rebate system a shipper who ships by any opposition line, which may be put on at any time, is supposed to forfeit his rebates. It is quite possible that disputes may arise as to whether or not he has or has not shipped by the opposition line.

6337. You are suggesting there may be a difference of opinion as to a matter of fact whether a shipper has shipped by any other line or not. Is that what you would submit to arbitration?—I would certainly submit to arbitration a question as to whether he has or has not shipped, because, although it may on the face of it appear to be a matter of fact, it is a question which there may be a difference of opinion about in the first instance.

6338. (Chairman.) Have you ever known of a case in which the shipowners have refused to return the primage?—In my business now, certainly not.

6339. (Sir William Lewis.) Are there any other matters which you would suggest should be referred to arbitration, beyond what you have already described?—It is very difficult possibly to make clear to the Commission the fact that there are, and there must be, in a commercial business or shipping business a large number of questions which occasion differences of opinion between the shipowners and the shippers, and I suggest that it is at least right that there should be an independent arbitration on questions of dispute of that sort.

6340. You think the various chambers of commerce would be a proper tribunal for dealing with such matters?—I do not say they are the best, but they are better than nothing.

6341. (Sir John Macdonell.) I understand that in your experience you have not known any cases in which a shipowner has refused to pay a rebate?—In my own case we have had the experience, when the opposition was on in the South African trade, where it was alleged that we, or our client, had shipped goods by an opposition boat, and our bills of lading by the particular steamer were refused.

6342. In point of fact, did you not get a rebate in that case?—In point of fact we were correct.

6343. And you got the rebate?—Of course, we did.

6344. Have you, outside your own experience, known or heard of many cases in which the rebate was refused by the shipowner?—Only by hearsay. You ask me if I have known of my own knowledge; it is common knowledge.

6345. Do you mean the Commission to believe that the practice exists of refusing such rebates?—When you ship by an opposition boat?

6346. Yes?—I have always understood that is so.

6347. That the practice in fact exists?—If I correctly understand your question, it does.

6348. To put it perhaps in plainer terms, do you mean the Commission to understand that, in point of fact, in many instances, rebates are refused by the shipowners?—Of my own knowledge, I do not know that, I have understood that that is so.

6349. I must press you a little on this point. Is your own experience that the practice of improperly refusing rebates does exist?—I anticipate that if I shipped by an opposition line, if one were started—and there, of course, have been plenty of them—that my rebate would be stopped.

6350. I am for the moment directing your attention to the circumstances within your experience. Do you give the Commission to understand that your opinion is that in fact rebates to a large extent are wrongly withheld?—Wrongly?

6351. Withheld when they are demanded by shippers?—Only for reasons of shipping by opposition lines. I do not suggest for one moment, I should be very sorry to make the suggestion, that any responsible shipowners in the kingdom withheld rebates, excepting for what they considered a breach of the compact as regards the terms under which you ship.

6352. But you would agree that unless there is a rather serious and considerable evil of this kind, the action of the arbitration clause which you suggest would be very

small?—I think that the arbitration clause would be the means of facilitating business very materially.

6353. Thinking, for the moment, only of the withholding of rebates, might it not be suggested that by this arbitration clause you are bringing into existence large machinery to produce a small effect?—I should have thought that an arbitration court need not be a very large machinery.

6354. This arbitration clause is to deal principally with the withholding of rebates, in your view; is it also to deal with the classification of goods?—No.

6355. Is it not to deal with that?—No.

6356. What is to be the exact limit of the arbitration clause? What class of disputes is it to include?—Disputes which arise on the question of the reading of the compact, or whatever you call it, with regard to the rebate conditions.

6357. And only that?—Not necessarily only that; other questions which may arise in connection therewith.

6358. Incidental thereto?—Yes.

6359. As I understand, in this arbitration clause there is to be a provision that the chambers of commerce are to appoint arbitrators. That is your suggestion, I understand?—I suggest that in view of having nothing better.

6360. On some chambers of commerce shipowners would, to a very large extent, be represented?—Yes.

6361. Would these bodies, in the event of shipowners being largely represented on them, be exactly acceptable to shippers?—I cannot speak for other shippers than myself, but I see no reason to suppose that a court which is composed partly of shipowners and partly of merchants is not able to arrive at a fair and just solution.

6362. At any rate, you cannot think of a better tribunal?—At present, certainly, no.

6363. This arbitration clause is to be inserted in a certain contract. Let me understand clearly who are to be the parties to this contract; the individual shipper and the individual shipowner?—I take it that the shipper and the shipowner must be the parties.

6364. Do I rightly gather your meaning to be this, that wherever there is a contract of affreightment a term of which is deferred rebate in any form, there shall be *ipso facto* inserted or implied an arbitration clause?—I would like to see that.

6365. There are one or two points which I should like a little information about. You belong to a firm of agents and insurance brokers?—Yes.

6366. Are you also, amongst your various occupations and functions, forwarding agents?—Yes.

6367. Would you mind a little explaining to me, who know little about the subject, what are the exact duties of a forwarding agent?—To receive the goods.

6368. To receive the goods from whom?—To receive the goods from the manufacturer in the country, or the shipper in the country, for instance, Birmingham, and to see that his goods are shipped and to arrange the questions of freight, and to forward the goods through, according to his instructions.

6369. The forwarding agent acts as intermediary between the various manufacturers or owners of goods in the country and the shipping companies?—Yes.

6370. It is his duty sometimes to claim the rebate?—Yes.

6371. The rebate would be paid to him by the shipowner?—Yes.

6372. He would make out the sheet upon which are given particulars of the claims?—Yes.

6373. And in point of fact the rebate would, in such case, be paid to him?—Yes.

6374. May it sometimes happen that the rebate is not paid, or a portion of it is not paid, to the consignee?—To the consignee?

6375. To the manufacturer or shipper, I should have said?—I cannot speak for other firms.

6376. I am not asking your practice; but speaking generally, may there not be cases in which it is not done?—It is quite possible.

6377. It is possible?—Certainly.

6378. (Mr. Lawrence.) It would not be right?—That is a matter for each man to form his own opinion about.

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14 May 1907: 6379. (*Sir John Macdonell.*) I am not making any suggestion with regard to your firm, but there may happen cases in which it is not paid?—Certainly, I can quite conceive that.

6380. As regards the remuneration of the shipping agent, would you mind explaining what form it takes?—You are talking now of the forwarding agent?

6381. Yes?—I should say that depends entirely upon the particular arrangements he makes with each particular client. I should not think there is any particular rule.

6382. There is great variety?—Very great variety.

6383. It might be a certain percentage on the freight, and that might vary considerably?—Certainly.

6384. (*Mr. Taylor.*) It is so much a package usually, surely?—I should think it is hardly possible to say there is any one system. I should think every agent has a dozen different arrangements which he makes a dozen different clients, because each client wants something different.

6385. (*Sir John Macdonell.*) Does the forwarding agent as a rule prepay the freight?—That entirely depends upon the requirements of the shipper.

6386. Let me put a case of this sort in order to clear up the transaction. Supposing that a forwarding agent receives various consignments from different clients in the country, and that the total of the separate consignments amounted we will say to 100 tons, does he get from the shipowners, in all or in many cases, a reduction of the freight for a large consignment. Do I make myself clear?—You mean to say, does a large shipper get an advantage over a small shipper?

6387. You might put it in that way. I am now putting the case of a forwarding agent. Does a forwarding agent who brings to a shipowner a very large consignment, get an advantage as compared with one bringing a small amount?—In my experience, no.

6388. But when you say in your experience, have you reason to believe that such advantages are given?—No.

6389. They are not given?—I cannot say; I have no knowledge of them. What I mean is this, that I ship very largely. When I say largely, sometimes our consignments run to a very considerable tonnage, sometimes they are very small. I have always found in the general trades that we ship to, that the shipowners are perfectly honourable, and charge me the same rate of freight for a large or small shipment. I do not get any advantage. I have never heard of any serious advantage being given to a large shipper, not in the trades which I deal with. I do not speak of trades I know nothing about.

6390. In point of fact, small shippers and large shippers fare alike in your experience?—That is my experience, and that is the main reason why at present I prefer a uniform maintained rate of freight to having an-up-and-down rate of freight.

6391. This arbitration clause is to be inserted compulsorily. The shipowner and the shipper will have no choice?—I think so.

6392. In other words, you contemplate an Act of Parliament being passed?—Of course, we are assuming that the commission is to consider legislation. Without legislation I do not see how you can compel arbitration.

6393. Do you not think that would be possible by combination on the part of the shipowners in the various trades?—Possible, but not probable.

6394. What makes you say not probable? Have you any experience in your mind to make you think so?—I think there is too much internal jealousy. I wish it were possible. I think on broad lines that is the way to deal with this question.

6395. I gather that your recommendation in regard to legislation comes to this one point; compulsory arbitration in regard to deferred rebates and any questions incidental thereto?—That is as far as I can carry it forward.

6396. (*Mr. Barry.*) I notice that on the question of the rebate system you are generally in agreement with the evidence given by Mr. Soper, the Chairman of the South African Merchants' Committee?—Yes.

6397. In your opinion, are any of the advantages which are claimed under the rebate system not obtainable under an open and free freight market?—I do not think so. Personally, I am strongly of opinion that it is in the interests of the merchants generally for a uniform and

maintained fair rate of freight to apply, and if that can only apply by reason of a rebate system, I say if it can only be obtained by the rebate system, to that extent I am in favour of the rebate system, subject to the modifications in the working of the system which I have indicated.

6398. I suppose when competition existed in freights, they were very much lower?—I think certainly; till within the last month or two there has been competition in the Indian trade, which has been excessive, but it has now ceased within the last month.

6399. Would you consider the present rate of freight to South Africa reasonable?—That is a very difficult thing for me to answer, because I am not a manufacturer.

6400. As a merchant and shipper?—As a merchant I think it is more value to have a level rate of freight than it is to have 1s. or 2s. off the rate, by a lower rate of freight.

6401. That does not exactly answer my question. I refer you to the time when competition was in existence in the South African freight market. Freights at that time were very much lower than they are now. Do you consider the present rate of freight to South Africa a reasonable rate of freight?—I should not like to say it is unreasonable; I think it is high, distinctly high.

6402. I notice that the South African Merchants' Committee, of which you are a member, have had several meetings with the shipowners?—Yes.

6403. I think you said that no concessions were made; theoretical concessions were, but no practical concessions were made?—Yes.

6404. In recommending consulting between shipowners and merchants in the future, have you any reason for supposing that a different result will follow?—If a different attitude were assumed by the shipowners, yes.

6405. But the shipowners would retain the same very large power which they possess now, and under those circumstances would you anticipate any more favourable result from consultation in the future?—If their power were used in another way?

6406. Judging from past experience, you would not be very hopeful of any result following?—Not if the consultation and conferences were to go on as before, there is not much hope. It is only fair to you to explain what I meant with regard to that. I said theoretically we got concessions and practically we did not. One concession is very obvious, the South African Conference keeps the rebates a longer period than any other conference in the whole of the Kingdom. As a matter of fact I think in some cases it is possible for it to be 15 months after the shipment before you get your rebate, which is, I think, altogether absolutely unreasonable. It was indicated, across the table at the Conference, that that would be modified. That is a very considerable period ago, and there is no modification. Theoretically we had a modification, but practically we have none.

6407. In other words, you were humbugged in the matter?—I do not want to use any phrase of that nature. I admit the oral courtesy with which we were met, but that does not carry us any further.

6408. Nothing came out of it?—No.

6409. There is only one other question I have to ask, and that is with regard to the classification of goods. Did you ever raise the question of classification at any of your meetings with the shipowners?—My recollection is that we raised the question that when alterations of classification took place they were to be after some communication with the South African Merchants' Committee. It is perfectly obvious to anybody who ships abroad that when a rate of freight for any particular class of goods is suddenly and without notice altered, it very seriously upsets the calculations of the merchants.

6410. In the class of goods which come within your experience, do you know of any case where rough goods are arbitrarily classed as fine goods?—I would not like to say arbitrarily at all, but we know that the classification of goods in the South African trade is not better than the classification of goods in the Australian trade.

6411. Did you ever obtain any concession with regard to the classification in the South African trade?—I am afraid not. In the Australian trade we have always been able to obtain, I will not say concessions, but friendly agreements.

6412. But not in the South African trade?—Not in my experience.

6413. (*Mr. Maddison.*) This South African Merchants' Committee of which you are a member meets for the purpose of considering the interests of the trade of South Africa?—Yes.

6414. We had a witness here who said that he thought you met regularly to keep things as they are. You do not agree with that, I suppose?—That is not what we are there for.

6415. I suppose you do not admit either that you are merely a buffer for the steamship companies?—No.

6416. I was very much interested with the reply you gave to Mr. Barry, who asked you whether you thought that the rates were high, and your reply was that you were not a manufacturer. What do you mean by that?—I mean by that, that I do not manufacture goods.

6417. That is all right so far, but that is not quite my point. Why are you unable to assess freight rates because you are not a manufacturer?—The course of my business does not lead me to think that the present rates of freight in the trade with which we deal are excessive.

6418. Am I right in assuming from that that you see a distinction in the interests of the manufacturer and of the forwarding agents or merchants?—No, I see no difference.

6419. You do not think that the manufacturer is more interested in the effect of the freight upon the cost of the article than you are?—It depends, in my opinion, as to whether he is a large manufacturer of a particular staple article or not. A general merchant's views are different from those of a manufacturer who makes one particular article.

6420. They are?—I should assume they are.

6421. You have not such a vital interest in the price of the article at which it has to be bought on the other side, say in South Africa?—I should not like to say as vital an interest; it is, of course, a vital interest to all merchants that the rates of freight should enable them to send their goods to compete with other markets.

6422. It is not so closely associated with the price of the article as the manufacturer's interest is?—I must again answer: that depends, in my judgment, upon whom the manufacturer may be; what he makes and what quantities he makes.

6423. Would you kindly explain that a little as to the effect between one and the other?—I can assume that to a large manufacturer of galvanised iron who ships large quantities of galvanised iron, the question of 6d. or 1s. a ton on the rate of freight may or may not effect very largely his getting or obtaining some contract in competition with some other country, therefore he may say that the rates of freight, so far as his particular interests are concerned, are more vital than to a man who is sending out more general goods. That is how I view it, I may be wrong.

6424. You could conceive of the rebate system doing the merchant some good in the cases where he has a number of small clients on the other side, and where he probably would never attempt to return the rebate at all?—I do not like to admit your last sentence, and I cannot agree with your first suggestion.

6425. I am very unfortunate in that question. You do not think that in this matter of rebates there is any real difference between the merchant, the forwarding agent, and the owner of the goods, the manufacturer?—I do not think there is any difference between them as regards what?

6426. As regards the rebate system?—Difference in what respect?

6427. In its effect upon them?—I think you suggested just now that I was rather leaning to the rebate system as an advantage?

6428. Yes?—I do not admit that.

6429. You do not admit the rebate system as a whole is an advantage?—Is an advantage to the merchant?

6430. You do not admit it is?—Except in so far as it is the only means I have seen at present whereby a fairly level rate of freight is maintained.

6431. That just brings me again to the point, because that was your answer, that to the merchant or to the forwarding agent, your own firm, a level rate is the thing you really think most about, is it not?—That is so.

6432. That is to say, if it was a level high rate you would not trouble, but you want it level?—That opens up another door as to whether a high rate, or to use another word, an excessive rate of freight would, of course, injure your business.

6433. We will not trouble about excessive, because I quite see your point, but we will take the high rate in your latter phrase, not an excessive rate; so regarding it, you are not really concerned very much about the high rate, or the low rate, but you do want a level rate?—A fair level uniform maintained rate of freight.

6434. So that if it is levelly high it is all right. Do you think the manufacturers ever could take that view?—I am not a manufacturer.

6435. I know, but I suppose in your business you sometimes do look at other interests besides your own?—I hope so, I try to.

6436. I am sure so. Then would you kindly answer that question about the manufacturer. Do you think they can ever take that complacent view of rates, about their uniformity, always uniform, no fluctuations, always on the top rung?—I think I must say again I can hardly express an opinion without being able to see that particular point of view with the manufacturers' eyes.

6437. You are not capable of looking at it from the manufacturers' point of view, I suppose that is your answer?—I think there are so many circumstances that a manufacturer may be aware of, that would prevent my forming a fair judgment upon it.

6438. Any idea of looking at the economical effect of these rebates and Conference Lines upon consumers you have never even dreamed of; you do not trouble yourself about that?—Yes, why not.

6439. You do?—You mean as regards the result to the consumer?

6440. Yes?—As an ordinary commercial man one views all those points with as much interest as possible.

6441. Do you as a forwarding agent?—I am not merely a forwarding agent.

6442. Then as a merchant?—Consider the effect on the consumer?

6443. I want to know in what way you are giving evidence about the rebate system; you have told us you could not look at it from the manufacturers' point of view. Do you have any regard (I do not mean as a man, but as giving your evidence here) to the economical effect these Conference Lines and higher rates may have upon the consumers in South Africa, or elsewhere? I do not want to press it if you think I should not?—I think that is a question which cannot be answered in a Yes or No; it is an argumentative question which one might discuss.

6444. I should prefer it in that way, if you will give your answer without giving Yes or No, if you will kindly give me an answer?—As far as I am able to form an opinion the fact of goods arriving in a Colony with a uniform fair rate of freight is of far more advantage to the consumer than it would be to have a violently fluctuating rate of freight, sometimes up and sometimes down, the result being that when freights were down the market would be flooded with goods which are sent out in order to get a low rate of freight.

6445. You think that would hurt the consumer?—I do.

6446. Getting the goods at a low rate?—I think that the consumer is bound to feel the result of variations of prices, and in consequence it makes bad trade.

6447. I suppose you have no belief in competition at all?—In competition?

6448. Yes?—Why yes, of course.

6449. I will not press that. In answer to Sir John Macdonell there was one thing as to which I think he did not appear quite to get from you just what I want, because it has such an important bearing on this question of the arbitration clause, and so on. Several questions were put to you, and the Chairman also, I think, put one (and I thought the Chairman got a complete answer), namely: Have you known of any rebate, as a matter of fact, having been withheld by any shipping company under any conceivable state of circumstances, whether right or wrong? We will assume they were wrong, of course?—I can only answer of my own knowledge, No, but from what is called hearsay in the city, Yes.

6450. When you give that answer Yes, you do not condition it by it being a failure on the part of the

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shipper to keep his bargain. You see what I mean? If a shipper fails to keep his bargain then the rebate would be withheld, but do you know a case the other way?

(Chairman.) Where they have done it improperly in breach of the contract?

(Witness.) That it was withheld improperly?

6451. (Mr. Maddison.) No, that is not it. I want to know if you know of a case where the rebate has been withheld properly. Do you know of a single case where a rebate under any circumstances has been withheld?—I was threatened myself with a withholding of my rebate.

6452. That is a threat; do you know of an execution of the threat?—No, because as far as I am concerned I have always acted honourably with the Conference Lines.

6453. Do you know any cases where they have acted dishonestly with the Conference Line and the rebate has been withheld?—Of my own knowledge I again say No, but I have been credibly informed of a firm who lost all their rebate because they chose to use the Houston Line, or whatever it was—the opposition line to South Africa.

(Mr. Maddison.) I believe this is the first time we have had a case of that sort. If not I am sorry to have troubled you.

(Chairman.) In the case of the Houston Line it was proved the rebates were not paid.

(Professor Gonner.) And in the China case one witness told us.

(Mr. Maddison.) I am wrong about that, I am sorry to have troubled the Commission.

(Chairman.) That would not be a breach of the contract at all?

(Mr. Maddison.) No, but I wanted to know whether any had been withheld.

(Witness.) I hope you do not think I have been trying to evade your question, but I am anxious not to make any answer which is unfair.

6454. (Chairman.) Correct me if I am wrong; the shipper claims the rebates himself?—Yes.

6455. And in doing so has to make a certain declaration?—Yes.

6456. He cannot get a return of the rebate unless he makes the declaration?—That is my experience.

(Mr. Maddison.) I was quite clear about that; what I was not clear about was that there was a single instance quoted where the rebate had been withheld.

(Chairman.) Yes, there are plenty.

(Professor Gonner.) Not withheld, but simply not paid because the owner could not sign a declaration, or would not sign a declaration, which was very natural, because it was untrue?

(Witness.) Probably.

(Chairman.) It is where a shipper cannot sign the declaration the rebate is not paid.

(Mr. Maddison.) I understand the way of its working, but as I again say, I have been altogether dense, I dare say; I thought there never had been a case where such a rebate had not been paid.

(Chairman.) That was a mistake.

6457. (Mr. Maddison.) Now, about the rebates being kept from the manufacturer by the merchant or the forwarding agent; in your own firm, of course, you have known of no such case, but I think you said there have been cases where it has occurred?—I did not mean to say that; I can express no opinion as to what happens with regard to other people's business.

6458. It would be incorrect to think that it was at all prevalent, or at all frequent, for rebates to be kept?—I have no information of that whatever. What other people do is entirely unknown to me.

6459. I want to know whether a forwarding agent gets commission from the shipowners as well as commission from his clients?—Commission from the shipowners?

6460. Yes?—I have never heard of it.

6461. You have never heard of such a thing?—I have never heard of it.

6462. You know what it is, of course?—I am afraid I do not.

6463. That is to say, you get so much for shipping your client's goods, and then the shipping company gives

commission for putting cargo in their way. You do not know of any such case?—It has not come before me.

(Chairman.) That would be rather dangerous

6464. (Mr. Maddison.) Yes, it would now, unless it was given openly. With regard to this question of the small and large shipper, the answers you gave to Sir John Macdonell referred to the Conference system, did they not? In answering Sir John Macdonell, you told us about the equality of treatment of the small and large shippers. That referred to the Conference system. Your answer referred to that treatment under the Conference system?—Yes.

6465. Have you any experience of the same thing in the open freight market?—It is carrying one's mind back a bit, but I can remember the days when everybody tried to best everybody else with regard to getting rates of freight. I mean to say that there was no uniformity, and everybody was trying to make a better bargain than his neighbour.

6466. Did the small man suffer then, do you think?—I should say yes.

6467. I think you said in reply to a Commissioner that the shippers were absolutely in the hands of the Conference Lines. Those, I think, were your exact words?—Yes.

6468. Having regard to a statement like that, do you tell this Commission that it is good for trade generally that such should be the fact?—I think that entirely depends upon the question as to whether uniform and reasonable rates of freight are maintained.

6469. Even although you are absolutely in the hands of the Shipping Conference?—Yes.

6470. (Mr. Owen Philipps.) You state in your evidence-in-chief that it is believed that a very large amount of unclaimed rebates annually remains over in the hands of the shipowners. Would you kindly tell the Commission what, in your opinion, would be a very large amount?—It is quite impossible to say.

6471. What percentage of the whole, in your opinion, would be a very large amount?—That, again, it would be difficult to form an opinion about, because I have no knowledge of what are the gross freights in the course of the year all over the kingdom.

6472. I put the question in that way to make it easier for you—I presume you have considered the matter?—Yes.

6473. You state in your evidence "It is believed a very large amount of unclaimed rebates annually remains over in the hands of the shipowners"?—Yes.

6474. Could you give me an idea of what percentage you personally would consider a very large amount?—I cannot answer that question on the percentage. My reason for making that statement is that under all the Conference Lines, or the principal Conference Lines, a clause is inserted in the conditions for the claiming of rebates, that unless you claim within three months of the time when the payment becomes due, forfeit of your rebate is made, and I maintain that that is of itself of such a drastic character that it must perforce leave an enormous amount of unclaimed rebates in the hands of the shipowners.

(Mr. Owen Philipps.) I am not asking conundrums, but you have again used the words "enormous amount." Can you give me what, in your opinion, you would consider an enormous percentage of the amount. I am sorry to press you, but it seems to me when you are using these very strong adjectives, it is only fair to tell this Commission what you do consider, either a very large amount, or an enormous amount?

(Chairman.) These are the words: "The result being that it is believed a very large amount of unclaimed rebates annually remains over"; so it would be because here it is 15 months. A very large amount would remain over.

6475. (Mr. Owen Philipps.) Am I not correct in stating you are referring to an amount that is never claimed; you are not referring to the amount that remains over annually?—Yes, I quite follow; I am. That is my point, "unclaimed dividends," if you like to call it so.

6476. Do you know of any case in your experience where a shipowner has refused to pay a deferred rebate, solely on the ground that it was claimed after the three months had expired?—Yes.

6477. You have known a case?—Yes.

6478. In your own experience?—Yes.
6479. More than one case?—A more or less serious case.
6480. And that was the sole ground on which it was withheld?—Yes.
6481. May I ask in what trade that was?—In the Australian trade.
6482. Have you heard of other cases of the same description?—I do not know of any other cases of my own knowledge. I have heard of them, but one does not believe all that one hears.
6483. Is it not the case that the shipowners send out full information by circular beforehand to the shippers, as to how the rebates are to be claimed? The shipowners keep the various shippers informed?—They send out these circulars, if that is what you mean. (Referring.)
6484. Would you be surprised to hear that in one large trade, that of the actual rebates that were payable in January 1907, about 95 per cent. had already been paid?—I can quite believe it; if you state that I will perfectly accept it.
6485. In view of that would you still be of opinion that very large sums were retained in the hands of the shippers?—I am still of opinion that considerable amounts are in their hands, and not paid.
6486. Your experience as a business man I suppose is, that business men are not generally very reluctant to claim money that is due to them, are they?—As a rule no, I quite agree; but as I have indicated before, the very detailed difficulties of collecting the rebates, in my judgment, preclude the smaller owners especially from being able to send in their claims. In my own office we have over and over again omitted to send them in.
6487. Have you not found in your experience when you have a small shipper, he very often looks after his details quite as carefully as a much larger shipper?—And for that reason I think it is quite possible that some of the large shipowners are suffering in the same way that I suggested the small shipowners were.
6488. You have informed the Commission that the fact of the dates of payment, and the periods being different in different shipping conferences, has added considerably to your labour and difficulty in collecting rebates. Would this be removed if all the dates of payment, and the periods after which the payments would fall due, were made the same in all trades?—As far as I am concerned, yes.
6489. It would simplify your business very considerably?—Unquestionably.
6490. (Professor Gomer.) There are one or two small points I want to ask you about. I think you said that you thought that the community of interests between the shipowner and the shipper would easily lead, or fairly easily lead, to a settlement of reasonable rates of freight?—Yes.
6491. Do you not really think that the two parties to the bargain naturally incline to rather different views as to what is reasonable?—I do not think so. I suggest that the shipowner cannot live without the shipper, and the shipper cannot live without the shipowner, and in my experience of certainly the Australian trade, where there have been any differences such as you are suggesting, which have affected the progress of the trade, we have never found any serious difficulty in settling those questions with the Australian Conference people.
6492. I am not asking you with regard to an excessive difference, because there one can see naturally that self-interest will tend to bring the parties together, but do you not think, in all cases where there is one person buying and another person selling, that there is apt to be a slight difference as to what the price should be?—Always, I should think.
6493. Would that not hold between the shipowner and the shipper?—Quite probably, but the same thing applies as between shipowner and shipper as applies between an ordinary buyer and seller, there is a *via media* found which is reasonable.
6494. In ordinary markets that obtains through the operation of competition, does it not? In this case you exclude competition?—Not always.
6495. But in many cases?—Business is not necessarily the result of competition, but the result of knowing that you have to give and take.

6496. But in most commodities do not you find the fixing of the price influenced by competition?—Very largely.

6497. In this case you have excluded competition very largely from the fixing of the price, as you yourself said?—Yes.

6498. So that there is room (it is only that point I want to elicit) for a difference of opinion, which you hope to rectify by some method of arbitration. You do not agree with some people (although you said you generally agree, you differ on this point) that combinations of merchants are sufficiently effective for that purpose?—I do not think so.

6499. You think you will have to go to an outside body, composed partly of merchants and partly of shipowners, in order to exert that pressure?—That is my view.

(Chairman.) Mr. Soper also thinks so.

(Professor Gomer.) Mr. Soper did, but he attached more importance to the influence of the combination.

6500. (Chairman.) What Mr. Soper said was: "If, on the other hand, the rebate system is retained, the following conditions must be secured:—Reasonable rates of freight; modification of the terms of the rebate system, inclusive of adequate protection; abolition of preferential contracts; dispatch of steamers on fixed dates; undertaking by shipowners not to take cargo on ships' account, except coals to fill up; new classification of goods and at the reduced rates of freight;" followed by arbitration. So Mr. Soper, after all, thought that the rebate system ought not to be maintained unless these conditions were fulfilled?—That is my view.

6501. Is that also your view?—That is absolutely my view.

6502. (Professor Gomer.) It is merely the means of obtaining those advantages. Mr. Soper estimated, as far as I can understand, the action of the South African Merchants' Association in rather more flattering terms than the present witness does. The present witness says they have not been, practically, able to obtain much. I only want to raise the question because you have taken us to the question as to whether chambers of commerce can act as those outside bodies. I was a little doubtful as to the capacity in which the Chamber of Commerce is to present itself; it is to present itself, as you suggest in your evidence, in lieu of the Merchants' Association?—The South African Merchants' Committee deals simply with South Africa. My business does not confine me to South Africa. I ship, probably, all over the world, so what would apply to the South African Merchants' Committee would not give me any assistance with regard to other places.

6503. There are two capacities in which the Chamber of Commerce might be used. It might serve as a combination of shippers and merchants; it might also serve as an arbitration tribunal of some character. Which is it you suggest it would serve?—My suggestion here was as with regard to arbitration.

6504. That it should be the arbitrating authority?—It is very difficult to express what should or should not be the arbitrating authority. I have suggested the chambers of commerce as being such bodies as would naturally, possibly, carry with them the confidence of both parties; but any authority or body which would carry the confidence of both parties is the point which I advocate; that it should not be, as it at present pertains, that in questions of dispute the shippers are practically, to all intents and purposes, from a business point of view, absolutely helpless.

6505. I quite understand the position. All I am anxious to know is that you do not adhere necessarily to chambers of commerce?—Not at all.

6506. You merely suggest them as possible bodies?—I thought I indicated that in my first answer.

6507. When you answered Sir John Macdonell's questions with regard to arbitration, did I understand you rightly that you limited the questions of arbitration to what is known as the deferred rebate system, or would you extend it to any Conference system?—I should not like to limit it merely to the questions of the rebates, but broadly to arbitrate on questions of dispute arising out of a consequence of the rebate circulars.

6508. That is limiting it, is it not? What I was asking is this: This Commission is enquiring into the effect of shipping conferences and rings, and especially the effect of those when supplemented by the deferred rebate system.

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There are many instances of shipping conferences, or certain instances, in which there is no deferred rebate. You would require arbitration in those as well, would you not?—If occasion demanded.

6509. There is, for instance, the Indian homeward freights. There you have a contract drawn. Where there is a contract drawn certain points of dispute might easily arise, so the arbitration tribunal, if you could set it up, if it be a remedy, might deal with them as well as the deferred rebates?—Certainly.

6510. You do not limit it?—I express no opinion about the Indian homeward trade. I know nothing about it; but on the question of that sort of question being referred to arbitration, that is my view.

6511. (Chairman.) I want to make it quite clear. You are of opinion that the arbitration should not determine in any way the rates of freight?—No. I think not.

6512. (Professor Gonner.) You do not think that it should deal at all with the rates of freight?—I think that would be opening a book which would never be able to be closed.

6513. Then should we have two methods of dealing with the relations between shipowners and shippers, a series of negotiations as to rates of freight, and an arbitration as to other points, because, you see, rates of freight have to be reasonable?—If necessary.

6514. There might have to be two methods?—Quite.

6515. You would not extend the arbitration to the determination of what is a reasonable rate?—No; that is my opinion.

6516. On the point which you have been asked about on two occasions, as to any distinction between the interests of various parties, such as the manufacturer, the merchant, and the consumer, I may not have followed the trend of your answers. Do you consider that those parties are somewhat distinct in their interest—that they lay stress (I will put it in that way) on different aspects?—From an economical point of view I express no opinion. From a practical business point of view, in my opinion, it is better for people to have goods arriving practically at the same cost (I do not mean an excessive cost at all, I mean the cost is the same) rather than to have a series of violent fluctuations.

6517. I quite agree; but that was hardly the precise point. We have had witnesses who are manufacturers; we have also a good deal of printed evidence with regard to the attitude of the retailers and consumers in the Colonies, notably South Africa. We find that both the witnesses who are manufacturers and the retailers take a strong view about high and low prices. Many merchants tell us that that does not appeal to them, but that what does appeal to them is uniformity of price?—That is my view.

6518. Can that difference between these different parties be explained by a difference of interests?—I should think that is quite possible.

6519. That is all I want, because it is very curious. There must be some explanation, I think you will agree with me, of the fact that there should be a uniform feeling out in South Africa among the consumers that low rates are wanted, that that should be shared by the manufacturers, and that that should not be shared by merchants, at any rate to so large an extent?—I can entirely appreciate that the standpoints from which that position is viewed are entirely different.

6520. You do feel that there is a difference in the standpoint?—It seems to me that possibly business experience in London leads one to view a thing from a somewhat larger purview than that of merely a particular trade.

6521. I am not asking the question as to which is really right or wrong; but it is the difference of attitude I have been struck with. You have been struck with it, I daresay?—I have. I do not think that applies quite so much to the other colonies as it does to South Africa.

6522. You have noticed it in South Africa?—I have.

6523. Do you not think there is a feeling amongst the consumers that what they want is cheap things?—That is undoubtedly so.

6524. Then the merchant states that what he wants is to see ahead and get level rates, and to know what he is going to pay?—And to be able to calculate ahead what price he can afford to lay goods down at. That is what a merchant has to look forward to.

6525. And that might explain this variation in attitude?—Of course the financial question comes in very largely.

6526. (Chairman.) The cheaper the goods are the more would be consumed, so it is to the interest of the merchant also?—A limited population can only take a certain quantity.

6527. (Professor Gonner.) Reduction in price usually does lead, does it not, to an extension of the demand?—That is a big economic question.

6528. I think you will agree that that is the general tendency; it does not restrict the demand?—But still, there is no question about it that a limited population can only take a limited quantity of articles.

6529. They will take more if they are cheap than if they are dear?—That depends on whether they have money or not.

6530. If they have the same amount of money, they can buy more if the articles are cheap, cannot they?—Yes; but the question of whether they can consume more is quite another thing.

6531. I think that will satisfy us on that point. I have no doubt they will be able to consume them if they are given the chance. I want to ask you about an entirely different question which has not come up here in your evidence; but perhaps you can give us some information. Some of the people connected with South Africa have had to complain of the American competition in South Africa; have you had reason to complain of that?—I have practically no business from America to South Africa.

6532. You have a business from here to South Africa?—Yes.

6533. Have you had the experience that American goods, owing to lower rates, have been imported in large quantities?—One hears that that is a serious trouble with a number of large firms; but that has not affected me.

6534. You know it has been a source of complaint?—Yes.

6535. Those lower rates from America have been due, we understand, to shipping competition from America to South Africa?—So I gather.

6536. You value the advantage which combination and the Conference system gives you as providing maintained rates, and level prices, and so on?—Fair.

6537. It enables you to do your business better?—Yes.

6538. I am not asking you this as a puzzling question; how is it then that the other system, without these advantages—the system of irregular freights, the system of busy competition between ships from the United States to South Africa—has really been of such an advantage to the people shipping from the United States to South Africa? They have not got the advantage you have, and yet they have managed to prosper, deprived of regularity?—I have no knowledge about that at all.

6539. So that you feel you could not express an opinion?—I express no opinion about that, because I know absolutely nothing about it.

6540. Would you think it is possible that you over-rate the advantages of this uniformity and this regularity?—That I overrate it?

6541. Yes?—It is quite possible.

6542. That is what I was leading up to?—I am perfectly free to admit that it is possible.

6543. There is only one other rather small point that was raised, the question of withholding rebates. I suppose you all believe that you would really lose your rebates if you did not fulfil the conditions of exclusive shipments?—As an honourable man, yes.

6544. It does not matter at all whether there has been any withholding of rebates, so long as the belief is there, so long as you recognise it. The deferred rebats is merely a means to an end?—Yes.

6545. As long as you anticipate it will be an effective means, it operates?—Yes.

6546. I was merely asking this question, any particular instance of a rebate being ultimately withheld does not affect you at all; you know that you are not entitled to the rebate if you do not give your exclusive freights to the line?—Yes.

6547. So you are not influenced by the fact of there having been few instances of cases where it has been withheld?—It does not affect me and my firm at all.

6548. It does not affect shippers as a body?—No; but this is where it does affect me, and what I contend is altogether unreasonable is, that unless the claims for rebate are made within a certain short period, then the Conference Lines say, "We will not pay you," which, in my judgment, is an improper thing. If I have broken the Conference rule I admit I am liable to that.

6549. I am not dealing at all with the conditions under which they offer the rebates, as to whether those are reasonable or not, that is quite a separate thing, but the mere fact that people have not suffered is to my mind immaterial; people at any rate expect to suffer if they do not fulfil the conditions, however unreasonable the conditions?—Yes.

6550. Your last paragraph but one raises an entirely new question to us. At least, I think it is a new question, namely, the constitution of a particular office; that would not be an office maintained and paid for by the shipowners, would it?—Yes, it would be.

6551. In this case where you suggest there is to be a central office, who is to manage the central office; it is to be independent of the shipowners, is it not?—I suggest that the shipowners should pay into a central fund the rebates which they receive from each trade, and that out of that central fund should be paid the rebates, as and when due.

6552. Who will pay the expense of the organisation required to deal with the central fund; will it be a shipowners' body?—I should have thought so, undoubtedly, as they have to maintain at their own cost at the present moment their staff for the very purpose, practically, of these rebates. I wish to simplify that by putting it all into one, instead of a dozen.

6553. This central fund would be managed really by an agent of the shipowners?—Certainly.

6554. Then the decision as to what is right or wrong as to the withholding of a rebate or not would still really lie with the shipowners?—Not if my suggestion of an Arbitration Court was to apply.

6555. Arbitration is, of course, another thing; he would make the payment out of this central fund?—If there was no dispute.

6556. That is, the central fund would be more or less covered by the arbitrating authority?—Covered?

6557. The transactions of this central body would be governed by the arbitrator?—Only in the event of disputes.

6558. (*Mr. Taylor.*) Do you have an interest in the business you do with South Africa from the profit and less point of view at all?—Do you mean as merchants?

6559. Yes?—Of course.

6560. The price you get for the goods out there really does influence your profit and loss account—the price at which you can deliver them out there?—Yes.

6561. What proportion of your business is done on those lines, all of it?—That is quite impossible to say.

6562. Surely you must know more or less what proportion of your business with South Africa is done *c.i.f.* and what is done on commission?—I should think that probably the large proportion is done on commission.

6563. Of course, then really in the large proportion of your business you are not concerned with the profit and loss, are you?—Not when it is on commission.

6564. It is then merely more or less a question of finance?—Finance and fulfilling the orders that you receive, of course.

6565. That is more or less finance on commission, is it not?—Yes.

6566. The actual result of the transaction, as regards profit and loss, is a matter for the manufacturer who makes the goods and the consignee in South Africa?—Probably, yes.

6567. To merchants who execute orders on commission it really is not a matter of pecuniary interest whether the freights are high or low?—Yes.

6568. Why?—For the simple reason if the freights are high—

6569. They get their commission?—That is not the only point; they do not get the orders.

6570. They do not get the orders?—That is to say, of course, the orders do not come through if rates are high—

that is, so high as to preclude the man on the other side from buying.

6571. Where do the orders go?—That is impossible for me to say, but I should presume probably to the Continent, America, or elsewhere.

6572. Do you, as a merchant, ever feel the pinch of that at all? Is that an alteration of trade which ever happens to your knowledge directly?—The question of what the cost of the carriage of the goods is to the other end of the world?

6573. The question of trade shifting, say, from England to Germany, owing to the alteration of the rate of freight, is that a matter which comes directly to your knowledge. Is it borne in on you as a thing you have to watch?—Your question I presume is: is the cost of the article on the other side affected as much by the cost of the carriage as anything else?

6574. I am asking you whether, as a merchant, you really have, to your knowledge, lost business by the rates of freights being higher from England to South Africa than, say, Germany to South Africa. Is that a matter to which you ever paid any attention?—Yes, I should say, speaking broadly, that our people are affected by the question of lower freights from the Continent, if they apply.

6575. Who are affected by it, you say "our people"?—I mean our friends in South Africa or elsewhere.

6576. Will you explain that. Who are your friends in South Africa who would be affected by that? I should have thought it was the German manufacturer who was affected by that and the English manufacturer?—The man in the Colony wants goods which will cost him a certain price, and the question of the rate of freight must affect the question of the cost of his goods; it cannot be otherwise.

6577. If they can get a lower rate of freight to them, of course it is an advantage, because the consumer behind him wants them cheaper?—Possibly.

6578. Therefore may I take it that the opinion of the consumer in South Africa is perhaps more valuable than the interest of the merchant, I do not mean it in any disrespectful sense, or anyone who merely does business on commission?—I can quite believe that is so.

6579. The only reason I put that is because I want to know what weight we should attach to the opinion of the South African Merchants' Association, which I understand does not in any sense represent the consumers or the consignees directly?—I should not like to say that it in no way represents the consumers or the consignees, but to what extent it does I cannot tell you, because I do not know.

6580. Has it at any meeting you have attended paid attention to any representation from South Africa?—Certainly.

6581. What representation?—I cannot recall them all to mind, but we have had plenty of representations from South Africa which have received the careful consideration of the Committee.

6582. Which you have put before the shipowners without effect?—Those which applied to the shipowners, certainly.

6583. In regard to that question of rebate, is it always possible to return rebates to customers abroad?—Always possible, I am afraid I do not know about.

6584. I suppose you have isolated transactions occasionally, have you not?—Yes.

6585. Supposing you get an order from a man abroad, he may disappear, or you may have great difficulty in tracing him, it is then quite impossible to return the rebate in that case?—Quite impossible in a case such as you are instancing.

6586. Then you might not be able to return it to him; with the best intentions in the world you might not be able to do it?—I think it must naturally follow where you cannot trace the man.

6587. In the case of bankruptcy how would you act?—I am afraid I could not tell you.

6588. You have never had any bankruptcy?—I do not want to experience it.

6589. (*Sir Hugh Bell.*) You have given us a great deal of evidence which you have guarded by the words "you understand" and "you believe" and you "have

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"heard." I want to ask you some questions as to your own business which you will not have so to guard. You are Merchants and Agents, I understand?—Yes.

6590. You are selling as merchants to colonial and foreign buyers; under what terms are you selling?—They vary entirely with the different clients we have in different parts of the world.

6591. Give me an example of one in one part of the world?—You mean that we buy under certain conditions?

6592. I will take you as a merchant first. I want to have an instance of a merchant's transaction?—What do you mean by the word "merchant," if I may ask. I hope you will not think I am rude, but what I mean is this, do you mean by a merchant a man who has an interest in the goods at both ends of the world?

6593. Since you ask me the question, I will tell you exactly what I mean. I mean a merchant is a person who buys commodities with a view to reselling them, and that is what I understand a merchant to be. If you understand it in any other terms will you explain the terms in which you do understand it?—Of course, in the City they are not always understood as merchants.

6594. Tell me what is understood?—What is understood in the City by a merchant is a man who has connections on the other side who send him home orders, both firms being more or less allied; and yet it is hardly possible to use quite the meaning which you suggested just now.

6595. What I should like to know would be, what do you mean when you say you are a merchant. I presume you must have some meaning when you describe yourself as a merchant. What did you mean when you described yourself as a merchant? Then I am going to ask you, so that you may be prepared with an answer, what did you mean when you said you were an agent?—What I mean when I say I am a merchant is that we have an allied firm in the Colonies with whom we have close financial transactions and buy and ship goods to.

6596. How do you differentiate between a merchant and an agent in that condition?—In many other cases I am the agent who buys goods in this country for various clients in the various colonies on commission.

6597. State the business that you do actually transact with some part of the world, and give me an example. I am not asking this out of mere curiosity, I am going to found some questions upon it. I want you to give me an example of business that you actually do—a commodity which you may call "A" which is going to be delivered to your correspondent abroad. What exactly do you do?—We buy the goods and ship them to our friends abroad.

6598. You buy them, of course, either in England or abroad and ship them. Do you ship and deliver to him cost, freight, and insurance, or how do you ship them?—That differs with the different individuals. I am afraid I cannot define more closely than that.

6599. You see I asked you for an individual transaction; carry your mind to an individual transaction and describe it to me?—We should buy goods on this side and engage the freight and send them out to the other side and draw for them through the bank.

6600. That is just what I wanted to know. Having carried that transaction out to a certain point, would you ascertain, if you do not know it already, the rate of freight?—Yes.

6601. You know it already, do you not?—I do not personally, my firm does.

6602. Messrs. Tozer, Kemsley & Fisher, Ltd., your firm, knows the rate of freight?—Certainly.

6603. If they do not know, they enquire it?—Yes.

6604. They find that it is subject to a primage?—Yes.

6605. I presume they add that to the invoice they are going to send to their correspondent abroad?—Yes.

6606. You are sure?—Yes, in some cases, certainly.

6607. So that your correspondent has now on his invoice the fact that the freight is so and so, plus primage, is that so?—I should assume that that is the case. I do not follow the details with regard to these things in my office, but I should assume that is stated, if it is not stated then he will not know it because it is not there.

6608. The shipowner or the shipping line send you an invoice, I suppose—does the shipowner send you an invoice?—He sends you a freight account, which is the same thing.

6609. And that freight account shows an item of primage, of course?—Yes.

6610. And you pay it?—Certainly.

6611. And somebody in your office makes a note of the fact that there was a certain number of shillings or pounds due back upon that?—Certainly.

6612. At the end of a certain limit of time you claim that repayment?—Yes.

6613. Tell me where the difficulty arises on the claim which you make for the refund; you have enlarged so much upon it. I want to know how it arises?—It arises in this form, that at the present instant there are quite a number of different shipping brokers who load the different steamers, say for Australia, each steamer has a different loading broker. At the end of the period of time you have to send in to each of the particular loading brokers your forms all filled in with the details which I have tried to describe, and at the end of the varying periods you get these amounts back, or should get them back unless there are some queried.

6614. What sort of query can arise. Observe what you have told me. The freight account has on the face of it the statement that there were so many shillings or pounds subject to refund?—Yes.

6615. The condition being that you should have shipped by no other line but the line in question?—Yes.

6616. So that at the end of the period if those conditions are complied with, what difficulty is there in making the claim; you enlarged so much upon the difficulty. What is the difficulty?—It is more a question of administrative difficulty, I am perfectly free to admit.

6617. Is that a difficulty worth complaining of?—That is a matter of opinion. I express no opinion about it.

(*Sir Hugh Bell.*) But you have come to express an opinion; you have said it is difficult and I want to know why.

6618. (*Sir Alfred Bateman.*) Is it not that it is complicated, not that it is difficult?—I will put it if you like that it is complicated, if that is a phrase that will meet the difficulty.

6619. (*Sir Hugh Bell.*) I have no difficulty, it is you who have the difficulty; you must not ask me to accept something which explains the difficulty. It is you who have the difficulty, it is I who ask for an explanation. Sir Alfred Bateman suggests to you that "complicated" might help you. I want to know if you accept it. Sir Alfred whispered to me and I asked him to put it to you. If you want to accept "complicated," I will put questions about "complicated"?—I am quite willing to substitute that.

6620. You do accept that?—Yes.

6621. Does that mean more than that your business is a very extensive one?—I think so.

6622. Why?—It is difficult to determine as to which is purely complicated administrative detail in a business, and what is a practical trouble, but the fact remains that by reason of these claims, you have terrible trouble to get your correct amounts agreed with the various shipowners.

6623. Why? I would like to know. If with regard to any transaction, striking out everything that would indicate to us what the nature of the transaction was, because we do not want to know your private business, you will put in a series of documents, we shall see where the complication arises. There will be the freight invoice, the invoice of the goods from the manufacturer, the embodiment of those two in your invoice to your correspondent abroad, a clear statement on the face of those documents that there is, at some future time, the possibility of a return, and a claim form for the return, we should then see what the complication was, if there be any; which perhaps you will gather from my questions I take leave to doubt?—I quite appreciate that. I am quite prepared to admit that so far as that portion of the business is concerned, it is much more administrative than anything else. I frankly say that.

6624. There is no real difficulty, except the difficulties which are necessarily involved in a large business?—There are no difficulties which could not be moved away by a little arrangement which would not require the trouble of a Royal Commission.

6625. A Royal Commission would be much too big a cannon to shoot that sparrow?—Undoubtedly.

6626. It seems a pity to have troubled us with it, does it not?—I am sorry if I have troubled you unduly.

6627. Observe we want information which you have been kind enough to afford us, and we wanted to know precisely what the difficulties were to which you in your evidence have been referring. It seems to me now the difficulties arise entirely from the fact that you have a large business?—You mean so far as this point is concerned?

6628. Yes. I understood you to say that you do not object to rebates in themselves?—As a means to an end?

6629. I do not mind why, but you do not object to them in themselves?—Subject to that qualification, I agree.

6630. And so you are not one of those who come here and say, I want to do away with rebates altogether?—I quite agree with that, subject to that modification, my saving clause.

6631. Therefore if this difficulty is, as you appear to think, incidental to the rebate, you do not object to it?—You must put up with it.

6632. You have rather enlarged upon the difficulties of recovering rebates?—Yes.

6633. In a case where you are shipping only by the Conference Lines, that difficulty does not arise, does it?—Assuming our little question that we have discussed this minute was put on one side, there should be no difficulty, subject to the period of time at which the rebates are reclaimable.

6634. That is only another way of saying, although you do not object to a rebate in itself, you may object to the long term over which it hangs over you?—Yes, I object to the provision that unless I reclaim it within three months, or a short period of that nature, I am not entitled to it. I strongly object to that.

6635. I do not want to suggest to you that that is only encouraging your clerks to be more slovenly in their business. If you had had an indefinite period, it would not matter how long they were in recovering them, but some period must be set, surely?—I do not know why.

6636. You would agree to the Statute of Limitations upon it?—That is all I would agree to.

6637. All you would agree to?—Certainly.

6638. The contract with the shipowner is that you shall claim within a certain time?—A contract insisted upon by the shipowners, in which I have no voice.

6639. I do not know how it arises, but it does arise?—He makes that condition which I have no option but to accept.

6640. You say he is an arbitrary person?—I must not express an opinion of that nature.

6641. Where you act as an agent, the transaction is in all respects similar. The correspondent abroad asks you to buy a particular commodity and deliver it to a foreign port. Does the transaction differ in any respect, except that at the bottom of the invoice there is an item for your own commission?—It is impossible to state that all transactions are similar, but broadly speaking, yes.

6642. It contains also a statement that there is an amount recoverable, that under certain conditions primage is recoverable?—That we had paid it.

6643. Does it make that statement, you understand my question. Lord Inverclyde suggests it may be confusing by not distinguishing between primage and rebate; the primage is something put on and the rebate is something taken off, but it is the same thing?—Yes.

6644. In this case it is, as a matter of fact. I want to know whether, in your invoices, there does appear the fact that there is something which may possibly, under certain circumstances, come back to the recipient?—Probably not on the invoice.

6645. But where?—Probably not on the invoice, but the individual on the other side of the world knows that.

6646. Does he expect to get it at the end of a certain number of months?—In the process of time.

6647. As a matter of fact, in the case of your firm he does get it?—Yes.

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6648. Do you never sell to an agent without the question of the return coming back?—I should not like to say that.

6649. You told us that you have known cases in which the return has been withheld?—Yes. 14 May 1907.

6650. That was in consequence of a breach of the agreement?—No, I said that I did not know that of my own knowledge, I had heard that.

6651. I want to see in what way difficulties arise about getting the return when a difference of view exists between the parties as to whether the amount was returnable, but you have no knowledge of your own, so I prefer not to ask you questions; but you did say you were in the Australian trade, and I thought you would have knowledge?—I thought you were referring to another point.

6652. What point did you think I was referring to?—One of the gentlemen here asked me a question whether I had known if any rebate had been withheld because of the period of time having elapsed. I think that was the question.

6653. Yes?—I said: Yes, I had.

6654. Merely on the ground of time?—Yes on account of time.

6655. That reminds me I want to ask you another question arising out of Mr. Philipps's examination. Have your firm, as a fact, ever lost any money owing to its being unclaimed?—In consequence of the period of time having elapsed?

6656. Yes?—To my knowledge, no, but we have had considerable trouble to recover.

6657. On the ground of the lapse of time?—Yes.

6658. Because you delayed making your claim?—Yes.

6659. (Mr. Owen Philipps.) May I ask how late your claim was sent in?—My claim was left for a considerable time in consequence of trouble in my office.

6660. (Sir Hugh Bell.) There was some oversight or neglect?—In my office.

6661. The claim was not made?—That is right.

6662. Delay took place beyond the period?—Yes.

6663. The claim was put in?—Yes.

6664. Overdue?—Yes.

6665. And allowed?—It has been allowed.

6666. That is to say the shipowner did not press his right as against you in that case?—He did press it, but he did not maintain it.

6667. He did not press to the point of refusing?—I think you will appreciate that difference.

6668. If he had pressed home, and you had sued him, there would have been no need for any arbitration court to determine that. The court is open to you, you know?—I am always loth to assume that attitude with any shipowner; I should not like to sue him unless I was absolutely driven in a corner.

6669. In that, you only show the prudence which I hope is the usual characteristic of your business?—There is a mutual interest between the shipowner and the shipper.

6670. In this case the shipowner went beyond what was his absolute bounden obligation to you, and returned to you a rebate which, on your own admission, was overdue?—I do not know what was his bounden duty or his legal duty, he went beyond the terms of his circular, I freely admit that.

6671. (Sir Alfred Bateman.) I will only ask you one or two questions about the London Conference last year. You took a considerable interest in it?—Yes.

6672. Mr. Soper attended that Conference?—Yes. Are you thinking of the Colonial Conference?

6673. The Conference at the Colonial Office?—I was not present, I had nothing to do with that.

6674. Were you aware of the progress of those negotiations?—Only incidentally, with such references as came back to the Merchants' Committee.

6675. As you speak here about reasonable rates of freight, what I want from you is this: Having regard to the lowest rates that would have been assented to by shipowners after the Conference, were you really of opinion that those rates were fairly reasonable?—The suggested ones?

6676.—Yes? I think they were.

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6677. They were not able to be agreed to by the South African Governments?—So I understand.

6678. The London and South African Merchants' Committee were in that respect not quite in accord with the South African Governments?—If I might be allowed to put it another way round, the shipowners suggested one thing and the South African Governments suggested another, and an intermediate one was the one which I think would have met the difficulties fairly all round. That was not accepted by the shipowners.

6679. You agree with the principle of the proposed draft which Mr. Soper put in his evidence, the questions about arbitration and about classification of goods and meeting the shipowners and so on?—Yes.

6680. And the Central Fund also would have come in that, would it?—I attach considerable importance to that.

6681. With your Central Fund, do you contemplate that Government officials should be brought into the management of it?—If the result of the Royal Commission can only be effected by legislation, yes.

6682. As a last resource, you would bring in the arbitration of officials?—Yes.

6683. You do not ship from South Africa homewards, do you?—Practically, no.

6684. You cannot tell us whether the same rebate obtains in that trade?—No.

6685. You cannot tell us that?—I could ascertain.

6686. You do not know it of your own knowledge?—Not of my personal knowledge.

Mr. JAMES HENLY BATTY, called and examined.

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6687. (Chairman.) You are deputy-chairman of the West African section of the London Chamber of Commerce?—Yes.

6688. You are managing director of two of the most important firms carrying on British trade in the Gold Coast Colony?—I am.

6689. I see you have resided in West Africa for over 20 years?—Yes.

6690. We may put your proof on our notes as your evidence-in-chief, I take it?—Certainly.

The witness handed in the following statement :

1. I am deputy chairman of the West African section of the London Chamber of Commerce (Incorporated). I am also managing director of two of the most important firms carrying on British trade in the Gold Coast Colony, West Africa. I have been resident in West Africa for over 20 years.

2. The carrying trade between England, Europe and British West African ports has been practically in the hands of three steamship companies—The British and African Steam Navigation Company (1900), Limited, Liverpool, The African Steamship Company, Chartered, London, and The Woermann-Linie of Hamburg. The Sun Line loading from Newport and Rotterdam, and The Hamburg Bremen Africa Line from Continental ports have lately started services to British West African ports, and chartered steamers have always been employed to a limited extent by the Niger Company for their own private trade, under agreement with the first three named steamship companies and by Messrs. John Holt & Co., Ltd., Liverpool. The two English Companies—The British and African Steam Navigation Company and The African Steamship Company—are under the one management, that of Messrs. Elder, Dempster & Co., of Liverpool, and have in the past practically controlled shipments from English ports to British West Africa. They have also by agreement equal rights with The Woermann Line in sailing from Continental ports, and the latter does not take any cargo from English ports. In 1895 these three companies came to a working agreement, and, amongst other things, the Woermann-Linie was prohibited from sailing from Liverpool, which is the usual port of shipment in England for West Africa. They issued to all shippers a joint circular notifying that the primage (10 per cent.) on certain freights would be returnable half-yearly on certain conditions—the last circular issued modifying these conditions is dated 1st October, 1905. (Appendix XXIX (B).)

3. This circular, dated the 1st October, 1905, provides for the return of primage on all shipments at tariff rates outward and on shipments of palm oil and palm kernels homeward from or to Liverpool, Hamburg, Rotterdam, Havre, Antwerp and Bremen, or other ports and places in the United Kingdom and on the Continent. No rebate is allowed on such articles as rubber, cocon, gum, ivory, mahogany, coffee, fibre, &c.

4. While the rebate system has admittedly been instrumental to a great extent in enabling the shipowners to provide thoroughly up-to-date modern steamers, regular and reliable services, and good general shipping facilities, in addition to which it has been conducive to the stability of trade in British West Africa, it is felt that the system has at times borne heavily on the merchants in that it is too rigid, particularly as to freedom in ocean transport. It is also felt that in the settlement of freight rates under the system sufficient consideration and weight has not

been given to the views of the merchants. In effect it is considered that, while the system has been generally advantageous to the commerce of British West Africa, the main objects desired could be attained by some form of agreement between shipowners and merchants more elastic in its application, and that the rates of freight could with advantage be settled from time to time by some form of conference or committee on which all interest could be represented. By such means as above indicated the best interests of all parties concerned could be provided for in an equitable manner.

5. A development of the rebate system, as far as British West Africa is concerned, has resulted in a through rate between United States of America and British West Africa via Liverpool, being established exactly the same as the rate between Liverpool and British West Africa direct. The object of such rate is to prevent either the establishment of a direct line under the American flag, or the chartering of steamers for service between the ports concerned. The result is that American manufacturers are thus placed on the same footing as British manufacturers in the markets of British West Africa, and it is a question whether the latter is not disadvantaged thereby, though there are considerations to be weighed on both sides.

6. If there is to be any system of rebate or agreement between merchant or shipowner, by which the former binds himself in any way in the matter of ocean transport, it should be incumbent upon the latter to undertake not to enter into any commercial transactions by the sale of merchandise which would bring him directly or indirectly into competition with the merchant for the period of the operation of such understanding.

6691. (Chairman.) I think we have had this evidence before; but in the second paragraph you say, "The carrying trade between England, Europe and British West African ports has been practically in the hands of three steamship companies—The British and African Steam Navigation Company (1900), Ltd., Liverpool, The African Steamship Company, Chartered, London, and The Woermann-Linie of Hamburg. The Sun Line loading from Newport and Rotterdam, and the Hamburg Bremen Africa Line from Continental ports have lately chartered services to British West African ports, and chartered steamers have always been employed to a limited extent by the Niger Company for their own private trade under agreement with the first three named steamship companies and by Messrs. John Holt & Co., Ltd., Liverpool." I do not think we have heard of the Sun Line. When was that formed?—That was formed by the Gold Coast Mining Companies interested in the Gold Coast.

6692. That line carries goods from where?—Principally from Newport.

6693. And Rotterdam?—Yes; they also go to Rotterdam when they have any machinery that they have purchased on the Continent.

6694. We know about the two companies under the same management; and they have equal rights with the Woermann Line in sailing from Continental ports, but the Woermann Line does not take cargo from English ports?—That is so.

6695. These three lines issued to all shippers a joint circular notifying that the primage (10 per cent.) on certain freights would be returnable half-yearly. Have you that circular?—Yes. (Produced. See Appendix XXIX. (B).)

6696. It is the 1st October, 1905: "Subject to the conditions and terms set out herein, each of the under-mentioned companies and lines of steamers will allow a rebate of the 10 per cent. primage received by such companies or lines from such shippers on all shipments effected at tariff rates outwards, and/or on palm oil and/or palm kernels inwards." That has already been put in. Kindly make this quite clear to us, there has been a certain amount of freight paid to the shipowner?—Yes.

6697. And there has been what is called a freight note?—Yes.

6698. Have you a freight note here?—I am afraid I have not.

6699. What amount of freight would the freight note state?—It states the gross amount of the freight.

6700. Would it mention the word "primage" at all?—No; the primage is mentioned on the bills of lading, and in the freight note they give the total amount, including the 10 per cent. primage.

6701. What would be stated in the bills of lading?—I will see if I have an outward one. I know I have an inward one.

6702. Is the freight generally prepaid?—Yes, it is always prepaid. I have an outward one for the Woermann Line, and I have an outward one of the African Steamship Company, too. (*Produced.*)

6703. There the 10 per cent. is added on?—Yes.

6704. Without mention of rebate or primage?—Yes.

6705. Then if you have complied with the conditions mentioned in the circular, you would claim the rebate of 10 per cent.?—Yes.

6706. It is stated: "The said primage to be computed every six months up to the 30th June and 31st December in each year, and to be payable six months after such respective dates to those principals only who, until the date at which the primage shall become payable, shall have shipped exclusively by the steamers despatched by the undernamed companies or lines of steamers respectively from or to Hamburg, Bremen, Liverpool, Rotterdam, Antwerp, and Havre, or other ports or places in the United Kingdom or on the Continent east of and including Havre, to or from aforesaid ports of the above coast, provided that such shippers have not, directly or indirectly, made or been interested in any shipments to or from such ports by vessels other than those despatched by the undernamed." Do you happen to have there the form of claim you send in to the shippers?—It is on the back of that.

6707. "I beg to hand you the annexed list of my shipments by the steamers despatched by your line during the six months ended"—every six months up to the 30th June. Then, if you comply with these conditions, you will always get the 10 per cent. returned to you?—Yes.

6708. At once, or does it take any time?—Just sufficient time to enable them to check through the statement you send in.

6709. It does not take very long?—No; I should say about three weeks or four weeks.

6710. The last circular is dated the 1st October, 1905; that is the one you have handed in?—Yes, that is the one. (*Appendix XXIX. (B.)*)

6711. It is the shipper, I suppose, who claims the return of the rebate?—Yes.

6712. Do you in the course of your business act as agents for African firms?—No, we are West African merchants purely.

6713. So you always retain the benefits of these returned rebates?—Yes.

6714. There are, of course, cases in which the shipper is merely an agent for the West African merchant?—Yes; there are instances.

6715. Do you know the course of practice in connection with your business, whether those agents who act for these African merchants retain the rebates, or credit their principals in West Africa with the rebates?—Take a commission agent here in connection with natives out there, he would find great difficulty, probably, in letting them have back, after six months or nine months, as the case might be, the rebate that he has received from the steamship companies, because, taking West Africa, the native traders there, usually speaking, are only small natives that do a limited business.

6716. You are speaking of an agent who acts for several natives?—Yes.

6717. Does he get directions from the natives themselves?—A native writes to a firm that he has heard of in England, say, and he sends to that firm an order, it might be for anything; and he usually sends with that order a remittance. Then the commission agent here buys those goods and ships them to West Africa.

6718. So that the native does not give his directions through an English firm settled in Africa, but he communicates direct with the English firm in England?—Yes, that is one transaction, and then you will have another transaction where he communicates with a firm here; but, speaking generally, the usual practice is for the native to communicate with the European commission agent here.

6719. Then you say that the agent here might have considerable difficulty, after say nine or ten months, in returning the rebate to the native?—I should think so.

6720. In fact, you do not think he does?—I should not say so in practice.

6721. What is the difficulty?—You see, these natives out there start trading with a small amount of money, it might be only £10, it might be £15, or more. He may order certain goods, and he finds after six months or longer, or in less time than that, that his form of trading does not pay him. Then he ceases to exist, and it would be extremely difficult to identify that native afterwards.

6722. So that the agent here generally gets his commission and the benefit of the rebate?—I should say so.

6723. In the third paragraph of your memorandum you state no rebate is allowed on such articles as rubber, cocoa, gum, ivory, mahogany, coffee and fibre. We have had that statement before. Can you tell us why no rebate is allowed on those articles. What is the reason of it?—I think I can explain it best in this way, that up to that time in 1905 the bulk of the produce shipped from that part of the world consisted of palm oil and palm kernels, and the quantities of rubber, cocoa, gum, ivory and other products were so small relatively, that I think the steamship company only thought it worth while to give a rebate on the major portion.

6724. Is the exportation from West Africa of cocoa, rubber, gum, ivory and mahogany increasing now?—Take the Gold Coast; in 1905 I do not suppose there were ten tons of cocoa shipped from there. Last year there were over 15,000 tons.

6725. That is a rapid increase. Is the exportation of ivory increasing?—No, that is on the decrease. Then taking rubber, when I went out to West Africa in 1885 there was no rubber at all; it was quite an unknown thing really, but the exports in rubber have increased enormously since.

6726. Let us see whether West Africa can afford us any consolation. Do you find we are being injured by German trade there, to any substantial extent I mean?—As a merchant in West Africa I find that our purchases in Germany are increasing year by year.

6727. Is that to say the natives of West Africa order goods from Germany?—No, I was speaking with regard to the English merchant buying his goods.

6728. For West Africa?—Yes.

6729. He buys goods in Germany to be carried to West Africa?—Yes, he buys those and he ships them by the Woermann Line.

6730. Do they go direct from Germany to West Africa?—Yes.

6731. Why does the English merchant go to Germany for those goods?—Because he can buy those goods cheaper there than in England.

6732. What class of goods are you speaking of?—Principally hardware.

6733. That cannot be prevented by any legislation, can it?—I should say not.

6734. That has nothing to do with shipping rings, has it?—No.

6735. Nothing at all?—Nothing at all.

6736. Therefore we need not consider the matter. You state the advantage of the rebate system is that it enables a shipowner to provide thoroughly up-to-date modern steamers, regular and reliable service, and good general shipping facilities. That insures stability of trade in

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West Africa; but this, you say, has certain disadvantages, and you mention this one, that the system has borne at times heavily on the merchants by being too rigid, particularly as to freedom in ocean transport. Tell me what you mean exactly by that, "being too rigid, particularly as to freedom in ocean transport"?—That is, the present system of rebate precludes a merchant when he sees a favourable opportunity from chartering a steamer, when he has got sufficient cargo to fill a steamer, at a reduced rate of freight.

6737. He is entitled, is he not, to charter the whole of a steamer?—Not an outside steamer.

6738. Not the whole of it?—No, he may charter the whole of one of the three companies' steamers, but outside steamers he is not allowed to, except in the instances that I have quoted in paragraph 2, where it is done by special arrangement, the Niger Company and the John Holt Company.

6739. Could you have any effectual system of shipping rings conferring these advantages which you have enumerated without any stipulation that the shippers should not make use of what may be called outside steamers?—No, because the object of the rebate system is to tie the merchant to the shipowners.

6740. So it seems, according to your view, that you cannot have those advantages which you have stated here without suffering the disadvantage, which you also state in the same sentence?—Yes, unless there was some change made. For instance, what I have in my mind is this; three years ago, as I said there were only ten tons of cocoa exported, and the freight charged on cocoa was 50s. a ton, but now that we have 15,000 tons of cocoa exported, the rate is still 50s. per ton.

6741. You would like to see some more equitable agreement between the shipowner and the shipper?—Yes.

6742. You would like that form of agreement to be settled by some conference, on which all interests could be represented?—Yes.

6743. What prevents you and your friends from forming a combination which could confer with the shipowners, and present the different kinds of views?—Nothing, except the disadvantage that we may be put to until we could form a suitable combination. At present the shipper is entirely in the hands of the shipowner, and what we are afraid of is, that if we endeavoured to join together to enter into an arrangement to look after our own interests, the shipowner would then make the position to us as difficult as possible. At present the power is in his hands.

6744. The power arising from the retention of the rebates?—Yes, and if you say to a merchant, "I want you to join me in an arrangement," he says first of all, "If I join you I may lose a certain sum per year, which I get from the shipowners in rebates." You have then to satisfy that man that he will at least benefit more than he will definitely lose. Whereas if such a rebate system was not in vogue, he would have an entirely free hand.

6745. Do you think that the effect of the rebate system is to make freights higher than they would otherwise be?—Personally, I think that that is the object of it.

6746. You think that the freights to West Africa are too high?—Yes.

6747. What do you mean by saying the freights are too high?—I will give you another instance, which I think I have mentioned before, namely rubber. Speaking of the Gold Coast where I was resident, we began to collect rubber and send it to England. The freight was then 70s. per ton. We now ship 1,000 to 2,000 tons a year, but the freight to-day for rubber is the same as when we shipped half a ton. I will give you another instance on the Gold Coast. There was a time when we never cut the timber; it was not a trade known there. The rate for timber, when we thought it was a big thing to ship 10 logs, averaged from 30s. to 50s. There have been as many as 8,000 and 10,000 logs shipped in a year, and the freight remains the same. A merchant says I quite understand your charging me 50s. a ton for cocoa, for a few odd tons, because you have to place this cocoa in a special part of your steamer, away from kernels and oil, but when I ship 15,000 or 20,000 tons surely I am entitled to a different freight; and if we were free, taking the cocoa season when it all comes in within three months of the year, if we had not this rebate system, we could charter a steamer, and take our cocoa at far less than 50s. a ton.

6748. In paragraph 5 you say, "A development of the rebate system, as far as British West Africa is concerned, has resulted in a through rate between the United States of America and British West Africa via Liverpool being established exactly the same as the rate between Liverpool and British West Africa. The object of such rate is to prevent either the establishment of a direct line under the American flag or the chartering of steamers for service between the ports concerned. The result is that American manufacturers are thus placed on the same footing as British manufacturers in the markets of British West Africa." The rebate system is not allowed in the United States, you know?—No.

6749. Then you say a through rate is established between the United States of America and British West Africa via Liverpool, and that through rate is exactly the same as between Liverpool and British West Africa direct?—Yes.

6750. So that as far as the freight is concerned it is the same whether he ships from the United States by way of Liverpool, or whether he ships from Liverpool direct?—Yes.

6751. And that, of course, works in favour of the American merchant?—That is in favour of the American merchant.

6752. The American merchant or manufacturer?—Yes.

6753. But how is that a development of the rebate system; how does that arise from the rebate system? I daresay you have heard how it arises, but I do not know?—The reason why it arises is this, that owing to the freights charged between Liverpool and West Africa, the shipowner can afford to bring goods from America to Liverpool free of charge, but if the rates were reasonable he could not afford to do it. That is my contention.

6754. Your evidence is similar to what we have already heard on that point. In your last paragraph you say that you think it inequitable that the shipowner who has the benefit of the rebate system should be allowed to compete with the merchant?—Yes, I say as merchants we take up a very strong view because we are tied to the shipowner, but the shipowner is not tied to us. That is really what it is.

6755. (Lord Inverclyde.) You are a member of the London Chamber of Commerce, I understand?—Yes.

6756. I presume that you deal with other questions besides West African questions?—Not in the West African section.

6757. But in the Chamber of Commerce?—Yes, we do in the Chamber of Commerce.

6758. Do you think the London Chamber of Commerce would be a good body to arbitrate upon differences of opinion between merchants and shipowners?—The London Chamber of Commerce, of course, have an arbitration section.

6759. They have?—Yes.

6760. What sort of questions do they arbitrate upon?—If I want to arbitrate upon a question, and if it is agreed between us, we then write to the London Chamber of Commerce and they will give, subject to our approval, suitable arbitrators on any question of commerce.

6761. Do any questions of these rebates ever go before that arbitration section?—No questions as regards rebates have gone.

6762. You have never suggested to shipowners that on any questions of difference between you the Chamber of Commerce should be asked to arbitrate?—Not to my knowledge.

6763. Have you ever had any difference with shipowners with regard to rebates?—You see they do not admit of any difference.

6764. The agreement is so clear in black and white that there cannot be any dispute about it?—Yes, their position is that they alter and change the rate just to suit themselves. I will give you an instance. A letter was addressed to a company that I am concerned with, from the Woermann Line. That letter was dated the 21st April, and in it we are informed that certain transit services which were previously free will be charged at certain rates. That letter was dated the 21st April, and at the end of the letter it says: "The above rates to come into operation for shipment on and after the 21st March"—the 21st March, although the letter is dated

the 24th April! That is a typical instance of the way in which merchants are treated in connection with the steamship owners.

6765. Did you protest against that?—We protested against it, and on the 10th May they write and say: "In reply to your favour of the 7th inst., we beg to inform you that the transit additional stated in our letter of the 24th ult. will come into operation for shipments made on and after the 10th May," which is the date of their letter. That letter was received in London on the 13th May.

6766. That was yesterday?—Yes.

6767.—So your protest had some effect?—Yes, they have altered it from the 21st March to the 10th May, but that letter only reached us on the 13th May.

6768. There was a Sunday intervening?—That refers to homeward cargo in particular. We have not had time to communicate with Africa, to our representative out there, to tell him not to ship cargoes by this certain line; and although shipments had been made on the 10th May, we were not aware that these transit rates were coming into force, and we have to abide by it.

6769. You objected to it coming into force on the 21st March?—Yes.

6770. You got it postponed till the 10th May, and I presume you will protest further and get it postponed till some date in June?—We probably might do; but why should a merchant find himself in the hands of the shipowners, who act in such an arbitrary manner?

6771. How was it you got the shipowners to change. I understand you to say that the 10th May is just as bad as the 21st March in many ways?—Yes.

6772. Why did the shipowners give into you if they were in such a strong position; is there no further explanation you can give?—That is all.

6773. There must be some further explanation about it, surely?—I can only tell you the correspondence passed, and that is the result of it.

6774. Is the correspondence explained, or anything?—Nothing at all. It was simply a formal protest.

6775. Which, I presume, gave reasons against it?—We gave reasons. I am afraid I have not got a copy of that letter, but we said: "This is not equitable; you cannot lay down a new condition for something which has already been shipped."

6776. And those protests had some effect on the shipowners?—Yes, they had the effect of their advising us that the date was postponed until the 10th May.

6777. It is just a short letter like that?—Yes, this is the letter. (*Produced*).

6778. You have not yet had time to deal further with it?—No.

6779. I presume that it will be dealt with further?—We shall protest further, but you see what happens; taking West Africa, arrangements may have been made for our representative to collect cargo at a certain place to ship on a certain steamer. Unless we pay these additional transit rates, we have got to cable out instructing our representative not to ship cargo on their steamers, which means a delay at a place where we only have a steamer once a month of at least a month, and the merchant is put to the expense of cabling out, he is put to the loss of interest on capital by that produce being delayed; and we say that is not a fair consideration towards the merchants.

6780. That is the merchants' point of view. Now the shipowners' point of view. When do you think he is entitled to be given notice that there are so many tons of cargo to be shipped?—They are only too glad to get it.

6781. Do not you book your tonnage sometimes?—No, not on that part of the coast. They call all along the coast and they get 25 tons here, 100 tons there, and 10 tons at another place.

6782. Do you not know beforehand what the freight is going to be on the traffic you are bringing forward?—Yes.

6783. Have you anything in black and white between yourselves and the shipowners?—We have got their transit rate.

6784. I do not quite understand how they could make a rate retrospective?—I do not either.

6785. (*Mr. Owen Phillips.*) May I ask if the English shipowners concurred in this extraordinary behaviour?—We presume so. This is an arrangement, we presume, that has been come to between the three steamship owners.

6786. (*Lord Inverclyde.*) It seems to me there must be more explanation in it than you have been able to give us?—Personally, I can only give you as the reason that Sir Alfred Jones came back from the Continent the day before this letter was sent. He went over to Hamburg and Antwerp, and came back, I think I am right in saying, on the 9th or 10th. After he leaves we get this letter. I say the inference is obvious.

6787. You made a strong complaint about the rate of freight on timber, cocoa, and rubber that, within a short time, the shipments increased very largely and the rates still remained the same?—Yes.

6788. I did not hear the exact increase in the years. When the shipment was small, was the rebate in force, too?—There was no rebate on those particular articles that I have mentioned.

6789. No rebate on timber, cocoa, and rubber?—No.

6790. Then the question does not come in there at all?—At the time when the rebate system was enforced the quantity shipped of these particular articles was so small that they were not taken into account.

6791. There is no rebate to this day?—No.

6792. Notwithstanding the rate of freight, from your point of view, being so high, the shipments increased enormously?—Yes.

6793. So that the rate of freight has not prevented the growth of the trade?—That is certainly true, but you would hardly expect anyone to go to that extent.

6794. Does it not show the traffic evidently can afford the rate. That is how it looks to an outsider, I must say. I can quite understand the argument that the rate of freight stifles trade, but this does not argue that?—Personally, I do not take up the position that the rates of freight stifle the trade, because the shipowner would be killing the goose.

6795. Why should not the shipowner get this rate of freight?—There is no reason at all, I suppose, but there is a difference between a reasonable freight and an extravagant one.

6796. I understand you think the shipowner ought not to charge so much as 50s. a ton for cocoa and 70s. a ton for rubber; I ask why he should not?—Because, if I were free I could charter a steamer in the cocoa season which would bring my cargo of cocoa from the Gold Coast home for 25s. a ton, but owing to this rebate system I am debarred from doing that.

6797. Would this 25s. a ton go into your pocket instead of the shipowner's pocket; is that the idea?—It would not necessarily go into my pocket. I can then pay a higher price for my cocoa on the coast.

6798. Will it increase the cocoa trade?—It would encourage the natives.

6799. How much has the cocoa trade increased in the last three years?—I should say from 200 tons to 15,000 tons.

6800. And if the rate had been 25s., would it have increased to 30,000?—Not necessarily; but if we could pay a higher price for our cocoa on the coast, it would further stimulate the natives in increasing the area of cultivation.

6801. He has been pretty well stimulated in three years to increase from 200 tons to 15,000 tons?—But we hope to stimulate him further. You must remember that, prior to that, cocoa was not planted at all. You are dealing with natives in West Africa who have not gone into cultivation until just in recent years, and they were quite content with picking their palm nuts, extracting the oil from the husk of the palm, not touching the palm, but taking the kernels; but Government and the merchants combined are gradually teaching the natives to cultivate economic plants. To take, as another instance, Indian corn, three years ago no one in West Africa knew of a shipment of Indian corn. In two years it has leaped up to 10,000 tons, but there has been no reduction in the freight. I maintain that, under normal conditions, owing to the increased quantity, there should be a proportionate reduction of freight. There should be consideration shown to the merchants in the matter of freights.

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6802. Why, because the merchant evidently can afford to pay?—I do not quite understand why you take the standpoint that he can afford to pay.

6803. Because the trade goes on increasing, therefore he can afford to pay?—I say if a merchant can charter a steamer and get his freight for half, why should not he be allowed to do so without being penalised?

6804. We will go from that point now. Are there different traffics with the West Coast of Africa which form a trade all the year round?—A trade outward or homeward?

6805. Homeward?—I should say, generally speaking, oil and kernels would go all the year round, because when oil falls off then the natives turn their attention to cracking the kernels, so that tides them over until the next season for the oil and picking the nuts.

6806. If you charter your steamer for your cocoa trade at a certain time of the year, you get your cocoa carried at a very low rate, but of course that steamer would only be on for that time of the year?—Yes.

6807. What would happen at the other part of the year?—Cocoa is only a sample thing; you have got timber.

6808. You would also charter a steamer for timber?—Yes, you could, but not to the same extent. You can get timber in the wet season when the rivers are flooded, so that you can bring your logs down the river. Then you have got rubber, then you have got oil, and then you have got kernels.

6809. Your idea would be just to charter the steamer all the time and not have any regular service at all?—There would not be any practical advantage in chartering a steamer if the steamship companies give you a reasonable rate, but it is rather an inducement to a merchant to charter a steamer if he can get his rate 50 per cent. less.

6810. You want the best end of the stick; you want to charter a steamer for the best trade and then load the regular lines just when and how you like?—I might, as a merchant, take that view.

6811. As a merchant's point of view, perhaps it is right?—I am allowed to buy my goods when and how I like, why should not I be allowed to ship my goods when and how I like?

6812. I see that you complain that the agreement which the shipowners make with you is too rigid?—I should prefer it should be more elastic.

6813. But you admit it has been instrumental in enabling the shipowners to provide thoroughly up-to-date modern steamers, regular and reliable services, and good general shipping facilities in addition to which it conduces to the stability of trade in British West Africa. Is it not because it has been so rigid, and the shipowners have felt that they have got that agreement, that they have been encouraged to put capital into building up a regular line of steamers such as you have described to us. If it had been elastic they would not have had a guarantee, so to speak?—I believe in the West African trade there have been a large number of steamers built in the last three years. I think I should not be far off the mark if I said that the fleet has increased threefold, but I am not aware that those steamship companies have had to increase their capital.

6814. You mean they have got the money otherwise?—Of course they have, by their rates. It is a fact that Elder, Dempster & Co. have put on new steamers, new steamers, and new steamers. It has been known for three and four steamers a month, but I have not seen that they have increased their capital, neither has the British and African Steamship Company, nor the Woermann Line. How have they been able to build those steamers?

6815. I suppose your answer is that they have built them out of the profits?—Yes.

6816. Has that been to the advantage of the trader?—I do not see where the advantage to the trader comes in.

6817. You would be quite content with the old service?—Quite.

6818. The old service was good enough?—They would require to increase their tonnage according to the increase in the trade, naturally; but then I say by doing that they would have had to put in new capital or extra capital, but it is not reasonable to ask the merchant to pay for every new steamer that a shipowner requires. We as shippers in these days not only pay for the upkeep of the steamship companies, but we pay on top the cost of the new steamers. That is a fact.

6819. From your statement, the shipowner has been investing his profits in the shipping trade in additional tonnage?—And if he has been able to invest to the extent that I maintain, I say that his profits have been abnormal.

6820. And notwithstanding the largely increased traffic that you tell us there has been, you think he would have been better off to have made smaller profits and kept the service as it was some years ago?—No, I do not say that. He would have been obliged to increase his fleet proportionately to the increase in trade.

6821. He could not have done so if he had not made the profits?—All he has done he might have done equally well with half the profits, say.

6822. Have you any ground for saying that?—I can only refer you to the number of new steamers, and to the fact that neither of these companies have increased their capital. I understand that they are limited.

6823. Do you know what the profits have been? Are you speaking from any knowledge?—I can only tell you that Sir Alfred Jones tells me he always makes a loss.

6824. You do not agree with him?—I cannot. I say: "How are you building these new steamers? Why have you put on six new steamers in the last four weeks?"

6825. What does he say to that?—It is no use telling you what he says, because you would not believe it any more than I do.

6826. I think you should not make half a statement without giving all of it?—I have not any desire to do so.

6827. You have told us Sir Alfred Jones says he makes a loss?—Yes.

6828. You had a further conversation in which you asked him why he had these new steamers?—I think he not only said so, but I believe I have a letter here where he says he makes a loss. It is not signed by Sir Alfred Jones, but it is signed by the Elder, Dempster Company. It says: "The rates we are charging now cause a heavy loss."

6829. What is the date of that?—The 22nd March, 1907—"and we are quite convinced that any other line coming into the trade will go out with less than they had at first."

6830. What rate does that refer to?—That refers to the present rates.

6831. Was it any special traffic, or just general?—The general trade.

6832. Was he replying to a letter of yours complaining about the rates?—It says: "dictated by the senior"; the senior always means Sir Alfred Jones. This is in connection with a letter that was written drawing their attention to the new Hamburg-Bremen Line.

6833. They are outside the Conference?—Yes, entirely.

6834. (*Mr. Owen Philipps*.) Is it not the case—we have had it in evidence from a previous witness—that the Hamburg-Africa Company bought eight new steamers from the Bremen Line, and are shortly going into the trade, into the Conference?—Then there has been another combination since then. The Hamburg-African Line early this year negotiated with the Woermann Line, and took over from the Woermann Company eight of their steamers. This Hamburg-Bremen Line was started by Mangor & Co.; and a letter was written to me, dated 1st May, to say: "The newest thing out is the joining of the Hamburg-Bremen-Africa Line with the North German Lloyd, and this may mean competition between the two German lines, and may bring us at last a reduction in rates."

6835. (*Lord Inverclyde*.) Have you any rates from that combination?—Not from that combination. That letter was only written on the 1st May.

6836. Are you going to ask for rates from them?—We are just waiting developments.

6837. Anyhow, so far that combination is outside the Conference?—Yes, that one—the Hamburg-Bremen-Africa and the North German Lloyd.

6838. You have referred to traffic travelling from America to West Africa via Liverpool. Can you tell us how the percentage of American traffic compares with British traffic?—It is comparatively small.

6839. So it is not a serious factor?—The trade between America and West Africa consists, if I may explain it to you, of kerosene oil principally, lumber, flour, tinned provisions and American rum.

6840. In this statement you do not put it very strongly that it is injuring British trade?—No; this statement is the opinion of the section.

6841. You have a strong personal opinion?—I have a different opinion myself.

6842. (*Professor Gomer.*) Has this statement been submitted to the section?—This statement is really the opinion of the West African section, I should have explained that.

6843. (*Lord Inverclyde.*) The West African section approve of your evidence as stated here?—Yes.

6844. (*Professor Gomer.*) Have they seen this?—Yes; it was submitted to and approved by them.

6845. (*Lord Inverclyde.*) With regard to your paragraph No. 6, you object to a shipowner also trading as a merchant?—Yes.

6846. As long as there is a rebate system?—Yes; I say it should apply equally on both sides.

6847. So, if there were no rebate system, you would not then object to the shipowner trading?—Certainly not.

6848. Under this rebate agreement you are obliged to make your claim within 12 months of the date of shipment. As a matter of fact, how long after the date of shipment is it usual to make your claim?—We always make it up once in six months. For instance, immediately after the 30th June we shall fill up one of these forms of rebate, and send it in; and then by about the end of July we shall get a cheque for it if there is no difference about it.

6849. So that the 12 months is really an ample margin?—Yes.

6850. (*Sir John Macdonell.*) I see in your proof you state that the rebate system has been generally advantageous; is that your own personal opinion?—No; really that is not my opinion.

6851. That is the official opinion?—That is the official opinion.

6852. Would you mind telling me what your own opinion is with regard to the rebate system? You say here it has been generally advantageous to the commerce of British West Africa. At present I should like to have your own opinion on that point?—Before the rebate system existed we had the Woermann Line, we had the African Steamship Company, and we had the British and African Steamship Company. They existed for years prior to the rebate system. We are not better off to-day, we have still got those three lines.

6853. May I take it, your own opinion is rather that the system has not been generally advantageous?—I do not see why it was necessary to have a rebate system to make it advantageous to the merchant. It has been advantageous to the shipowners.

6854. So that you would modify somewhat the statements given in your proof?—I want to make it quite clear that this statement which is put in does not express my own personal opinion, but the opinion of the section.

6855. I was curious to obtain your own opinion?—My own opinion is that there was no occasion for a rebate system—there was no necessity for it.

6856. Does that mean that you see practically no advantage from it?—None at all.

6857. You mention some of the evils which you ascribe to it. The chief of these I understand was the excessive rates?—Yes.

6858. Dealing first with the homeward rates, as I understand your point, it is that if these rates were lowered you could offer better terms to the growers of produce in West Africa?—Yes.

6859. Do you think that notwithstanding the great increase there has been in rubber, cocoa, and gum that you have mentioned, there would be a still greater increase in the traffic if the homeward freights were lower?—You see Africa at that part in particular is an undeveloped country. We have to educate the native into the cultivation of economic plants. The higher the price we can pay him for his product the greater encouragement it is to him to go and extend the area of cultivation. The climate of the country precludes a white man from doing that work, he must do it through the natives.

6860. The better the terms you can offer to the native, the greater encouragement there is to him to extend his cultivation?—Certainly.

6861. You have spoken about the excessive freights homeward. Do your remarks about excessive freights apply to the outward freights?—Outward freights are excessive when you come to compare them with other lines running to other parts of the world.

6862. If you were to illustrate your statement about the excessiveness of the outward freights, what instances would you give?—I could give you an illustration if you took an article like rice.

6863. What is the freight?—We pay to the Gold Coast 30s. per ton.

6864. Have you any other illustration to give?—I will give you an article like flour, which is 35s. per ton.

6865. What makes you say that 30s. and 35s. a ton respectively are excessive rates? What standard would you in your mind?—For instance, from New York to Liverpool, which is practically the same distance I think, we should pay 7s. 6d. per ton for flour as against 35s.

6866. If 7s. 6d. is a right freight, the other must be excessive; that is your suggestion?—That is my suggestion.

6867. Or if 35s. is a proper freight, that which is carried at 7s. 6d. must be carried at a very great loss, which you suggest must be made up somewhere?—Yes.

6868. You speak about the development of West Africa and the great possibilities of that. What sort of articles would most produce development in West Africa?—Taken outward?

6869. Yes?—I am now speaking only of the Gold Coast, because that is the part where I have been resident. We have a gold-mining industry there, and machinery and timber are two of the important materials. You have to pay for timber 30s. per ton (that is measurement) and for machinery 45s. per ton. Rice is a very important question, because they employ a large number of natives, and in these mining districts the natives there working depend on the food supplied, therefore it is essential for the company to get the food which the natives require as cheaply as possible.

6870. You say these freights are unfavourable to the development of that part of West Africa?—Yes.

6871. In your judgment these freights on the part of the companies mean a policy adverse to the development of West Africa?—Yes.

6872. Is the arrangement that you speak of in paragraph 5 of your evidence as to the through rates from the United States of America, via Liverpool, a rate which subsists at the present time?—Yes.

6873. Is it still in force?—Yes.

6874. I want to see if I can understand a little more clearly your suggested remedy; you say the rates of freight could with advantage be settled from time to time by some form of conference or committee on which all interests could be represented. Would you put that into a little more clear language. Who are to be on this committee?—If the rebate system is to continue, I do not say that it should, I think there ought to be a conference consisting of the shipowners and the merchants.

6875. I see how representatives of the shipowners are to be appointed, but how are representatives of the merchants to be appointed?—The merchants, for instance, could be appointed through the various Chambers of Commerce where they are all represented.

6876. Do you think that the various Chambers of Commerce would be strictly representative of the interests of the merchants as distinguished from the interests of the shipowners?—Yes.

6877. You think that?—Yes.

6878. You are aware, of course, that on many Chambers of Commerce there are a large number of shipowners?—Yes; but, as I say, they would not be entitled to be elected.

6879. (*Chairman.*) They could be requested to elect merchants?—Yes.

6880. (*Sir John Macdonell.*) Supposing that this remedy which you suggest failed, and that the shipowners did not give you the terms which you desire, what then?—I should say abandon the rebate system.

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6881. Does that mean penalise it by legislation?—I say, personally, I look upon the rebate system as a restriction of trade.

6882. I only want to know what your proposals are. Assume that this conference, which you suggest failed in its object, what alternative do you suggest, if you suggest any?—If it was found impossible for the merchants and the shipowners to enter into a common agreement, or a mutual one, then I should say it would appear it was proved that the rebate system was not practicable in the interests of both parties.

6883. What do you suggest should then be done?—I suggest that the rebate system should then be abandoned.

6884. Do you mean by "abandoned" that legislation should make it illegal?—Yes.

6885. It has been suggested to us that a remedy for such evils as you describe would be the insertion in the contract between the shipowner and the shipper of an arbitration clause. Do you assent to that suggestion?—I should not myself.

6886. What would be your objection to the proposal?—If it is found impossible for the two interests to unite in a common cause, then I should say that that was proof positive that the arrangement could not be worked to the satisfaction of both parties.

6887. Then the arbitration clause would not be sufficient?—I do not see why an arbitrator should be better able to settle these questions than the people most interested.

6888. At all events in your judgment that would not be a satisfactory solution?—I do not think so.

6889. You described, in answer to the Chairman, certain transactions between the commission merchant in England and the native in West Africa. I gathered that in your view the native entitled strictly to the commission did not in fact receive it?—I should say, speaking generally, the native does not receive it.

6890. Take another case; supposing that the commission merchant in England is dealing, not with a native of West Africa, but with a European merchant there, what happens then as regards the commissions? Do they ever tarry on this side?—I should say really, speaking truly, that he would not get his rebate unless he asked for it.

6891. In your opinion, in fact they very often do not get it?—Yes, certainly.

6892. Speaking generally of the trade between that portion of West Africa with which you are familiar and this country, should you say that in the great majority of cases, or the majority of cases, the rebate is not paid to the person in West Africa?—I should say in the majority of cases it is not paid.

6893. In whose pockets does it linger?—It goes to the commission agents here.

6894. So that the commission agent is paid both the rebate and his commission?—Yes.

6895. Can you give me any idea what the amount of his commission would be?—I should say that the general terms he charges are 2½ per cent.

6896. (Chairman.) On the purchase price?—Yes.

6897. (Sir John Macdonell.) I may take it that so far as West Africa is concerned, the great body of commission merchants have, shall I say, a strong incentive to retain the present system?—Yes, because a commission agent's position is quite different to a merchant's position.

6898. I am dealing now with the commission agent?—Yes, I say his interests are quite different from the merchant's, because he does not pay the freight; it is his client who pays the freight.

6899. Do you think, from your experience of this trade, there would be any possibility of forming a strong counter combination among the merchants?—I should think there is a possibility of such a thing being arranged.

6900. On what do you ground that belief?—I say I do not think the merchants will continue to pay these exorbitant rates, because these rates are never altered to the advantage of the merchant unless pressure is brought to bear from an outside source like the Hamburg Bremen Africa line; unless such an instance occurs, no matter how much the quantity of freight increases there, the whole of the benefit goes into the hands of the shipowners.

6901. In presuming, as you appear to do, that there may some day be combination, have you in your mind any steps that have been taken to form such a combination?—I do not think I should be at liberty to mention names, but I saw a letter early last week addressed to an influential merchant putting forward a scheme for a company to be floated on what is called the Canton system, I think I am right; that is to say, a distribution of profits amongst the merchants after paying a certain interest on the capital and allowing a certain percentage for depreciation?

6902. In your judgment, would such an arrangement be a feasible one?—I think so.

6903. (Chairman.) I want to ask one question to complete what you told Sir John Macdonell before. When was the rebate system introduced into the West African trade. About what year, can you tell me?—I am afraid I do not know. I was out in Africa, and I would not be familiar with the conditions then; it is only in the last two years I have been on this side.

6904. Before the rebate system was introduced, were there such regular sailings as we have now?—Yes.

6905. The sailings were regular?—Yes.

6906. Did the freights fluctuate very much before the rebate system was introduced?—Very little except at the time when the Woermann Line came into existence, then the rates were reduced.

6907. So in your opinion the rebate system is not necessary for the purpose of insuring regularity of sailings, nor stability of freight?—They existed prior to this.

6908. (Mr. Mathers.) You said you considered the rates on timber from West Africa too high?—Yes.

6909. Might I ask what they pay on timber?—For logs not exceeding 2 tons 35s.

6910. Does that 2 tons mean 80 cubic feet?—That is measurement. Not exceeding 2 tons 35s.

6911. 35s. for 40 cubic feet?—Yes, and for logs between 2 and 3 tons 40s. From 3 tons to 5 tons from 50s., for 5 tons by special agreement.

6912. That is hard wood, I suppose?—Yes.

6913. Round or square?—Square.

6914. Is it delivered free alongside?—We have to tow it off to the steamer.

6915. Is it carried on deck or underneath in the hold?—In the hold.

6916. And the lengths are not long?—They probably go between 14 and 20 feet.

6917. Are you conversant with the freights on timber from any other places?—No, I am not.

(Mr. Mathers.) Are you conversant with the rates on timber from Canada: 35s. for 40 feet would be over 42s. 6d. a load; that same timber is being carried from Canada here for 20s.

6918. (Mr. Owen Philipps.) Are you not speaking of mahogany logs?—Yes.

(Mr. Owen Philipps.) Is that not rather a different thing?

6919. (Mr. Mathers.) A mahogany log from West Africa would weigh about the same. What rate of freight do you pay on timber; you said 35s. for 40 cubic feet?—35s. is the lowest.

6920. What rate of freight do you pay on logs from the United States?—From Pensacola to South Africa we can charter a sailing vessel; I think I am right, at \$14 per thousand.

6921. The rates there would be very much the same?—Yes.

6922. The rate from here to America would be the same as from Pensacola to West Africa, at 20s. and 14 dollars?—Of course, it is a very long distance from Pensacola to West Africa.

6923. (Mr. Owen Philipps.) Previous witnesses have complained as a great grievance on the African coast of the shipowners competing with the merchants through companies in which they are interested. Do you also complain of that. Yes, very much so.

6924. Are you aware that the same thing does not happen in other parts of the world where there is a rebate system?—I do not know myself.

6925. You have not actually heard of it happening in any other part of the world?—I have not.

6926. Therefore, we may fairly assume that that action on the part of the shipowner is not a necessary result of the rebate system?—No, it existed before.

6927. The shipowners on the west coast did take this action against the merchants before the rebate system was in force?—Yes.

6928. If they were prohibited by agreement, or otherwise, from competing with merchants and shippers in that way, would that tend to modify your views against the rebate system?—It would modify my views to the extent that I would then say: Well, here is an agreement which is binding on both sides. If we as merchants cannot charter steamers, or enter into competition with you as a shipowner, then you should not enter into competition with the merchants who support you.

6929. You have referred to this extraordinary circular of the Woermann Line; you have said that in your belief that is concurred in by the British shipowners in the trade?—Yes, because they are working together.

6930. Do you know, as a fact, that the British shipowners had an arrangement to raise their rates without giving advice to the shippers. Have either of these two companies, the African Steamship Company and the British and African Steamship Company, ever raised the rates in this way without giving previous notice to the shippers?—Yes, they always do; they always raise their rates and say it comes into force practically at once.

6931. Do they not give you at least a month's notice?—No.

6932. Do you say they have ever raised their rates dating previous to the time?—Not previous to the time. They have never been as bad as that before. I want to see if I can give you an instance where a certain thing was done without any notice, so that I may be quite clear.

6933. The point I simply want to draw attention to is, not so much the point of giving notice, but of actually raising rates for cargo shipped before the date of the notice?—They have never done that before.

6934. (*Professor Gomer.*) You have an instance you were going to give us?—These steamship companies on the Gold Coast have at one or two ports undertaken the landing of cargo. They first of all started to land cargo at Sekondi, and they informed us that the rate of freight would be inclusive of the landing. Then, having done that, they said: "We are going to land the cargo here"; and at Cape Coast: "We are going to land the cargo here"; the 5s. for landing was included in the freight, making it inclusive. Then they went further, to a place called Saltpond; and on the 22nd August, 1906, a letter was addressed, signed by Elder, Dempster & Co., reading as follows: "We are and have been for some considerable time past performing the lighterage for most of the firms at Saltpond." The firm in particular that that letter is addressed to stood out, and said: "No, we are going to land our own cargo—and we consider it will serve your interests as well as ours that we should do it for all firms. We therefore intend commencing with the 'Patani,' sailing on Wednesday next, the 29th instant, to add 5s. per ton to the rate of freight for that port, which will include the landing." That firm said, no, they would not do it, and they then threatened not to take the cargo. That firm had to ship their cargo to Saltpond without taking up the bill of lading because they insisted on the 5s.; and that went on for about three months.

6935. Then ultimately, I suppose, they had to give way?—Yes, ultimately.

6936. You feel that that is imposing a very serious burden on the shippers, and giving him a great deal of trouble and anxiety which ought to be spared him?—Yes.

6937. He can only obtain what we may call conciliatory or reasonable treatment by very great pressure and very great activity, is that it?—Yes, that is exactly the course that has to go on every time.

6938. Have you read Mr. Miller's evidence?—Yes.

6939. Do you agree with it in general? I am not asking as to the details, but on the general grounds?—Yes, on the general grounds.

6940. That is, you feel that this Conference in the West African trade is not safeguarded in the way which

people think conferences should be safeguarded for the benefit of the shipper?—That is so.

6941. They do not consult you?—No, it is all one-sided. It is all their interests and not the merchants'. Mr. J. H. Batty.
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6942. I gather you complain they act in an arbitrary way in fixing rates; Mr. Miller did, at any rate?—Yes.

6943. Do you agree with that?—Certainly.

6944. That the freights are erratic and arbitrary?—They would not be erratic so much.

6945. Curious differences between different articles?—Yes.

6946. I do not mean that they are frequently altered?—The merchants are never taken into their counsels or consulted in any way.

6947. Do you think that a good deal of that action with regard to freights is due to the fact that the shipowner is himself trading as a merchant?—Yes, partly.

6948. In other words, the rebate system, or the Conference system, gives opportunities to him as a merchant to advance his interests over those of other merchants, is that it?—Yes. I am trying to remember an instance where it occurred that we were told frankly: Well, if you do not do this, we will go into trade. That is always held over our heads: "All right, if you are not content with this, if you attempt to be in opposition with us, we will go into trade"; and that is gradually being worked up and worked up.

6949. If there were no rebate system, and yet the shipowner were acting as a merchant, you think he would not have such a secure position?—I say that would be fair competition; we could then charter our own steamers, or support someone else who did not do this. That is open competition.

6950. But in the present case you think that a monopoly rate for one purpose is used to secure advantages for another purpose?—Yes.

6951. Your general complaint, I gathered from your answers to questions is, this: That what we might call a quasi monopoly power is pushed to a very considerable extreme, and the shipowner uses it to his advantage?—Yes; he takes advantage of his position with regard to the merchant.

6952. It is against that, really, that you protest?—We protest and say that we want to be free.

6953. You feel that you are practically placed in his power?—At a disadvantage. For instance, supposing we wanted to ship goods by either the Sun Line or Hamburg-Bremen Line, we have got, first of all, to lose our rebates on the freights of this year. A hostile feeling immediately presents itself between the existing steamship companies and that particular merchant who supports the new company; and everything would be done to make it difficult for that merchant to put him at a disadvantage, compared with the others.

6954. Do you agree also with Mr. Miller, in the view that he took that the action of the shipping companies in this ring has retarded—I do not say stifled, but retarded—the rate of development in West Africa?—I say absolutely. I look upon the rebate system as having the same effect as any arrangement which is a restriction of trade, where it restricts the free right of a merchant to do what he considers best for his own interest; and if the rebate system has that effect towards merchants, I personally think it is bad.

6955. (*Sir Alfred Bateman.*) We had it from Mr. Miller that, since the Sun Line and the other line had started, the Woermann Line had reduced their rates 40 per cent. on the freights to certain places. Is that your experience?—They withdrew that circular almost at once.

6956. So that in that respect you do not agree with Mr. Miller's evidence?—No. It is a fact that they issued the circular dated the 1st March. Then later they issued another one recalling that circular and reducing the rebate to 10 per cent.

6957. So that you are no better off than you were before?—No; I tell you the reason why we are not better off. They give a reduction of this extra rebate, but Elder, Dempster do not—the other two lines. Now what happens? The Woermann Line write on the 24th April charging an additional transit rate.

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6958. You have told us that?—The reason they have done this is that they probably will come into line with the other two steamship companies and give the merchants a rebate of 10 per cent., but they get that rebate back by charging these additional transit rates; so when you deduct your 10 per cent. and add your transit rates, they are now in a line with Elder, Dempster & Co. That is the outcome of it.

6959. So there is no advantage?—No advantage now at all.

6960. Do you ship from the Continent to West Africa?—Yes.

6961. I suppose you ship German goods a good deal?—Yes, a good deal.

6962. Gin and other spirits?—Spirits and hardware, powders, perfumery, and things of that kind.

6963. I think you said that the German trade in West Africa, to the Gold Coast, the place you are particularly interested in, had increased of late years?—What I wanted to explain was that the English merchant has increased his purchases in Germany a great deal.

6964. That is not shown by the official trade returns so much, it is only £200,000 with Germany in the last year. Do you agree with that?—To the Gold Coast?

6965. The whole imports into the Gold Coast from Germany?—Only £200,000?

6966. In the year 1905?—I am afraid I have not got the figures; but have you got the previous year's?

6967. Yes; that trade has increased from £70,000 15 years ago to £200,000?—That is a fairly large increase on the total trade of the Gold Coast.

6968. But the imports from the United Kingdom rose from £483,000 to over £1,000,000?—Yes; but I think I ought to put you right: when you come to dissect those figures you will find that in the £1,000,000 from the United Kingdom is included specie; am I right there?

6969. Yes?—If you come to deduct the total of specie that gives you the net amount of goods.

6970. It is £100,000 specie, that is all. That is not much?—No, it is not; I thought it was more than that; but I think 1905 is hardly a fair criterion because the trade was particularly bad then; it was after the Gold Boom, 1902 and 1903 probably would be different.

6971. According to this return, the increase from the United States is quite small?—Yes.

6972. You would agree with that?—Yes, I agree with that.

ELEVENTH DAY

Tuesday, 28th May, 1907.

PRESENT :

The Right Hon. ARTHUR COHEN, K.C., *Chairman*.

Lord INVERGLYDE.
The Hon. C. N. LAWRENCE.
Sir HUGH BELL, Bart.
Sir W. T. LEWIS, Bart.
Sir D. M. BARBOUR, K.C.S.I., K.C.M.G.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
Captain R. MAIRHEAD COZLINS, C.M.G.

Mr. H. BIRCHENOUGH, C.M.G.
The Hon. W. PEMBER REEVES.
Mr. J. BARRY.
Professor E. C. K. GONNER.
Mr. F. MADDISON, M.P.
Mr. OWEN PHILLIPS, M.P.
Mr. I. H. MATHERS.

Mr. J. A. WEBSTER, *Secretary*.

Sir RALPH MOOR, K.C.M.G., called and examined.

Sir R. Moor. 6973. (*Chairman*.) You are a member of the West African Section of the London Chamber of Commerce, are you not?—Yes.

6974. And you were formerly High Commissioner of Southern Nigeria?—Yes.

6975. We have received from you a proof or memorandum of the evidence that you propose to give, which is substantially the same as that handed to us by Mr. Batty*; and I will ask you a few questions with reference to it. You are a director of the African Steamship Company, are you not?—Yes.

6976. And you have been resident in West Africa for 13 years?—Yes.

6977. Does your steamship company adopt the system of rebates?—It has since 1895; the system was introduced in 1895.

6978. What rebate do you allow?—10 per cent.

6979. Your second paragraph says, "The carrying trade between England, Europe, and British West African ports has been principally in the hands of three steamship companies—the British and African Steam Navigation Company (1900), Limited, Liverpool, the African Steamship Company, Chartered, London, and the Woermann Line, Hamburg." Is there an arrangement between these three companies as to charging the same freights?—Yes; there is an understanding between the three companies as to freight.

6980. By understanding, you really mean an agreement, do you not?—Practically, it is an agreement. I do not say that it is always observed, but it is an agreement.

6981. All these companies adopt the same system of rebates?—Yes.

6982. You say, "The two English Companies—the British and African Steam Navigation Company and the African Steamship Company—are under the one management, that of Messrs. Elder, Dempster & Co., Liverpool,

* See Question 6690.

"and have in the past practically controlled shipments from English ports to British West Africa. They have also by agreement equal rights with the Woermann Line in sailing from Continental ports." Just tell me what you mean by those last words, "They have equal rights with the Woermann Line in sailing from Continental ports"?—That is, there is no objection on the part of the Woermann Line to their sailings from Continental ports; that is to say, if they sailed from Continental ports the Woermann Line do not make reprisals by attempting to sail from British ports.

6983. Does not the Woermann Line sail from any British ports?—They have been in the habit of calling at Southampton, but otherwise they have not interfered in any way with the British lines.

6984. They do not sail from Liverpool, then?—No; they do not sail from Liverpool.

6985. The last circular relating to the system of rebates I see was issued on October 1, 1905?—Yes, it was.

6986. There is just one expression in your proof that I want you to explain to me. You say, speaking of this circular, that it "provides for the return of primeage on all shipments at tariff rates outward," and so on; what do you mean by tariff rates there?—On goods shipped at the ordinary tariff rates.

6987. What are the ordinary tariff rates?—Those given in the ordinary notices as to the rates of freight.

6988. Why is that phrase "on all shipments at tariff rates" put in? You see it in the circular and it is also in your proof. Are there any other shipments except shipments at tariff rates?—No, not that I know of. I am afraid I cannot explain the reason of it appearing in that form.

6989. You do not think that indicates that there may be shipments on special terms as distinguished from shipments at tariff rates?—No, I do not think so. There are no special rates at all.

6990. You think it means nothing, then?—No. It is put in an explanatory form, I presume; that is all.

6991. The circular begins with these words, "Shippers (who are principals) to and from ports of the above coast are hereby informed"—why are those words put in, "who are principals"? Supposing they were agents, what then?—I take it that the matter is one of agreement, and that the shipping company would not enter into an agreement of this nature with anyone but a principal. As a matter of fact, none of the principals engaged in the West African trade are resident in West Africa; they are represented there entirely by agents, and I do not think the shipping company would, in an agreement of this nature, recognise agents as having any authority.

6992. But supposing that there is a forwarding agent who ships goods, would not the steamship company pay a rebate to him?—No, I do not think so, because in that case the principal might escape the agreement of the rebate. If the forwarding agent entered into an agreement for such cargo as he forwarded, undertaking that he would forward all that came through his agents, that would not bind the principal, the merchant, in any sense; and the rebate system, therefore, would not be effective as through the whole commercial elements in West Africa; a man, therefore, who only wanted to be subject to a rebate on a certain cargo might send his cargo through a shipping agent and charter for all the rest of his cargo.

6993. A merchant in West Africa, say, instructs a merchant in England to procure from him goods and send them to West Africa; is that not a very usual proceeding, or would you say it is an unusual case?—All the firms engaged in business in West Africa have their headquarters practically in England—in Liverpool and in Manchester—and are only represented on the West African coast by agents who inform them of their requirements, and the principals here order their goods out. I do not know of any firm having any principal actually present in West Africa, except some of the firms engaged in the timber trade, but then they do not enter into the ordinary matters—they buy timber from the natives against cash, and there the matter ends so far as West Africa is concerned.

6994. Does the rebate system apply to the carriage of timber?—No, I think there is no rebate there.

6995. So that in the West African trade the dealings of the steamship companies take place only with the principals in England?—Practically you may say that,

although there are a few natives trading who make direct shipments.

6996. And so whatever rebates are granted, are granted to and belong to the principals in England?—Yes.

6997. You are yourself a party to the rebate system; do you object to it?—Personally, I think the rebate system has been of immense service to the development of West Africa; without it I do not see how it would have been possible for us to have a steamship company and the service that has been essential to those administering there, in order that they could develop the country. I am here, in fact, as a member of the London Chamber of Commerce; I was asked to come here by them, and this brief of evidence, as it were, that I sent in was drafted in consultation at the Chamber and was such as all the members present would consent to. My interests in West Africa is as having administered there. I may say that, as far as my knowledge goes, the development of West Africa may be dated approximately from about 1890, when the Governments began to move into the interior. Up to that date they had sat on the fringe of the coast, and the commercial community had carried on such business as it could. In 1890, there was a movement to the interior owing to the circumstances of the partition of Africa. The French, the Germans, and others were going in, and we had to protect our Hinterland. Naturally, then the development of communication became essential, and the steamship company with which I am connected, the African Steamship Company, recognised those circumstances; and in 1891, by joining with a fleet which Elder, Dempster & Co. had, they increased their capital from, I think, £200,000 to £700,000 and issued debentures of £200,000, bringing their available capital practically to £900,000. It stands not quite at that at the present time, but very nearly. From 1891 to 1895 we had various services. One of the firms, the African Association, had their own steamers and did their own shipments; other firms chartered boats and so forth. When the African Steamship Company had increased its capital and gone to this enormous expense it was perfectly clear that they had to do something to get the trade. For years we had had a very bad service, and, speaking now from personal experience, everyone administering there had had great difficulty in carrying on their work owing to the service not being as it should be.

6998. How was it defective; in what respect was it defective?—The boats were late and most irregular in their sailings, being delayed unreasonably and unnecessarily; and they were cutting one another's throats. Each captain being dependent, to a certain extent, for his salary on his commission, he therefore lay back sometimes for ten days; I have lain in port in a steamer myself for ten days after the day of sailing, waiting for a little cargo. You can understand that when you are opening up a country with very bad means of communication inland—mostly by porters, but sometimes by steam launches, and so on—an irregular steam service at your port would create enormous difficulties, and not only difficulties but very serious dangers to the administration. Your requirements were not brought to the port at the time they were due, and the service that you had started inland was delayed there and thrown out of gear; in fact, it never was in gear, and you could never get it in gear owing to this irregularity at the ports. Then the administrators, as I say, were pressing the steamship company, and it was to the interest of the steamship company, owing to their increased capital, to get the trade into their own hands. So they arrived in 1895 at this rebate system, to which the merchants agreed, presumably in their own interests; and the steamship company was then enabled to begin to organise and provide a service such as was required for the circumstances of the country. It was only from 1895 that such a service really began to be organised, and the rebates date from that. The steamers of the African Association—I do not know whether it was by the African Steamship Company or as the British and African Steam Navigation Company—were taken over, one or the other at all events, by Elder, Dempster & Co., and the rebate system came into force.

6999. What I want to know is, why was the rebate system necessary in order to procure a regular service such as you described?—I do not suppose that any steamship company or any group of commercial people would have put the necessary capital in to make a steamship company unless they were assured of the majority, at all events, of the carrying trade. If there was large competition, we should never have had the service. I may mention that in 1891—and I am speaking of when my connection with

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Sir R. Moor. West Africa began—among the whole of the steamship companies we only had one boat carrying a refrigerator. These boats wandered about in the Tropics then for two months and a half without a refrigerator, which was an appalling thing to those who had to be on them. Now, I suppose, every passenger steamer has the electric light, and a refrigerator; and is a very good class of boat, being, of course, much faster. Without a rebate system, no shipping company would have been able, to my mind, to have arrived at such a fleet. An increased capital of from £200,000 to nearly a million would not have been justified, unless you saw your way to obtain a considerable proportion, at all events, of the carrying trade.

7000. The rebate system prevents, does it not, the freights from being injuriously cut down by competition—that is one effect of it?—Yes, no doubt.

7001. And it is your opinion that because it has that effect it has been the means of procuring a regular service of the best character?—Yes. Perhaps it would interest you to know what West Africa is from a shipping point of view. I made it out, and I was rather astonished myself when I came to look at it. The places of call in West Africa at which the British steamship companies call are 81 in number. I cannot call them ports, because in many cases the boats just call off the coast to land stuff through the surf; but there are 81 different ports of call to which you have to maintain a regular service in order to meet the requirements of the commercial community; of those 81, 44 are British ports of call and 37 are foreign ports of call. To enable the steamship company to do that and give an effective service to all those ports, there are five different services, distinct services, running from Liverpool, three distinct services running from Continental ports, and one from London—which are run by the British and African Steam Navigation Company and the African Steamship Company, under the management of Elder, Dempster & Co.

7002. You say in your proof, "That in the settlement of freight rates under the system sufficient consideration and weight has not been given to the views of the merchants." How would you remedy that? Do you think that if the merchants were to form an association, and to confer and negotiate with the shipowners, that would be a good thing?—It is very difficult to say. The jealousies in the West African trade are very pronounced as between the merchants and the shipping companies. Those who manage the commerce there and those who manage the shipping there have more or less grown up themselves with this trade; they have been made by this trade, and their jealousies have not decreased with years.

7003. Jealousies between whom?—As between the individuals more or less engaged in the shipping trade, and in the commerce of the country. I do not know that a conference at present would really serve any very useful purpose. It might, to my mind, apart from that factor, a conference as between shippers and shipowners is a sound and desirable thing.

7004. It is desirable, you think?—Undoubtedly, as a principle—to my mind, personally; but in the circumstances of West Africa I do not know that it would serve any useful purpose.

7005. You say, "The system has at times borne heavily on the merchants, in that it is too rigid, particularly as to freedom in ocean transport." Will you kindly explain what you mean by that?—I must not be held personally responsible for every statement in this brief of evidence, which was agreed to by a group. The commercial element present considered that it had borne heavily on them, in that they were not able, when circumstances were particularly favourable to them, to charter vessels. The particular case quoted, if I remember at the time, was the case of cocoa, where the freight is somewhat high, and where the commodity is a very valuable commodity. I think the freight is something like 45s., and the cocoa is valued at, I think, £65 per ton, or something like that. At certain seasons of the year the cocoa comes forward in the course of a very few months, and probably at that time of the year they could fill a ship with it, and the mercantile community felt that it was rather serious, from their point of view, that they should not be able to charter.

7006. Are they at liberty to charter the whole of a vessel?—They are not at liberty to charter at all.

7007. If they do charter a vessel for the carriage of their own goods, and only their own goods, would they forfeit their rebates?—Yes.

7008. You are clear about that, are you? I ask you that, because it is not so in all trades?—I am quite clear that chartering at all would forfeit them.

7009. Have you known any cases of rebates being forfeited?—No, I do not know of a case at all.

7010. In order to claim a rebate, I suppose the merchant or shipper sends in his claim, and states at the same time that he has not shipped goods by outside vessels?—Yes; there is a regular form for claiming the rebate.

7011. I see the Chamber of Commerce does state through you that, in their opinion, "The rates of freight could with advantage be settled from time to time by some form of conference or committee on which all interests could be represented"?—That was the general view of the section of the Chamber. It might have advantages; and, in principle, I should say such a conference would undoubtedly have advantages.

7012. Now I come to paragraph 5 of your proof. There you say, "A development of the rebate system, as far as British West Africa is concerned, has resulted in a through rate between the United States of America and British West Africa via Liverpool being established exactly the same as the rate between Liverpool and British West Africa direct." There is no rebate system in force in the United States, is there?—No; but I presume that on goods shipped from the United States via Liverpool to West Africa, by a merchant having an agreement, he would get his rebate in the same way as any other.

7013. Then you go on to say, "The object of such a rate is to prevent either the establishment of a direct line under the American flag, or the chartering of steamers for a service between the ports concerned. The result is that American manufacturers are thus placed on the same footing as British manufacturers in the markets of British West Africa, and it is a question whether the latter is not disadvantaged thereby though there are considerations to be weighed on both sides." That is a somewhat ambiguous view, is it not?—I am afraid it is.

7014. To make the statement that "there are considerations to be weighed on both sides" does not give us very much information. Would you try to explain a little more fully this paragraph 5 of your proof?—The object really of the American rate, so far as I can ascertain, is to prevent competition against the shipowner and also against the merchant on this side. Years ago, when I first went to Africa, we used to have a considerable number of sailing ships coming from America with timber and kerosene, all competing both with the shipowner and with the merchant. They would bring their cargoes across from America at a very low rate, and sell them in competition there. The object then of the through rate was to do away with the transport competition against the shipowner and with the commercial competition with the merchant by the Americans. There is no reason whatever why an American firm should not establish itself in British centres in West Africa if they think it desirable to do so; and if they could get their material there at a lower rate, either through freight rates or through purchasing in their own markets being cheaper, they would have an advantage over the British merchant. The object of the shipping company in establishing this rate was, at all events, to obviate competition as far as it could.

7015. In paragraph 6 of your proof you say that as long as the system of rebates is in force, you think it would be unfair for the shipowners to engage in mercantile transactions by the sale of merchandise which would bring them into competition with the merchants; so that you—and by you I mean your company—would not buy goods and carry them in your own vessels?—No; it is not a usual proceeding at all. In the case of coal and cement the shipping company does ship on its own account; and there are special reasons for that. But in this matter I might mention that in my day, when I first went to West Africa, the old days were still in sight when ships used to be laden from this end and go out and lie in the rivers, and so on, and there sell and barter with the natives and come back laden with produce. In 1891, when I went there, the remnant of that system was still very evident; the owners, I think, shipped to an extent on their own account, the captains shipped a little on their own account, and the stewards and the hands in the fore-castle had maintained a shop where you could get pretty nearly all your requirements; in fact, the steamers were practically shops when they were lying in port. That was in 1891.

At the time when the rebate system was instituted in 1895 the merchants made a great stand against the old system; the administrators also had a word to say against it, and, in fact, every one made a stand against it. It caused such enormous difficulty on questions of Customs dues, as on every steamer you had to put Customs officers in order that you might not be defrauded of your Customs dues on the goods purchased by the natives, who would go on board and come away with bundles of stuff purchased from the stewards, the fore-castle hands, and so on. When the rebate system came into force all this shopping business on the steamers and the sort of open trading carried on while they were in port was abolished; and practically since then the only commodities that the steamship companies have dealt in commercially, I believe—within my own knowledge, that is—are coal and cement.

7016. Is that not because they do not think it would be practicable or useful or profitable for them to do so—is that the reason?—No, I do not think so.

7017. Then what is the reason?—A reason of good faith as between the shipowner and the merchant. I cannot speak from actual knowledge, but I speak from observation of the way the thing developed. That steamer trade was broken about 1895. The territories I was administering really saw more of it and suffered more from it from the Customs point of view than any others, because the ships lay in the rivers and could be easily approached, as there was no surf to go through. I was administering the Nigeria Coast, and ships lay there for days and days in the river, and you would have to have perhaps one or two Customs officers on board the whole time.

7018. As a matter of fact, you have no doubt that these steamship companies do not compete with merchants by carrying goods on their own account, except in the case of coal and cement?—They do not compete in the case of cement either. There is competition in the case of coal, but the question of cement is a different one. The steamship companies make a large contract with the cement ring in this country. The object of that contract is to secure that the cement used for West Africa shall be bought here and shipped from here. Any merchant in this country desirous of getting cement can get the benefit of that contract, and can get his cement at the rate at which the shipping companies have contracted with the cement ring. To a great extent, the shipping company may be in competition with him in this way; the shipping company will take a contract for supplying the cement at a fixed rate and delivering it out there, and therefore it will not only settle the rate at this end by its contract with the cement ring, but it will practically settle the rate of selling by the merchants at the other end. So it will compete to that extent; but it is done to prevent the shipment of foreign cement—of Continental cement, really.

7019. We have had the evidence of Mr. Batty on the question on which you have given us your opinion; and he says, "My own opinion is that there was no occasion for a rebate system," and he adds that he practically sees no advantage from it; but you differ from him entirely?—Entirely. West Africa could never have had the fleet nor the service it has now had if not been for a rebate system; at least, I do not think any commercial people in this country would have put up the funds to establish that fleet and run it if they had not had some security that they were going to get the majority of the carrying.

7020. What would be the effect of making the rebate system illegal? Supposing it were abolished by legislative enactment, what would be the consequence, do you think, in this particular trade?—I think the trade would probably go on as it is. I do not think you would have any competition.

7021. You do not think there would be any competition?—I do not think so. I do not think anybody would give a service that would meet the requirements at a lower rate than the present steamship companies are giving their service at. I got out the other day the particulars of what the African Steamship Company have paid in the last 25 years. The average dividend has been 3·55 per cent. for the Steamship Company. Perhaps that is not quite fair, and I should have taken it from about 1891; it would then only be somewhere about 4 per cent., and the most it has been paid has been 5 per cent.

7022. Does that not tend to reconcile your view with that of Mr. Batty? You have shown strong grounds why the rebate system, you consider, has established and created this excellent and regular service, but you have

just now stated that in your opinion, if the rebate system were abolished, you do not think there would be any competition?—There would be no competing line established, though I think very probably the merchants would charter. If you were to break the rebate system, if you were to disallow it legally, it could not be in my mind otherwise than to the disadvantage of West Africa. Your merchants would probably charter, as there could be no inducements for a competing steamship company to start trading there; and then the present good service and lines would hardly be able to be maintained—which again would be to the disadvantage of the merchants.

7023. So that the abolition of the rebate system would make a difference, and would really be very injurious, in your opinion?—Yes. Legislation to prevent merchants and shippers entering into such an agreement, I think, would be disadvantageous to the interests of West Africa. I am looking not only at the commercial interests, but really I may say personally that my biggest interest in West Africa is the administrative one. I am very interested in it; I know every part of West Africa and the development of it, and I am sure that for the development of it it is so essential to have a regular and efficient steamship service. It is still, you may say, almost in the elementary stages of development, and without a regular service you cannot carry on the administration.

7024. And you cannot have a regular service, in your opinion, if merchants are allowed to charter outside vessels?—I do not think there is room for it in the trade. Take the particular case of cocoa. The cocoa season comes along in two or three months, and if merchants were to charter for it just because they can do it at a lower rate—probably they can; indeed I have no doubt they can—and were to reap all the profits in the good times, then they could not ask you to maintain a regular service during the bad times. It is only a question of equilibrium.

7025. Of course, the rebate system has to a great extent the effect of placing the merchants in the power of the Conference Lines as regards the rates of freight?—To an extent that is so, undoubtedly.

7026. Your Chamber of Commerce thinks that it might be possible by conference and negotiation between the shipowners and merchants to regulate to a certain extent the rate of freight; but you are not very hopeful about that?—No, I cannot say that I am. In principle I think it is very sound. If agreements are running and during the term of those agreements there is to be a variation in the rates of freight, it seems to me a reasonable and proper thing that it should be done by the shipowner in consultation with the merchant. I enter into an agreement, and I enter into it at certain rates of freight; it appears to me as a matter of business that that would advantage me; if during the continuance of that agreement the shipowner is to change the rates of freight, I do not think it should be done arbitrarily, but I think it should be done in consultation with the other party to an agreement of that nature.

7027. (Sir David Barbour.) Do the merchants at present enter into an agreement as to the rates of freight? I thought the shipowners fixed the rates of freight?—I do not think there is anything as to rates of freight in the agreement as to the rebates on shipments.

7028. Is there any agreement at all as to freights signed by the shipper or made by the shipper?—Anything definite signed?

7029. Yes, anything definite that you could take into a court of law?—No, I do not think so.

7030. (Professor Gonner.) Perhaps if there is an agreement you could put in a copy of the agreement?—I have no form.

7031. There is no agreement, is there?—There is no actual agreement; it is only a claim.

7032. (Chairman.) But there is a circular which is addressed to merchants and shippers?—Yes.

7033. If they ship goods, knowing of the circular and having received notice of it and agreeing to the terms of the circular, they ship upon the terms of the circular?—And then they claim their rebate as long as they observe it.

7034. (Professor Gonner.) You referred just now to an alteration of the rates of freight during the period of an agreement; that would imply an agreement which defined the rates of freight, I suppose. I think that was a mistake, but I would like the matter made clear?—It was a

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7035. But the circular does not lay down any rates of freight at all. During the period of the circular the freights do change obviously—and must change—so that the argument, I take it, on your side is that there should be constant consultation?—Whenever there is a change of rate of freight, if I am shipping under a rebate circular, I should be consulted. It appeals to me in this way—I have to ship for a definite period under this circular in order to get a rebate; I begin on the first of January to ship under a certain circular at certain rates of freight, having first considered the matter carefully in connection with my business and seen that those rates of freight, if I ship under them, will advantage my business; before I have completed the term under which I can claim a rebate, the rates of freight change; I should therefore contend that in principle I ought to be consulted.

7036. (*Chairman.*) You think, at any rate, it would be unfair if the rates of freight were raised without your consent during the period over which the rebate system extends? That is your view, I suppose?—Yes. It might break into the middle of my period of shipment and lose me a considerable sum of money, because I might find that I might get a shipment more easily, or on more advantageous terms elsewhere.

7037. Do you not think it would be advantageous if in the circular or notice to merchants there were a statement that freights would not be raised during a certain period?—Yes, it would be advantageous, undoubtedly, to the merchant.

7038. Would it be injurious to the shipowner? Is there any necessity why there should be a sudden rise in freights, of which due notice could not be given? Is that at all necessary?—I should not think so, personally. I cannot pose as a man of great experience in shipping matters at all; but it would seem to me to be an equitable and reasonable arrangement.

7039. It does strike one at first sight, I think, that the shipper is placed very much at the mercy of the shipowner by force of this rebate system, because freights can be raised, and can be raised suddenly, and you rather agree that the freights ought not to be raised suddenly without due notice?—I do not think they should.

7040. How long were you in West Africa, may I ask?—About 13 years, on and off—not continuously.

7041. I think I ought to put the statement of Mr. Batty to you. He was asked at question 6904, "Before the rebate system was introduced, were there such regular sailings as we have now? (A.) Yes. (Q.) The sailings were regular? (A.) Yes." You do not agree with that?—Certainly not; they were most irregular.

7042. You have no doubt they were most irregular?—The sailings from this end might have been regular; the irregularity was at the other end, both in arrival and in departure.

7043. The next question put to Mr. Batty was, "Did the freights fluctuate very much before the rebate system was introduced?" and his answer was: "Very little, except at the time when the Woermann Line came into existence: then the rates were reduced." Before the rebate system was introduced, did the freights vary very much?—I am afraid I could not give you an opinion on that—or rather, the fact.

7044. (*Lord Inverclyde.*) A previous witness, in reference to this question that you have been asked upon just now about the variation in the rates, has put in a letter from the Woermann Line, which was received in Liverpool, and dated the 24th April, 1907, in which some rates were quoted which were increasing the rates, and although the letter is dated 24th April, it goes on to say that the rates are to come into operation on the 21st March, thus making it retrospective. They protested, and the date was postponed for a date in May. Can you give any explanation of why these rates were raised and made retrospective?—Were they raised to specific ports or generally?

7045. It is for palm-oil for shipment to ports named?—No, I cannot give any explanation; I do not know of any change of freight at all at that time.

7046. Perhaps you would like to see the letter (*handing copy to witness*)?—Thank you. I do not know of any change in the rates, and I can give you no information about it.

7047. The only information given to us was that Sir Alfred Jones visited Hamburg the day before this was issued; but I think there must be some explanation, and it would be rather interesting to get it?—I will try and ascertain, and I will write to your Secretary if I can ascertain anything about it.

7048. Thank you; I think it would be useful if you could?—It refers to palm oil and kernels, I believe.

7049. Yes. Could you tell us how much the shipments have increased in cocoa and rubber in the last few years?—I could not give you the figures, but they have increased enormously.

7050. A previous witness complained that when the shipments were very small indeed the rate on cocoa was 50s and on rubber 70s., and that, although the shipments had increased so enormously, no reduction had been made in these rates?—I do not think there is any reduction.

7051. Have you any remark to make upon that? Do you think the increased volume entitled the rates to be reduced or not?—I take it that in comparison, in arranging the rate of freight, it was not justified.

7052. Do you think the rate of freight retards the development of cocoa or rubber shipments?—Certainly not of rubber. I cannot speak with any authority on cocoa, because I have never served on the Gold Coast where the cocoa is principally grown. There was a little cocoa produced in the Nigerias, and I do not think the freight affected it much.

7053. Rubber is within your experience; would you say that a rate of 70s. does not prevent the development of the shipments of rubber?—Not one atom.

7054. A previous witness told us—which is rather different from that which you have just told us—that the shipping firms engaged in the West African trade had not increased their capital although they had increased the size and number of their steamers very much, and he insinuated that they had all been built out of profits; is that so or not?—As far as I have been able to ascertain, the African Steamship Company has not been built with one penny of profits. Undoubtedly the capital of the company has been increased from £200,000 to approximately £900,000; it was increased by £500,000 and £200,000 debentures, bringing it up to approximately £900,000. The last report gives the issue as £619,316, and the debenture bonds as £185,700, whereas in 1891 the capital was only £200,000.

7055. You have referred to the development of the steamship service and you have laid considerable stress on it; was that from a passenger's point of view or from a goods point of view?—From both the passenger's and the goods point of view. I may say, speaking personally, that as a passenger I have suffered untold agonies on some of the old boats, being a bad sailor, and the provender and the want of electric-lighting in the tropics was too appalling. I remember on one occasion going out to West Africa and we took all our provender at Grand Canary, and some fellow left a gangway open and I saw the bullocks, our meals, floating astern. Further, from a commercial point of view, the development in handling the cargo has been very great indeed, and has enabled the steamship company to reduce the rates of freight, particularly on timber. The timber trade in West Africa started a good many years ago, but it did not assume any large dimensions until the nineties. The old ships were not able to handle the logs, some of them even were actually not able to lift them into the steamers, the hatches were not suitable, and so on. In the rebuilding of the fleet, which has been done entirely out of depreciation, these hatches have been improved, there have been proper derricks provided, and now they are able to handle the cargo much more effectively than they were in former days, particularly timber, and on timber particularly they have been able to reduce the rates of freight very considerably. In 1898 the timber from Nigeria was 30s. for a log of 2 tons and 10 per cent., 35s. and 10 per cent. for a log of 2 to 3 tons, and 45s. and 10 per cent. for a log of 3 to 5 tons. Owing to this improvement in the steamers and the improved means of handling, they have now been able to reduce all timber to 25s.

7056. This was a merchant who dealt in cocoa, and he thought the tools were too expensive and that he was paying for improved steamers that were unnecessary as

far as his trade was concerned?—The gentleman who is dealing in cocoa is probably dealing in timber; certainly, if it was Mr. Miller he is a very large timber man.

7057. You do not agree with that?—No, not at all.

7058. The chief complaint about the rebate is that it is deferred. Is there any reason why the rebate should not be paid sooner than six months?—I would not care to give an opinion on that. I do not know the reasons why it is deferred so long; it does not seem to me to be quite reasonable to defer it so long.

7059. (*Mr. Lawrence.*) In your experience since this rebate system has been in existence has there been much fluctuation, generally speaking, in freights, or have freights been pretty uniform?—They have been, I think, fairly stable.

7060. You were speaking about possible conferences between the merchants and the shipowners in the event of any dispute or disagreement. Do you think the merchants are not sufficiently powerful to form a combination of their own to prevent any unfair treatment by the shipowners?—Certainly they are if they wish to.

7061. You think they are sufficiently powerful?—I think they are, undoubtedly.

7062. It is merely a question of combination on their part?—That is all that is required.

7063. Speaking from your experience as a past High Commissioner of South Nigeria, do you consider generally that the rebate system has helped the development of that colony?—Undoubtedly.

7064. And also that in the event of disputes between the shipowners and the merchants at any time they are perfectly capable of adjustment between themselves without interference by the legislature in any way?—Certainly.

7065. That is to say, you do not recommend any interference by the legislature in the question of the dealings as between the shipowners and the merchants?—No.

7066. Especially with regard to this colony?—That is so.

7067. (*Sir William Lewis.*) Have I rightly understood your evidence to be to the effect that the shipowners have from time to time fixed the rate of freight without any negotiation with the merchants and shippers?—I cannot answer your question from my own knowledge, but I believe that to be the case.

7068. So, notwithstanding that the results have been, as you have said, a dividend of something between 3 and 4 per cent., they have not been tempted to increase their freights?—They have not increased them. Circumstances would not have allowed of their being increased as far as I gather.

7069. Would your company require the whole of the trade of any shipper in order to enable that shipper to enjoy the rebate?—Yes, we would require his whole trade.

7070. (*Sir John Macdonell.*) There is one point upon which you have not been asked on which, perhaps, you would kindly give me a little information. Is there a large amount of unclaimed rebates left in the hands of your company?—Not that I am aware of. I have never inquired as to the rebate moneys lying in the hands of the company.

7071. And you do not know?—No; it has never come before me.

7072. So that you could give no information to the Commission with respect to that point?—No.

7073. Do you know the actual amounts of rebates upon an average paid by your company in the course of a year?—No, I have not the figures.

7074. I gather that those objections which are stated in your proof to the rebate system are not your personal objections, but are objections stated by the Chamber?—Yes, by the West African section of the London Chamber.

7075. Your own personal opinion is that the system is unobjectionable?—That it is unobjectionable, and has been very advantageous to West African development.

7076. Still, as I understand, you think that it should be accompanied by conferences from time to time between the shipowners and the merchants?—In principle I think that is very desirable.

7077. I suppose that is desirable in order to prevent from time to time arbitrary changes of freight and exorbitant rates of freight?—Yes, on general freight grounds.

7078. There having been no such conferences, as I understand, is it not possible that the rates have been occasionally exorbitant or somewhat too high?—I do not think that is probable, because the rates are adjusted with a due regard to the value of the article freighted. The value of the article freighted is a known quantity to the shipowner as well as to the merchant, and in settling his rate of freight he has due regard to that value.

7079. Take one article, which I suppose is of considerable importance to West Africa—namely, cotton. What is the rate for cotton from West Africa to Liverpool?—The rate is a farthing per pound; that would be about 45s. or 46s. per ton.

7080. Do you know what the rate for carrying cotton from New York to Liverpool is?—No, I do not know.

7081. I put it to you that it is somewhere about 7s. 6d.?—That is for a whole cargo.

7082. Are you positive with regard to that?—I think you will find that the rate which you quote is a rate for a whole shipload of cotton from the States. The rate from West Africa is a rate which was fixed—I speak now with knowledge—between the shipowner and the Cotton Growing Association, who is the shipper of the cotton, as a fair rate and includes not only the ocean freight, but the branch boat freightage from Lagos to Forcados. The majority of this cotton is shipped from Lagos you have to remember, and has to go from Lagos over a bar by a branch boat service to Forcados to there lie and be transhipped into the ocean steamer.

7083. Can you give me what the net freight, excluding that particular service, would be from Lagos to Liverpool?—I cannot give you the net freight. It was a through freight settled in consultation with the Cotton Growing Association.

7084. At what figure would you put this extra service which has to be performed for the cotton exported from Lagos?—By the branch boat service to be shipped into the ocean steamer?

7085. Yes?—I suppose it would be about 12s. 6d.

7086. As much as that?—I should think so. At all events, I am cognisant of this—whatever the charge for the branch boat service, the branch boat service maintained by the shipping company to do the Lagos shipping is maintained at a loss. There is no profit whatever on the branch service, and for the ocean service from Forcados there is the same charge as is made to any other merchant.

7087. Can you give me what, in your judgment, is the net freight on cotton from Lagos to Liverpool—an approximate figure?—About 33s.

7088. (*Mr. Owen Philipps.*) Per ton weight?—Yes, per ton weight. Then, of course, you have to understand that the whole of the West African cotton is not so well pressed as the American cotton is, and that it runs from about 80 to about 180 cubic feet, I think. I am connected with the British Cotton Growing Association, so I know something about this matter; they made out the figures the other day, and I think it was 80 to 180 cubic feet to the ton.

7089. (*Sir John Macdonell.*) Then with the American rate of freight present to your mind, and also the rate of freight for cotton from Lagos, do you say that the rate charged from Lagos to Liverpool for cotton is a rate calculated to encourage the cotton trade from West Africa?—In the present stages of the cotton industry in West Africa, I do not consider it is in any sense an unreasonable freight, and the fact remains that the cotton industry is being encouraged in West Africa. I have a report, which curiously reached me this morning, which will tell you what the cotton trade is doing there.

7090. That is a very interesting answer to my question, but I am for the moment confining myself to one point. You speak of the present stages of the cotton industry; do you mean that the industry is still in its infant state?—Undoubtedly.

7091. Do you mean thereby that it is in a condition in which it is highly desirable to have a low rate?—That would be in the interests of the industry, yes.

7092. I must put the question again to you: Considering the present incipient state of the cotton industry, do you say that the rate from Lagos to Liver-

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pool for cotton is one calculated to encourage that industry?—I do not know that it has been fixed entirely on that basis. Originally when the cotton industry was started, the steamship companies carried the cotton up to a certain amount free of all freight, in order to encourage it.

7093. That was when there was not much being carried, I presume?—For a year or two there was a very considerable amount.

7094. You spoke of the freight not being fixed on that basis; would you explain to me a little more clearly on what basis the freights, to which you have referred are fixed?—They are fixed in relation to value.

7095. May I take it that they are fixed upon the principle of what the traffic will bear?—I do not quite follow you when you say "what the traffic will bear"; do you mean purely from a steamship company's point of view?

7096. That is what I am putting to you?—No, I do not think so. Take the value of a ton of cotton at the present time; there are 400 lbs. to the bale, so there would be about five bales and a half to the ton. What is the value of that? I say the freight is fixed on cotton in relation to the value of it, just the same as with all other commodities exported from West Africa, with, at the same time, due regard to the shipping company's expenses of transport.

7097. Is that not another way of saying that the rates in regard to cotton, and in regard to other articles, are fixed by the shipping company with a view to getting the largest amount of revenue from them?—With a view to getting a reasonable amount of revenue.

7098. Take another article. What is the rate for the carriage of rubber? I believe, from a statement made by a previous witness, that it is about 70s. per ton?—Approximately, it is that.

7099. One witness said so, but he may be right or wrong?—I believe it is about 70s.

7100. It has been suggested that that rate has been maintained though the quantity of rubber exported has enormously increased; do you not think it would have been advisable, looking to the interests of the development of the country, that the rate should be lowered when the quantity exported had increased?—When the increase in the export has clearly shown that the article will bear the freight that it has paid, there seems to me no reason to reduce it—rather otherwise.

7101. May I ask whether in point of fact the rates during the time that the rebate system has existed have, on the whole, increased?—I could not give you anything more than a general opinion, but my general opinion is that they have decreased. I have not gone into the figures, but I have known of specific cases.

7102. Could you mention any commodity of importance the freight of which has been decreased?—I gave you the case of timber. You have got a decrease in the case of timber from 45s. to 25s. and from 50s. to 25s.

7103. That was one case; have you any other case in your mind?—Yes, I can give you other cases. Ground nuts from the rivers—that would be from Nigeria—show a decrease of from 50s. to 40s. Then there has been a decrease in a small matter, ginger, for instance, from 45s. to 35s. and on south coast ginger from 50s. to 35s.

7104. One witness who gave evidence before us complained of rates of a discriminating character between certain ports on the west coast, alleging that the freights to and from Lagos were considerably higher than the freights to and from ports further distant from Liverpool; is that so?—The through freights to Lagos probably would be higher owing to the branch service. Lagos itself is not an ocean steamer port; the ocean steamer port for Lagos is Forcados, and is 180 miles beyond. There all the goods for Lagos have to be transhipped into branch boats and brought round by the branch boat service.

7105. This witness made a point to the effect that, with allowance for all these services, the freights to Lagos were higher than the freights to Old Calabar and various other ports to the south and east; is that so?—I do not think so. What were the ports that he named?

7106. He mentioned Calabar and Old Calabar, and compared the rates exclusive of these services?—I will take the comparison between Lagos and Calabar. For iron shooks and timber to Lagos, it is 25s. which includes the branch service; and to Calabar it is 15s.

7107. That is a difference of 10s.?—That is due to the branch service.

7108. Do you think that that is the explanation?—I think so. Then you have got bricks, cement, earthenware, gunny-bags, and so on, to Lagos 32s. 6d. and to Calabar 21s. 3d.

7109. It was suggested that the difference, in part at all events, arose from a private arrangement between the companies by which one company took charge of the traffic of Lagos and another took charge of the traffic to the south. Is there any such arrangement?—No, I do not think so.

7110. As I gather, you are not in favour of any legislation with reference to rates of freight?—No; nor should I be in favour of any Government legislation interfering between the shipowner and the shipper.

7111. I also gather that you think it would be better that the terms of agreements between the shipowner and the shipper should be committed to writing; is that so?—No, I do not think it would be desirable to make it in the form of a signed agreement, if that is what you are aiming at.

7112. Why not?—It would tend to make the matter more rigid, I think, and would lead to more disputes.

7113.—You say "more rigid," but where under the present system is the freedom? Not on the side of the merchant, is it?—I am not speaking of this particular trade now. Do you mean to refer to this particular West African trade?

7114. Yes, I am speaking for the moment of the West African trade?—The circumstances of the West African trade in this matter, are to my mind, far from normal.

7115. In what respect?—In the respect of the difficulties and the feeling between the shipowners and the particular merchants. I think the jealousies of the trade are jealousies that do not generally exist in commercial matters. They are due to the circumstances that all those now engaged in it have grown up from the very small things—even from the days when your ship went from here laden with cargo and did her barter and came back. They have all grown up with it, and a certain amount of rivalry resulting in jealousy has been generated in all these years, and it does not apparently tend to die in this generation, though I have no doubt in the next generation who will be interested on there it will have disappeared altogether; and the circumstances of the trade will then be normal.

7116. I gather that owing to the existence of personal difficulties it would, in your judgment, be inadvisable to have any formal contract?—I think under any circumstances it would not be desirable to have a formal contract, although I think it would be very desirable where changes are to occur, that those interested in the changes should confer together upon them.

7117. Do you see any objection to an agreement of this limited character—in the event of difficulties arising between the shipowners, parties to the West Africa Conference, and the merchants, that there should be an arbitration clause put in force?—You could not have an arbitration clause unless you had a signed agreement.

7118. I am quite aware of that. I am accepting your statement that you see objections to a general contract dealing with all points; and I am putting it to you whether you also see any objections to an agreement of a limited character, namely, an agreement that in the event of differences arising the matter should go to arbitration?—I do not think it would be desirable. You see one has a very short time to consider a question of that nature.

7119. That is quite true; I appreciate fully your difficulty?—I have not looked into it. I have no doubt you have been considering that point of view for some time; but it is just put to me, and I have only a moment you see; so it is rather difficult.

7120. (*Mr. Birchenough.*) You have represented to us the beneficent side of the conference system, have you not? Were you speaking as an administrator or as a man of business? Were you regarding it mainly from the point of view of an ex-administrator?—I hold that in the present day, an administrator must be a man of business. There is no success in any colonial administration unless you have due regard to the commerce of it.

7121. Are we to look at it from the administrator's point of view, or the merchant's point of view?—In regard to the question of a conference?

7122. Yes. I can understand that from the administrative point of view regularity of service is of supreme importance. I want to know whether you regard the conference system as being equally beneficent to the merchants as to the administration?—It seems to me that the merchant answers that question so quickly himself. He enters into it. What more conclusive answer can you have? I am talking of West Africa. The merchant who has been his own shipowner and who has done his own transport, abandons his own transport, sells it to the ship-owners, and enters into the conference system. You can have no more conclusive evidence of the fact that he thinks it is advantageous than that.

7123. Do you know whether there is much discontent on the coast with this rebate system among merchants? Is there any strong feeling against the rebate system?—No, not on the coast; but then I should not take the feeling there, because you have no principals there. They are all agents, you see, working on commission, and it is not material to them.

7124. Is there much discontent with the rebate system among the West African merchants in the London Chamber of Commerce?—I think possibly they think it is the best thing for themselves. I know all the Liverpool merchants engaged in West Africa, and I know those in London, and I do not think really there is much in their bickering at it. I think it suits them, and I believe they regard it as the best system for them.

7125. Have they approached the shipping companies with a view to having some voice in the fixing of freights and of classifications?—That is really their serious grievance. They wish to be consulted with regard to changes of freight.

7126. That is their grievance, you say?—I am speaking perfectly candidly. As far as I can gather—I may be wrong—speaking as an onlooker, because really my interests are very small except in the development question from an administrative point of view principally; as an onlooker in that way, I think their main grievance is that they wish to be consulted, and if some method could be arrived at by which they could be consulted it would be advantageous.

7127. Is that wish resisted by the Conference Lines?—They have rather felt, as far as I gather again, that they cannot meet.

7128. I should like to ask you one question on paragraph 5 in which you refer to the American rate. I gather that either you personally or your section think that that rate does bear rather hardly, or may bear rather hardly, on British manufactures?—That was the idea which the merchants had at the Chamber of Commerce, that it might bear hardly on the manufacturers in this country.

7129. Do you not think that that rate also causes them to imagine that you could carry their stuff cheaper from Liverpool to the West African coast if you can carry the American goods across the Atlantic, tranship them, and then take them on to the West African coast at the same price? Do you not think that causes some discontent?—Of course it depends on the point of view from which you look at the thing. The shipowner has done this to protect himself from competition from America, and in doing it he has also regarded it that he has advantaged the merchant—that he has really been doing the merchant a good turn in protecting the merchant from competition here quite as much as protecting himself. Of course, if the merchant takes the other view of the case and says, "Well, if you can do that with "American goods you ought to do it with mine," it is hard to take a line between them.

7130. I think it is the natural idea of a merchant; I mean he would say to himself, "Are they carrying these "goods at a loss across the Atlantic, and then taking "them from here at the same price; if they are not "carrying them at a loss, then they must be carrying "mine at a large profit." I suggest that that is what he would think?—It does not follow that because a steamship company finds it, for outside interests, to its advantage to carry goods at a loss, that the goods it is carrying at a profit, it is carrying at an unreasonable profit. I do not think that is a logical argument.

7131. (Chairman.) It need not be unreasonable, you mean?—It is not an unreasonable argument, but certainly it is not a logical argument

7132. You say the profit need not be unreasonable—that is what I mean?—No, it need not.

(Chairman.) It may be large but not unreasonable.

7135. (Mr. Birchenough.) He probably thinks you are weighting his trade with an unprofitable business?—Certainly, but then you are doing it with the object of protecting his trade to some extent, and in this case you do protect his trade from American competition. I am talking of what I have seen. The American competition did exist, and these ships were brought over from America with rough timber and kerosene, and the result of this rate is that they have disappeared.

7134. Do you know whether there is a large trade on the coast in American manufactured goods?—There is not a very extensive trade as far as I am aware.

7135. The Americans do not send agricultural machinery or mining machinery, or ploughs over there?—There is hardly any import of agricultural machinery.

7136. (Mr. Reeves.) Where does the kerosene come from now?—I think some of it is shipped from Hamburg, and some of it from Canary. Those are the two principal ports. I am not quite clear, but I think that is right.

7137. You do not know the port of origin?—No, I do not.

7138. It is American kerosene all the same, is it not?—There are large shipments of kerosene, but I take it that it comes probably from America and is landed at Canary, and then is transhipped, the rate making it as advantageous to send it that way as to send it direct. It would be the same at Hamburg.

7139. (Mr. Barry.) I have one matter to put to you from the point of view of the British manufacturer. Do you not think he has a right to complain that the ship-owners will carry goods of American manufacture 3,000 miles further and tranship them at the same rate that they will carry British manufactured goods without the transhipment?—The actual cost to the two manufacturers is the same, and there is no advantage to one or the other, so they are on exactly the same footing. You say that he pays for the transhipment and so on, but then your American manufacturer pays the cost of shipment at his end, and the British manufacturer pays the cost of shipment at his.

7140. The fact remains that the shipowner carries the goods of the American manufacturer 3,000 miles further for the same rate, and the British manufacturer, therefore, has some right to think that he is paying a portion of the freight; in other words, that what he is paying must necessarily be excessive if the American goods are carried that distance for nothing?—I quite agree with your argument put in that way, but, on the other hand, if the small sum that he pays protects him from the competition of American manufacturers, it is of assistance to him in the long run.

7141. There we get into the region of assumption: you assume that it protects him?—Granted. One manages one's business on assumptions to a great extent—you have to. If you are going to prove the event before you arrange the methods of your business, you may have nothing to arrange.

7142. If this arrangement serves the interests of the shipowner, and also serves the interests of the merchant, what about the interests of the consumer?—It serves his interests too.

7143. Does it serve his interests to have the goods landed at a higher price? Is that to the advantage of the consumer?—No; they are landed at the same rate.

7144. If the effect of this rate is to maintain higher rates, or to prevent competition which would bring about lower rates, is that in the interests of the consumer?—The object is not to maintain the rates. The object is to prevent the Americans engaging in commerce in West Africa. I take it that that is the main object—that is to say, to manage so that they can have no advantage in engaging in commerce there.

7145. If they engage in commerce in West Africa, the effect might be that you would have a reduction in freights?—You might, and you might not. I do not think it necessarily follows.

7146. If you had a reduction in freights in that case, it would be to the advantage of the consumer, would it not?—If you can get it by such a competition, it would be to the advantage of the consumer.

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Sir R. Moor. 7147. There is just another point in your evidence—about the local service at Lagos as apart from the ocean service. We had it stated in evidence here some short time ago that that service had been conducted profitably at 5s. per ton, but I think you said just now that 12s. 6d. per ton left no margin of profit?—I did not say absolutely that that was the rate, because the rate varies.

7148. I think you mentioned that particular sum?—Whether it is 7s. 6d. or 12s. 6d., on the branch boat service you lose money.

7149. Are we to take it that the statement that the trade had been profitably conducted for 5s. per ton was a mistake?—The gentlemen who so conducted it may have been able to do it at 5s., but I do not think it is possible myself. The steamship companies with their organization, with their large fleet of branch boats, have done the work systematically, but they have not been able to do that. Your informant in that case may have gauged his rate by taking delivery outside Lagos bar.

7150. I rather presume he did?—Gauging his rate in that way, he might do it for 5s., but you could not do it with thousands of tons of cargo.

7151. You are referring to the port 180 miles away now?—The port for Lagos is 180 miles from Lagos, and the transhipment is done there. A man carrying on a branch boat service with one or two boats, and taking delivery of small quantities, 30 or 40 tons of cargo, outside Lagos bar, but within sight of the town, and just running them in, might do it at 5s. per ton, and in fact could do it cheaper than going 180 miles further very probably.

7152. (*Mr. Maddison.*) You attend here as the representative of the West African section of the London Chamber of Commerce?—Yes.

7153. But you do not agree with all their views, I gather?—No, I do not think we are quite in accord, although we agreed to a statement of evidence.

7154. I was just a little troubled to know what interest you really represent—whether it is as the representative of the West African section of your Chamber, or as a director of the African Steamship Company, or as an administrator in West Africa that you appear here. Which views, which interests, or whatever I may call it, are the most dominant in your mind. They are not all quite alike, are they?—For good results they all ought to be alike, but I do not know that they are. My personal interest is rather the administrative development of the country than anything else.

7155. That is what I rather gathered. Looking at it from that point of view, I want to ask you a question following up the Commissioner who has just spoken, about the equal rates from the United States as from Liverpool. You have told us that that was not only an advantage to the shipowner, but that it was an advantage to the merchant, because together they kept out the competition of the American. I think that is a correct statement of your evidence?—Yes, I think that is the idea of it, the intention of it.

7156. Do you think that is for the good of West Africa—by West Africa I now mean the natives of West Africa?—It is really such a small thing, I think. There is very little chance of extensive competition from America, and I do not think the question is one to throw great weight on in any sense. The competition that would be likely to arise in West Africa from America would be very small. Small as it is, of course, the shipowner gives his attention to it, and it is worth his while; and I think, myself, it is also worth the while of the merchant to pay that small insurance that they do in order to prevent a possible growing competition, which I do not think, in the long run, would advantage the natives of West Africa appreciably.

7157. I do not want you to answer the question, if you will allow me to say so, whether it is large or small. You have made it a distinct point in your evidence that the dual object of the shipowner and the merchant was to keep out American competition; and I ask you whether you think keeping out American or any other competition is an advantage to the person who buys goods in West Africa. It would be difficult for you, I know, to leave, for the moment, the merchant and the shipowner out of your mind?—Undoubtedly, to the consumer it is not an advantage. It is to the consumer's advantage to have as much competition as possible.

7158. Thank you?—But the competition that could arise in this way I do not think would materially advantage the consumer.

7159. Of course, you are hoping for great developments in West Africa, and therefore what is small now may become large?—Yes.

7160. You think it would?—What is small now will be large, I hope.

7161. When it becomes large, should you say that the rebate system, the conference system, ought to be still continued. Do you think it would still be for the good of the consumer then; or, rather, I will say simply that it should continue, for I will not put the other part of the question?—I do not know that I should be prepared to go so far into the future as you suggest. I have a knowledge of the circumstances of the past and of the moment, and in the past and at the moment I consider the rebate system has been and is a distinct advantage to West African progress in every direction. What the future may bring forth, I should hesitate to say.

7162. You admit that the squeezing out of American competition is against the consumer—for you have already said so—and do you think that the effect of the rebate system is to make freights higher than they would otherwise have been?—I should not say that has been the effect of it in West Africa, because, regarding the steamship companies and the return they make on their capital, I do not think freights could be lower than they are.

7163. Then what did you mean by that affirmative answer which you gave to the Chairman's question, whether the object of deferred rebates was not to prevent rates being cut down. The Chairman asked you whether the object of the conference system was not to prevent rates being cut down by competition, and your reply was in the affirmative?—I will quote you a case. In East Africa, where I am interested to a great extent in development too, you have shipping companies competing, there being no rebate system. What is the result? The rates are cut down to 4s. 10d. per ton. That means that the shipowners are throwing money away. Certainly, competition does cut down rates, and the rebate prevents their being cut down below a paying rate.

7164. But who is to decide what is a paying rate?—The shipowner in the conduct of his business has to decide what will pay him, and to adjust his freights accordingly.

7165. Do you not think that competition would arrive at a more just conclusion as to what a freight rate ought to be. It is left entirely to the shipowner now; do you think he is the best judge of these things?—After all, competition really leaves it to the same basis for decision. Your competing shipowners have to see how cheaply they can do it, allowing themselves a profit, have they not?

7166. Yes; but now you have, as you told us, I think, the whole trade of the West Coast of Africa in the hands of two or three lines, and absolutely tied up?—If you take the whole trade of West Africa, it is in the hands of eight different lines, that is, you have eight lines carrying on the trade of West Africa as a whole; and the British lines that carry on the trade almost exclusively with the British possessions, try to compete with all those other lines in foreign ports.

7167. (*Chairman.*) What are the various lines?—The lines are the British and African Steam Navigation Company, the African Steamship Company and the Woermann Line—those are the three lines I have been talking about: then we have the Sun Line, the Hamburg-Bremen Line (who have lately started); then we have the French lines—the Chargeurs Reunis and the Fruissinet; and then we have a Portuguese line also. The whole of the trade of West Africa is served by those eight lines. The British and African Steam Navigation Company, the African Steamship Company, and the Woermann Line, not confining themselves to British ports, are trying to compete in, as I have told you, 37 foreign ports, in order to enable British merchants and manufacturers to carry on trade. The French lines compete very little with us in English ports—they hardly ever come in now, I think, nor do the Portuguese; but the rebate system enables the British lines to invade these 37 foreign ports of call, and assists the British merchant and manufacturer to carry on trade there.

7168. (*Mr. Maddison.*) For these five other lines there are no sort of direct or indirect agreements, I take it?—There are no agreements at all, except with the Woermann Line.

7169. Then it comes to this, that as far as shipments from England are concerned, the trade is in the hands of the British and African and the African Steamship Lines?—Yes: and those shipments from England go not only to all those 44 British ports, but also to the 37 foreign ports.

(*Mr. Reeves.*) We are dealing with British ports.

7170. (*Mr. Maddison.*) Yes, we are dealing now with the British ports. I take it you do agree that the object of the Conference is to keep up freights, as you say, to a reasonable rate?—Undoubtedly to a reasonable rate, that is, a rate that will pay the shipowner. Do I understand that your reference will confine you entirely to British ports?

7171. (*Chairman.*) No, I think not?—Because if the rebate system enables your British shipping companies to invade foreign ports, and helps your merchants and manufacturers to go into those foreign ports, surely the system is advantaging the British merchant and manufacturer? It seems to me that you do not want to confine yourself to that evidence.

7172. Certainly, that is a consideration quite within the scope of our Commission?—That is why I mentioned these 37 foreign ports at which these British lines are now calling, carrying British manufactures sent there by British merchants, in order to carry on our trade in foreign ports.

7173. (*Mr. Maddison.*) What would be the proportion of the foreign trade of West Africa, apart from these three lines?—I am afraid I could not give you the figures showing the whole volume of trade.

7174. Could you give us any rough calculation showing the proportion?—No: I could not attempt to give you anything of that kind.

7175. It is not considerable. I suppose, is it?—The shipments of the French lines and of the Portuguese are very considerable.

7176. 30 per cent.?—I would not like to give you a figure, but I should not say it would exceed 30 per cent.

7177. (*Mr. Reeves.*) Taking the trade sent by the British lines to these foreign ports, what share would that be of the trade of those ports, do you think?—I am afraid I have not the figures, but I may add that the trade is sufficient to maintain practically a distinct service, which is called the South Coast Service, which is nearly all to foreign ports—German, French, and Portuguese.

7178. (*Mr. Maddison.*) Why I did not mention the foreign ports was because I wished to confine myself for the moment to the British shipper, although I quite agree that the scope of the Commission is wider than that. It does come to this then, that the British shipper is compelled to send his goods by these two British lines, the rates of freight being fixed arbitrarily by the shipowners without any competition outside. That is correct, I suppose?—Practically.

7179. You have told us that the chief complaint, almost the sole complaint, you think, of the merchants in London, the members of the West African section, is that they cannot get a conference with the shipowners in order that they might mutually arrange matters?—I think really that that is the basis of the entire grievance.

7180. Is not the question of rates, apart from the question of the regular service, largely the whole grievance?—Yes.

7181. So that the sole grievance of the West African section is an indictment of the whole system?—No; I do not agree.

7182. Or very nearly, is it not?—No; I cannot agree.

7183. What is more important than rates to the ordinary merchant?—The question of binding yourself is not in itself a question of rates. One thing is the fact of binding yourself. The rates may be in the air, anywhere; they are nothing, but if I bind myself to ship my shipments by certain lines, it is on that I get the rebate on the freights, whatever they may be. The rate of freight does not seem to me to affect the question of my binding myself.

7184. It does not; but I was not talking about binding at all. I was assuming that if these people wanted some means by which they could have a voice in the fixing of rates from time to time, that instead of a change being made arbitrarily and just a notice given when there was a change contemplated, there should be a conference and there should be a discussion between the merchant and the shipowner?—That is it.

7185. Therefore, in the absence of what they want, they are left entirely in the power of these monopolist shipping lines to West Africa with no relief from outside competition, so that the shipping lines can say whether the rate is fair or not. That is my point; what do you say to it?—Do you say that they are left at the mercy of the shipowner?

7186. Yes?—I say they have of their own accord accepted an arrangement offered to them by the shipping company. If I do a thing of my own accord, it is agreeable to me to do it and to my advantage to do it, and I do not think it is quite the way to put it to say that I am at the mercy of the shipping company.

7187. But we have had it put in evidence over and over again almost in those words?—Of course I am, in effect.

7188. It is in effect that I mean?—In effect I am: but I entered into the agreement with my eyes open, and at any moment I am at liberty to throw the terms of it aside—at any moment I can say, "Very well, I sacrifice my "rebates," and then I can throw it aside.

7189. And then do what?—Then I have to stand the loss. But then, on the other side, before I entered into the arrangement, I looked at it and said, "This would appear to advantage my trade, therefore I will go into "the arrangement."

7190. But supposing you have looked at it just as carefully, and say it is a disadvantage to your trade, but you cannot help yourself?—In West Africa there is nothing whatever to prevent my going out at any moment if I can see that by chartering I can do my trade to better advantage. That is the whole point with regard to West African questions of rebate. As far as the merchants are concerned, their right to charter is really their main grievance in regard to the rebate.

7191. It is one of their grievances. Why do you make an exception to some of the other lines, who do allow, under a deferred rebate system, a merchant to charter a whole vessel for himself?—I am afraid I cannot answer that.

7192. Just a concluding question about cotton. You are interested in the British Cotton Growing Association. I think?—Yes.

7193. For a short time you carried cotton free, did you not?—Yes.

7194. How long has that been given up?—I could not give you the dates.

7195. How long did you carry it free?—For about a year, I should think.

7196. I gather from your evidence that there is nothing now in your freight rates that is anything but strictly business?—I should say not.

7197. You would not say your freights were high, would you?—Having regard to the circumstances under which you have got to land your cargo, and deal with it, I should not say so.

7198. It is not true then to suggest that the rates you now charge handsomely make up for the time when you carried it free?—That we are getting something of our own back, do you mean?

7199. Yes, and a good deal of it back?—I do not think so. If you average the rate at 32s.—or 47s., is it not, for a through rate?—and take the value of a ton of cotton at £40 or £50, I do not think it is a very high rate. Taking the price at which cotton has been selling lately, and having regard to other averages and to the way the basis of your rate is fixed on the value of the cargo that you are carrying, it does not seem to me to be high. At all events, the rate came before the whole Council of the Cotton Growing Association in Manchester, and they agreed to the rate, and I take it they are essentially commercial men.

7200. They agreed to the rate, do you say?—It was fixed there.

7201. Had they an alternative?—The rate was fixed in consultation, and it was not an arbitrary rate thrown at them by the shipping company in any sense. The question was considered at a council meeting. As to who made the suggestion of a farthing per lb. I could not say, but it was settled in consultation with the people who were prepared to pay it.

7202. Of course you still come to the same thing—What alternative had these people? They would not get the cotton in any other way, could they?—They could charter.

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Sir R. Moor. 7203. I was going to ask you about that. Have you already begun to bring sufficient cotton to enable the merchant to charter a whole ship?—Nothing like it.

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7204. That is exactly what I thought?—We are only bringing it ship by ship in comparatively small quantities—400 and 500 bales at the outside. The largest shipment of cotton that has been made from West Africa in one shipment, I think, was 700 bales, and that was quite abnormal.

7205. Then they could not charter a ship?—No, they could not charter a ship to fill it.

7206. Of course not; and so it comes to this, that whatever you said to these cotton people—hard-headed men—it was your rate, and there was no alternative, because they cannot bring the cotton themselves?—It may be that it was what the cotton people said to us. If they came to us and offered us a farthing per lb., you would not suggest we should say it ought to be an eighth.

7207. No, I should not suggest at all that you should do that?—I mean to say, having regard to the value of cotton, and comparing the rate with the other rates enforced by the shipping company, the rate of 47s. is a reasonable rate, having regard also to the bulk of the cotton as against its weight. It is a weight-freight rate, and you have got to regard the bulk at 80 to 150 cubic feet to the ton.

7208. (*Chairman.*) If the merchants felt very much oppressed by the shipowners, they would forfeit the rebate and charter ships and employ any vessels they like, would they not?—Yes, undoubtedly.

(*Mr. Reeves.*) If they could fill them.

7209. (*Chairman.*) They need not fill them with their own goods. They might, in fact, become shipowners, might they not?—They were shipowners when I was first in Africa.

7210. If they thought the Conference Lines acted very oppressively, they might become shipowners. Of course, there would be considerable difficulty, but they could do that, could they not?—Undoubtedly they could. You may say that the volume of trade throughout Nigeria is carried on by three firms who are operating in agreement themselves. Those three firms, if it was to their advantage, could undoubtedly charter or run their own steamers with their own cargo. They are the Niger Company, the African Association, and Miller Bros.—firms that are paying dividends continuously of 12½ to 15 and more per cent. The £1 shares of the Niger Company are to-day in the market at about £3, so there does not appear to be any oppression there. Take, again, the African Association; their last dividend, I think, was 12½ or 15 per cent. with a bonus that brought it up to nearly 20 per cent. Miller Bros. pay something like the same.

7211. What is their business?—They are general shippers. They are engaged in buying produce in Africa, and they ship general cargo to Africa, bringing back palm oil, palm kernels, timber, rubber, ginger, and anything that offers.

7212. What ships do they employ?—They ship by these British steamship companies. Originally, as I say, they did own some of their own steamers before this rebate system was established. The African Association ran a certain number of their own steamers; but they saw it was to their own advantage, in order to secure a good service and so on, to give them up.

7213. May I take it that it is your opinion that if the merchants felt themselves seriously oppressed by the exactions of the shipowners they would combine and present a united front to the shipowners?—Yes.

7214. Their influence would be very great indeed, would it not?—Undoubtedly.

7215. And that the shipowners know, of course?—I think so. I think the shipowners feel it to such an extent that while they have to be content with making, say, 5 per cent. now, the firms that they are running their services for are making 15 per cent.

7216. (*Mr. Queen Phillips.*) You have told us you are a director of the African Steamship Company; may I take it that you are giving evidence on behalf of the company, and not on behalf of the managers?—No; I am rather trying to give evidence on behalf of what seems to me the advantage of West Africa generally.

7217. You have stated in your evidence-in-chief that it should be incumbent upon the shipowner to undertake not to enter into any commercial transactions for the

sale of merchandise which would bring him directly or indirectly into competition with the merchant. Are you in any way interested in the Canary Coaling Company?—No.

7218. Or in the Sierra Leone Coaling Company?—No; that is to say, I am not interested unless it so happens that the African Steamship Company might hold a share, but I do not think they do; in fact, I think I should be safe in saying that they do not.

7219. We have had it in evidence that these two coaling companies are practically subsidiary companies of the managers of the African Steamship Company?—I believe they are; but I know nothing about them, beyond that I believe they are Elder Dempster's Companies, or they manage them.

7220. In your previous evidence you have stated that the jealousy in this West African trade between the merchants and the shipping lines is quite abnormal?—That is so.

7221. Do you think that the fact that the steamship managers compete directly with the merchants through these subsidiary companies may have had some bearing on that?—You are beyond my ken now. I do not see how those coaling companies come into competition with them, I think the shipping companies hold to themselves the right, in regard to coal, of carrying it in bulk as filling up. I think every shipping company does hold to itself the right to carry coal in that way—but no one should know that better than you, sir.

7222. I am talking about a coaling company for the moment. We have had it stated in evidence here by the merchants that these two coaling companies, the Canary Coaling Company and the Sierra Leone Coaling Company, are somewhat abnormal coaling companies, and are, as you say, subsidiary companies of the managers, and that they actually compete in selling iron pots, petroleum, and all sorts of general merchandise, with the West African merchants on the West African Coast. We have had that in evidence from two of the largest merchants who have given evidence here; can you give us any evidence upon that?—The Sierra Leone Coaling Company is the only one that could compete in West Africa, because it is the only one with an establishment in West Africa, and it only has an establishment at one point, that is at Sierra Leone.

7223. We have had it stated in evidence; perhaps you can contradict it?—I do not contradict it—certainly not. I do not know, but I say that only one of them could compete in Africa to my knowledge. That would be the Sierra Leone Coaling Company, and they could only compete in Sierra Leone, which is the only point where the company has a station.

7224. Still, the two biggest merchants in the trade have been here and complained that these two companies do compete in general merchandise, and do carry on a general merchandise business against them. I do not know whether it is the case, but that is the evidence we have before us. If that evidence is true evidence, do you not think it would account for a good deal of the jealousy in this particular trade which you have referred to as being quite abnormal?—No, I do not think so. I do not think a small thing—and that would be a very small thing, as far as I can gauge it—can be at the bottom of it.

7225. But you stand by this evidence that you are strongly opposed to the shipowner interfering with the merchant's business?—Strongly. I think if there is to be any agreement or understanding between them, that should be part of any understanding.

7226. You are, I understand, one of the four directors of the African Steamship Company?—Yes.

7227. Have you taken any steps yourself to point out to the managers the undesirability of competing with their clients, the merchants?—I have talked the matter over several times, and we have come to the conclusion that we do not compete. The only thing we are carrying is coal, and we consider we are entitled to carry cargoes of coal when we are not filled up. Then further, the demand for coal in West Africa is only for the Government and the mines.

7228. I may take it from you then, practically, that the statement of these two great merchants on the West African Coast, to the effect that these two companies do compete with them in their general merchandise, is not true?—My belief is that it is incorrect.

7229. Then we will have to look for some other reason for this abnormal jealousy to which you have referred?—I think the jealousy has been growing up since they were boys together, with most of them.

7230. (*Professor Gomer.*) To take that point of competition, of course it does become an important element in competition, does it not, if they get Government contracts sometimes in coal and cement?—Yes, to an extent I have no doubt it does; yet I would not say there is competition in cement.

7231. There have been contracts for cement, have there not?—Yes, but I have explained fully the position with regard to the cement. The action of the steamship company is taken to ensure the cement being shipped from this country and being English cement, not foreign cement. I may say I am cognisant of other facts in connection with cargoes in West Africa. It has been most disastrous to use the foreign cement, and really the only good cement we get is obtained from this side.

7232. I am not raising that question. If the shipping company competes with the merchant in carrying cement from this country to the other side, what is to ensure that the merchant who takes the cement is not under-cut in the freight by the shipping company, which, in one case, is charging freight, so to speak, to itself, and in the other case is charging freight to the merchant? We are told in evidence that the shipping company can sell cement, and does sell cement, on contract at a price at which it is absolutely impossible for a merchant to sell who pays the rate of freight which is charged by the shipping company. What is to prevent that? You say it is perfectly fair that they should compete, and that the shipping companies have done it out of patriotic and I think, fair motives; but you see, the difficulty?—I see your point, but I should not be prepared to admit that such a thing has been done, although I am not in a position to contradict it absolutely.

7233. It was placed before us in perfectly definite figures, and I wanted to know if you could throw any light on those figures; but I take it that you are not in a position to throw a light on the figures; is that so?—Have you the figures of a specific contract before you?

7234. They gave us an instance of 9s. as being the price at which it was sold and delivered in West Africa by the shipping companies, and as being a price which they, the merchants, could not buy and deliver at?—I am afraid I cannot assist you in that.

7235. I will not press you, but I should like you to reconsider the extent to which this feeling of jealousy, to which you have referred, has been occasioned by the shipping companies serving as merchants. I think, if I might press Mr. Owen Philippe's point, that is a matter which you might consider as more important than you suggested it was just now?—But pardon me, I do regard it as very important. If there is to be any understanding between them, I think that the shipowner should certainly not compete with the merchant if the merchant undertakes not to compete with the shipowner. That is only reasonable.

7236. Quite so, but the merchant is obliged to give the undertaking?—Of course, I except that question of coal which I believe is necessary very often for ballasting purposes and otherwise. All shipowners claim to themselves the right of carrying coal to dispose of.

7237. The merchants have to undertake not to compete with the shipowners, and you think that the shipping companies ought to give a like undertaking not to compete directly or indirectly with the merchants?—Yes.

7238. But they do not do so in West Africa?—In effect I think it is a fair statement to say that they do not compete.

7239. Of course, in your view they do not, but every witness who has come before us has told us distinctly that they do?—I am talking of general competition. You might pull out an isolated case, and I told you of an instance in the old days where your ship was a shop really, but now that has died out. There has been a general transition; I have seen it going on myself, and I should say, taking a general view of things, that the steamers are not now competing.

7240. The merchants do not take that view. Under those circumstances, could nothing be done to reassure them on the point?—I think the shipping company would be quite willing to go into the question with them if they would bring specific cases forward and make specific statements.

7241. They made quite specific statements to us. With regard to your statement that the merchants accepted the rebate system, and therefore ought not to grumble at it, you put it in two ways; at one time you said they have accepted it, and at another time you said they have agreed to it. What do you mean by an agreement under those circumstances?—I take it, in the first instance, that where your merchants, were shippers themselves, they must have been in accord with the shipowners when they gave up their ships; it must have been so.

7242. In 1895, when the deferred rebate system was introduced, did they give up ocean shipping to the West Coast of Africa?—Yes. I would not be absolute as to the date, but it was about that time.

7243. Can you tell me what was given up in 1895?—The African Association were running a line of steamers for carrying their own cargo.

7244. They were running a very small number of steamers, were they not? But perhaps you were not in the African shipping trade at that time?—I was not, but I have seen their steamers come in, and I knew their steamers; I think I even travelled on them on one occasion.

7245. I am only putting this to you because I think you give unintentionally a rather wrong impression when you talk of these people accepting or agreeing to a thing. We have been told in most cases that the merchants agreed to the deferred rebate; but what I want you to tell us is, what practical alternative they had unless they were prepared to be regular and extensive shipowners on their own account, in other words, to undertake another business?—At that time, when the thing was inaugurated, it seems to me that they were in a position to run a line of steamers themselves.

7246. Do you think it is a fair thing to say to people who are already immersed in business, "You ought to undertake an entirely different business"? Is that an easy alternative?—No. But here you have a country where large developments were expected, and it seems to me that the shipowner took up a reasonable position. He went to the merchant and pointed out the service that he has required of him, and which the Government required at the same time, because all the various administrations were hammering at the shipowners on their side and saying, "Look here, this service won't do; we must have a better service, as we cannot develop with the service as it is." Your merchant was hammering at the administrator to develop the country in order that he might have more trade, and naturally the shipowner had to devise some means. He said, "Very well, if I am to meet these requirements, will you meet me and assist me by coming into the rebate system? You want a better service, the administration want a better service, you all want the country developed, we want to develop it, but we cannot develop it unless we have a good chance of making a return on our capital. This is the means by which we propose to do it; will you enter into this agreement with us?" They made this arrangement, they entered into it, and what is the result? Look at West Africa to-day and compare it with what it was 15 or 17 years ago.

7247. I have no difficulty in perceiving the natural view that the shipowners would take in suggesting the deferred rebate, and I quite understand it; but what I do not quite understand is what reasonable alternative the shippers and merchants had except to accept the terms which were laid down for them. The only alternative open to them, it seems to me, was for them to become large shipowners themselves; do you think that is a reasonable alternative?—The whole aspect of the case appeals to me in this way. Suppose your merchant said to the shipowner, "Very well, we will not enter into this rebate system, we are going to ship for ourselves," what happens? The shipowner probably would say to the merchant, "All right, we have got a line of steamers running here; we must enter into competition with you as merchants and buy produce for ourselves."

7248. They did, and they do, you see; that is the unfortunate fact that, as the merchants told us, they do enter into competition with them as merchants, and yet they tell the merchants that unless they agree to this rebate system, they, the shipowners, will compete more?—No. They were not in competition to that extent; they had no established trade as traders in West Africa at that time, though they were quite prepared to have.

7249. Yes, quite so?—But they had not; I have no doubt of that.

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7250. So that we have got the fact that the merchants have had to accept a system, and they have not received a guarantee that you think they ought to receive?—I think they have received a fair return for accepting the system. It has been to their advantage, and I think the shipping company on their side have fairly carried out what is a reasonable requirement—that they should not trade.

7251. Still, the merchants complain of competition. You are not in the position of the people who create the competition, I understand, because you are not interested in the companies that do compete; that rather rests with the management of the steamers, does it not?—Yes. I personally have no interest in the matter at all.

7252. I would now like to ask you a question on a particular point in the rebate system. You are aware that in your rebate circular you prohibit merchants shipping homeward from sending their goods to any port of the Continent of Europe except through Liverpool—that is, except through the Conference Lines?—Yes.

7253. Do you know anything of other rebate circulars—I mean in other trades?—I am afraid I am not versed in the rebate system.

7254. Are you aware that that provision carried to that extent is a very unusual provision?—It may be, but the lines in which it is an unusual provision probably are not running services from the Continent. We are running services from the Continent, you see. We are running three distinct services from Hamburg and Rotterdam, with 60 sailings a year; and, therefore, if the rebate system is to operate with regard to it, it should operate with regard to the whole.

7255. Certainly, with regard to those ports; but should it operate to Bordeaux?—That I cannot give an opinion on. But might I ask a question in return? Are the shipping companies that you quoted as not prohibiting the shipment to Continental ports running lines from Continental ports?

7256. I am not dealing with the question where they run lines from; I am dealing with the ports to which they do not run lines. I quite accept the position as to those ports to which they do, but what I am asking you is about those ports to which they do not run lines?—I cannot give you any definite reason, although I could see a reason for it myself, which would be that the rebate system begins at the port where you are shipping your stuff; but you want to keep the whole volume of trade there in your own hands, and do not want to encourage a line to come in there which is going to take the stuff direct to a port that you are not going to.

7257. Do you not think it is a hardship to people who want to send goods to Bordeaux that they must send them to Liverpool, because you do not go to Bordeaux?—Of course, on a question of that kind, you have to look at the entire system of the lines as a whole.

7258. Certainly?—You cannot have the main advantages without some minor disadvantages. I think in everything in life you have got to meet the same difficulty and adjust the balance, and, if the balance is in your favour, you put up with the disadvantages for the sake of the main advantages.

7259. Why should there be so many of these small disadvantages in the West African trade when we do not find them in other trades?—I do not suppose you find in other trades 70 or 80 different ports to call at.

7260. We find a great many?—But not that number. It necessitates a total of 180 sailings in the year to serve those various ports by eight different services—nine different services, practically.

7261. Can you explain the particular circumstances which warrant all these departures from precedent in the West African trade, and why the Woermann Line do not insist on such rigid conditions as the English lines with regard to the Continental ports? Have you compared the Woermann circular with your own?—No, I cannot say that I have.

7262. It is rather an interesting thing, is it not, because I suppose they are subject to all these disadvantages too, that they should exempt the ports west of Havre from the condition?—I do not know. I presume that is having regard to the conditions under which their line is managed at their various ports. I can give you no reason.

7263. It is rather curious, having regard to the exceptional circumstances of which you speak. However, I see

you have not compared the Woermann circular with your own?—No, I have not.

7264. We have had the Woermann circular and your own circular—those are the circular which the Woermann Company signed first, and the circular which the English managers signed first—and there is that curious distinction between them. I did not quite follow you with regard to paragraph 5 of your proof which deals with the American rate. I know you have been asked about it several times, but I did not quite follow the working of the reason you gave. As far as I make it out it is this—that the Americans used to send sailing ships to West Africa very cheaply, which used to compete with the British merchants, and that the through rates from America were introduced partly to prevent this competition of the Americans with the British merchants; is that the case?—Yes; and to prevent a general competition arising and the establishment of a general trade between America and West Africa.

7265. How are they going to prevent the competition: how are they going to cut out the American ships—by offering lower freights than the American ships offer?—I cannot tell you what the freights on the American ships were.

7266. If they offered dearer freights, would that prevent the competition?—Presumably not.

7267. Then there would have to be cheaper freights. Would that not be a beneficial thing to the American manufacturer?—Beneficial in relation to whom?

7268. If the American manufacturer at a certain rate was competing with the British merchant in West Africa, would he not be still better enabled to compete if the freights were lowered to him?—In principle, undoubtedly.

7269. Then I do not see exactly how this beneficent view of the shipping firms in making a cheap through rate would operate to the advantage of the English merchant?—That is the intention of it.

7270. Still, I think you agree with me that it is rather difficult to see how it would do it when it would be offering the competitor a cheaper rate, would it not?—Yes, undoubtedly. It does not appear to be logical.

7271. I think it is very difficult indeed to see how it would operate. Then if I might turn to another point, you have rested a good deal of your case about cotton on two points, it seems to me, one point being that the value of the cotton would bear something like a farthing per pound?—Yes.

7272. Do you know what cotton is usually dealt in at? Is it dealt in at halfpence, or is it dealt in at 64ths or 100ths of a penny?—It is dealt with in decimal points.

7273. But when they are talking about cotton, they sometimes talk of the 64th or 100th of a penny. Do you not think that a farthing is a great deal in an article which is dealt in at small decimal points or small fractional points?—I do not think I am prepared to set up my opinion against the opinion of assembled Lancashire.

7274. We will come to the question of assembled Lancashire presently. I am taking the question of value, as you stated the value would bear it. Do you not think that a farthing per pound in the price of cotton is a pretty good sum?—Of course, that was settled as the freight rate when the cotton market was very good, and it has since remained very good.

7275. A farthing is a pretty good advance in the price of cotton, you know. I do not think you can say that a farthing is a small freight on cotton?—It is, say, 4 per cent. on the value.

7276. That is so, but it is a pretty good deal in cotton which is sold at very fine prices, competition being very keen?—Then, I say, compare it with all the other freights. You must take some basis. If you take the basis of value, 4 per cent. is a reasonable freight, and if that is the freight you are charging on other commodities, very well. But the cotton in this instance is not a full cargo; it is only a portion of a mixed cargo, and it should bear the same proportion for its freightage. I think that is a reasonable and logical stand to take.

7277. I should have thought you would have compared it with the freights for which American cotton goes?—No, because it is not under the same conditions at all. Here it is only part of a general cargo, and it is not a bulk cargo of itself filling the ship.

7278. Let me point out that the American cotton does not always fill the ship. If it is reasonable to put it on the value of the article, as you have got to sell it against cotton from other places, therefore, you would naturally take the freight on that other cotton as a guide, would you not?—If we are going to enter into it, we should enter into it upon the basis of the producer. Are you damaging the product of cotton by such a freight? I should contend that we are not, because you are producing cotton on land in Africa that costs you nothing against land in America that costs you four or five dollars an acre.

7279. I thought you would enter into it on the basis of Lancashire industries?—Yes, but I was going from one end to the other.

7280. (*Chairman.*) From one point of view, the shipowner has an interest which is common to the merchant, because the greater the trade the greater the profit to the shipowner?—Undoubtedly.

7281. From that point of view, they have a common interest, and the shipowner naturally does not wish to kill the trade?—No; the shipowner does everything to foster and to develop the trade.

7282. (*Professor Gonner.*) It is not the only consideration, of course, because there is another consideration, namely, that the person who sells always has an interest contrary to that of the person who buys?—Of course, there are conflicting views.

7283. You will agree with me, I think, in that?—Yes.

7284. You say you took the opinion of the British Empire Cotton Growing Association?—Yes.

7285. Which cotton association were you referring to?—The British Cotton Growing Association.

7286. They consulted with you?—They consulted with the steamship companies as to the rate to charge, and it was a rate settled in conference between them.

7287. But the British Cotton Growing Association was not all Lancashire, was it?—I do not know. If you go to the British Cotton Growing Association and ask them who they are, they will tell you. I think they are very representative of Lancashire.

7288. Who is the president?—Sir Alfred Jones is the president.

7289. It is rather interesting, is it not, that the association which is acting on one side has as its manager Sir Alfred Jones?—Not as its manager, he is the president.

7290. He is the manager of the steamship lines?—Yes.

7291. And president of the association on the other side?—Yes.

7292. But that is not Lancashire, you see; that is Liverpool rather, is it not?—Where is Liverpool?

7293. We do distinguish between the Lancashire cotton industry and the Liverpool shipping trade, do we not?—If you will take the council of the Cotton Growing Association, you will see that it is thoroughly representative of the whole cotton trade of Lancashire, and that all the large cotton people are in it. They raised £260,000 for their more or less philanthropic start, at all events—and that from Lancashire alone.

7294. Still, as far as this particular point is concerned, it is unfortunate that the same people who are acting for the shipping trade should be also directing the Cotton Growing Association, is it not?—It seems to me the most natural sequence in the world that a large shipowner should say, I want freight, and I will try to do all I can to establish an industry that will give me freight. What more reasonable and logical? The shipowner that does not do it is missing his business altogether. Mr. Owen Phillips will correct me if I am wrong; do you not think so?

7295. (*Mr. Owen Phillips.*) I agree?—If you are going to sail ships, I say you will certainly take every measure in your power to foster the industries that will fill them.

7296. (*Professor Gonner.*) It is when you come to the question of making an agreement with the other person that it becomes a little embarrassing. It must have been embarrassing to Sir Alfred Jones that in one capacity he was appearing as the shipowner, and in another capacity he was appearing as the person who was making the agreement as to the price at which the shipowner should carry. He must have felt that, must he not?—I have no doubt that Sir Alfred Jones in this matter accepted the proposal which was made to him by the association, and that he

did not suggest the freight himself at all. I could not tell you absolutely, but I should say that that is the position.

7297. I do not doubt that; but then, of course, it was a little unfortunate for the association that he could not give them the benefit of his advice in reducing the price, because, as president of the association, he would have said, "It ought not to be a farthing, it ought to be a 'little bit less.'" It is a little awkward you know?—Well?

7298. There is one other point and it is that unfortunate point about paragraph 4, where you deal with the rebate system. Whilst you agree to a conference between shippers and shipowners being a most desirable thing, you say it is impracticable for personal reasons in this case, as I understand you?—I do not say it is impracticable, but I think it would be very difficult of arrangement, and I do not know that it would have any good results.

7299. That is what I mean by "impracticable." You would not anticipate any good results from that, would you?—There might be.

7300. You would not anticipate much?—Of course you cannot gauge a thing until you try it. It might have some result, but I am afraid not.

7301. It is a little unfortunate, because here is just one of the instances where, as it seems to me, some form of mollifying influence is essential, and yet it is just this case that it is impossible in, is it not?—Yes.

7302. It is unfortunate?—Yes, I agree with you that it is.

7303. What part of this brief of evidence do you really support? I see your position quite well, but I want to know that?—What part do I personally support?

7304. Yes?—I support the whole of it on behalf of the West African section of the London Chamber of Commerce.

(*Professor Gonner.*) Your evidence does not support the whole of it, and it is not designed to support the whole of it, I gather.

(*Chairman.*) I think it is only fair to state that Sir Ralph supports the whole of this with one exception.

7305. (*Professor Gonner.*) With the exception of paragraphs 4, 5, and 6 I should say, but I want you to tell us what part you support?—I certainly support paragraph 6.

7306. You do support paragraph 6?—Very strongly. I have all along in every answer I have given on the point done so.

7307. Then it is only paragraphs 4 and 5 that you do not support? I merely want to get at what you do support?—I do not personally support paragraph 4 very strongly. I think paragraph 5 is a reasonable position, but I do not think paragraph 5 is really a matter of much moment according to the way I look at it.

(*Chairman.*) Sir Ralph Moor has been examined a good deal as to whether there is any agreement between the shipper and the Conference Lines. Perhaps I may be allowed to state that if the shipper has notice of a circular and if having notice of that circular he ships goods, in my opinion, he ships them upon the terms of the circular and there is in the eye of the law an agreement between the shipowner and the shipper. I am glad to say that I think it is also the opinion of Sir John Macdonell.

(*Sir John Macdonell.*) I agree with that.

(*Chairman.*) Therefore, when they receive a circular, I think it right to say that I believe there is an agreement. That is quite apart from the question whether there is real freedom of contract between the parties, or whether the contract is or is not in restraint of trade and against public policy; but in my opinion there is an agreement.

(*Mr. Reeves.*) A legal agreement?

(*Professor Gonner.*) What I want to get clear is the legal position of those forms which we had, for instance, in the Indian tea trade where there is no deferred rebate in regard to this implied agreement.

(*Chairman.*) I think the circular is a notice to the shipper and if the shipper having notice of that circular ships goods, he ships them upon the terms of the circular, and then there is an agreement.

(*Sir John Macdonell.*) That is simply my view of the matter. It is none the less an agreement because the agreement is not in writing.

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Sir R. Moor. (Sir Alfred Bateman.) That is the case in railway matters, is it not?

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(Chairman.) It is very much like an advertisement. If you have lost something and advertise and say you will give the finder a reward then the person who does find that article is the person entitled to the reward, and the law says you have agreed to give him that sum so advertised; and I think that is common sense.

(Mr. Reeves.) But the merchant does not advertise?

(Chairman.) If he knows of the circular and then acts upon the circular by shipping goods, he agrees to the terms of the circular as to the non-return of the rebate in certain cases.

(Mr. Reeves.) Surely the merchant does not advertise. He is not like the loser of goods who happens to do a certain thing. The notice in the case you are speaking of comes from the shipowner—from the other side altogether.

(Chairman.) What difference does that make? Here is the shipowner who says to the merchant, "If you ship goods upon my ships, you must ship them upon the terms contained in the circular." That is what he really says. Thereupon the shipper does put goods on board his ship and I have no hesitation in saying that in the eye of the law there is an agreement; whether there is a binding agreement on him is an entirely different question.

(Mr. Reeves.) I am not contesting for a moment that it is not an agreement in the eye of the law—far be it from me to suggest such a thing. But what I meant was that there is a considerable difference between initiating a thing voluntarily on the one side, and initiating a thing voluntarily on the other.

(Professor Gonner.) The Chairman was not raising that point.

(Chairman.) As regards the question whether there is freedom of contract or whether it is against public policy, that is a very different question. I am only submitting that there is an agreement; that is all.

(Mr. Reeves.) That I absolutely accept. The point is that Sir Ralph Moor used the word voluntarily in speaking of the action of the merchants in accepting the rebate system and the new order of things on the coast of West Africa. He said they voluntarily accepted it and that is a point on which I should like to ask one or two questions.

(Chairman.) Certainly you can do so.

7308. (Mr. Reeves.) Following your evidence it seems to me that there are really two points in it; one: Is the present shipping system generally beneficial to West Africa—and you think it is?—I think it is.

7309. And the other is: Have the merchants, supposing them to be suffering under any grievances, any alternative? It is of course quite possible that the system may be generally beneficial and yet that the merchants may not be free agents under it. You heard the Chairman advise what was a legal agreement between shippers and shipowners; when you said that the traders of West Africa voluntarily accepted the Conference and the rebate system did you mean that it was a tacit acceptance, much in the way that the Chairman indicated?—No, I think it went beyond that, because there was more than a tacit acceptance. They were running these few steamers of their own and by arrangement they handed them over to the shipping companies. They actually had a means of supplying themselves with an open charter, at any time they chose to charter, and they were prepared to forego that on the terms offered them in the circulars by the shipping companies.

7310. By "they" you mean the African Association?—Yes.

7311. Of course, that does not mean everybody?—No, it does not cover them all. I was talking more particularly of the big firms down in Nigeria.

7312. And they are not everybody in West Africa?—I was not talking of the small shippers. The small shippers would have no alternative.

7313. However, they tacitly accepted the new system, and certain rates and conditions were laid down at the time; and they have, of course, been varied since?—They have been, but not to any great extent.

7314. Still, they are varied from time to time?—Occasionally; but really there has been very little variation.

7315. Practically they are being varied, and they may go on being varied; and now comes the question: What remedy have the shippers supposing the conditions to be urgent? First of all, there is the remedy of chartering, I suppose, and there is the remedy—I am taking the usual remedies—of starting another line altogether. As regards chartering, what is the position in West Africa?—They are not at liberty to charter at all.

7316. Then that is cut from under their feet at once; and they are driven to the remedy of literally becoming shipowners themselves?—That would appear to be the only alternative.

7317. That is a very serious step to take. These men are fully engaged in their trade, and their capital is all required there, and surely it is rather a large order to suggest that they should become competing shipowners against powerful companies already holding the ground there?—It seems to me, following the growth of West Africa, that this is only a logical sequence which has grown up. The shipowner was originally a merchant; as I have already pointed out, he took his ship out with his goods in it, and he bartered or sold the goods for produce and he came back. He was originally a shipowner and a merchant, but gradually this system has differentiated the merchant from the shipowner. The merchant, on his side, says, "I will not be a shipowner," and the shipowner, on his side, says, "I will not be a merchant." As long as those conditions are fairly observed between the two it seems to me that the position is a fair one.

7318. Yes, as long as they are?—It is the logical sequence in the growth of a trade when one follows it out, it seems to me. I see your argument, which is that the shipowner has the best of the position at the present moment.

7319. I say he has the weather gauge of the merchant?—I think in any development of that kind, one is bound to get a bit weather of the other; you cannot both take the same wind.

7320. I do not know; that is the point. You have got this position at present—we will not discuss whether it is logical; it is natural, I will admit, and it is the most common thing that does happen in young countries; but you have got this position as you have admitted to us, that the rates of freight are settled by the shipowner; and you are content with that, because you have indicated that the settlement of the rate by the shipowner himself was, you thought, a reasonable thing. As far as I can gather from you—you will correct me if I am wrong—you suggest that the enlightened self-interest of the shipowner, whose interest it is to foster trade in a country like West Africa, would prevent him exercising his power tyrannically; and you point out in the case of Sir Alfred Jones that he, as well as being a large shipowner, is the president of a society whose object it is to foster the growth of cotton; but is not this the case also that it is his interest as a shipowner to foster an industry, so that it may be enabled to pay him freights, and that it is his interest to do so to that extent and to that extent only?—That it may be able to pay him a reasonable return on his capital.

7321. That will give him the best rate of freight it can stand?—Within the limits that will allow the industry to progress.

7322. Of which limits he is the judge and the sole judge. Now we come to the point, which is, that the merchants of West Africa have really no alternative, no means of fighting the shipowning companies, and the shipowning companies being in the position of really settling the freight, do you not think that some outside influence might be used to endeavour to see that a fair limitation or a fair settlement can be arrived at by the two sides—that there should be some arbitrating authority, in fact?—But it appears to me that the same principle is found in all ramifications of trade. Take it as between the merchant and the retailer, and as between the retailer again and the consumer—the one has to sell to the other and the seller fixes a price that will pay him, and if the other man will not take it at that price, very well, he must go without.

7323. But then there is inexhaustible competition in that case?—Of course, you can exhaust it by competition and so arrive at the price, but here you say there is no competition.

7324. Practically there is not in West Africa?—That is your difficulty.

7325. In West Africa, in order to get this better state of things, the improved steamers and the improved service that you speak of, practical competition has been eliminated, and the merchants are left without redress and without an alternative to the system which has been imposed upon them. I will grant, for the sake of argument, that you have got a better service and that you have got certain advantages from the new system, but has not the result been to leave the trade and the merchants at the mercy of the shipowner—a mercy conditioned only by enlightened self-interest?—To an extent that must be the case, and I do not see any way out of it advantageously to all parties. It is a question whether a drastic method of getting rid of it would not lead you into greater difficulties.

(*Mr. Reeves.*) What I should suggest is some arbitrating influence to come in from outside.

7326. (*Captain Collins.*) I should like to follow up what Mr. Pember Reeves was saying. I understand you are in favour of some agreement between the merchant and the shipowner or of some form of rebate system?—Some form of understanding, it seems to me, would be advantageous to both; but the main difficulty that Mr. Reeves has pointed out is, where they cannot agree who is to be the arbitrator.

7327. Would you be in favour of arbitration in any form?—The question of arbitration is a bigger question than I should be prepared to answer at the present moment. I certainly think the shipowner and the shipper should confer and settle the rates as between themselves as far as they can, and when it comes to their being unable to do so, I do not think I should be prepared to give an opinion at the moment exactly as to what should be done.

7328. A former witness before the Commission referred to the position of the Bank in West Africa. He said that the steamship companies "have entered into competition with the merchants delivering coals, kerosene, cement, and other large freight-paying commodities at various ports," and at question 4406 he was asked, "In the operations you say they are aided by a bank founded by them for the purpose through which documents are passed and goods delivered. That is still an additional machinery for getting at you, is it not?" The answer is, "Yes; the bank is one of those machines; you can call it a machine if you wish. It is one of those systems by which a shipowner who is also a banker can keep to himself a great deal of the freight." I should like to ask whether you have any knowledge of those operations with regard to the bank or of the part the bank plays; have you any statement that you could make on the subject?—I know a good deal about both the banks. My view, speaking from my experience, is that the Bank of British West Africa is carrying on a legitimate trade from a banking business point of view, and is assisting anyone in the prosecution of commercial enterprise that it can, and it is doing that in a reasonable way. I have known it from its initiation, and I believe that to be the case. I have also known the other bank, the Bank of Nigeria, from its initiation. Although the managers in London appear to be desirous that it should carry on a legitimate banking business, I am afraid it does not do so, and that it was only initiated for the purpose of protecting the particular trade of the various firms who formed it. I state that as a fact, because I attended a meeting of their bank directors on one occasion—and Mr. Chamberlain also held a meeting at which I was present—when one of the directors of the bank before the end of the meeting practically admitted that they had formed that bank for the purpose of protecting their own trade.

7329. Are you referring now to the Bank of British West Africa?—No; to the Bank of Nigeria.

7330. I thought the Bank of British West Africa was said to be controlled?—But there are two banks, and I am referring to the Bank of Nigeria.

7331. (*Lord Inverclyde.*) What was the particular trade which they wished to protect?—The Bank of Nigeria was formed by the Niger Company, the African Association, and Miller Bros., and the Board was composed of members of those firms. It was formed—there was no blinking the question—with the specific object of protecting their own trade and preventing any other bank coming in to the area where they carried on trade, and fostering rivals and assisting rivals in their area.

7332. (*Captain Collins.*) Are those banks getting any assistance from the Government?—I am speaking of what is more or less within my own knowledge; the Bank of British West Africa has an agreement with the Govern-

ment by which it has the right of importing all coin into West Africa at certain places; it has the exclusive right of importing coin, but with that right it has the responsibility of repatriating any redundant coin.

7333. (*Mr. Owen Philipps.*) You tell us that with the right of importing, it has to relieve the Treasury from the responsibility and expense of repatriating any worn coins or redundant coins; but has it ever had to repatriate any coin?—I believe it has had to repatriate coin; I could not tell you the amount, but I think it has had to repatriate very big sums.

7334. You think it has had to repatriate very big sums?—I know it has.

7335. (*Mr. Reeves.*) Worn coin?—And redundant coin.

7336. (*Mr. Owen Philipps.*) Since that agreement was signed?—Yes. It has taken the responsibility off the Government in the issue of a currency; that is practically it. The Government had this agreement with it in Lagos; for some time in Northern Nigeria the Government was importing, I think, £5,000 every month, or something like that, for payment in Northern Nigeria, for the administration there, the payment of troops, and so forth; the greater part of this silver coinage found its way down from Northern Nigeria to Lagos, where the Bank was responsible for the repatriation, and it had to repatriate this coin, which it had not itself imported, so that it was really having a very bad time. And that is still going on. I know that, because I was responsible for forwarding this silver coinage up to Northern Nigeria—up the river—for several years.

7337. (*Captain Collins.*) Do you know of any cases where the bank give an advance to traders, demanding that they shall ship their goods by certain steamers. A former witness said (question 4407), "Supposing I am a poor man, and I want an advance of 80 per cent., or 90 per cent., or 100 per cent. on my goods, the bank who owned the ship says, 'All right, I will give you the advance, but you are to ship the goods by my steamers.'" Do you know of any such transactions?—I could not say it absolutely; but I should not for a moment suppose that the manager of the bank, or of one of the branches of the Bank of British West Africa would say such a thing. He has got to carry out a legitimate and ordinary banking business, and he is not tied to the steamship companies, so far as my experience goes. When any man could produce papers that were worth a solid advance which would give him a return, I am perfectly certain in my own mind that he would make the advance on them without any conditions.

7338. (*Sir Hugh Bell.*) We were recently told, as Captain Collins has put to you, that it was the Bank of British West Africa that was the sinner, and great complaints were made; but that is not your view?—It is not my experience. The Bank of British West Africa, from my personal knowledge, has done an immense amount for the good of West Africa, and the development which has resulted there is due to a great extent to the facilities given by that bank. I do not say the bank does not work in with the shipping companies; naturally, if it was started by the shipping companies in their own interest and for the development of the country, it does do so to an extent, but not to any disadvantage of others outside it.

7339. To follow up what Captain Collins has been saying, would it surprise you to hear that great complaints are made by merchants that the Bank of British West Africa does give facilities to the shipowners in contradistinction to the merchants?—It would surprise me very much indeed, because, from my experience of it, the bank is carried on as an ordinary banking business, and not to favour one individual or another.

7340. But I am putting this to you?—It surprises me greatly, because in my experience of it they carried on their banking business in a fully legitimate manner as bankers, and were prepared to make advances to assist anybody who came along whose circumstances or securities justified assistance or advances.

7341. On the other hand, you seem to be rather doubtful whether the Bank of Nigeria is carrying on its business in quite a straightforward way?—I have to tell you that. It is no good my giving evidence here unless I tell you what I know. I know it for a fact. The principals here are desirous, and they state they are desirous that the bank shall carry on a legitimate banking business; and the manager on the spot has come to me and told me, "I

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Sir R. Moor. "am ordered from home to carry on a legitimate banking business, but I cannot do it; it is impossible for me to do it, because if I do, the agents out here will not come to me; if I were to make advances to the natives, very well, they will not take their cash from me and I shall lose all their business." I am talking of a fact now where the manager has come to me when I have remonstrated with him for not encouraging the native traders, and that has been his reply to me.

7342. Do you say that the Bank of Nigeria is being—I do not want to use the word in any improper sense—manipulated to the advantage of the merchants?—I think it is really doing very little as a business; it is established there merely to keep the other bank out.

7343. Do I understand you to say that it imports silver?—No. The only importer of silver in West Africa (beyond the Government, where there is no bank) is the Bank of British West Africa.

7344. Then the Bank of British West Africa has the monopoly of the import of silver?—Yes. The Government has transferred to the Bank of British West Africa under agreement its responsibility for the currency; that is what I take to be the position. Before we had any bank the merchants used to be able to get Mint orders through the Crown Agents and to send out silver for their own use. Before the Crown Agents ever shipped any of that silver they always cabled to the administrator asking him whether, in his opinion, there was any redundant coin, and one gauged the question of there being redundant coin or not by the amount of coinage that came into the Treasury through the Customs duties, and so on; because there being no bank, that is where they naturally found their way. If you wired that there appeared to be no redundant coin, then the cash was sent to the merchants. The responsibility there was clearly on the Mint originally, and was then transferred to the local administrator by telegram, making him responsible for the import. There was, therefore, a distinct Government responsibility. Now the administration has, by agreement, transferred that responsibility to the Bank of British West Africa, the Mint requiring that the local administration or the bank, or some one, shall be responsible.

7345. That plan was modified then by putting into the hands of the Bank of British West Africa the right to import silver and imposing upon it the obligation not to let the silver depreciate? Am I putting it truthfully?—No; I do not think it would be accurate to say that.

7346. I have taken a step out of the argument, in fact, you see; because I ought to have asked you first why is it necessary to repatriate the silver?—Simply because the surplus is lodged in the bank, and you have money idle. They have to give a gold currency in exchange for it if required.

7347. Have they?—Yes. It is the British currency here which has to be maintained. The silver is only a token coinage.

7348. Can I demand gold in Nigeria?—Undoubtedly.

7349. Are the Customs payable in gold?—In any coin of the British realm.

7350. (*Professor Gonner.*) You could not demand gold in exchange for silver, could you? The only point is, can you insist under legal tender on people taking silver? You say they can demand gold from you; I do not know, but is gold used?—Gold is used undoubtedly. The currency there is really supported on exactly the same basis as the currency here. It is exported from here, and the responsibility rests eventually with the Mint here. That responsibility is thrown on the local administration originally, and the local administration transfers it by agreement to a bank to operate it for it. That is the position as I understand it.

7351. (*Mr. Owen Philipps.*) Do you know what is legal tender in West Africa? In England only 40s. in silver is legal tender; would you say it is the same in West Africa?—I could not say it is the same absolutely in West Africa, because I do not think it has been laid down; but I think the currency there is maintained on exactly the same basis as in this country.

7352. (*Mr. Reeves.*) The use of silver is merely customary; is that it?—The natives use it all through the native markets, and it is gradually being established in the native markets.

7353. (*Sir Hugh Bell.*) I interrupted my examination because there was a question raised how far it is germane

to our reference. I would like to ask you if you know whether Nigeria is under the Coinage Act?—I do not know.

7354. As a matter of fact, are Customs' duties paid in silver, do you remember?—They are paid in gold and silver.

7355. Are they paid in silver?—Yes.

7356. Do you know that in England you could not pay your Customs' duties in silver?—In my time we accepted the duties there in silver; in fact, we asked to have them paid in silver, because we required the silver for our own purposes, for payment of wages and so on.

7357. It is not for me to defend the Bank of British West Africa, but is it not possible that it was in order to prevent the depreciation of silver that the obligation to repatriate was put upon the bank?—The depreciation of silver locally, do you mean?

7358. Yes?—Presumably, I suppose.

7359. You are not very clear, and I do not want to take the matter any further. The point was that complaints have been made that this monopoly granted, as the witness put it, to Sir Alfred Jones, who is the chairman of the bank, was used as a means for coercing the merchants; but you do not think that is possible?—I do not think so, speaking from my experience. I have always urged the extension of the bank, but I do not care which bank it is—that is quite immaterial to me.

7360. That brings me to the questions I really want to ask you, because it is only Captain Collins that put me on this line. I am like Mr. Maddison; I am not quite clear who you are when you are speaking. I have been recently examining you as the Administrator; I have been asking you questions which would be within your knowledge as Administrator. That you are no longer, but your interest continues in consequence, I suppose, of your acquaintance with the country?—Yes.

7361. Have you any material interests there now?—None whatever beyond being a director of a steamship company.

7362. You do not happen to be interested in any of these trading companies?—Not a bit.

7363. You are, however, a director of a shipping company?—I am a director of a shipping company.

7364. It is not, however, as a director of a shipping company that you appear before us?—No.

7365. You appear before us as a member of the West African section of the London Chamber of Commerce?—Yes.

7366. And the brief of evidence you have put in is, as you have put it to Mr. Owen Philipps, in favour of West Africa, I understood you to say?—That I am?

7367. Yes?—My personal interests?

7368. No; this evidence is in favour of West Africa, and you are speaking here from the West African point of view?—Do you mean in the brief?

7369. I am only quoting what you said to Mr. Owen Philipps?—I could not say that exclusively, because this brief was prepared by the merchants and the shipping interests and the banking interests, who were all present. It was more or less what they could arrive at between them; it was a form of compromise. I do not think you would find any one section agree to everything in that.

7370. Really I am much obliged for your answer because it justifies me putting the next question: Are you not the result of a compromise?—More or less, in that brief.

7371. That is to say, may I put it, that the West African section of the London Chamber of Commerce agreed to send three or four gentlemen, or two or three gentlemen, and you were chosen to represent the shipowners?—No, that was not the case. What happened was that the West African section of the Chamber of Commerce were invited to send two members here, and they selected two, and I think one of them fell ill or went away, or had to go abroad before he was called as a witness; then they were only going to send one, and somebody said we ought to send two, and they asked me if I would attend. Perhaps I was suggested as representing the shipping interest; probably I was. The other member attending, Mr. Batly, represented the commercial interest.

7372. That is just what I should have expected, looking at the fact that the Chamber was rather sharply divided in opinion?—Not very sharply. We came to an understanding, a compromise, fairly easily, in fact I was engaged on preparing this statement as a compromise. Practically I prepared this myself as a compromise. They had prepared a statement, or a brief, themselves before this, and when I saw it it was clear that the section would never agree to it as it stood. It was suggested that we should prepare some sort of compromise, and it was left to Mr. Batty and myself (before I was coming here), and I practically prepared this as a sort of compromise between them, and they all agreed to it.

7373. I may put it to you that this is the two sides of the shield; on one side you painted the figure of Mercury, representing trade, and on the other side the figure of Neptune, representing shipping, and you are Neptune?—I have told you the circumstances, sir, and you must take it as you like.

7374. But your personal interest, of course, is a shipping interest?—Yes.

7375. You have been asked a good many questions about shipping, but really your acquaintance—I do not say it is not otherwise great—with the management of a shipping line is very small, is it not?—Yes, comparatively.

7376. Because, of course, the business is done by Elder, Dempster & Co.?—Practically—the detailed business.

7377. That would account for your being unable to answer the questions that were put to you as to the amount of the rebate remaining in the company's hands from time to time?—Yes. We should have the figures in the office in London probably, but they have never come before me. That is one of the details of the freightage that are dealt with by Elder, Dempster & Co. more or less.

7378. So that, really, if we wanted to have knowledge of how the shipping trade of West Africa is conducted, we ought to invite Messrs. Elder, Dempster & Co. to send somebody, because they would be able to give us that?—If you wanted it in detail, yes.

7379. We want it much more than in detail; we want it in its broad principles?—The broad principles I ought to be acquainted with. I do not say I am, and perhaps you find me ignorant of them.

7380. I do not venture to suggest that you are ignorant. In fact, I think we may put it that if we had Sir Alfred Jones in your place, then we should be able to know all about the trade of West Africa?—As much as he was inclined to tell you.

7381. If he came here, would he not tell us everything?—I have no doubt that if he consented to come here he would come here to tell you in detail everything.

7382. Or only what is good for us to know?—I said that if he consented to come here I have no doubt that that consent would imply that he would tell you everything that you wished to know.

7383. (Sir Alfred Bateman.) I think I have only one or two questions to ask you, as my colleagues have exhausted the field. I should like you to tell us how long you were administrator out in West Africa?—I took over the administration in 1895 and remained there until 1903.

7384. Then you, I fancy, had a good deal to do with bringing Messrs. Elder, Dempster & Co. into the West African business, had you not?—They were in the West African business long before I went to West Africa.

Mr. EDWARD ROSLING, called and examined.

7398. (Chairman.) You are a member of the Legislative Council of Ceylon?—Yes.

7399. And you have prepared a memorandum which we can treat as your evidence-in-chief?—Yes.

The witness handed in the following statement:

1. I am a member of the Legislative Council of Ceylon. Ceylon is almost entirely an agricultural country, and by far the greater proportion of its exports consists of agricultural products such as tea, cocoa, rubber, the products of the coconut palms, and many others.

2. A certain amount of this produce is sold to merchants, but a large amount is shipped for sale on account of the producer.

7385. But for the purpose of developing, and very rightly developing, the resources of the inland districts you were brought into communication with Sir Alfred Jones and with the Elder, Dempster people, were you not?—Extensively. I was under the Foreign Office at that time—urging them to give us a line that was suitable. I suppose I had more serious fights with Elder, Dempster & Co. than anyone who was in West Africa.

7386. You saw the great importance of improving the communications and so on, but did you make any arrangements for giving them preference in any way as regards shipping or banking, or anything else, in the territories that you administered?—No, none whatever.

7387. There were no arrangements of that kind made when you were there?—No.

7388. Except, I suppose, this bank arrangement was made about the silver?—That was made in Lagos and not in the territories I was administering.

7389. Lagos is not in Southern Nigeria, the territory in which you were?—No, it was not, but it now is.

7390. I gather, as regards the two banks, you rather look upon the Bank of British West Africa as the more democratic institution?—I look upon the other as not a bank at all—as merely a bogus affair.

7391. Because they give a preference to the larger houses and do not discount for the smaller people?—Because they will not operate for, or give banking facilities to, the natives.

7392. That is the distinction—the natives? I notice as regards the shipping rates for cocoa and cotton, both of which seem to me very high indeed, you said that was a good deal because they were both season goods?—It is not on that account that the rates are fixed high. Those are rates fixed, having regard to the value of the goods, the conditions under which they are produced, and the selling conditions here.

7393. The cotton rates are about 45s. and the cocoa rate is nearly as much, while for the same distance, only travelling in the other direction, gin only pays 27s. 6d.?—Yes; but look at the value of gin compared with the value of cotton and cocoa.

7394. Which is the most valuable to the native of Africa?—I do not know, but on the question of selling value, it seems to me that gin is much cheaper to the native of Africa than cotton is to the man in Lancashire.

(Sir Alfred Bateman.) Surely, if you have anything to do with the fixing of rates of freight, it seems a little bit odd—rather shocking, some people might say—that you should fix the rate for gin at only 27s. 6d., while for the same distance raw cotton has to pay 45s.?

(Mr. Birchenough.) How do the bulks compare?

7395. (Sir Alfred Bateman.) If bulk affords any explanation, I should like you to state how that is?—I am afraid I cannot give you the figures as to the bulks.

7396. We have had the figures I have given you in evidence from other witnesses?—Gin or rum is a measurement shipment, and you would have 40 cubic feet to the ton; but cotton is a weight shipment and the tonnage there runs from 80 to 150 or 160 cubic feet. You say gin and rum go at 27s. 6d., but that is for 40 cubic feet; but cotton at 47s. would be for at least 80 cubic feet of space and probably up to 160 cubic feet of space; so that that really brings them very much to the same thing when it comes to measurement.

7397. (Mr. Birchenough.) We are not comparing likes at all here?—No.

Sir R. Moor,
28 May 1907

Mr. E.
Rosling,
28 May 1907.

Mr. E. *Routing.*
28 May 1907. an outside steamer the whole of his clients lose their rebate, so that it is practically impossible for a tea planter to get his tea on board an outside steamer, even if he is prepared to forego his own share of the rebate.

7. The "ring" was formed in 1902, and I append averages of tea freights taken from the books of one of the large companies who ship regularly through the year :—

Year.	No. of Shipments.	Rebate.	Average Rate of Freight.
		Per cent.	s. d.
1892	141	5	26 9
1893	159	5	24 10
1894	168	5	22 7
1895	195	5	25 5
1896	213	5	19 0
1897	191	5	20 5
1898	189	5	28 5
1899	173	5	26 8
1900	147	5	25 6
1901	121	5	22 0
1902	108	10	25 0
1903	115	10	27 0
1904	122	10	30 9
1905	141	10	30 7

About 12 cwt. tea gross to a shipping ton.

8. It is impossible to say what freights would have been from 1902 onwards if there had been no "ring," but I think it is a fair presumption that they would have been on a lower level.

9. There have been no counterbalancing advantages to the producer, such as more regular sailings, as Ceylon, from its geographical position, has always been well and regularly served by steamers calling from India, Australia, and the Far East.

10. In my opinion the remedy would be to make deferred rebates illegal.

7400. (*Chairman.*) You state in your memorandum that Ceylon is almost entirely an agricultural country, and that by far the greater proportion of its exports consists of agricultural products such as tea, cocoa, rubber, the products of the cocoa-nut palms, and many others?—That is so.

7401. Of course the producer who lives inland has to employ some shipping agent in Colombo for the purpose of exporting the produce for sale here?—Yes.

7402. The steamers which call regularly at Colombo all belong to the shipping ring, do they not?—Practically all the regular callers do.

7403. What lines are those?—There are about 10 of the big lines. There is the P. & O., the B. I., the North German Lloyd, the Messageries, the Bibby Line, Harrison's Line, the City Line, and the Clan Line—those are the chief regular callers.

7404. Do they all charge the same freight?—Yes.

7405. Do they all adopt the same system of deferred rebates?—Yes.

7406. You say the rebate allowed is 10 per cent, half of which goes to the shipping agent and half to the shipper; how is that?—It is really an arrangement between the shipper or planter (in contradistinction to the shipping agent) and the agent; the steamer lines have nothing to do with the division.

7407. Does the shipping company pay the rebate to the shipper?—It pays it to the shipping agents in Colombo.

7408. And you say by arrangement made by him with his principal he keeps half and pays over the other half?—Yes.

7409. Is there a circular which states the terms?—There was a circular, but I have not a copy.

7410. But there is one existing?—There was one sent round to the Colombo houses and I have tried to get one. It practically amounted to stating that there would be a deferred rebate of 10 per cent payable say on 1st March, 1907, for the six months ending 30th June, 1906, provided the shippers had used no outside steamers for the previous twelve months.

7411. You say the consequence of that is that if the shipping agent sends one consignment by an outside steamer the whole of his clients lose their rebates?—Yes, that is so.

7412. Do you know that as a fact?—That is what my own shipping agents have told me when I have asked them; that is the answer I have got from them.

7413. If that is so it would in fact be impossible, as you say, for a tea-planter to get his tea on board an outside steamer even if he is prepared to forego his own share; you mean because the shipping agent's other principals would also have to lose theirs?—The agent would not undertake to do it knowing that he would lose so much rebate for other principals that he could not afford to undertake the work.

7414. This ring you say was formed in 1902?—Yes.

7415. How was the trade carried on before?—Practically the same lines were calling before as are calling now, but then it was a matter for each individual ship as she came in to take what rates she liked.

7416. Was the trade carried on for several years in that way?—For many years.

7417. Were the sailings regular?—They were very regular.

7418. Do you think the trade has gained any advantage from the system of rebates?—Certainly not from a planter's point of view. We maintain that we have paid probably from 2s. to 5s. more for our freights since the deferred rebates were started, and that there has been no compensating advantage to us in any way.

7419. Of course, there is an advantage in having first-class ships which sail regularly?—Yes.

7420. But that you had before?—We had that advantage before, chiefly owing to the geographical position of Colombo. We do not fill up any ship, and we are in no sense a terminal port, but the China, Calcutta, and Australian boats all call in; they do not really take away more than 1,500 or 2,000 tons, and 1,500 tons is about the maximum tea cargo that any ship would take.

7421. So that in that respect Ceylon stands in a peculiar position, does it not?—Yes, I think it does.

7422. You are not prepared to say generally that the system of rebates has not, at any rate, this advantage of securing regular sailings in first-class steamers?—I am not in a position to judge of other countries.

7423. That is a very fair answer. You have given us a list of the tea freights for several years, and I see the freights rose very much during the years 1904 and 1905?—When the deferred rebates were first instituted in 1902 the rate was fixed at 25s., less 10 per cent., and we were given to understand that there was no immediate intention anyhow of increasing it. In April, 1903, it was put up to 27s. 6d., and in April, 1904, it was put up to 30s. I have not the figures for 1906, but during part of 1906 they ruled at 35s., then they went down to 32s. 6d., and I think 30s. is to-day's rate. Cocoa showed a more marked rise really than tea. In 1901, it was 13s. and it was put up to 30s., but I have not sufficient figures with me to enable me to quote the cocoa rates in extenso.

7424. Not being a shipowner I suppose you cannot give us very accurate information as to the grounds on which these freights have been raised or lowered?—When they have been raised or lowered they bear some distinct ratio to the freights for rough cargo in Calcutta. When rough cargo rules at a certain rate in Calcutta they fix the fine cargo in Colombo at a certain rate, but the actual ratio I do not know.

7425. So the freights in Ceylon depend indirectly on the freights in Calcutta?—Yes.

7426. I see that you recommend that the system of deferred rebates should be made illegal; I suppose that is if you had to deal with Ceylon alone?—Yes.

7427. You would recommend that the system of deferred rebates should be made illegal because you do not see what advantages you gain?—Yes.

7428. You suffer in regard to it from freights being raised without any counterbalancing advantage?—Yes.

7429. You are not prepared, I suppose, to make any recommendations which would apply to ports all over the world?—No, I think not.

7430. (*Sir John Macdonell.*) Have you any complaint to make against the system of rebates in Colombo?—In regard to the incidence?

7431. Have you any particular grievance to complain of?—Only that we maintain that for the last four or five years we have been paying anything from 2s. 6d. to 5s.

more, or we believe we have been paying from 2s. 6d. to 5s. more, than we should have done if competition had had free play.

7432. Have you made any complaints or remonstrances to the companies?—We have tried to remonstrate. With one or two others I personally did remonstrate to our agents. The reply I got was that almost all the steamers that call here for cargo are in the Conference, and there is no course open but to tacitly acquiesce—and see what comes of it. That is the only reply that I could get. The Colombo shipping agents are also, as a rule, very largely interested as agents for the steamers themselves, which makes our position a great deal more difficult. Whenever we have approached the steamship lines in other cases direct from the association we have never got a great deal of satisfaction.

7433. Have the producers and merchants taken any concerted action?—No, there has been no concerted action. The merchants, of course, are in an entirely different position to the planters. The merchants are in many cases the shipping agents, and the agents for the steamers. The merchant himself presumably does not suffer to the same extent that we do, because he buys in the open market and ships it, and so it is merely a question of working out the rate of exchange and adding to it the amount of the freight in order to get at their laying-down cost, and they themselves know whether they can afford to pay that laying-down cost.

7434. Have the producers taken any steps to get that state of things changed?—The producers have taken no concerted action. It has been discussed, but the producers could see no definite course of action open to them to take that was likely to do good, and they have not taken any action beyond discussing it.

7435. Can then the grievance be very serious?—I would not maintain that it is very serious. It was serious two years ago when a great deal of tea was produced at a loss, but it is not so serious to-day, when the prices of tea are better. Seriousness is rather a relative term. But it is distinctly to our minds a grievance.

7436. It is alleged that it is an advantage of the rebate system that it secures stability in freights; would your experience lead you to think that that was so?—Stability in the prices of freights?

7437. Yes?—It undoubtedly conduces to a more level range of freights, but from the producer's point of view I do not see how he is affected by that. The producer does not mind if his neighbour get his tea home at half-a-crown cheaper than he does himself. He is not competing with his neighbour. The tea that he has shipped is sold by auction, and it is not your aim to get it in at a price under your neighbour. We only want to feel assured that we are getting it home on the whole as cheaply as we can reasonably expect.

7438. So that you, as a producer, would not mind fluctuations in the rate?—Not in the least.

7439. (Professor Gonner.) Are the rebates only payable on tea.

7440. Are they payable on all cargo?—It is on all cargo.

7441. On rough cargo?—On rough cargo and on fine cargo.

7442. It is quite uniform?—Yes.

7443. You said that the freights in Ceylon depended on the freights in Calcutta; how is that achieved?—I am not quite sure. When I asked the shipping agents how they arrived at fixing the rate of freight they said it depends on the rough cargo rates from Calcutta; it is fixed at so much higher. The Calcutta freights, I believe, are maintained by another form of conference.

7444. Yes, they are?—Whatever that conference follows out indirectly governs the Ceylon rates.

7445. Do you mean that the Ceylon agents, representing the shipping companies, really adjust their rate to the Calcutta rate?—Yes, but I think it is worked through London.

7446. Probably the same companies more or less are in both conferences?—Not all, but all the main lines like the P. & O. and the B. I. that come from Calcutta call at Colombo. Then, of course, there are the Australian boats and the China boats as well.

7447. According to the Calcutta Conference returns, their rebate was only given on tea, and it was not given on rough cargo at all; are you quite sure that it is given

on rough cargo in Colombo?—I would not like to say it is given on all, but speaking from my own knowledge I believe it is given on all. It is certainly given on other things besides tea.

7448. That you are sure of—that it is given on certain other commodities besides tea?—Yes.

7449. You said you were precluded by the rebate system from employing other forms of competitive shipping; was there very much competition in Ceylon before the formation of the Conference?—Not a great deal, but all the shipping was competitive before the Conference.

7450. But, of course, the same ships are there now?—Yes, and there were not then a great number of ships outside the ships that are coming now, that is to say, the Conference includes all the ships that were regular tea carriers.

7451. Is tea the chief article that the Ceylon Producers' Association is concerned with?—It is the chief article in which the Association is concerned. It forms about 48 per cent. of the total exports of Ceylon.

7452. (Sir Hugh Bell.) Is that 48 per cent. in value?—Yes.

7453. (Professor Gonner.) As far as you are concerned, you feel that the peculiar position of Ceylon would secure sufficient regularity of shipment in many cases?—Quite so.

7454. That I think is quite clear. There was a Conference in Singapore prior to the Conference in Ceylon apparently, because I remember in reading the Singapore evidence that they complained a great deal of being undercut by the Ceylon rates; do you remember that time at all?—No, I do not.

7455. They used to be cut at Ceylon by lower rates it was said, but you do not know whether the Ceylon Conference was brought on by the appeal of the Singapore traders?—No, I do not. I would like to correct myself over the question of rebates, now I come to think of it. I will not be absolutely certain that there is a deferred rebate on other things besides tea. I am not sure that there is I mean, and I would not like definitely to say there is.

7456. I think you should be allowed to correct that, because it seems very improbable that the Calcutta people would limit themselves to a deferred rebate on tea while there should be a deferred rebate in Colombo on rough cargo; but I suppose that could be definitely ascertained?—Yes. I believe there is another witness to follow me from the Association, and I will ask him to make that point quite clear.

7457. Would your other witness, do you know, be able to assure us on this other point which was raised by the Chairman as to the position of the shipping agent? In certain trades the shipping agent is allowed to somewhat violate the Conference tie on behalf of a client who sends him direct instructions to do so, and he does not in other words lose his rebates for his other principals. Do you think that the shipping agent would lose his rebate here under those circumstances?—I was informed so most definitely. I was employing two shipping agents at the time and I had it most definitely from both of them, but it was not included definitely in the circular. When it was first started in 1902 there did appear to be a certain amount of doubt whether he would lose the whole of his rebates for his other clients, but later they were very definite on that point that the shipping agent would lose the whole of the rebates.

7458. You say it is complicated in Ceylon by the fact that the shipping agents are often agents for the ship-owners as well as the shippers?—Yes, and are merchants dealing in tea too.

7459. So that their interest is not exactly a clear interest?—And it is not exactly the same as the producer's interest.

7460. Not at all?—Many of them are interested as producers, which further complicates it.

7461. You are interested as a producer?—Entirely as a producer.

7462. So that the question with you is your profit as a producer, and the rate at which you can sell to the consumer?—Yes.

7463. (Mr. Reeves.) Do the planters sell their tea in Colombo, or is it all sold in London?—There is rather more than a third sold in Colombo.

Mr. E.
Hesling.
28 May 1907.

Mr. E. Roaling.
28 May 1907.

7464. And then the question of the rebate becomes a merchant's matter?—Yes.

7465. Do you know whether any conditions have ever been laid down on the subject of chartering by the shipping conference or the shipping agents?—No. Chartering is practically an impossibility in Ceylon, unless it be for merely rough cargo like cocoa-nut oil. I have never heard of it being done in recent years.

7466. The shippers have never proposed to have recourse to it, have they? They have never, any of them, been driven to it?—There was one case connected with the Australian trade where a firm arranged to charter a steamer from Calcutta monthly, which he loaded himself. But then he laid himself out to fight the ring. As far as the Australian trade was concerned he was successful in bringing the freights down by 50 per cent.; but he afterwards joined the ring, or came in and stopped chartering.

7467. You have spoken entirely of the export trade from Ceylon to London, I think?—Entirely.

7468. Have you any knowledge of the working of the rebate system as regards the imports into Ceylon?—No, none.

7469. Do you happen to know whether the Messageries Maritimes call at Ceylon on their way home from Australia now?—They call, but whether it is the Australian boat or the Pondicherry boat only, I am not sure.

7470. You do not know whether their Australian boats do call?—No, but I think they do.

7471. (*Sir Alfred Buteman.*) I want to ask you whether these rebates apply only to shipments to this country from Ceylon, or whether they apply to shipments to the Continent, say to Russia?—The system applies to America, but I could not say about the Continent.

7472. I notice as regards Russia especially that you have got a very large increase in your direct trade to Russia, which is in tea mainly; and there is also a very large increase to the United States?—That is so.

7473. The United States you say the rebate system does apply to?—The rebate system applies to the

American trade, and the American freight is fixed, I think at half-a-crown above the London terms.

7474. As regards Australia there has been a very large increase in your tea trade; does the rebate system apply there?—They have always had a conference in connexion with Australia which is to maintain freights, and there has never been any outside steamer.

7475. Do you complain of the rates to Australia?—Not very much now. There was a great agitation against them up to about a year or a year and a half ago when they maintained them at about 70s., but I think the rate now is down to about 35s. I think that was a matter of arrangement largely when they brought these outside steamers in.

7476. Do you complain of the rate as regards Canada?—The Canadian and American shipments are so mixed up and they are nearly all alternate ports of call; they are optional.

7477. So that you cannot distinguish them?—We cannot.

7478. You are sending a very large quantity of tea now to Canada compared with what you did, are you not?—Yes.

7479. You cannot distinguish that from the tea sent to the United States?—No.

7480. As regards Australia, you say your grievances have been redressed?—Practically.

7481. Rubber is being worked with tea now a good deal, is it not?—Yes; but tea will grow at any level and rubber only grows at a lower level; it is only in the lower places where you can grow rubber.

7482. As regards the freight on rubber you have no complaint, have you?—At present we are shipping such a very small quantity, only comparatively a few hundred tons a year, and I could not give you any figures on that.

7483. But the export of rubber is growing very rapidly, is it not?—Yes.

7484. And you have nothing to complain of as regards that?—No, not at present.

TWELFTH DAY.

Tuesday, 4th June, 1907.

PRESENT :

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

Lord INVERCLYDE.
The Hon. C. N. LAWRENCE.
Sir HUGH BELL, Bart.
Sir W. T. LEWIS, Bart.
Sir D. M. BARBOUR, K.C.S.I., K.C.M.G.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
Captain R. MUIRHEAD COLLINS, C.M.G.

The Hon. W. PEMBER REEVES.
Professor E. C. K. GONNER.
Mr. F. MADDISON, M.P.
Mr. W. H. MITCHELL.
Mr. OWEN PHILLIPS, M.P.
Mr. OSWALD SANDERSON.
Mr. AUSTIN TAYLOR, M.P.
Mr. I. H. MATHERS.
Mr. J. A. WEBSTER *Secretary*

Mr. GEORGE HENRY WRIGHT, called and examined.

Mr. G. H. Wright.
4 June 1907.

7485. (*Chairman.*) The Birmingham Chamber of Commerce has requested you to come here and give evidence on the operation of shipping rings, I understand?—That is so.

7486. And you have prepared a statement which we may take as your evidence-in-chief?—Yes.

The witness handed in the following statement :

Shipping Rings.

1. During the past few years the Birmingham Chamber of Commerce has received constant complaints from merchants and manufacturers with reference to the manner in which their trade was being affected by the operation of shipping rings. In most cases it has been impossible to obtain details, even on the promise of the strictest privacy, and this reserve upon the part of traders can only be put down to the fear that the communication of details might conceivably lead to their being traced by shipowners and penalised in consequence.

Shipping Freights to New Zealand.

2. In 1903 the Chamber received complaints as to a serious preference given by English steamship lines to goods shipped from Antwerp and Hamburg to New

Zealand with transshipment at London. A firm of merchants in New Zealand reported that they were receiving goods by the Tyser Line at lower rates than they could get them from London. The goods were lamp chimneys—light, bulky articles. The rate from London direct was 37s. 6d. The rate from Antwerp and Hamburg via London was only 22s. 6d. In this case the actual weight of the consignment was 3 tons, but the measurement weight was over 20 tons, so that on a weight basis the difference would be between 282s. and 157s. (approximately), or over 5 per cent. on the f.o.b. value of the goods. In another instance complained of the goods were lampware. The Tyser Line rate from London was 37s. 6d., and from Hamburg via London 28s. 6d. Specific statements were made that in consequence of these discrepancies in rates goods formerly purchased in Birmingham were bought from the Continent. The question was taken up with the Tyser Line, Limited, and the Shaw, Savill, & Albion Company, Limited. The Tyser Line replied that their object in fixing lower rates from Continental ports was to take it out of the power of Continental steamship companies to run a service from the Continent direct to New Zealand.

and this could only be done by competing with the Germans, which they were doing at considerable cost to the New Zealand steamship lines. They further stated that a few years previously their rates from London were considerably lower than from the Continent, but that at that time British manufacturers evidently did not see the necessity for holding their trade, whereupon the Germans entered into keen competition and so built up a large trade which compelled the New Zealand steamship lines to reduce their rates to the low level they had then reached. The company did not say whether it was the German manufacturers or the German shipping lines who were building up a large trade with New Zealand, but the Birmingham Chamber of Commerce could find little or no evidence of either, and it appeared to them that the reply of the company was a poor excuse. It was pointed out to the company that whilst the exports from the United Kingdom to New Zealand were of the value of £7,500,000, those from Germany and Belgium were only of the value of £407,900, so that with the view of snatching small scraps of Continental trade the shipping companies were pursuing a policy detrimental to considerable portions of British trade, the loss of which would probably have caused them to cease operations.

3. In December, 1903, the Chamber received a letter from a member of the Auckland (New Zealand) Chamber of Commerce, of which the following is an extract:—

"I am especially interested in the manufacture of bottles. Recently my eyes have been opened to a few facts of a startling and alarming nature. I find that although the f.o.b. rate is, in both cases, practically the same for a certain class of bottles, yet these bottles can be imported from Germany, via London, at a much cheaper rate than they can direct from London. Why? This is the point of my letter. Because British shipping companies actually carry these bottles, made in Germany, for 22s. 6d. per ton, but they refuse to carry bottles made by British workmen in Britain for less than 42s. per ton. This in itself is a startling difference, but when we consider that the freight from Hamburg to London is 5s., and the transshipping charge 2s. 6d. per ton, we find that the British shipping company only receives 15s. per ton for freight on Continental goods brought to New Zealand. May we not ask, Do not such facts convey a serious menace to British traders? And they are facts. Seven gross of the class of bottles referred to occupy a ton space, and the f.o.b. value both in London and in Hamburg is 12s. per gross, or 84s. for the seven gross. Mark then: The German bottle starts from Hamburg at 12s. per gross, the British-made bottle starts from London at 12s., yet the German bottle when landed in Auckland costs 15s. 2d. per gross, the British-made bottle landed in Auckland costs 18s. per gross. It is to be presumed that there are reasons for this, although they are not very apparent. Competition does not surely necessitate such a wholesale cutting down of rates, for the through freight to New Zealand charged by German bounty-fed steamers is something like 45s. per ton. The only reason I can guess at is that rather than lose a little foreign custom they carry goods at these ridiculously low prices—surely, at least, a very short-sighted policy. A few years ago most of the bottles imported into this Colony were made in Britain, and the shipping companies received fair freights on them; now, foreign trade, with low-freight rates, is steadily increasing, while British trade, with high-freight rates, is steadily decreasing. It is needless to point out that all the advantage is to the foreigner."

4. The Chamber received in the summer of 1906 a letter from a firm of manufacturers' agents in Dunedin, New Zealand, in which they said:—

"We would just call your attention to the fact of British varnishes being charged at a freight of 55s. We feel sure that nothing like this freight is charged on varnishes coming here from America, but, as we do not handle them, we cannot give exact figures. Furthermore, the freight from England on envelopes is 55s., whereas what we import from the Continent come at 39s."

5. It may be said that the instances mentioned relate only to minor articles of export. In reply to this it is stated that these instances are typical, because the boats which carry Continental lamp chimneys, lampware, and envelopes at preferential rates also carry other freight at rates similarly detrimental to British trade.

6. On the 27th November, 1905, the Chamber addressed the following letter to the President of the Board of Trade with regard to a specific case:—

BIRMINGHAM CHAMBER OF COMMERCE
(INCORPORATED).

Registered Offices:—Winchester House,
Victoria Square.

My LORD MARQUESS, 27th November, 1905.

On the 23rd November I addressed to you, on behalf of the Council of this Chamber, a representation with regard to the preferential treatment in regard to freight accorded by the White Star Line to goods shipped from the United States to Australia, with transshipment at Liverpool, as compared with the freight charged on goods from Liverpool direct.

I am now desired to place before you the following information with regard to a most unfair preference given to Continental freight shipped from Hamburg to New Zealand with transshipment at London. Quite recently a consignment of acetylene cycle lamps was shipped from Hamburg for New Zealand, and at London were transhipped into the s.s. "Corinthic." The through rate from Hamburg charged on this consignment was 31s. per ton. I am informed that at Hamburg there is no stringent classification of goods, and that the lamps in question are allowed to be and were, in fact, shipped as glassware. If these goods had been manufactured in Birmingham, and shipped from London direct to New Zealand, the shippers would, in accordance with the stringent classification in force in this country, have had to consign them as cycle lamps, and the rate would have been 55s. per ton.

The shipment from Hamburg referred to measured a little over 86 cubic feet, which is equal to about 2 tons 3 cwt. measurement. The actual weight of the consignment was 11 cwt. 1 qr. 3 lbs. The actual freight paid from Hamburg was £3 13s. 10d. If the goods had been shipped from London direct, the actual amount of freight which would have had to be paid would have been £6 11s., and I am informed that the difference between the two amounts represents about 2½ per cent. of the value of the goods.

As this matter is a most serious one for British manufacturers and shippers, I am desired to ask that your Lordship will be good enough to give it your very careful consideration, and to express a hope that it will be possible to take some steps to secure a fairer treatment for British traders.

I am, my Lord Marquess,
Your Lordship's obedient Servant,
G. HENRY WRIGHT,
Secretary.

The Most Noble
The MARQUESS OF SALISBURY,
President of the Board of Trade,
London.

Shipping Freights to Australia.

7. On the 13th November, 1905, a Committee of the Chamber reported as follows:—

Your Committee have considered the recent complaints as to the discrepancy in the rates charged by shipping companies for the carriage of merchandise to Australia from the United States and the United Kingdom respectively. It is reported that the White Star Line, which forms part of an American combine—the International Mercantile Marine Company—but which is, nevertheless, under British management and flies the British flag, conveys merchandise from New York to Sydney, with transshipment at Liverpool, at rates varying from 15s. to 20s. per ton, whilst in the same steamer British goods shipped at Liverpool are charged at rates varying from 32s. 6d. to 42s. 6d. per ton. The obvious result of this discrepancy in the rates of freight is injury to British trade, and complaints are made that Australian buyers are now purchasing goods from the United States which formerly were purchased from the United Kingdom, mainly, if not solely, in consequence of the lower freights quoted from New York. It will be generally agreed that this is a serious matter, and that a continuance of the large preference now given to American freight must be detrimental to the trading interests of the United Kingdom. It should be pointed out that Clause 10 of the Agreement between the British Government and the Mercantile Marine Company, stipulates that the agreement shall have effect for 20 years from 27th September, 1902, and shall continue in force thereafter subject to a notice of five years on either side, provided that His Majesty's Government shall have the right to terminate the agreement at any time if the company pursue a policy injurious to the interests of the

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British mercantile marine or of British trade. Your Committee, therefore, recommend that a representation be addressed to the President of the Board of Trade, urging him to bring pressure to bear on the company, with the view of securing, at the least, equality of treatment for British goods shipped to Australia. The report was adopted by the Council.

Shipping Freights to South Africa.

8. The most serious complaints which have been mentioned to the Birmingham Chamber of Commerce relate to shipments to South Africa, in regard to which a year or two ago there were considerable discrepancies in freight charged by the Conference Lines to British and American exporters respectively. For some reason best known to themselves, the Conference Lines for several years carried American freight at rates less by 10s. to 30s. per ton measurement than those charged for British freight, and Birmingham merchants and manufacturers complained strongly of the injury which was being done to their markets by their American competitors assisted by these unduly preferential rates. In some instances it has been reported that the freight preference was sufficient to yield a handsome profit; and that in order to retain their markets British merchants were forced to go to America to purchase their goods for South Africa or, as an alternative, to sacrifice some portion of their trade. As a result, of course, British industry has suffered; and we have had the unpleasant experience of seeing ships flying the British flag, and resting for their security on the British Navy, carrying American goods at a loss, and at the same time mulcting British shippers in freights sufficiently high to recoup them for that loss. In other words, the British shipper was converted into an instrument for developing American exports to South Africa.

The effects of the preferential freights given to American produce over a period of several years may be stated as follows:—That now competition is once more possible under approximately equal conditions, the English trader starts from a lower level than he would have reached, whilst the American trader starts from a higher level than he would have reached under the normal conditions of competition.

Rebate System.

9. The Birmingham Chamber of Commerce are not prepared to advocate the abolition of the rebate system, because it has advantages in that it puts all British shippers on even terms as to rates &c., and also ensures regular sailings. From the complaints, however, which are from time to time made by members of the Birmingham Chamber of Commerce, it is evident that in other respects the rebate system has its disadvantages, and that the contract entered into between the shipowner and the shipper is not in some respects equitable. It binds the shipowner and the shipper so far as their trade from English ports is concerned, but it gives the shipowner perfect freedom in quoting rates for shipment from foreign ports. During the freight war in the South African trade, the sacrifice of the interests of British traders by the South African Conference Lines, in order to keep out competition, was felt to be a great injustice to British traders whose hands were firmly tied by the contract and the rebates in the hands of the shipowners. The Birmingham Chamber of Commerce are of opinion that some modification of the conditions of the existing rebate system is desirable, and suggest that the present period for refunding rebates should be altered from 15 months to nine months, the accounts to be made up every six months, and refunds to be made within three months thereafter; that the primage should be placed in the hands of a separate body on which the shipowners and the shippers should each be represented; that shipowners should undertake not to carry foreign freight from foreign ports at a less rate than British freight from British ports on the same class of steamer; and that the classification should in all cases be the same from all ports.

7487. (*Chairman.*) Your Chamber has received constant complaints, you say, from merchants and manufacturers, but it has been found difficult to obtain details, because the information has been given on the promise of the strictest secrecy?—That is so.

7488. That being caused by the fear that the communication of details might conceivably lead to shippers being traced by shipowners and penalised in consequence?—Yes.

7489. What would the penalty be?—The shipowner in one or two cases which have occurred—not within recent years—has either refused to carry a particular consignment, or has only consented to carry it on the payment of double rates.

7490. Have you known many cases of that kind?—I am afraid I have not known many of them. I am speaking in this memorandum from the general impression which has been borne upon me by what I may call the general statements of grievances of this description or of fears of this description.

7491. That is to say, merchants and shippers have been afraid and are afraid to give information, because they believe that if they did so their interest would be prejudiced?—Yes. One of the largest shippers, who told me generally that he had complaints, refused to disclose any of the information, because once, he said, he had been penalised, and he would not run the risk again; he would rather suffer the evils he knows than those he knows not of.

7492. Of course, if the contract between the shipowner and the shipper were embodied in a written instruction, the shipowners would have no such power?—Quite so, if the contract were equitable.

7493. I suppose you would think that the shipowner might penalise the shippers without incurring themselves any penalty?—The shipowner has been able to penalise the shipper probably for some slight breach of contract which has been entered into for the carriage of merchandise.

7494. Do you mean as regards rebates principally?—Probably as regards rebates, the shipper shipping by a line which is not within a conference under the impression probably that he was acting as an agent and not as a principal.

7495. Are you there referring merely to the forfeiture of rebates?—No, I am not referring exclusively to the forfeiture of rebates; I do not connect this general statement with the rebate question only.

7496. Under the rebate system, if the contract between the shipowner and the shipper is clear, and is in writing, the shipowner cannot penalise the shipper without being liable in an action?—Quite so; but I am speaking here largely of instances where, I presume, some slight breach of the contract has been committed by the shipper, not wilfully, but unwittingly. The shipper may have been acting under the instructions of his principal, and may have been merely an agent, but he may have been held by the shipowner to have been acting as a principal.

7497. What was the consequence of that in the case you are referring to? What did the shipowner do?—In one instance, so far as I can ascertain, the shipowner left a large consignment of goods on the quay and informed the shipper to that effect, and subsequently told him that they would carry them if he would pay double rates, but on no other conditions. This particular case that I am speaking of now happened some years ago, and I have not been able to ascertain to what country the goods were shipped.

7498. You cannot tell us then in what trade that was?—I was unable to ascertain to what country the goods were shipped.

7499. That was possibly on account of the numerous exemptions contained in the bill of lading, I suppose?—Probably.

7500. That is to say, the bill of lading in its modern shape exempts the shipowner from liability in an enormous number of cases?—Quite so.

7501. And you think that if the shipowner were, as if were, offended with the shipper, he might safely, under the protection of those exemptions injure the shipper?—I would rather not go so far as that. What I desire to impress upon the Commission is, that this is the fear, which the shippers have. Were I acting as an independent shipper, probably I should hold different views.

7502. I only want to see on what ground that fear was founded, and I think you have explained it. In your second paragraph you deal with the Shipping Freights to New Zealand, and you say, "In 1903 the Chamber received a complaint as to a serious preference given by the English steamship lines to goods shipped from Antwerp and Hamburg to New Zealand with transshipment at London"; and then you go into details. Did that preference, or a preference of that kind, continue

after the year 1904?—That I cannot say, but I should imagine that such is the case, because the first instance of preference which is mentioned here is probably due in the main to a difference between the Continental classification and the English classification.

7503. In what trade are you engaged?—I am the secretary of the Birmingham Chamber of Commerce.

7504. Do you carry on any business yourself?—I carry on no business. I devote my whole time to the Chamber, and I am here to represent as far as possible their views.

7505. Just look again at the second paragraph of your statement. Can you vouch the figures given there?—I can vouch for them in so far as they are taken from letters or other documents which were handed to the Chamber at the time these complaints were made, and subsequently handed back to the shippers.

7506. You set out very fully in your statement the different complaints which were made to the Birmingham Chamber of Commerce?—That is so.

7507. When that Chamber of Commerce received those complaints, what steps did the Chamber take?—The first step we take on receiving a complaint is that of endeavouring to ascertain whether the complaint is based upon correct particulars or not.

7508. What was done in these cases?—In the first instance, inquiries were made amongst other shippers for evidence which would substantiate indirectly the complaint which had been made by this particular firm of merchants, and then a letter was written to the Tysler Line and to the Shaw, Savill & Albion Company, Limited. As I say, the Tysler Company and the other company admitted that their rates from the Continent were lower than their rates from this country. The figures were put before them and were not contradicted.

7509. Have those rates remained in that state?—I cannot say that the rates have remained at the figures which are given here; but I understand that there are still discrepancies between the rates or the classification from the Continent and from this country which adversely affect the British shipper.

7510. When was the last complaint made about the difference of rates of freight? I see that December, 1903, is the date of one communication, and then later on you say, "The Chamber received in the summer of 1906 a letter from a firm of manufacturers' agents in Dunedin, New Zealand, in which they said:—'We would just call your attention to the fact of British varnishes being charged at a freight of 55s. We feel sure that nothing like this freight is charged on varnishes coming here from America, but as we do not handle them we cannot give exact figures. Furthermore, the freight from England on envelopes is 55s., whereas what we import from the Continent come at 39s.' It may be said that the instances mentioned relate only to minor articles of export. In reply to this it is stated that these instances are typical, because the boats which carry Continental lamp chimneys, lamp-ware, and envelopes at preferential rates also carry other freight at rates similarly detrimental to British trade." Did the Chamber of Commerce communicate with the shipowners at all on that?—Not after the year 1903, when we secured that admission from the Tysler Line as to their object in fixing lower rates from Continental ports.

7511. Since then, your Chamber of Commerce has not communicated with the shipowners, you say?—We have not communicated with the shipowners since 1903.

7512. There are shipowners who are members of chambers of commerce, of course?—But not of the Birmingham Chamber of Commerce.

7513. Not at all?—No.

7514. And since 1903, there have been no communications between the Chamber of Commerce and the shipowners?—That is so, but we have communicated with the Board of Trade.

7515. (Professor Gomer.) Do you say that there have been no communications whatever since 1903 with the shipowners?—You see the Chamber has not gone out to obtain instances for the particular purpose of this Commission. In the first part of the statement we merely desired to place before the Commission the complaints which have come before the notice of the Chamber.

7516. (Chairman.) On November 27, 1905, I see the Chamber addressed a letter to the President of the Board

of Trade, which you set out; has that letter been answered?—We have received no reply to that letter, except an acknowledgment of its receipt.

7517. Now we will go to your next, which head deals with the Shipping Freights to Australia. On November 13, 1905, a committee of your Chamber, you say, reported as follows:—"Your Committee have considered the recent complaints as to the discrepancy in the rates charged by shipping companies for the carriage of merchandise to Australia from the United States and the United Kingdom respectively. It is reported that the White Star Line, which forms part of an American Combine—the International Mercantile Marine Company—but which is nevertheless under British management and flies the British flag, conveys merchandise from New York to Sydney, with transshipment at Liverpool, at rates varying from 15s. to 20s. per ton, whilst in the same steamer British goods shipped at Liverpool are charged at rates varying from 32s. 6d. to 42s. 6d. per ton." As regards these matters again, has the Chamber of Commerce communicated with the shipowners?—Not with the shipowners. The matter was communicated to the Board of Trade on the occasion of a deputation from the Association of Chambers of Commerce.

7518. (Captain Collins.) In that report your Committee referred to "Clause 10 of the agreement between the British Government and the Mercantile Marine Company;" what agreement is that?—We gathered from papers which we had at the Chamber—we endeavour to keep track of matters of this description—that an agreement was entered into between the British Government and the Mercantile Marine Company, for, I presume, the carriage of mails, and that one of the clauses in this agreement stipulated that it should continue in force for 20 years, provided that His Majesty's Government shall have the right to terminate the agreement at any time if the company pursue a policy injurious to the interests of the British mercantile marine or of British trade.

7519. (Sir John Macdonell.) Have you got that agreement?—I have not the agreement. We have only been able to get extracts from various publications. That matter has been communicated to the Board of Trade.

7520. (Chairman.) Have you seen that clause yourself?—I do not think I have seen the complete clause. In accordance with the recommendation in the last sentence of the report, a representation was addressed to the President of the Board of Trade, in which this particular statement was made.

7521. (Mr. Taylor.) Was any reply received to that?—No reply has been received to that.

(Chairman.) I think it would be very important, if the agreement between the Government and the shipping company did contain a proviso of that kind.

7522. (Mr. Lawrence.) Did the Chamber of Commerce take steps to see that there was such a clause?—We made this statement in a letter to the President of the Board of Trade.

(Mr. Lawrence.) Why did you make the statement?

(Mr. Owen Philipps.) It is a well-known agreement.

(Chairman.) Does the agreement contain a clause to that effect? Can you say?

(Mr. Owen Philipps.) I think it does, but I cannot carry it in my mind. The agreement was made by the late Government.

(Professor Gomer.) Is the agreement a printed one?

(Sir Alfred Bateman.) Yes.

7523. (Chairman.) You say a representation was made to the President of the Board of Trade?—Yes.

7524. You have not got here the letter to the board containing the representation, have you?—No. The communication practically contained the statements which appear in this memorandum.

7525. (Professor Gomer.) What was the date of the letter to the Board of Trade?—It would be in the latter half of November, 1905, that the letter would go to the Board of Trade.

7526. And you received no answer?—We have received no reply, except an acknowledgment in which we were told it would receive attention.

7527. (Chairman.) You end by saying, "The Birmingham Chamber of Commerce are not prepared to advocate the abolition of the rebate system, because it

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"has advantages in that it puts all British shippers on even terms as to rates, &c., and also ensures regular sailings. From the complaints, however, which are from time to time made by members of the Birmingham Chamber of Commerce, it is evident that in other respects the rebate system has its disadvantages, and that the contract entered into between the shipowner and the shipper is not in some respects equitable. It binds the shipowner and the shipper so far as their trade from English ports is concerned, but it gives the shipowner perfect freedom in quoting rates for shipment from foreign ports." Then what your Chamber of Commerce recommends is this—"That the present period for refunding rebates should be altered from 15 months to nine months, the accounts to be made up every six months and refunds to be made within three months thereafter; that the primage should be placed in the hands of a separate body on which the shipowners and the shippers should each be represented; that shipowners should undertake not to carry foreign freight from foreign ports at a less rate than British freight from British ports on the same class of steamer; and that the classification should in all cases be the same from all ports." That, of course, is a very important recommendation. It means that instead of the primage or rebate being left in the hands of the shipowner, it should be placed in the hands of a separate body on which the shipowners and shippers are each to be represented. Do the Chamber of Commerce propose that in case of difference of opinion between shipowners and shippers as to whether a rebate is forfeited, that should be referred to arbitration?—It is contemplated that this separate body should be an arbitral body—an arbitration committee.

7528. It intended that body to be a board of arbitration?—Yes, to whom the shipowner should be responsible for the rebates he held in his hands. We do not necessarily say that the money should be paid over to the separate body, but it should be held in trust.

7529. (Mr. Taylor.) But you say, "that the primage should be placed in the hands of a separate body"?—That is rather a careless statement. We do not go so far as to say that they should pay over the money to the separate body.

7530. (Chairman.) You say, "that shipowners should undertake not to carry foreign freight from foreign ports at a less rate than British freight from British ports on the same class of steamer." I suppose that is not meant to be strictly interpreted; you mean, of course, at a proportionately less freight, because a foreign port need not be the same distance from the port of destination as the British port?—We are referring mostly, in connexion with this question, to Australia and New Zealand and Continental ports, where the differences in distance are not very great; and also to the United States where South Africa is concerned.

7531. Does the Chamber of Commerce recommend that that question should also be decided by arbitration, namely, whether there is improper discrimination?—I do not think that the Chamber are prepared to support any steps which might have the effect of driving shipping from British ports. What we hope is that shipowners will voluntarily agree with the shippers who confine their shipments to their steamers, to treat British freight on what we may call most-favoured-nation principles. But what does take place now is that much merchandise from the Continent is carried to London free of charge and shipped from London at the same rate as British goods.

7532. What I want to know from you is, how are you to prevent that—by legislation?—We are not prepared to say that legislation is a desirable thing in this instance. We would rather the shipowners entered into an agreement which would include a provision of this description.

7533. I suppose that the question whether the provision which you have foreshadowed is carried out or not, is to be decided by arbitration?—That is the only manner in which it could be interpreted in the interests of both parties.

7534. (Lord Inverclyde.) Who is the Chairman of the Birmingham Chamber of Commerce?—Mr. J. S. Taylor.

7535. What is his business?—He is an engineer and a director of several public companies.

7536. Was your memorandum of evidence submitted to a meeting of the directors of the Chamber of Com-

merce?—It was submitted to a meeting of a special committee appointed by the Chamber.

7537. Was it unanimously approved?—It was unanimously approved.

7538. But the members as a whole have not had an opportunity of expressing an opinion upon it?—The council is representative of the members, and if the council approve of any report which is prepared by a committee, the council claim to represent the views of the members, of whom I may say there are nearly 900.

7539. You have mentioned that complaints have been received from merchants and manufacturers; can you tell us the names of the firms in Birmingham or roundabout who have made complaints?—I am afraid not. Because of the fear which is expressed in my first paragraph, firms will not allow their names to be mentioned.

7540. Do you not think that does away with the value of your evidence to a great extent?—I am afraid it does so far as I am concerned, but we are not empowered to demand that our complainants shall allow their names to be used. My general experience among the traders leads me to the belief that in most cases traders desire privacy. That is a difficulty which Chambers of Commerce, I fear, are not able to overcome at the present time.

7541. (Sir William Lewis.) Do you think that any of the persons who have cause of complaint would be willing to give evidence privately here?—I think the firms who have made the most serious complaints would not on any consideration appear before this Commission.

7542. (Sir John Macdonell.) Have you got a copy of the letter by the Tyser Company which you paraphrase in your second paragraph?—I have not a copy with me, but I could send a copy to the Commission for their information. The statement I make was verified from their letter before it was included in this memorandum.

7543. You give only a paraphrase of it, I notice?—It includes the substance of their letter, in their own words as far as possible.

7544. May I take it that the section in your memorandum headed "Rebate System" is an actual resolution passed by the council of your Chamber?—No; it is not an actual resolution, but it is an actual paragraph in a report which has been approved by a committee authorised by the council.

7545. A committee consisting of how many members?—A committee consisting of six shippers.

7546. Was that report approved by the council?—The resolution gave a general direction as to the lines upon which the report should be drafted, leaving the actual wording to the committee.

7547. But in fact what appears under this heading of "Rebate System" has not been textually approved by the council?—Not by the council; but I would like the Commission to understand that the council empowered the committee to prepare this report, and that they were acting under authority and not as free lances in connection with the Chamber.

7548. This sub-committee considered that a scheme of arbitration was desirable?—That is so.

7549. The arbitration, as I understand from your answers to the Chairman, is to be confined to the question of the rebates and the retention of them?—We only make the proposal; it was the Chairman who asked as to how we would carry out the latter part.

7550. According to your sub-committee, is the scope of the arbitration to be confined to the rebates and the retention of them?—We do not say necessarily so; but we say that these rebates should be dealt with by a separate body who would act as a body of arbitration.

7551. Did the sub-committee consider whether other subjects should be brought within the range of arbitration?—No, it did not consider that; and for that reason I think I am justified in stating that they did not have in their minds the fact that the arbitration body would only deal with questions of rebates. They did not propose any restrictions to the body.

7552. (Mr. Sanderson.) May I ask how many of your members stated their objection to giving any particulars of these complaints? Did you personally interview any of them?—I can only tell you that the members of the sub-committee decided that it would be better for the secretary to give evidence; and none of them were

willing to appear before the Commission. Other members of the Chamber who have been approached have spoken in similar terms, namely, that they would rather that the chief executive officer of the Chamber should represent the Chamber, than any individual with his individual views only.

7553. Have you personally any knowledge of how many there were of those arbitrary actions which you mentioned in the commencement of your evidence of shipowners shutting out cargo or penalising shippers—because that is rather a drastic statement, as you know?—Quite so. The general way in which complaints are brought before the Chamber of Commerce is in a verbal manner, and most of these complaints which have been made have been made verbally. I gather that there is a general feeling amongst shippers that they are liable to such treatment, unless—

7554. It is a feeling without facts to go on?—No, I do not say that.

7555. In collecting this evidence upon which you make this statement, I ask you if you could give this Commission the number of instances that you have discovered in your investigations, or that the sub-committee has discovered?—I cannot say that we discovered any instances. The difficulty I point out is that the people who say they have grievances are not prepared to communicate any information which would lead to their identification. But if I might give a number, I should say that from five to ten of the large shippers of Birmingham are agreed that they are subject or liable to be penalised under certain circumstances by the shipowner; and to be penalised is a very serious matter for a shipper.

7556. It is a fear on their part rather than founded on fact, then?—It is founded on the fact that certain shippers, small in number, have been penalised.

7557. But you cannot give this Commission any facts?—I am not allowed to give any particulars as to the penalties.

7558. You suggest to this Commission that this rebate which shipowners offer for loyalty should be placed in the hands of a sub-committee or a separate body; and I infer from that that your Chamber consider this money as money deposited by the shippers, whereas the shipowners regard it as a bonus—that is a very different point of view, is it not?—Yes. I think the shipper looks upon it as a payment which he makes to the shipowner, to be held by the shipowner for a certain time, and to be returned to him on his complying fully with the terms of his contract.

7559. Do you regard that as a reasonable view of the matter?—I think that it is rather a reasonable view.

7560. (*Mr. Maddison.*) I gather from your evidence that the Birmingham Chamber of Commerce is not in favour of the abolition of the deferred rebate system?—No. We say that we are not prepared to advocate its abolition—not, I might explain, because we are enamoured of the rebate system; but because, up to the present, we have not been able to find any proposal which would secure regular sailings and stable freights from this country in the same way that the rebate system does.

7561. You are aware that the deferred system is part and parcel of the keeping up of shipping rings, are you not?—Of course it is through the operation of the rebate system that a shipping conference is enabled to get a greater hold on the shippers.

7562. Among the members of your Chamber of Commerce, do you know any who are in favour of an open market, that is, of free competition as against the deferred rebate system?—Yes. You had one up before the Royal Commission some time ago—Mr. William Heaton, of Hunt & Sons, the Brades.

7563. No one else?—Others are probably in favour of the abolition of the rebate system; but the general view of the merchants who have a larger knowledge of these matters is that the interests of the merchants and of the manufacturers would suffer unless there were something to enable the shipping companies to provide tonnage and to give the same rate of freight to all shippers—large or small.

7564. Are you quite sure that the majority of the members of your Chamber of Commerce are in favour of the retention, with modifications, of the rebate system?—No. I say that the majority of the Chamber of Com-

mence are not prepared to advocate its abolition up to the present, because they have not been able to find anything which can take its place.

7565. That is to say, having regard to that qualification, they are in favour of the retention of the rebate system?—I would much prefer to stick to the wording of this report.

7566. (*Chairman.*) I may, perhaps, help you by saying they are in favour of the retention of the rebate system, if it is modified in the way you point out in your evidence?—Naturally they wish the rebate system to be placed upon a more reasonable basis than it is at the present time.

7567. (*Mr. Maddison.*) You state that one of the proposals is that shipowners shall undertake not to carry foreign freight from foreign ports at a less rate than British freight from British ports; do you know of Birmingham manufacturers or merchants who ever sell their goods cheaper abroad than they do here?—Yes, there is no doubt of that; we have to sell our goods cheaper abroad, in order to get under the tariff.

7568. Then why should you single out one trade and debar them from it?—Because the transport trades are on a different footing altogether to the individual manufacturer.

7569. I suppose the shipowner lives out of the transport trade?—The shipowner lives out of the transport trade, but he holds within his hands the welfare of a greater number of individuals than an individual trader does.

7570. You make that distinction? Supposing that the Germans are cutting very severely in German ports, what is the English shipowner to do if he wants to get trade?—It seems very hard that, in order to capture a portion of the German trade, he should do anything which is detrimental to the British shipper.

7571. Does it not seem hard that a Birmingham manufacturer should sell to a German the same article cheaper than he sells it in Wolverhampton?—I make the same distinction again—that the interests of a manufacturer, or rather the relations of a manufacturer with his customers, and those of a shipping line with its customers, are distinctly different.

7572. It comes to this, then, that Birmingham has no faith in open competition in the shipping market?—It is conceivable that the conditions of the rebate system may be such that an open freight market would be preferable. We believe that if, in the absence of a better proposal, the rebate system were modified in accordance with this recommendation, the British shipper would have nothing to fear.

7573. As far as you have reached up to now, the Birmingham traders are not prepared to trust themselves to the open freight market, taking all their chances of regular services, &c.; that is true, is it not?—The Council, or rather the committee which was authorised to express so far as it could the views of the Birmingham shippers, have come to the conclusion that it is not in the interests of the many and varied industries of Birmingham—small industries, many of them—that they should be put at the mercy of an open freight market, and that one man should be able to get a different rate from his next-door neighbour.

7574. (*Mr. Owen Phillips.*) Therefore, the fact that under the present Shipping Conferences the small man is treated the same as the big man weighs considerably with the Birmingham Chamber of Commerce?—Undoubtedly; because in Birmingham we are a community, I might say, of small shippers.

7575. (*Professor Gonner.*) With regard to the question that Mr. Maddison was asking you a moment or two ago, I suppose your view is that under existing circumstances shipping is more or less a monopoly, through the influence of the rings?—I think we are justified in stating that. It is a question of degree.

7576. Therefore, you think that there being a monopoly, or quasi-monopoly, it should be subject to certain restrictions, because of the importance of the transport trade?—Quite so.

7577. What is your view?—That is our view.

7578. With regard to the action of the Chamber of Commerce, should you say that the Birmingham Chamber of Commerce has been particularly effective in obtaining the redress of any of these grievances?—I am afraid no

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Chamber of Commerce has been effective in obtaining redress.

7579. Do you not think that Chambers of Commerce, taken as the circumstances stand, are likely to be effective bodies?—I think that Chambers of Commerce have before them a period of greater usefulness than has ever been dreamt of. I believe that Chambers of Commerce do directly or indirectly obtain great benefits for the community they represent.

7580. I am not asking you with regard to the general benefits; I am asking you with regard to a specific kind of benefit. Are they able in your opinion, or have they proved themselves able, to effectively oppose what you deem the unnecessary exactions of the shipowners—mind, I do not say that they are exactions, but that is the view which is taken in some quarters?—I take it that the operations of the Chambers of Commerce have caused the appointment of this Commission, from which we hope to get a good deal of what we desire.

7581. But have they in negotiation with the shipowners been able to obtain redress? That is my question. It is a mere question of the effect of their action, and I am asking you your opinion as to what it comes to?—The Chambers of Commerce have not been able to obtain from the shipping companies any alteration of the basis of their several rebate systems; and they have not been able, in the case of the South African Conference, to secure the removal of those conditions which attach to the rebate system, and which enable the Conference to do things which are detrimental to British trade.

7582. It has been submitted to the Commission that one of the remedies for the arbitrary action of a shipping conference is the formation of an association of shippers or merchants; and it has further been suggested that a form of combination already exists in the Chambers of Commerce. I am anxious to know how far experience has shown, first, that the particular form, the Chamber of Commerce, is useful, that is, efficacious or not efficacious. I take it that in your view it has not been peculiarly effective up to the present?—The Chambers of Commerce have not been able to concern themselves with matters which arise between shippers and shipowners in the same sense as, for instance, the Australian Merchants' Committee or the South African Merchants' Committee have been able to do. So far as I know, the shipowners would not negotiate with a particular Chamber of Commerce, but they might negotiate with the South African section if we had a South African section in Birmingham.

7583. Taking your experience, do you think that there are difficulties in the way of the formation of combinations of merchants for this kind of purpose? Some witnesses, I might say, have told us that there are so many different interests and so many jealousies that there are difficulties in the way of a strong combination?—I think there always will be difficulties in the way of a combination of shippers to a particular market; but probably if the interests could be consolidated under the *agis* of the Chambers of Commerce, much more benefit might be derived. Up to the present the Chambers of Commerce, particularly in inland towns—and I do not concern myself with the Chambers of Commerce at the ports, which may have very great power with shipowners—have not been able to get so close to the shipowners.

7584. I suppose you do consider—I am really anxious to know—that it is rather a difficult business to form an effective combination?—I do consider so. If I may speak from the report of the South African Merchants' Committee, which is dated November 15, 1906, that Committee does not appear to be a very representative Committee, or rather the Committee may be representative, but the subscriptions to the body are so small that the membership may not be very great.

7585. Might I turn to another point now? In reference to this Committee which you contemplate, or this separate body rather, on which the shipowners and the shippers should each be represented, do you contemplate a body for each particular trade, or a body for the whole country; I mean, would there be a body for the South African trade, a body for the Australian trade, and so on, or would there be one central body?—I do not think the Chamber contemplated setting up a Department, so to speak, which would range over the whole of the trade routes of British shipping.

7586. It has not elaborated the proposition, I suppose?—No, it has not. In making this suggestion as to the

formation of a committee we had mostly in our mind the South African trade.

7587. You stated a little time ago that [you] did not aim at legislative enactment, but that you would like a voluntary agreement with shipowners; of course, the difficulty that naturally suggests itself is, what is to happen if they do not agree?—Quite so. What I endeavoured to say was that the Chamber of Commerce rather fear anything in the shape of legislation which might damage the shipping interests, and we would prefer that matters should be settled voluntarily.

7588. Of course one would always prefer voluntary agreements to legislative enactments, if they were equally efficacious. What I wanted to get at is, supposing you cannot settle them voluntarily, what is the view that the Chamber take, or does it offer no view?—If they cannot be settled voluntarily, the question would be considered again. The Chamber does not wish to make threats against the South African Shipping Conference or any other Conference.

7589. In the main, then, your last paragraph headed "Rebate System" has been written in view of the South African trade I gather?—Very largely in view of the South African trade.

7590. (Sir Hugh Bell.) You mentioned in reply to Mr. Sanderson that some five or ten of your largest shippers complained of the exactions of the shipping rings?—Complained as to the preferences given to foreign freights.

7591. Do you think any one of those would be found to come and give evidence here as to specific cases?—I should not object to making another effort with the Birmingham merchants to induce them to come.

7592. Do you think it unreasonable of us to ask you to ascertain whether one or two of these gentlemen would come, under any conditions they chose to lay down, and give us specific examples of the exactions of which they complain?—No, I do not; but I do not know that they can go much further than the typical cases I have given. The matter, as I pointed out in the earlier part of my evidence, depends, to some extent, on classification. For instance, I have examined the English classification to New Zealand and the German classification, and I find that hardware on the Continent includes tools, but that hardware from England does not include tools. There at once Continental tools are discriminated against tools from a British port. There are other cases such as that. For instance, the Continental classification specifies window glass in the rough classification, but only common window glass is specified in that section in the English classification. We believe that under such wide terms as those, and an easier interpretation of the classification on the Continent, British shippers are prejudiced.

7593. You see what I am asking you to afford us is specific examples of these complaints from the persons who have suffered, in order that we may ask them precisely the questions that you are suggesting to us, and see whether there is any explanation of the complaint other than that suggested in your evidence. Do you think we could succeed in getting one or two of these gentlemen to come?—I think you should realise the difficulty which an individual shipper would experience in one or two cases. In one case which I have quoted, the case of the *u.s.* "Corinthic," the merchant happened to have a consignment of acetylene lamps from Hamburg on the same boat as a consignment shipped by him also from London.

7594. Of course, the gentlemen tendering the evidence will understand that they can do it in confidence, if so desired?—I shall be very glad, if the Commission wish it, to convey the request to one or two important shippers.

7595. I think we should be glad if you would kindly do so. I understand that you communicated to the Board of Trade upon the report, which you laid before us, made on November 13, 1906, by a Committee of your Chamber?—Yes.

7596. Was this report accepted by the Council?—Yes.

7597. And then a communication was addressed to the Board of Trade?—Yes.

7598. In 1905?—Yes.

7599. A year and a half ago?—Yes.

7600. And you got no answer?—No.

7601. You have not pressed for any?—The facts were placed before the President of the Board of Trade, and, naturally, we do not feel that it is our place to ask for an answer when it is plain from the absence of one that no explanation can be afforded.

7602. But you were asking for remedies?—We were asking for remedies, and we believe, as I have stated to a previous member of the Commission, that the appointment of this Commission has been brought about by the concentration of letters and representations of this description upon the Board of Trade.

7603. You are very patient in Birmingham, for you have waited 18 months. I would have thought, if the matter was of such importance, you would have pressed for an answer?—We may appear patient, but if you lived in Birmingham, and if you saw that the members of the Chamber of Commerce were continually talking about shipping freights and preferences, you would realise that, whilst we may appear patient, we are endeavouring to educate the commercial community.

7604. Perhaps you might be inclined to accept a suggestion which has been made to me—that 18 months is return of post by the Board of Trade? I put it to you, you are not surprised that at the end of 18 months you still have no reply to an important communication?—I think we have a reply, as I say, in the appointment of this Commission, which seems to have been brought about by the concentration of the representation of the grievances upon the Board of Trade.

7605. (Sir Alfred Bateman.) In connection with what you said about the present state of things, is it not the case that your grievances have to a certain extent been redressed, as regards the difference in rates between the United States and this country?—That is so—at present.

7606. How long has that been so to your knowledge?—I do not think there has been discrimination between British and American freight during the last 18 months.

7607. So that you have no complaints on that score?—We should have no complaints there; but under the existing conditions of the rebate system, a similar state of things may arise at any moment.

7608. As regards the Continent, have you great differences between the rates from Germany and the rates from London?—Yes. There, as I have endeavoured to state, we think that in addition to probably small discrepancies in freight, larger discrepancies are caused by difference in classification, and that the German classification is a wider one than the English classification.

7609. Is that the classification of the conference of shipowners in Germany?—Yes; it is the classification of the German-Australian lines.

7610. The German-Australian lines have a wider classification than the English lines, you say?—Yes.

7611. So that cycle lamps would be treated in German ports as glassware?—Yes.

7612. Instead of being treated as cycle lamps as is the case in the British classification?—Yes.

7613. What would you propose to remedy such a difference of classification?—Speaking now particularly with regard to South Africa, we think that if the deferred rebate system were accompanied by equitable conditions, classification could be settled in the same way as the Conference lines propose to settle it, that is by communication and consultation with the merchant shippers.

7614. Do you think that the German Conferences would raise their rates and alter their classification?—No. I do not think that the German lines are lines which we can complain at all about. When a British shipowner carries English cycle lamps from London as cycle lamps, and fetches similar lamps from Hamburg and carries them as glassware, we complain that he is discriminating—not that the German lines are doing so.

7615. That he is discriminating by having a different classification of goods for the goods he takes on board at Hamburg and for those he takes on board in London?—Quite so.

7616. (Mr. Owen Philipps.) In which trade?—I am speaking now of cycle lamps.

7617. To whom?—To New Zealand.

7618. (Sir Alfred Bateman.) I do not think that is shown actually in your memorandum, is it? You do

not say in your letter to the President of the Board of Trade of November 27, 1905, that the British companies would charge under a different classification according as the goods went on board in Germany or in London, do you?—The letter shows that, I think. It shows that the s.s. "Corinthic" carried a consignment of cycle lamps from Hamburg as glassware at a particular rate, and although it was not stated in this letter, I ascertained afterwards that the same merchant had a consignment of cycle lamps which were made in Birmingham and which were shipped on the s.s. "Corinthic" as well, and they were charged as cycle lamps at a rate of 55s. per ton as against the 31s. per ton for the others.

7619. (Mr. Owen Philipps.) Did you bring that to the notice of the shipowners?—We brought this to the notice of the Board of Trade.

7620. Did you first bring it to the notice of the shipowners, and ask them to put it right?—I think the shipper himself made complaint to the shipowners, but the Chamber of Commerce did not.

7621. (Sir Alfred Bateman.) Do you not think the Birmingham Chamber might have a good deal of influence with the shipowners?—I think it is probable that in the future the Chamber will be able to exercise more influence than it has been able in the past to exercise.

7622. We have been told by certain Chambers of Commerce in ports that they have got shipowners among their body and that weakens their influence, but you have got no shipowners to spoil any complaints that you are inclined to make in Birmingham; and I should have thought you could make very strong complaints in Birmingham?—Yes; but where you have, as we have in the City of Birmingham, 4,000 firms, a large proportion of whom are trading abroad, it is a very difficult thing to bring them together. Had we a smaller body of very powerful traders, we should be much better able to organise them than we should be the smaller industries.

7623. You have got 900 of them in your Chamber of Commerce, you said?—We have 900, but they represent so many different interests.

7624. You do not even ask the Associated Chambers to deal with the shipowners, and to write to them and try to bring pressure to bear upon them?—We moved a resolution at an annual meeting of the Associated Chambers of Commerce, which resulted in a deputation to the President of the Board of Trade in 1905 or 1906.

7625. There is a sort of semi-permanent body, the Council of the Association Chambers, which meets in London every month, I think, at least, is there not?—Yes.

7626. Have you never tried to get them to ask the shipowners to be reasonable in these matters?—I think the Executive Council of the Associated Chambers of Commerce merely carries out the instructions of the annual or autumnal meetings, and that it would not take the initiative on questions of this description.

7627. Anyhow, you have never tried to get them to act in this way?—We have not tried.

7628. Because you thought they would not succeed?—Because they take no initiative.

7629. (Sir John Macdonell.) Do you think you could get the actual shipper of these lamps from England to New Zealand to attend here to give evidence respecting them?—I could ask him; but he would not be able to give you any more information that is given here.

7630. (Mr. Sanderson.) Are there cases where the German tariff is favourable to the English exporter, because of there being higher rates from the Continent?—I have not discovered any.

7631. You do not know of any?—I do not.

7632. What you really want is to have the German and English tariffs put on a parity?—No; what we want is that the British shipowner shall not carry cycle lamps from Germany as glassware, and charge English cycle lamps as cycle lamps.

7633. That is another way of putting it; you want the two tariffs to be on a parity, either by the Germans raising their rates or by the English lowering theirs?—It would suit us, of course, if the German would raise his classification to ours.

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Wright.
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Mr. JOHN ALEXANDER ROBERTS, called and examined

Mr. J. A. Roberts.
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7634. (Chairman.) You propose to give evidence on behalf of the Ceylon Association, I understand?—Yes.

7635. Of whom does that Association consist?—The Ceylon Association in London is affiliated to the Ceylon Association in Ceylon, and consists of the principal owners and importers of tea. It more particularly represents tea than anything else, but it does represent everything connected with the produce of Ceylon, and it also takes up every question of any moment at all connected with Ceylon.

7636. About how long has it been established?—The report of last year calls it the 18th Annual General Meeting, so that it must have been established about 19 or 20 years.

7637. And it is confined to the principal Ceylon merchants, I think you said?—Not only to the best of the Ceylon merchants, but to the best of the Ceylon growers and planters. It represents the universal trade of Ceylon.

7638. You are prepared to hand in a statement of your evidence which you have prepared, I think?—Yes.

The witness handed in the following statement:

1. My evidence refers to the shipment of tea from Ceylon and manufactures &c to Ceylon.

Inward rebate started from 1st July, 1902. Inward rebate of 10 per cent., payable 1st March, 1907, for six months ending 30th June, 1906, provided shipments have not been made by any outsider during 12 months ending 31st December, 1906.

Outward rebate: Four months' period, and payable four months after close of such period, i.e., period 1st June to 1st October, 1906, is payable 1st February 1907, provided no shipments have been made by an outsider for all the period and up to date of payment.

2. The rates of freight from Ceylon to London for the past 22 years have been approximately as follows:—

Average rate	1885	38s. 4d.	per ton less 5 per cent.
"	"	1886	36s. 1d. " " 5 per cent.
"	"	1887	33s. 6d. " " 5 per cent.
"	"	1888	39s. 3d. " " 5 per cent.
"	"	1889	44s. 3d. " " 5 per cent.
"	"	1890	34s. 8d. " " 5 per cent.
"	"	1891	41s. 9d. " " 5 per cent.
"	"	1892	26s. 6d. " " 5 per cent.
"	"	1893	25s. 5d. " " 5 per cent.
"	"	1894	29s. 5d. " " 5 per cent.
"	"	1895	25s. 8d. " " 5 per cent.
"	"	1896	19s. 1d. " " 5 per cent.
"	"	1897	20s. 4d. " " 5 per cent.
"	"	1898	28s. 1d. " " 5 per cent.
"	"	1899	27s. 3d. " " 5 per cent.
"	"	1900	25l. 6d. " " 5 per cent.
"	"	1901	21s. 10d. " " 5 per cent.
Average rate	1902	25s.	per ton less 10 per cent. deferred rebate.
"	"	1903	27s. " " 10 per cent. deferred rebate.
"	"	1904	30s. 1d. " " 10 per cent. deferred rebate.
"	"	1905	30s. 8d. " " 10 per cent. deferred rebate.
"	"	1906	30s. " " 10 per cent. deferred rebate.

The ton of tea is 50 cubic feet measurement—equal to, say, 11 to 12 cwt. gross, or 1000 lbs. tea net.

Ceylon Tea Estimate, 1907.

To United Kingdom	...	103,000,000 lbs.
" Russia	...	14,500,000 lbs.
" Continent	...	3,500,000 lbs.
" America	...	14,000,000 lbs.
" Australia	...	23,500,000 lbs.
" Other countries	...	11,500,000 lbs.

3. At the present time Colombo is served homewards by about 142 first-class steamers of recognised lines, and it is desirable to retain the services of these steamers at a regular and reasonable rate of freight.

Practically the whole of the Ceylon tea crop is shipped from Colombo, and on account of the dampness of the climate there it is undesirable to hold it there more than a few days.

4. The Ceylon tea industry has become accustomed to the immediate shipment of its tea for the above reason,

and also on account of important market conditions. There are six or seven steamers sailing from Colombo every week with tea.

5. The rate of freight charged homewards on Ceylon tea is lower than that charged on tea from other large tea-producing countries.

6. Shipments of tea from Ceylon are fairly evenly distributed throughout the year, and there is no special season, as with the Indian tea crop, when full cargoes could be given, nor times when there is no tea to be shipped.

7. For the transport of tea it is necessary that steamers should sail with regularity and without divergence of route, that they should have clean holds, and that the tea should not be tainted by the smell of other cargo.

8. Rates of freight on tea fluctuated as follows during the past 14 years:—

1893	—12s. 6d. to 30s. less 5 per cent.
1894	—20s. to 35s. less 5 per cent.
1895	—17s. 6d. to 30s. less 5 per cent.
1896	—7s. 6d. to 25s. less 5 per cent.
1897	—10s. to 35s. less 5 per cent.
1898	—20s. to 40s. less 5 per cent.
1899	—25s. to 30s. less 5 per cent.
1900	—25s. to 30s. less 5 per cent.
1901	—20s. to 25s. less 5 per cent.
1902	—25s. all through less 10 per cent. from 1st July
1903	—27s. 6d. less 10 per cent.
1904	—27s. 6d. to 35s. less 10 per cent.
1905	—30s. less 10 per cent.
1906	—30s. less 10 per cent.

9. There is an advantage in having fixed rates of freight, and this especially applies to shipments made to America and our Colonies where quotations and sales have to be made including cost, insurance, and freight.

10. A reasonable and regular rate of freight is more beneficial to the planter and the trader than one subject to violent fluctuations.

Under the present system the planter and the shipper know they are shipping at the lowest rate obtainable.

11. Tea was shipped from Colombo to the United Kingdom as follows:—

November 1906	—28 steamers, 7,005,905 lbs.
December 1906	—30 " 8,955,374 "
January 1907	—27 " 9,454,410 "
February 1907	—25 " 8,637,970 "

Outward Freight rates to Ceylon, April, 1905, and previously.

Machinery 25s.	} Plus 5 per cent. less 10 per cent. deferred rebates.
Tools 25s.	
Castings 25s.	
Cement 20s.	
Galvanized iron 20s.	
Girders 25s.	

Outward Freight reduced rates, August, 1905.

Machinery 12s. 6d.	} Plus 5 per cent. less 10 per cent. deferred rebates.
Tools 15s.	
Castings 12s. 6d.	
Cement 10s.	
Galvanized iron	10s. and 15s.	
Girders	... 10s. and 15s.	

12. A fixed rate of freight for outward shipments has advantages.

It is possible to tender and enter into contracts to sell ahead with more certainty.

Prices can then be fixed better with manufacturers.

There is not so much risk in holding stocks.

Large shippers and manufacturers do not have any advantage over smaller ones.

Ceylon trade is not large enough to take advantage of full cargoes by outside steamers.

Manufacturers' promises of delivery are too unreliable to warrant the risk of engaging to ship by a cheap steamer that might be on the berth.

Spot-out goods can be readily transferred if there is a ring, and when time is of importance this is a considerable advantage.

As regards foreign competition, the leading Continental lines are in the Conference.

I do not consider that the ring has been prejudicial to Ceylon trade.

7639. (Chairman.) The first part of that statement is somewhat similar to that handed in by Mr. Edward Rosling at our last sitting (Question 7399), so that to that

part I do not think I will direct your attention. After your first three sets of figures you say, "At the present time Colombo is served homewards by about 142 first-class steamers of recognised lines, and it is desirable to retain the services of these steamers at a regular and reasonable rate of freight"—I might, perhaps, correct that figure of 142 first-class steamers, and say 120. I took the whole list that were on the rebate form, but I found afterwards that there were some duplicates. Of course, it is possible that there may be some more in addition to those which are on the rebate form.

7640. At any rate, you state it now as about 120?—Yes, I might state it at that.

7611. A little further on you say, "The rate of freight charged homewards on Ceylon tea is lower than that charged on tea from other large tea-producing countries." In your opinion are the rates of freight for tea excessive?—No, I consider them reasonable rates.

7642. Is it of great importance as regards tea especially, that the steamers should sail with regularity?—I consider it most important for our Ceylon trade. It is not desirable to keep tea in Colombo, on account of the dampness of the climate, and also on account of the market conditions. The market has got into the expectation of getting deliveries of tea very regularly; we put it up for sale directly we get it in London, most of us, and sell it very regularly. It is certainly important that it should be shipped as soon after it gets down to Colombo as possible.

7643. And, of course, it is of supreme importance that the holds for the tea should be clean?—It is absolutely necessary.

7644. And that the tea should not be tainted with other cargo is another important point, is it not?—Yes.

7645. Then you give us rates of freight about which we have already had evidence, so I need not trouble you upon those, and you point out that there is a great advantage in having fixed rates of freight?—That is my own opinion. It seems to me to steady the market, and certainly, if you are buying tea out in Ceylon with a view to offering it in America or in the Colonies, you will find a great advantage from having a fixed rate of freight by being able to quote for it without reference to the question of a higher freight which might possibly be ruling at the time you were prepared to ship it.

7646. On the whole, you are of opinion that the system of rebates, so far as Ceylon is concerned, is one which should not be abolished?—That is the opinion that I came to, and we came to that conclusion also at the Ceylon Association. Of course, that is a result brought about by the condition of affairs. If we can get these circumstances without the deferred rebates, no doubt we should wish to do away with the rebates. I am not a shipowner nor connected with shipping, and I do not know what other arrangements they might make, or whether any arrangements they might make would bear harder on the rate of freight than perhaps this deferred rebate system does. It is scarcely to be supposed that steamers would continue to compete with each other down to a starvation point if these deferred rebates were abolished, and one has the idea that they must come into some agreement, or amalgamation, or trust amongst themselves, which, perhaps, might bear more hardly on us than the present system. For my own part, I should like to say that I consider the term of the rebates as altogether too long. My view would have been to say that we, as planters and merchants, derive considerable benefit from this constant, almost postal, service of steamers, and that we are prepared to pay something for that convenience; but that we are not prepared to be coerced into anything the shipowners might ultimately find themselves in a position to enforce. I think it would be sufficient if the rebates were deferred, say, for two months and, perhaps, one month during which you did not ship outside, instead of the two four-monthly periods and the two six-monthly periods which we have here.

7647. Would you modify the terms of the rebate system in that way?—I should modify the terms of the rebate system if it were possible. Although I have no occasion at all to grumble at the shipowners, I think, theoretically, it puts too much power in the hands of the shipowners when they retain my money for a year.

7648. It puts the shipper too much in the power of the shipowner?—Yes. It is my money, and both from

a business point of view and for financial reasons—they might go bankrupt for anything I know; at all events, it is my money—I do not consider that they are entitled to retain it for such a lengthened period. Then also, from the point of view of coercion, I think the period for which they are retaining it is too long. But I am not against the system *per se*.

7649. I am right in saying, am I not, that in the first place you are of opinion that the shippers expect to pay something extra in order to procure fixed rates and regular sailings of first-class ships for carrying tea?—I think you are correct in that statement. If we get the convenience of steamers calling regularly, practically every day in the week, we must then expect to pay more than if we were content to depend on irregular sailings and were enabled to accumulate large shipments of tea on which they might rely to fill their boats, though they could not rely on getting them necessarily.

7650. Have you considered the question whether that result could be obtained by any other system than a system of rebates?—I have in an outside way considered it; but I fail to see any system on which it could be arranged, unless by a definite agreement.

7651. What objection would there be to a definite agreement?—I suppose a definite agreement is a very difficult thing to bring about in a place like Ceylon. It may be said that the agents (of whom we are one; and there are a good many agents there) do, perhaps, in a measure, control the shipment of the tea; only it is open to any individual, if he likes to take the trouble and likes to incur the expense perhaps, to ship his own tea.

7652. To ship his own tea by outside vessels, do you mean?—To ship his own tea however he likes, whether by outside vessels or anything else.

7653. But then he forfeits his rebates?—Yes, he forfeits his rebates. I mean to say, that when you come to a definite agreement I do not know whom you would sweep into the net, whom you would be able to base the agreement with on the other side. Certainly you could get the shipowners to sign the agreement, but whether you could get everybody interested in tea, cocoa-nuts, or anything else, to sign on behalf of the other side, I do not know. You could certainly, perhaps, by negotiations, which are always desirable, get the leading merchants to come to some agreement; but whether that is a sufficient protection both for the shipowner and for the merchant and planter, I do not know. A merchant really wants to be protected from his neighbours as much as he does from the shipowner himself.

7654. Does your Association confer with the shipowners at all?—No. It has not heretofore, and it has had no opportunity. I think that is, perhaps, the weak part of the shipowners, that they have never conferred with us.

7655. Have any complaints been made by planters or merchants to your Association with regard to the rates of freight?—I have never heard one.

7656. You have heard no complaints about the rates of freights?—As to rates of freight, no. Of course, we have had questions brought up before us with regard to the damage which may have been done to tea by ships taking apples on board, and that sort of thing. Such questions have come before our Association, and we have settled them.

7657. But that is another sort of question entirely?—Yes, it is.

7658. You have heard no complaints about the rates of freight being excessive?—I have never heard of a complaint about the rates of freight being excessive.

7659. Have you had any complaints about the percentage of the rebate being too high, or is that your own individual opinion?—The percentage of the rebate or the duration?

7660. The percentage first I will take?—No; I think that must be taken as my own individual opinion.

7661. And therefore your Association has made no complaint to the shipowners about the percentage being too high?—None whatever.

7662. Now let us take the duration of the period. Has your Association had complaints made to it about the duration of the period?—No, none whatever; in fact, I think I am perfectly right in saying that the Association have never had any complaint of any sort with regard to freights.

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7663. Then I may take it that it has not had any complaints about the rebate system?—It has had no complaints whatever about the rebate system.

7664. If this rebate system in the Ceylon trade operated oppressively, do you not think there would have been complaints made by the planters or the merchants to your Association?—I feel certain on that score; there would certainly have been complaints.

7665. You have no doubt about it?—Yes.

7666. That is to say, you have no doubt that if the planters or merchants complained of the present system they would appeal to your Association?—I would rather say that if the planter or the merchant thought that the present situation was in any way oppressive, a complaint would have been made to our Association.

7667. But no such complaints have been made?—No such complaint to my knowledge has ever been made.

7668. (Mr. Lawrence.) What is the year that the rebate system came into force?—I think it began in July, 1902.

7669. We have to bear that fact in mind in reading the table giving the rates of freight from Ceylon to London for the past 22 years, and also the table giving the fluctuations in the rates of freight on tea during the past 14 years?—Yes. The second table you refer to is only a different way of setting out the same thing, but showing the minimum and maximum freights.

7670. (Sir John Macdonell.) You have spoken of the regularity of the service and of the stability of the rates of freight; are you sure that these advantages would not be secured in Colombo in the absence of the rebate system?—That is a point which I think is merely a matter of opinion.

7671. I should be glad to have yours?—Personally, I am inclined to think that there would not be so much freight available, unless some system for obtaining a regular freight were in vogue.

7672. Owing to the position of Colombo, is it not naturally to be expected that a large number of vessels should call there at short intervals?—Yes, I think we can take it for granted that that would be so; but whether they would retain space for tea in the way that they do now, is rather an open question.

7673. What is your own view on this point?—My own view is that there would not be so much freight available.

7674. You think that a very large number of vessels would continue to call, but you think that the same amount of space would not be at stated intervals available for shippers?—I think they would endeavour to fill up at other ports rather than run the risk of not obtaining freight at Colombo.

7675. Has this matter been discussed by the Ceylon Association?—It has been discussed by the Executive Committee.

7676. Has any resolution been arrived at by that Committee in respect of the rebate system?—I was asked to lay my views before you gentlemen, and I said I could not do that unless I had first laid my views before the Executive Committee, which I did, and they were accepted. The Committee passed a resolution that, in their opinion, it was not necessary or desirable to have any legislation with regard to deferred rebates.

7677. Is that the sum and substance of the resolution passed then?—Yes.

7678. In answer to the Chairman, you spoke of the possibility of some definite agreement being arrived at which would meet the objects of the rebate system; I am not sure that I understood exactly what that definite agreement was to be?—I do not know whether the suggestion came from me or from the Chairman.

7679. You seemed rather to think that that might be a practicable suggestion?—I think it might be a workable suggestion, looking at the volume of trade which is represented by the leading merchants of Colombo; but I pointed out the difficulty of getting the agreement into legal form, because it would be impossible to bring everybody interested in it under a legal onus to carry it out.

7680. (Chairman.) May I, as a lawyer, suggest this as a solution? Supposing the shipowners were to issue to the shippers and merchants generally a circular in which they state that if the shippers have not shipped any goods by outside steamers for a certain period they will get a

certain rebate, and, on the other hand, there will be regular sailings, and that whether the rebate is returnable or not, shall be left to arbitration; then, supposing that circular having been issued, shippers, having notice of the circular, were afterwards to ship goods by Conference Lines, there would then be a binding agreement, I think. If so, there would be really no legal difficulty?—Quite so. I think that is as it stands to-day, is it not?

(Chairman.) With this difference, that all the terms are not contained in the circular, at least, in the South African trade.

7681. (Sir John Macdonell.) Turning your attention to the fact that, though the liability of the shipper and merchant is clearly stated in the circular, the duties of the shipowner are not specified, do you see any objection to a circular in terms such as the Chairman has described?—I see no objection to it, I think. I do not know whether it would put us in a worse position than the mere fact of deferred rebates.

(Chairman.) I cannot put you in a worse position.

7682. (Sir John Macdonell.) But you have not considered that view?—No.

7683. It is the case, I think, as has been stated to us by Mr. Rosling, that by an arrangement made between a merchant or a producer and the shipping agent one-half of the rebate goes to the shipping agent?—Yes.

7684. I suppose it is the case that a very large number of the merchants in Ceylon are also shipping agents?—I should think all of them.

7685. A large part of the merchants who ship tea from Ceylon, in your judgment, are shipping agents?—Yes.

(Chairman.) Shipping agents for planters?

7686. (Sir John Macdonell.) Or shipping agents for shipowners?—A great many of them are agents for steamships; but I was talking of them as shipping agents in the sense of representing the planter.

7687. I was rather surprised when you said almost all of them were shipping agents; at the moment I was speaking of the shipping agents of the shipping companies?—A considerable number of them are agents to the shipping companies, but of course not all. I thought you were referring to their acting as agents for the planter.

7688. (Chairman.) Are there shipping agents for planters?—I think every planter, practically speaking is represented by his agent in Colombo from the shipping point of view; that is to say, he sends his tea down to one of us in Colombo to ship.

7689. When he sends it to an agent in Colombo, would that agent be an ordinary shipping agent, or would he be an agent representing a shipowner?—He would ship the tea himself, and he might in several cases be the agent of the steamship company as well.

7690. (Sir John Macdonell.) To clear up the matter would you take a typical transaction, say, as to tea grown by producers in the centre of the island?—That is sent down consigned to a merchant in Colombo, and he takes possession of it and ships it by whatever steamer he may think fit—practically by the first steamer to go.

7691. Has he purchased the consignment that has come from inland to Colombo?—No, not in the case which you are taking as a type. It is simply sent down to him to act as agent for shipping it. That agent would be credited eventually by the steamship company with a rebate of 10 per cent., half of which he would return to the planter.

7692. And half of which he would retain?—Yes.

7693. (Mr. Sanderson.) You said very truly that the ships that carry tea must of necessity be of the very best possible construction, and I assume of superior speed to the ordinary tramp?—That is what we wish for.

7694. In order to successfully carry on your business?—Yes.

7695. Therefore a free market would not benefit you in providing any tonnage at Ceylon other than that which now carries your tea, that is, the regular lines? I take it there are no so-called tramp steamers of sufficiently high speed to carry your tea successfully, calling at Ceylon or likely to call at Ceylon?—As a layman, I should not like to answer that question with regard to the speed of the tramp ship; but I think we should be too nervous to ship with her.

7696. May I put to you what is a well-known fact, that steamers which have to carry tea must be exceptionally careful as to the class of cargo they put on board, not necessarily immediately before the tea is loaded, but for a long time prior thereto, and that they are therefore restricted as to their outside employment?—Yes.

7697. That is so, is it not?—Yes.

7698. So that the ordinary tramp steamer proper, who might carry tea, and who might come to Ceylon for that purpose, whether of superior or inferior speed, would be prejudiced in its ordinary employment if it contemplated at some future date carrying tea?—As I say, we should be very chary about employing one, if we had the slightest suspicion that the tea could in any way be tainted.

7699. Perhaps under these circumstances—in fact, you have said so—the rates of freight that you enjoy at present are not considered excessive for the services rendered?—I think I am perfectly right in saying that we do not consider them excessive.

7700. Suppose we for a moment discuss the possibility of the definite agreement which you have sketched out. Would you not be worse off with a definite agreement?—I did not express myself in favour of a definite agreement.

7701. But the matter has been raised. For instance, it is obvious that, thanks to the present arrangements of the rebate system, and the protection which shipowners get from it, they are tempted to go, and do go, in for commitments for a high-class tonnage, probably further ahead and to a greater extent than they would do if there were a free and open market where they would be liable to competition at any time; to get that same protection a definite agreement, such as has been suggested, would have to be enforceable for some considerable length of time, in order to give the shipowner the same security, would it not?—Yes. I personally would prefer to see the present system, or a modification of the present system, continued, rather than have a definite agreement.

7702. You are free to-day, are you not, by sacrificing your rebates, to at any time stop shipping by the Conference Lines if the opportunity arises?—We are certainly free, but not in the sense that we could stop shipping, I think.

7703. Supposing, for instance, other facilities came in—that a service was started that gave you certain facilities to-day—you are free, are you not, to leave the Conference Lines, sacrificing such rebates as you have?—Yes; and that is my reason for the contention that the rebates accumulated by the steamship companies by the retention of my money are too large. I think that does not allow a *bonâ fide* competitor to give me, or that it might preclude a *bonâ fide* competitor from giving me, the benefit of his services.

7704. May I just take the shipowners' point of view at present, and ask you upon this point: I believe the shipowners do not consider it is your money until it is earned, do they?—I certainly consider it is my money.

7705. I know you do; that is the difference between the shipowner and the trader. However, I will not follow that further, as we have a good deal of evidence upon it here. Mr. Rosling, at the last meeting of the Commission, stated in his brief of evidence that if a shipping agent in Ceylon having a hundred clients sends one consignment by an outside steamer for one of those clients, the whole of the rest of them would lose their rebates; is that your experience?—Yes; I am informed that that is so, and that we as shippers would lose the whole of the rebates; therefore, I conclude either that we should have to make it good to our friends, or that they would have to lose it—certainly, we should lose all the rebates, or they would lose them.

7706. Has there been a case of that?—No, I have never heard of it. It has never come under my notice.

7707. You would probably have heard of it through your association, if it had been so?—I think so. I should say there has not been such a case. But that that is the rule there is no question.

7708. In your relations with the lines carrying your cargo, have you seen any signs of coercion of that nature at all in your business dealings with them; do they treat you fairly liberally, and do they meet you on all questions of difference?—You ask, have there been any signs of coercion? In what way?

7709. In the direction of shutting out your cargo?—No; I consider the treatment by the lines, both inwards and outwards, has been most satisfactory.

7710. (Mr. Maddison.) I suppose Colombo is a great port of call?—Yes, it is.

7711. Supposing it were a free freight market, it would still be a port of call?—Yes.

7712. And there would be the same amount of tea to ship?—There must be the same amount of tea to ship.

7713. Why should a free market not give you this regular service in these proper vessels?—I think that if a man is sure of getting a remunerative rate for his services rendered in that way, he is more likely to give you a steady rate of service and the proper vessels to take the trade which he is catering for; indeed, I believe they construct their holds on purpose for that trade.

7714. Would they not still construct their holds on purpose when they knew that there was cargo offering—cargo that had to be taken? The rebate system does not create the tea which has to be shipped from Colombo; it is there, and would be there under any system. Why do you think they would not still continue to construct their holds to suit the tea?—I certainly think that any steamer competing for the tea trade would so construct her holds as to make them suitable for that trade—that is to say, if they knew they were going to get the tea trade. But, at the same time, one feels that you might be subject to retaliation—that is to say, if you got an outside boat which took your stuff at 15s., probably, when these liners came along, they would raise their rate abnormally to recompense them for the loss which they might have sustained through the competition of an outsider; and then I think that our condition would be worse than having a steady rate.

7715. Would there be any outsider in a free market?—There is a difference in one's own mind between liners and ships which might call in casually.

7716. I would like you for a moment to confine yourself to the regular lines. Supposing the market were open, there would still be regular lines, would there not?—Yes; but I cannot conceive the regular lines working on a fighting rate all through. I think we should have to face the fact that they would come to some internal agreement amongst themselves as to the rate of freight which was to be charged.

7717. Would you not say that competition would bring it down to something like a regular rate, as it has in other trades? After all, they have to live?—You only have to look at the variation of figures which I have given to see that that is not borne out by what has happened in the past. Take 1896, for instance, then the rate varied from 7s. 6d. to 25s. per ton, and in 1897 it varied from 10s. to 35s. per ton.

7718. That was not under rebate, was it?—No, that was not.

7719. When did the deferred rebate come into operation?—The deferred rebate came into force on July 1, 1902.

7720. You seem at that time to have what one might call fighting rates; there would be a rate war then, I suppose?—I take it that in 1896 and 1897 there must have been special reasons for a fighting rate.

7721. You really think that although Colombo is a great port of call and there are regular sailings, and must be, that include Colombo, and although they know there is this tea to take, still it is necessary to have a rebate system in order to give the trade to proper ships which would run on a regular service?—Speaking as one who is engaged in the regular trade, and engaged year in and year out, I think that any system which ensures a rate which can be depended on through a series of years, or even through one year, is more satisfactory than a rate which may be to-day 7s. 6d. and to-morrow 35s.

7722. Have you any personal experience of a free freight market?—We had that experience.

7723. You had that personally during that time?—Yes; we were in it during that time.

7724. You have been asked by Mr. Sanderson whether you were not free to ship your goods elsewhere if better terms were offered, but you did not seem to appreciate the freedom you have, I think?—I do not remember that question being put to me.

7725. Mr. Sanderson said under the present system, if the terms were not fair and proper, you still had the

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option of shipping by outside lines?—Yes; I remember that he put that question.

7726. And you did not seem to appreciate the freedom you possess, I think?—I did not appreciate the freedom we possess.

7727. Does it not largely consist in the freedom to lose the money that you think is yours—I mean the rebates?—I do not think that I have contended that we were free in anything except the name.

7728. And you think it is really good for commerce to have a freedom that only exists in name?—It seems to be gaining ground amongst the manufacturers in England that it is.

7729. Really—is that your experience?—I mean everybody, more or less, is going into rings of some sort.

7730. What interest do you represent? Is it the planter, or the shipping agent, or the agent for the steamship company?—I represent in the largest form of my business the planter; I represent also the agent, the merchant, the manufacturer, and the shipper from England.

7731. Those are varied interests?—Yes; every form of interest I represent.

7732. I suppose your evidence is always given from that standpoint of representing all these interests?—I have endeavoured to give it in that way.

7733. (Chairman.) When you say you represent the planter, do you mean by that that you have plantations in Ceylon?—We have very large plantations there; that is by far the largest part of our business.

7734. (Mr. Maddison.) With that very rich experience of all those interests, would you say that the interests of the agent for the steamship companies, for instance?—I am not an agent for a steamship company.

7735. That is one thing you are not, then. Would you say that as far as deferred rebates are concerned—and it is deferred rebates that we are considering here—that the agent for the steamship company, the agent for the planter, and the planter himself, have all common interests in this question of free rates?—Yes.

7736. Would you say that the agent for the steamship company has exactly the same interests as the planter?—Of course, that is putting it in a definite way.

7737. And I just want a definite answer on that point, if you do not mind?—What is your question?

7738. My question is this: Has the agent for the steamship company precisely the same interest in the rebates as the agent for the planter or the planter himself—in other words, does his interest in rates lie in exactly the same place?—I do not think you can say any man's business is identically the same as another man's; his interest must be variable in some shape or another.

7739. Has the agent for the steamship company a greater interest in defending the ring system, or the rebate system we may call it, than the planter?—It depends how far you take his own personal interest. Take the agent for the British India; of course, he would like to do away with rebates, if he thought he could fight and get the whole of the trade. It just depends how a man views his position, and whether he is content to divide up the freight amongst so many lines or whether he thinks he could get it all. Another steamship company's agent may take an entirely different view of his position.

7740. What about the agent for a particular steamship company? What will he do with a cargo of tea? Will he not keep it back for his own line?—I should be inclined to give an absolute negative to that.

7741. Do you think he would ship it by any line?—I think he would be bound to ship by any line, because the market conditions would be so important.

7742. You said that the shipowners have never conferred with the shippers and merchants, and you thought that was the weak part of their position?—I have always maintained with shipowners that their position would be better in our eyes if we were taken into conference with them. But, of course, that may be a matter of individual opinion. They may think they can never bring us all into line; and that may be their reason.

7743. What would be the object of a conference between you and the shipowners, from your point of view?—I think these conferences and rebates and arrangements always work more harmoniously if before

they are effected they are considered together by the interests involved.

7744. Do you think you would ever get any common interest over freight rates? Do you think you and the shipowner would be likely to agree as to what was the proper rate?—Yes, I do.

7745. Do you think the shipowner thinks so?—I do not know what the views of the shipowner are. He has not proceeded in that way.

7746. You said you were not prepared to be coerced. What did you mean by that?—That is the general feeling; that is what a man says about deferred rebates. The man in the street says, "It is all very fine, but we are being coerced into this by these things being held back from us."

7747. Do you think you are coerced?—No, I do not in our trade.

7748. You do not?—Distinctly not.

7749. But you have no option, have you, in shipping your stuff except by these lines?—No. As I say, we have only got a nominal option.

7750. What is a nominal option?—To lose our rebates, and ship by an outsider when we can.

7751. You come back to that point of freedom?—Yes.

7752. (Chairman.) Have you got a circular with you which states the terms of the rebate system?—Yes, and I can give it to you—iuwards and outwards.

7753. If you please?—That is to say, I have a form for collecting the rebate homewards, which really embodies everything, I think; and also a circular issued by the companies in London.

7754. Will you kindly hand them to me?—Yes (*handing in and explaining same*). This is the form for the homeward rebates.

7755. And it contains a declaration by the shipper?—When you sign that you practically make a declaration that you have not shipped tea in the previous year by any of the outside ships.

7756. This is the outwards circular?—Yes; it is just a collecting form, headed by a circular.

7757. The last circular, I see, is dated January, 1907?—Yes.

7758. (Mr. Owen Philipps.) You told us you are a large tea-planter in Ceylon. Is it the case that as a large tea-planter you are impressed with the importance of having your tea carried in the highest class of vessels possible?—Yes.

7759. Am I correct in stating that you realise that it is to your interest that the regular lines should receive a rate of freight which would enable them to continue supplying that class of vessel?—That is my view.

7760. (Professor Gomer.) Could you tell us the date of the formation of the outward conference—the date of the inward conference you have given?—I believe that the outward conference has been going on for many years. I have not been able to define the date, but I think that probably it has been going on for 15 or 20 years.

7761. A good deal prior to the inward conference, then?—Yes.

7762. With regard to the deferred rebate on the homeward trade, is it only on tea or is it on all cargo?—It is on all cargo.

7763. It is not like the Calcutta rebate, which is on tea and not on rough cargo?—No; it is on all—tea and rough cargo as well.

7764. The two conferences, I suppose, are entirely separate, and shipping outward does not involve shipping inward by the same associated lines, does it?—You incur no penalty if you do not, that is, the homeward shipper has no connection whatever with the outward shipper in that respect.

7765. That is what I mean; they are entirely separate?—Yes.

7766. Is it your opinion that the rates for tea are governed by the Calcutta rate?—No, I do not think they are.

7767. Mr. Rosling said he thought there was some arrangement whereby the Ceylon rate and the Calcutta rate were brought into harmony; but you do not know of that?—I know of no such arrangement.

7768. So that if we are to find that out in detail, we shall have to go elsewhere?—Yes, please.

7769. With regard to the point as to irregularity of sailing or deficiency in tonnage in a free market, about which you have been examined, did you experience irregularity or deficiency of tonnage prior to the formation of the Conference in 1902?—No. I think I should be right in saying that we have not experienced a deficiency of tonnage.

7770. Even before the date of the Conference?—Yes.

7771. Then what you feel with regard to the necessity for some such conference is rather a matter of apprehension than a matter of experience?—With regard to the deficiency of tonnage, yes.

7772. With regard to the character of the tonnage, was the character of the tonnage, allowing of course for the natural difference due to progress, bad before 1902?—No; the character of the tonnage was all right before 1902.

7773. So that again is really a matter of apprehension on your part, rather than a matter on which you, from your knowledge of a free market, have any experience?—Yes; if you take the rates which have been ruling.

7774. I quite see the point as to the stability of the rate. The variation of the rate before 1902 is quite obvious, but I was dealing for the moment with the question of the sufficiency of tonnage and the question of the character of the accommodation offered?—Of course, we have had a largely increasing trade in tea. If you take the scale of rates which starts with 1885, they were no doubt remunerative rates until you come down to 1896 or 1893, when there seems to have been a lot of competition. It was from then onwards that the fight for the trade seems to have begun. The question in my mind is, if some arrangement had not then been come to, putting these freights in a remunerative position, whether the freights available now would be as satisfactory.

7775. Still, of course, there was no question of a deficiency of tonnage as far as I gather from you, and as far as you know?—I think not.

7776. Do you remember anything at all about the time of the formation of the Conference in Ceylon in 1902? Why it was formed? In 1902 there was a report which the Conference in the Straits Settlements issued, in which there was a very grave complaint that the Straits Settlements merchants were injured because they were under a conference, whereas many of their boats called at Ceylon which was not under a conference?—I have no knowledge of that part of the business at all.

7777. You do not know what led to the formation of the Conference in that particular year, save that you think it arose from the variation in freights which had been going on for years previously?—That is my own opinion, and I know of no other cause except that.

7778. It struck me as rather an interesting coincidence that the Ceylon Conference came just after that report in that year?—I do not know of the case you mention.

7779. Is the Ceylon Association at all effective, should you say, in approaching shipowners? Does it undertake to do that at all?—I certainly think it would, if the question became at all a burning one.

7780. You think it would approach the shipowners?—Yes, immediately.

7781. Only, under the particular circumstances as they stand in Ceylon, there has not been, in your opinion, any grave occasion for complaint?—No.

7782. That, of course, might be due to particular circumstances, or it might be due to the well-working of the Conference?—No complaint whatever with regard to the rate of freight has ever come before the Ceylon Association that I know of.

7783. But the Association would hold itself open to receive such complaint?—Yes, decidedly.

7784. That is a possible function which it might fulfil?—Certainly.

7785. Are all merchants in Ceylon able to be members of the Association?—Yes.

7786. Even if they are agents to the steamship companies?—Yes.

7787. Because that, of course, would introduce a possible divergence of interest, if there were negotia-

tions?—Most of the agents for the steamship companies are heavily interested in tea—very heavily interested indeed in tea.

7788. Do you think their interest in tea outweighs their interest as an agency?—Speaking as a whole, infinitely.

7789. With regard to the modifications you suggest, your main modification I see is a limitation of the period of deferment?—Yes.

7790. I suppose your view is that the period of deferment is really the important point? You would like to be able, to put my question in another way, to terminate your shipping by a particular line at some time without incurring a penalty?—Without incurring an undue penalty.

7791. If it were within a month as you suggest, of course the penalty would not be as grave as it is now with four months?—It is a year now, you must remember, homewards, and I believe it is eight months outwards; that is to say, it is four months and four months outwards, and six months and six months homewards; but the Chairman has the papers.

7792. That you consider a very severe penalty; it is a prohibitive penalty, practically?—I consider that prohibitive.

7793. Whereas a shorter period would make the penalty one which you might suffer if you desired?—A man might be disposed to pay the penalty if the period were two months with another month allowance, and he thought he was going to get any competition in.

7794. I suppose the period now is so long that freedom is practically destroyed?—Yes, I think it is.

7795. (*Mr. Taylor.*) I want to call attention to some passages in your statement. "At the present time," you say, "Colombo is served homewards by about 142 first-class steamers of recognised lines, and it is desirable to retain the services of these steamers at a regular and reasonable rate of freight. . . . The rate of freight charged homewards on Ceylon tea is lower than that charged on tea from other large tea-producing countries. . . . There is an advantage in having fixed rates of freight. . . . A reasonable and regular rate of freight is more beneficial to the planter and the trader than one subject to violent fluctuations. Under the present system, the planter and the shipper know they are shipping at the lowest rate obtainable." I take it that all that really means that the present system is the best possible; in other words, that the system of deferred rebates is one under which you secure all these advantages?—I think that the system which deferred rebates has brought about is certainly an advantageous system for everybody; whether it has been brought about by the right means or the only means, one has not had full enough time to determine.

7796. Do I understand you to mean the system which has brought about deferred rebates or the system which deferred rebates have brought about?—The system which deferred rebates have brought about I think is advantageous.

7797. Then up to 1902 you had a disadvantageous system; am I to take it that you mean that?—Yes, that is so. I consider that the variation of freights, the violent fluctuations of freights, during several of those years prior to 1902 were a disadvantage.

7798. I notice that you have had less fluctuation since the deferred rebates came in?—That must be so.

7799. But the fluctuations from the time that the deferred rebate system came in, 1902, seem to be all upwards; do you notice that?—It depends on how far back you go.

7800. Taking 1902, the fluctuations all seem to go one way—up?—Where are you dating from?

7801. I will take 1901; you start at 20s. and then by easy stages you seem to have fluctuated up to 30s.?—I take it that they would not have brought about a system of deferred rebates if the rates of freight had been eminently satisfactory under the other system.

7802. Why do you say that "under the present system the planter and the shipper know they are shipping at the lowest rate obtainable;" how do you know that?—Because they cannot get any other.

7803. Is that a matter for satisfaction, or otherwise? I take it from your statement that this is a desirable

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thing?—I say it is a satisfaction to me to know that I am shipping at the same rate of freight as my neighbour.

7804. But that is not the lowest rate obtainable, is it, necessarily?—It is the lowest rate obtainable as long as this system of deferred rebates holds.

7805. But it is not the lowest rate obtainable, assuming you had outside competition?—You are taking a different view of that sentence.

7806. I have misunderstood it?—Yes.

7807. What it really means is, that each shipper knows he is not paying any more than anyone else?—Yes.

7808. May I ask you a few questions now about the fluctuations from the years 1893 to 1901. During that period, you told Professor Gonner, there was no deficiency of tonnage and the class of tonnage was the same?—Yes, that was so.

7809. Is not Colombo a great coaling port?—Yes, it is.

7810. All the vessels homeward call at Colombo for coal, or at any rate the bulk of them do?—Yes.

7811. Therefore, you really had the same fleets of steamers sailing before 1902 as you have had since?—Precisely the same.

7812. The P. & O. and the British India boats all call at Colombo?—Yes.

7813. And, in fact, would not pass Colombo if they were asked to do so, would they?—I do not think they would.

7814. They must call there for coal?—They must.

7815. Assuming that they were calling there for coal, and taking in tea, what justification was there for this system of deferred rebates at all from your point of view—and you are not a shipowner?—Our point of view is, that we get a steady rate of freight, and that we are not called upon to-day to pay 7s. 6d. and to-morrow 25s.

7816. Let me take that point: You are a tea planter?—Yes.

7817. Why should you object to a rate of freight of 7s. 6d.? How does it harm you? If you want to compete in certain markets, and you have outside competition knocking the rate down to 7s. 6d., how are you damaged?—If I can ensure getting my rates down to 7s. 6d. or anything below the normal rate of to-day, naturally it is to my advantage; only if I am going to pay 7s. 6d. to-day, and 40s. next week, I consider that that is to the disadvantage of the market generally.

7818. Would you always prefer to pay the maximum rate?—No, I do not say that. I am not paying the maximum rate.

7819. But, do you know, it looks pretty like it, does it not? You have got up to 30s., and looking back over these years I see the rate has ranged from 7s. 6d. to 35s.?—In 1898 it went up to 40s.

7820. That was your maximum, but they never reached that in any other year. Your maximum in any other year was 35s., and you are only 5s. off that, whereas 7s. 6d. was your minimum?—Look at the rates of freight since 1885 given in my first table. It depends how far back you go. Going back to 1885, you see it went up to 44s. 3d. and 41s. 9d. I think it was hardly to be supposed that we should go on getting a rate of 7s. 6d. per ton; I fancy that was a competitive fighting rate.

7821. I am not acquainted with tea as a commodity, except on my own table; but you are. Do you think there is any material difference between tea, in the matter of transport, and such commodities as rice, wheat sugar, and coffee? Do you think that tea wants more careful handling than those commodities?—Decidedly.

7822. More than coffee?—Yes, decidedly.

7823. Or rice?—Yes.

7824. Why?—Coffee does not require particularly good handling.

7825. Can you knock it about on board ship without damage?—Certainly. You cannot hurt coffee very much.

7826. Or rice?—Tea is such a sensitive article with regard to smell. If there is anything of an odorous description which comes in connection with it, then from a market point of view it is severely deteriorated or ruined.

7827. Is that not equally true of rice?—I should not think so.

7828. Supposing you had a vessel that took oil out to the East, and was not properly cleaned, do you not think that rice would suffer a great deal of damage if that was what she brought home?—I should not think so. I do not suppose rice would take up the scent of anything in the same way that tea does. Tea is noted for that; you cannot store tea anywhere near fruit or wine or anything of that sort.

(Chairman.) I think I can confirm your evidence by cases in which I have been often concerned. Tea is a most sensitive cargo.

(Witness.) There were some very strenuous actions on that.

7829. (Mr. Taylor.) I do not accept your position, and I really want, for information, to obtain, if I can, what it is that unfits outside vessels for carrying tea. What is the special construction of the holds, for instance, that is required for carrying tea?—I think the special construction of the holds is, in a great measure, constructing them for the tea chests to fit well in. That is one point that these steamers go for. The other is to get the tea as much isolated as possible from any source of contamination. For instance, if a steamer came on and took in oranges in the Mediterranean or anything of that sort, the tea would stand a great chance of being ruined. In fact, whole cargoes of tea have been ruined by apples brought from Australia. The steamshipping companies are constantly meeting these claims. If there is any small defect which can be traced in any way to any cause to do with the ship, the shipping companies will meet that most freely.

7830. I am only asking for information about this because it is an interesting point. Your contention was that the boats which now carry tea are better fitted for it than any other boats; but let me put this to you: Do you know that rice and sugar, for example, are brought home from the East in whole cargoes?—Yes.

7831. They are brought home, not by liners, but generally by chartered boats; and there are two points in connection with that which I want to put to you, as you have had a large experience in tea. These outside boats bring rice and sugar from Java and from the rice ports, and they bring whole cargoes. If you had tea brought in whole cargoes, would you not have less risk of contamination than if you had tea brought with a multitude of other articles?—My contention is that we cannot give whole cargoes of tea from Colombo.

7832. You cannot produce the tea for that?—We cannot produce our tea so as to be able to give the ships whole cargoes. If I could go to a tramp and promise it 5,000 or 6,000 tons of tea, and guarantee that that amount should be put on board, no doubt I could get a better rate of freight; but I cannot do that. As a matter of fact, there are a thousand steamers sailing from Ceylon every year, and they only go away with an average of 350 tons each. You can see that in one of my later tables.

7833. I think you had altogether 135,000 cubic tons of tea in the year 1907?—In November, 1906, there were 7,000,000 lbs. divided between 28 steamers, that is about 250 tons each, and in December, 1906, there were about 9,000,000 lbs. divided between 30 steamers, which is about 300 tons each.

7834. Is this a law of nature?—Certainly it is a law of nature. You cannot produce the tea; the plant will not give you the tea all at once; you are plucking it all the year round.

7835. How much do you get each month? I see you had 130,000 cubic tons in the twelve months?—You may take it at about that. I could give you the exact figures we get each month if you like.

7836. Would you say about 12,000 tons per month?—We get 106,000 tons homewards to the United Kingdom.

7837. Is that tea which is loading every month and all the month?—It is so in Ceylon, but not in India. That is the difference between Ceylon and India.

7838. (Lord Inverclyde.) That is, you are getting it in Ceylon all the year round?—Yes.

7839. (Mr. Taylor.) It is not a season crop, then?—No, not as in India. That is the difference between Ceylon and India. The Indian tea crop they get in about six or seven months, and in Ceylon we get it all the year round.

7840. Do I understand that if you had the quantity of tea available, this deferred rebate system by which you

are tied up to these regular lines would not look so attractive as it does when you have no alternative?—That is my opinion about our particular trade. I am speaking of my own trade, in which I require to get my tea off the bush and home as quickly as possible—with the least possible delay—in order to prevent deterioration and to get it on the market. I cannot save up that tea and store it until I can make a full cargo for any boat that might come along. There are so many of us interested in tea, and, as you say, there are so many agents for ships, that we could never guarantee to give a tramp a full cargo.

7841. Not from the whole of Ceylon—not all the people in Colombo together?—There would be no unanimity amongst us for it.

7842. Is that not the result of the deferred rebate system? Have they not smashed your unanimity?—You will find six or seven agents for steamships in Colombo, and they must fight for their own lines, if they are agents, so they would not come in with us and help us to fill a tramp.

7843. Perhaps it is they who devised the deferred rebate system? Is it they who really started the idea of the deferred rebate system, so that you should never have the opportunity of having a tramp? It does seem very curious that in a commodity like rice and sugar, and all those things which come home from the East, you have stable rates of freight; because, whether you know it or whether you do not, sugar and rice come home from the East at quite stable rates of freight, and, I think, at more stable rates of freight than you get for your tea. For rice, the rates of freight are perfectly stable by chartered steamers. My friend, Mr. Owen Philipps, looks at me, but he knows perfectly well that it is a very fairly stable rate of freight both on rice and on sugar by chartered steamer from the East. It is about 22s. 6d. or 23s. on rice, and about 25s. or 26s. on sugar by chartered steamers?—That makes our rate pretty cheap for tea.

7844. You have got to take everything into account, and I would not jump to that conclusion if I were you. I am rather puzzled to know how it is you should think that this system is so admirable in every way, and is the only one which secures the best and most suitable steamers and stable rates of freight, when you have got these other commodities brought home from the East by quite a different system and at rates which are quite as satisfactory?—Rice, I take it, is a season crop, so is sugar, so is coffee, so is wheat, in which they can get great bulks; in fact, there is a great rush of crops with these things all at one time. Although we get minor reshes of crop, so to speak, our crop comes in practically all the year round. Then, there is no harm in retaining rice, and there is no harm, I take it, in retaining sugar or wheat, but there is harm in retaining our tea.

7845. Really, what your evidence amounts to, I think—I do not know whether I am putting the right construction on it—is this: As a man of business, it seems to me that your evidence means that under the conditions of tea as produced in Ceylon, together with the fact that you have got any amount of tonnage there calling all the time, not for the tea but for coal, this system is, on the whole, acceptable; and you do not go beyond that really. If you had a season crop, I suppose you would take advantage of outside competition, if you could get it?—I do not know that that would be so satisfactory as having a definite rate of freight, as long as it is reasonable. As I say, we have no cause to complain of the rate of freight that has been charged on our produce.

7846. Of course, this deferred rebate system has not been very long in operation; you have not had five years of it?—We have had just five years.

7847. And the rate seems to be going up?—The rate has not advanced.

7848. It has gone up 5s. ?—It went down a little.

7849. It has gone up, and it has not gone down at all?—I think there was a slight depreciation.

7850. I see from 1901 there has been nothing but a steady advance?—In 1904 it went up from 27s. 6d. to 32s., and then it did go down.

7851. Yes, I see; that was a premature advance, a false start; you must wait a bit for the 35s. ?—Mind you, I am an advocate for low freights, and if you can guarantee me my low freights without absurd fluctuations, I am here to take it. The difficulty of

merchants in quoting for goods and arranging their shipments is very great, when they cannot from day to day, or from week to week, depend on the rates of freight which they are going to have to pay on those goods.

7852. I am glad to hear you are an advocate of low rates of freight, because in reading your statement over, which portrays Ceylon as a kind of terrestrial paradise under the deferred rebate system with advancing rates of freight, I took you to be an advocate of high rates of freight and of a system which really would be a paradise for the shipowner?—I thought you said rice and sugar came home at rather high rates.

(Mr. Taylor.) I do not agree at all in that, but I am afraid we could not go into that discussion here. I think I could show you that those rates are not high. The rice and sugar rates are very different to cubic measurement rates; I am talking of rates on dead weight.

7853. (Mr. Reeves.) Would you mind giving me some information about the rates of freight from Ceylon to London for the past 22 years, which are given in your first table. Does that table refer to rates generally from Ceylon to London?—It refers to the rates of freight paid on tea.

7854. It would appear from that table that the rate of freight from 1896 to 1901, fluctuated from 19s. 1d. in 1896 to 28s. 1d. in 1898, which are the highest and lowest in those years?—Those are average rates of freights.

7855. If you take the average of those it works out to 23s. for those six years?—Which years are those.

7856. From 1896 to 1901 inclusive?—I do not know whether your calculation is right.

7857. Then if you take the five years from 1902 to 1906 inclusive, which are under the deferred rebate system, the mean there you will find is about 29s. ?—But there was a heavier rate of rebate, you see.

7858. That is about 1s. 6d., allowing for the extra 5 per cent.; otherwise there is a difference of between 23s. and 29s. Even deducting 1s. 6d., which is a very full deduction for the 5 per cent., it makes a difference of 4s. 6d. per ton more in the later period, which is a very considerable rise?—Yes. But then the term of years which you have taken must be considered. Your first period was a fighting term of years; we must not overlook that point.

7859. I only wanted to compare the last period of the old system with the period of the new system as far as it has gone. What I wanted to ask you was, what in your opinion was the great advantage which so much more than neutralizes this additional 4s. 6d. which you have to pay? What has been the great change?—I very much question if we should have gone on getting our tea carried at those rates of freight. We must remember, as you will see by the fluctuations, that those were fighting times. At one time we were paying 7s. 6d., at another 25s., at another 10s., and then 35s. or 40s., showing that there was an endeavour on the part of the liners to knock out competition and an endeavour on everybody's part to obtain trade. It was not to be supposed that steamers would continually come to Colombo at the rate of 7s. 6d. per ton.

7860. No, I do not think they would?—But that is included in the first period you are taking.

7861. I am referring to a period of six years?—That 7s. 6d. comes into that period, and reduces the average.

7862. There was not much at 7s. 6d., was there?—No, but there was a very great deal at 10s.

7863. The fact was the steamers had to come and were coming, and you had a very full supply of them, and certainly the place did not look like a desert when I was there in 1896?—We had a full supply of steamers, but if you eliminate these low rates of freight of 10s. and 7s. 6d., I do not think the saving in freight which you are referring to would be borne out at all. The average which you are referring to is brought down greatly by these rates of 7s. 6d. and 10s., naturally.

7864. You can take any year you like; in no year was the average rate of freight as high as the mean rate of the last five years?—I do not think you are quite correct there. Take 1898 and 1899.

7865. I will take the mean of those two years, when the rates were respectively 28s. and 27s., the mean of the last five years being 29s. ?—I do not think it is quite as much as that, is it? There is the 10 per cent. rebate

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there, and it must be considerably less than that. The mean rate of the last five years must be 27s., at all events.

7866. There are three years at 30s., one at 25s. and one at 27s.; that does not work out to a mean of 27s.?—You must recollect that those figures are less by the 10 per cent. deferred rebate.

(Sir Hugh Bell.) Is not the mean 28s. 6d.

7867. (Mr. Reeves.) I am perfectly prepared to accept the statement that it is 28s. 6d. less the rebate?—It would not be more than that for the last five years.

7868. But that is considerably more than the average for the previous six years; is it not?—It is more, but I do not know that it is very considerably more. I say that that is so much affected by the low rates, which happened then to be existing, of 7s. 6d. and 10s., and which brought down those averages. They were rates which we knew could not be maintained.

7869. In the fighting times, after all, if you had an occasional low rate, you had, I suppose, an occasional high rate, and you might as well exclude the very high rates as exclude the very low ones for purposes of comparison. But you have got to take the average, I think. It comes to this, that you are paying, as it seems to me, considerably more by the modern system, the system in force now; and I should like to ask you what, in your opinion, is the extraordinary advantage which more than compensates for that? It certainly is not that you get very much more freight, because you did not lack freight before—you had plenty of freight and plenty of shipping then. What is the advantage?—I consider the advantage is in getting a uniform rate of freight, in getting absolutely reliable steamers, in knowing what our freight is to be, and in the fact that the freight which we are paying in excess is not much in excess of what we formerly paid.

7870. Of course, that point is a question of figures, and I cannot accept that; nor do I think there is much, from your evidence, as regards your now getting reliable steamers, for I think you got that before. It seems to me, therefore, that it is narrowed down to the question of uniformity, and there is no doubt you now get uniformity, and in your opinion that is a very great advantage?—Yes.

7871. I will not labour that point any more. You admitted, I think, in regard to bringing pressure upon the shipping companies upon the part of the tea-planters and their association, that one of your difficulties would be the agents of the shipping companies?—I did not admit that—at least, subject to correction, I do not remember admitting that.

7872. When Mr. Taylor was questioning you, you said, "We have agents for half-a-dozen shipping companies"—it seemed to me that it slipped out?—No, it does not slip out, and it would not slip out. That is a fact. But I do not understand what your original question was, just now. I never said that the agents of the steamship companies would be a stumbling-block in the way of our getting a reasonable rate of freight.

7873. No, you did not. If it were a question of getting outside freight to fill up chartered steamboats, I gathered from what fell from you, that one of your difficulties would be that you Ceylon growers are mixed up with the agents of half-a-dozen shipping companies; you would be confronted with that at once, and it would be very difficult for you to combine?—All right to fill up their own steamer.

7874. That would stand in the way of combination on your part?—I never said that. What I say is that they have got their steamers to fill up, and therefore it would be impossible for one man to be able to collect all the shipments in Colombo to go to fill up a certain steamer. Everybody is fighting for his own steamer.

7875. In other words, if you gentlemen took it into your heads to combine to fill up outside steamers, these agents would prevent it?—No, they would not prevent us. How could they prevent us?

7876. They would be fighting, as you say, to fill up their own steamers?—Certainly, they would be trying for their own business, as much as we should be trying for ours, but they would not prevent us—there would be no question of that.

7877. They would fight against combination amongst you to get lower freights, would they not?—They would put down the rates on their own steamers naturally and take our cargo away.

7878. Did I understand you to say that these shipping agents were interested in the tea trade themselves?—Yes.

7879. And to a certain extent they belong to you, as it were?—Yes, their interests in the success of tea are identical.

7880. Do they belong to your association?—Yes, a lot of them do.

7881. Would that not necessarily be a bar against uniformity in combination amongst you, the fact that these gentlemen, who are agents of the shipping companies, are amongst you and belong to you?—No; because their tea interests, even if they thought it were desirable or feasible, would be so strong as to overrule anything of that sort, even if it were advanced, which is very unlikely.

7882. I do not want to try to catch you, or to appear to catch you, but that does not seem to me to fit in with your answer to Mr. Taylor, which was that, if you tea-planters were all of you to combine to get outside steamers, you would have these agents for half-a-dozen shipping companies among you, and combination would be impossible, because these agents for the half-a-dozen shipping companies would prevent it?—I think you misunderstood me. I say that the tea crop of Ceylon comes in uniformly all the year round, and you never get such a great bulk of crop into your hands as an individual as would enable you to say to a tramp steamer, "If you come along I will give you 5,000 tons and fill you up." You would have to go round to every firm, and say, "Will you give so much, and so much, and so much."

7883. (Chairman.) You would require a combination?—Yes, naturally; and these firms would wish to ship by the steamer that they represent, and must necessarily wish to ship by such a steamer.

7884. (Mr. Reeves.) That is what I have been driving at. Just one more question with regard to this rebate?—I wish you to thoroughly understand that I am not speaking about the agents working detrimentally to the tea trade, because they would not think of doing so, because it is definitely to their own interests to work to the advantage of the tea trade. It is only that they, as representing their principals, must naturally work for the steamer in which they are interested, and they could not come to you and offer you cargo to fill your steamer.

7885. There has been no desire on my part, I assure you, to suggest that anybody deliberately works to the detriment of the interests of the tea trade. These gentlemen, of course, work for their conferences. With regard to the deferred rebate of 10 per cent., who gets it?—It is paid over to the man who ships. The man who actually ships the stuff claims under that rebate form, and is paid at the end of a period—a year, say. It amounts really to 10 per cent.; that 10 per cent. is divided—half goes to the Colombo agent and half goes to the planter.

7886. (Mr. Taylor.) I am afraid I rather misled you about the rates of freight on rice and sugar. I want to make that quite clear. The rate of freight on rice is 22s. 6d. per ton dead weight for 2,240 lbs. Your rate for last year that you quoted on tea is 30s. per ton of 50 cubic feet weighing 1,000 lbs.?—That is 1,000 lbs. net.

7887. What is it gross?—About 12 cwt.

7888. If it were measured on the same basis as rice, it would be 60s. per ton?—Now you are taking the dead weight.

(Sir Hugh Bell.) May I ask what is the value of the rice?

(Mr. Taylor.) I do not take that, only Mr. Roberts said the rate on rice was very big, as compared with 30s. for tea.

(The Witness.) How does the rice measurement compare with the tea measurement?

(Mr. Taylor.) You want to put me into the box now.

7889. (Chairman.) In your first table you show that the average rate for 1902 was 25s. per ton less 10 per cent. deferred rebate; that 25s. is the total freight, is it not?—That is the gross freight; there is 10 per cent. to be deducted from that.

7890. Is there any primage included?—No, there is no primage homewards.

7891. When primage is mentioned in these transactions, as it is sometimes, primage is really a part of the freight

always retained and intended to be retained by the shipowner?—The primage is an addition to the freight really.

7892. Is it part of the freight?—Yes; I think we may take it that it is really part of the freight.

7893. Because it is a sum of money intended to be always retained by the shipowner?—Yes.

7894. So it really is part of the freight?—Yes.

7895. The bill of lading freight in all these cases would be the gross freight, 25s., would it not?—Yes.

7896. In the circular which you have handed to me, the circular of April 1, 1907, we have the words "until further notice a rebate of 10 per cent. exclusive of primage"; that really is not necessary at all, is it?—That is on the outward freights, is it not.

7897. Yes, that is on the outward freight?—They do add 5 per cent. primage there.

7898. As regards the outward freight, is the bill of lading freight the total freight?—As regards the outward freight there is no bill of lading freight.

7899. Because the freight is prepaid?—Yes.

7900. The freight is divided in this way: in the first place, there is what is called the net freight; then there is primage?—Yes.

7901. Of what percentage?—It is 10 per cent., and then they allow you half, so that the primage is a net price of 5 per cent.

7902. That primage really is always retained by the shipowner?—Yes.

7903. And is really part of the freight?—It is actually part of the freight. I believe there are one or two conferences where they bring in the word "primage" or something of that sort.

7904. But it is part of the freight really?—Yes, it is.

7905. The importance of it is this—is the rebate a rebate of 10 per cent. upon the net freight, which does not exclude primage?—The outward rebate is a 10 per cent. rebate on the freight before the primage has been added to it.

7906. (*Sir Hugh Bell.*) You have kindly given us in your brief of evidence the shipments for the four months—November and December, 1906, and January and February, 1907; are those about average months?—Yes, those are typical months.

7907. The tea crop does not vary during the year at all, I gather?—It is larger in certain months than these; but I could tell you exactly what it is.

7908. Taking those four months, it goes from 7 million lbs. to 9 million lbs., 9½ million lbs., and 8½ million lbs.?—Yes; but there are larger months than those. Those are the last months I have the figures for; April, May, and June would be considerably larger than those.

7909. Half as large again, do you mean?—It might run up to between 11 and 12 million lbs., you may see it.

7910. I suppose the steamers call in about the same proportion, do they, throughout the months?—Yes, they do.

7911. That means something like 100 to 150 tons of cargo for each steamer calling?—I think it works out to more than that on tea, does it not?

7912. I am calling them imperial tons, not tea tons. You have to double that for tea tons?—Quite so.

7913. The imperial ton is about two tea tons, is it not?—Yes. It would be about 150 tons per ship.

7914. That represents what each steamer would take?—Yes.

7915. Or, if I may take it the other way, the figures you have given us represent about 3,500 to 4,200 tons per month—again imperial tons, not tea tons?—Yes.

7916. So that, in fact, one single steamer could bring the whole of the tea shipped monthly from Ceylon?—She would want some dead weight, would she not?

7917. If she were a 10,000-ton steamer she would get some weight. It was suggested to you by Mr. Taylor that you might charter a boat for tea alone, and Mr. Pember Reeves rather followed the line that you might break through the conference if you combined. I want

to put it to you that one or, at most, two steamers per month could take the tea?—That is so.

7918. But that would not be convenient in your trade, I understood you to say?—No, it would be most inconvenient.

7919. You would prefer in your trade for the tea to arrive in London, as it does now, every two days?—Every day or every two days—added to which, the keeping of the tea in Colombo is bad for it.

7920. Apart from the question that it is difficult to store over there, would you much rather have it arrive in the London market all over the month than once a month?—Certainly, in the market conditions.

7921. That would be the reason why you would not combine to charter a single steamer among you?—Certainly.

7922. So that apart from any of the questions that have been put to you as to rice and other commodities, you would desire your tea to arrive in the way it is now arriving?—Certainly; we consider that a great advantage.

7923. You are a large owner of plantations yourself, are you?—I am speaking for the companies I represent. I represent several large planting companies, and the Colombo Commercial Company as well. We represent a large area of tea.

7924. Do you act as their commission agent?—No; I act as director and secretary of these companies, which represent a very large area of tea plantations.

7925. Are you resident in London?—I am.

7926. But you have a house in Ceylon, have you?—Yes, we have.

7927. And it is an agent of these companies that your houses have representing them at the port; is that it?—I represent six or seven companies, and all of them are interested as owning large areas of tea; one of them, the Colombo Commercial Company, acts as agent for the other companies.

7928. So that your house in Ceylon is in direct fiduciary relation to the actual planter—the raiser of the tea?—Yes.

7929. In that sense you speak of yourself as largely interested in tea plantations?—Yes.

7930. You are also shippers, both outwards and inwards?—Yes.

7931. Does any conflict of interest arise between your principals in these various capacities?—No. There is only the ordinary conflict of interest—that you want to get your work done at the proper rates, you know.

7932. You told the Commission, I think, that you do not represent any shipping houses?—We represent no steamship-line.

7933. So that you are entirely the representatives of the shippers?—Entirely the representatives of the grower, the shipper, the merchant, and the manufacturer.

7934. But you are a shipper in the first place, because a shipper may be either a merchant or a grower?—Yes; and then we are buyers of tea.

7935. You buy tea, do you?—Yes.

7936. So you are tea merchants yourselves, then?—Yes; we buy and export tea to every part of the globe.

7937. Not only to Great Britain, but also elsewhere?—Yes.

7938. (*Mr. Reeves.*) As a matter of explanation, in regard to what fell from Sir Hugh Bell, I should like to say I was very far from desiring to suggest that it would be desirable that all tea in Ceylon should come in one steamer per month, and that nothing that I said led up to that?—That is pointing to my difficulty in filling up a tramp.

7939. (*Mr. Taylor.*) You might have a half-cargo of rice and fill up at Ceylon; what would be the difficulty then?—A half-cargo is a lot to make up.

7940. (*Mr. Owen Philipps.*) Is it not a grossly misleading statement to suggest that 30s. per 50 cubic feet of tea is equivalent to 60s. per ton of rice?—I am not an expert, but it seems to me to be so.

7941. (*Sir Alfred Bateman.*) In regard to your first table showing the average rates for the last two years, have the figures been compiled from your own transactions?—Yes.

Mr. J. A. Roberts.

4 June 1907.

Mr. J. A. Roberts.
11 June 1907.

7942. I notice that Mr. Rosling gave us a similar table from 1892, which differs from yours generally by 2*d.* or 3*d.*?—I have noticed that myself. Necessarily, it depends upon how many shipments you have had by a certain steamer, or how many shipments you have had at a certain rate of freight. Of course, you might not be lucky enough to get in at the 7*s.* 6*d.*

7943. I quite agree that the figures confirm each other by the very fact of those small differences which would appear in the transactions of two associations or two companies?—That would be so. My figures were taken from my own books.

7944. I do not think you have been asked, at any rate, I have not heard the question, about your table showing the outward rates to Ceylon in April, 1905, and previously, by which I see they were just about double what they were for August, 1905; why was there that large decrease in August?—That was because of the outward fight that was going on between the British India and the P. & O. and the Hansa Line.

7945. Are the freights of August, 1905, the freights now charged?—Those are the freights to-day, but they will no doubt be increased.

7946. Machinery has been reduced from 25*s.* to 12*s.* 6*d.*, and so on all through?—Yes. They were fighting rates put in force because of the fight between the Hansa Line and the P. & O. and the British India.

(Mr. Taylor.) I believe that is stopped now.

7947. (Sir Alfred Bateman.) Can you say you are still getting the benefit of those reduced rates?—I understand that these lines have contracted some way ahead with certain people, and, therefore, they have not been in a position to raise the rates as against the merchants who had not contracted, and consequently these freights are running at the reduced rates at the present time. I am speaking without my book here, because I am not in the inner know of it, but these rates have remained at about their present figure or at their present figure, though one has every reason to believe that it is only temporary, and that they will raise them.

7948. Anyhow, at present you are getting the benefit of these very largely reduced rates, although you are tied by the rebate system?—Yes.

THIRTEENTH DAY.

Tuesday, 11th June, 1907.

PRESENT :

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

Lord INVERCLYDE.
The Hon. C. N. LAWRENCE.
Sir D. M. BARBOUR, K.C.S.I., K.C.M.G.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
Captain R. MUIRHEAD COLLINS, C.M.G.
Mr. H. BIRCHENOUGH, C.M.G.

Mr. J. BARRY.
Professor E. C. K. GONNER.
Mr. F. MADDISON, M.P.
Mr. OWEN PHILLIPS, M.P.
Mr. OSWALD SANDERSON.
Mr. AUSTIN TAYLOR, M.P.
Mr. I. H. MATHEWS.
Mr. J. A. WEBSTER, *Secretary.*

Mr. JOHN A. SPENS, called, and examined.

Mr. J. Spens. 7949. (Chairman.) You have prepared for us a memorandum of the evidence you propose to give?—
11 June 1907. Yes.

The witness handed in the following statement :

REPRESENTATION AND PRÉCIS OF EVIDENCE ON BEHALF OF THE CHAMBER OF COMMERCE AND MANUFACTURES IN THE CITY OF GLASGOW.

1. This question has been repeatedly before the Chamber. As far back as 8th October, 1894, a letter of 4th September, 1894, from the Cape Town Chamber of Commerce, drawing attention to the rates of freight charged between Great Britain and South Africa as compared with the rates charged by the same companies between New York and South Africa, was before the Directors, but was allowed to lie upon the table.

2. On 11th May, 1896, a circular letter, with relative report, from the Wolverhampton Chamber of Commerce, calling attention to the rates of freight charged by German and the United States Lines to South Africa as compared with those charged by English Lines, was again before the Directors, and was again allowed to lie on the table.

3. In 1897 the Chamber was approached by the South African Mercantile Association of London, but the Directors again came to the conclusion that they were not in a position to take effective action in the matter.

4. In 1902 the Secretary to the Select Committee of the House of Commons on Steamship Subsidies addressed the Chamber, enquiring whether the Chamber wished to submit evidence to that Committee. A Committee of Directors was appointed to formulate the draft of a reply, which, so far as the question of Shipping Rings is concerned, is in the following terms:—

“The Directors do not think it is unreasonable that Lines providing regular and efficient services throughout the year, which is greatly to the advantage of merchants, should take means to protect themselves against opposition in good times, whilst they are left to pursue the trade, sometimes at a loss, when the conditions of trade are much less favourable.

“The existence of well-managed Shipping ‘Rings’ tends to the uniformity of rates, and secures equal treatment for all shippers, and, on the whole, it does not appear that they have had a prejudicial effect on trade; but the Directors

strongly deprecate the practice of some British Shipping 'Rings' in carrying foreign goods from foreign ports at cheaper rates than they carry similar British goods from British ports over similar or even shorter distances to the same ports of destination."

5. In 1904 the Directors had a communication from the Auckland Chamber of Commerce, New Zealand, on the subject, and they then came to the following conclusion:—

"Having regard to the letter from the Auckland Chamber of Commerce, New Zealand, calling the attention of this Chamber to the important difference existing in rates of freight in favour of merchandise of German origin as compared with the rates on goods of British origin, both being shipped from the Port of London, the Directors of this Chamber are of opinion and resolve that such differential rates are inequitable and seriously detrimental to the interests of British manufacturers and shippers, and that a copy of this Resolution, accompanied by particulars, be sent to the Board of Trade."

6. The question did not come before the Chamber again until the Royal Commission was appointed, when a request (21st December, 1906) was made to the Chamber as to giving evidence. This communication the Directors, in January, 1907, remitted to a Committee of their number for consideration and report. In the interim the subject came before the Chamber at its Annual Meeting on 21st January, when it was resolved, in view of its great interest and importance, that a Special Meeting of the Chamber should be held on the subject. That meeting was held on 28th January last, and was a large and representative one. After debate, the following Resolution was carried by a large majority of 80 to 34:—

"That this Meeting is of opinion that the system of Shipping Rings, carried on as it is by means of deferred rebates, is detrimental to general trade, leads to preference in the matter of freights and of contracts to foreign countries, and requires remedy by suitable legislation, and that a Special Committee be now appointed for representation being made to, or evidence given before the Commission on this subject, in support of this resolution."

7. The Special Committee appointed at that Meeting have since considered the subject, and, with the foregoing prefatory statement, submit this Memorandum as the Representation to the Commission to be transmitted on behalf of the Chamber, and to be supported by evidence, of which the following is a précis:—

It will be pointed out that since 1902 the Directors of the Chamber have made it plain that if the arrangements of Shipping Rings involved carrying foreign goods from foreign ports at cheaper rates than British goods were carried from British ports, for the same or shorter distances, they disapproved of the system. The practice, however, of carrying foreign goods cheaper still prevails. Particulars of the letters communicated to the Chamber from time to time illustrate the unfair effect of the present system in a question between foreign and British goods.

8. The recent meeting of the Chamber on the subject was called with full notice to every Member of the Chamber, and it is submitted that, looking to the large majority, it may fairly be concluded that the mercantile community is decisively in favour of legislation with regard to the present arrangements of Shipping Rings, at least so far as these include a system of "deferred rebates."

9. It is desired to emphasise the decisive majority which supported the Chamber's recent resolution, because unquestionably there is difficulty in getting shippers to allow cases of their own to be quoted with names and particulars. This difficulty in itself illustrates how completely the Shipping Rings have succeeded in destroying fair bargaining between themselves and shippers. It is the completeness of the domination of the Lines over those they deal with, and the danger shippers therefore run if they put themselves in a position of active antagonism, which naturally make shippers most unwilling to come forward and give particular instances of the hardships they are experiencing. Then there are the many cases where shippers or their agents are connected with the "Rings," directly or in-

directly, for example, as agents or shareholders. It is assumed that the Commission will, as matter of course, have before them the various arrangements made by the different shipping combinations with shippers, and it is submitted that, if these arrangements are examined, it will be found that their effect, in the general case, is to oblige shippers to confine their shipments to specific lines of steamers, and to create a monopoly in the carrying trade where these conditions prevail. It is submitted that this is effected in the ordinary case by lines charging shippers a higher freight than is reasonable under arrangement with them to return a material part of the freights at a distant date, on condition that meantime the shippers have neither shipped outside the combination nor been interested, directly or indirectly, in any goods so shipped. The Chamber desires to emphasise the fact that it is the "deferred rebate" system which at present is the key to the situation. It will be found that the return is not made to the shippers, in many cases, until a period of twelve months or more has elapsed, so that at any particular moment the shipper, if he desires to go outside the combination, has to face the loss of twelve months or more of deferred rebates. Further, the particular shipper forfeits his right to the rebate if a person with whom he has contracted for delivery of his goods goes outside the "Ring"—*e.g.*, if a foreign merchant buys goods from a home manufacturer or shipper on a c.i.f. basis, the merchant will forfeit his right to rebate if the manufacturer or shipper goes outside the "Ring."

10. No doubt, the slowness to legislate in this country is due to the idea that so to legislate is to restrict freedom of bargaining, and in that sense to interfere with freedom of trade. It is obvious, however, that the elaborate arrangements made by Shipping Rings with shippers and the whole basis of the "deferred rebate" system have for their object to deprive shippers of freedom of contract, and that, therefore, legislation is wanted to restore freedom of trade, not to restrict it. It is submitted that such legislation will not be novel, but will in truth only be making effective the recognised principles of common law, as these combinations are regarded by the common law as restraints on trade, and therefore interferences with freedom of trade and contrary to public policy.

11. Another point is.—As the matter stands, a shipper who goes outside the "Ring" in respect of a shipment of, say, ten tons of goods—causing, it may be, a loss to the "Ring" of a ten-pound note—may forfeit £1,000. The forfeiture is thus penal, and not made with reference to the amount of loss sustained by the shipowner. Now, the same principle which led Courts equitably to modify penalties in cases of contracts where the penalty had no real reference to the loss to be sustained should lead Parliament to prohibit contracts which involve subjecting shippers to penalties wholly disproportionate to loss.

12. It is submitted that the evidence of the results, *e.g.*, of the South African Combination, to be found in the various prints of Commissions and Conferences on this subject, or in the speech of Mr. Tatham before the Assembly of Natal, 1906, sufficiently demonstrates (1) that there is no real freedom of trade between shipowner and shipper, and (2) that the effect of the present system is to play into the hands of foreign manufacturers, and to divert trade from Britain to America and the Continent. It is not disputed, as the Chamber understands, that another result is that goods, *e.g.*, from America—and the same is true of some places on the Continent—are carried by the same lines that carry British goods considerably longer distances to the same ports as the British goods, and at a cheaper freight.

13. The China and Japan "Conference" originated with a limited number of lines loading in London for fixed ports in China and Japan without "deferred rebates." Some years ago the system of "deferred rebates" was adopted by the Conference, which has gradually extended until it embraces all cargo from the United Kingdom, Holland, and Belgium destined for any ports between the Straits and Japan—French Indo-China excepted—and latterly all ports in the Philippines. Although for many years after the inception of the Conference outside steamers were loaded both on the Continent and from British ports, so completely has the combination secured the control of the trade that now there are no steamers loading on the berth from the United Kingdom or the Continent for China and Japan outside the influence of the "Conference." The

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Conference fix their own rates, and from their decision there is no appeal; even if a shipper wished to go outside the Conference, he would be unable to do so, as no outside opportunity exists, so completely has the combination crushed all opposition.

For the purpose of securing a proper assortment of cargo, or for other reasons to improve the freight return, Shipping Rings influence trade to a large extent to particular districts by making freights lower or higher in one district as compared with another. Glasgow shippers have had special reason to complain of freights for certain classes of goods by liners from the East Coast and the Continent being considerably lower than the rates from Glasgow, whereby an undue advantage has been given to shippers from the East Coast and the Continent. Other cases of hardship may be given by way of illustration. There is no direct line from Glasgow for the Philippines, and goods have to be sent from Liverpool or elsewhere in England. Take ports like Leith and Dundee, as there is no direct line to South Africa or India, the exporter has to send his goods to Glasgow or elsewhere before the lines will receive them at the rate they charge for the outward voyage. Instances of these kinds could be multiplied. The result in one and all is that shippers are placed at a disadvantage, and often lose business which they would secure if they were free agents and open to engage tonnage. In such a case they would frequently get the goods carried at less money from their own ports than is asked from the ports they have to send the goods to.

14. It is further submitted that the passing of the Elkin Act accentuates the necessity and shows the practicability of legislation. Although that Act was only passed three years ago, it is affirmed that the result has been not to decrease but to increase regular sailings and lines. The Chamber recognise that regular lines are an advantage to shippers and to trade. Such regular lines always have an advantage over general ships. Their connection, the regularity of their sailings, their ability to command goods of various kinds, all enable them to fill their ships more easily. Within reasonable limits and when properly conducted, the Chamber does not object to united action on the part of persons engaged in the same trade, but the Chamber objects to this being done by means of the "deferred rebate" system. The passing of the Elkin Act in America, it is submitted, shows the system was unnecessary in order to preserve regular sailings and lines. The Chamber may add that lines were built up without such a system. At present the whole coasting trade of the United Kingdom is conducted irrespective of it.

15. Under the Elkin Act a shipper from the States gets his goods carried according to the rate of freight current at the date he asks for a quotation. The American system is, in short, elastic, and deals with orders and shipping arrangements as they come up; the British system, under the Shipping Rings, is rigid. The system, therefore, results in orders being lost to the United Kingdom.

16. To sum up, the Chamber objects to the system of "Shipping Rings" carried on by means of "deferred rebates," because, as so conducted (a) it is detrimental to British trade, (b) it leads to preferences in the matter of freights and of trade to foreign countries, and (c) it destroys freedom of bargaining on the part of shippers, and the Chamber is of opinion that legislation is required to afford a remedy.

Chamber of Commerce,
Glasgow, 12th April, 1907.

7950. (Chairman.) Are you a Writer to the Signet?—No, I am a Writer in Glasgow. A Writer to the Signet is a member of an Edinburgh Corporation. Practically, a Writer means a solicitor in Glasgow.

7951. You are a member of the Glasgow Chamber of Commerce, are you not?—I am; and also I have been a director for some years.

7952. Are there shipowners as well as merchants who are members of that Chamber?—There are; the Chamber includes all sorts of professions and businesses.

7953. Are there many shipowners who are members?—There are a considerable number.

7954. But, of course, nothing like the number of merchants?—Not of merchants, if by merchants you mean every other variety of trade.

7955. What is the number of members in the Glasgow Chamber of Commerce?—I think it is off and

on about a thousand. It might be a little under a thousand, but it is somewhere thereabout.

7956. Are any of the great shipping companies represented on your Chamber of Commerce?—Yes; Mr. Dunlop, of the Allan Line, is one of our directors at present, and Mr. W. F. G. Anderson, of the Anchor Line, is a director, and was a vice-president.

7957. You state in your memorandum that in 1894, 1896, and 1897 the question of Shipping Rings and deferred rebates came before the Chamber, but no resolution was come to, and no action was taken?—That is so. But I do not think it was so much the question of deferred rebates that was brought before the directors at that time, as the question of differential rates of freight.

7958. In 1902 the Secretary to the Select Committee of the House of Commons on Steamship Subsidies inquired of the Chamber whether they wished to submit evidence to the Committee, and you state that a committee of directors was appointed to frame a reply, and that the reply was in these terms, which I will read, as they appear to me to be of importance:—"The directors do not think it is unreasonable that "Lines providing regular and efficient services "throughout the year, which is greatly to the advantage of merchants, should take means to protect "themselves against opposition in good times, whilst "they are left to pursue the trade, sometimes at a "loss, when the conditions of trade are much less "favourable. The existence of well-managed Shipping "Rings tends to the uniformity of rates." When you speak here of Shipping Rings, you mean Shipping Rings with deferred rebates, I suppose?—I was not a party to the preparation of that particular reply, and, therefore, I cannot say; but I have no doubt that in 1904 the Committee of Directors should have known, and must have known, that deferred rebates were in existence.

7959. And in 1902?—Yes, in 1902.

7960. And they must have been referring, I think, to the system of deferred rebates in that paragraph?—As, at all events, part of the system.

7961. To continue with the reply of 1902, "The "existence of well-managed Shipping 'Rings' tends to "the uniformity of rates, and secures equal treatment "for all shippers, and, on the whole, it does not "appear that they have had a prejudicial effect on "trade; but the directors strongly deprecated the "practice of some British Shipping 'Rings' in carry- "ing foreign goods from foreign ports at cheaper rates "than they carry similar British goods from British "ports over similar or even shorter distances to the "same ports of destination." So that the main objection in the year 1902 was that the system of deferred rebates or Shipping Rings enabled shipowners to charge rates which were unequal?—Higher rates as against British shippers in comparison with the rates they charged as against foreign shippers.

7962. That was the main objection?—That is the main objection in that reply.

7963. Then in the year 1906 this Commission was appointed, and a meeting was held on the 28th January last to consider the question. How many members were present at that meeting?—There voted 114, and I should fancy there would be present, perhaps, 130, or so. I think the very large majority voted.

7964. Can you tell us whether the minority consisted principally of shipowners?—I can say that the minority, to a material extent, consisted of shipowners—I mean I can say that from simply seeing the voting, and from hearing the discussion.

7965. Was it open voting?—Yes; but I am bound to say this—I mean it is probably justice to both—that there were a considerable number of shipowners, outside line owners, who were voting in the majority.

7966. I was going to ask you about the majority; that majority comprised shipowners also?—It also comprised a certain number of shipowners.

7967. You say there are about a thousand members of the Chamber of Commerce?—Yes.

7968. When important questions come on, do a great number of members attend the meetings, generally more than 200, say?—I only remember one larger meeting than the meeting on this question. Upon that occasion, there were nearly 200.

7969. What was the question then?—Upon that occasion, it was a question of the Clyde navigation. There was a proposal to interfere with the representation of the Chamber, and there was a very large attendance upon both sides. It was a question exciting personal interests.

7970. It was one affecting local interests?—Yes, that was so. I think I might say that the number upon this occasion was large, as compared with ordinary meetings.

7971. Is the Chamber of Commerce in the habit of sending round questions to all the members of the Chamber and obtaining their answers?—Certainly that is not habitual. They have issued circulars and asked for information from members upon occasions; and I just cannot quite remember whether upon one or two occasions during my directorship there may not have been such a plan as you have indicated adopted, but I do not have it in my memory positively.

7972. But they have never adopted what we may call the system of the referendum?—No, practically not.

7973. I see from your memorandum that the meeting passed this resolution: "That this meeting is of opinion that the system of Shipping Rings, carried on as it is by means of deferred rebates, is detrimental to general trade, leads to preference in the matter of freights and of contracts to foreign countries, and requires remedy by suitable legislation, and that a special committee be now appointed for representation being made to, or evidence given before the Commission on this subject, in support of this resolution." Then this memorandum was, in consequence, framed, and is now presented to this Commission?—Yes.

7974. I see that very great stress is laid by the Glasgow Chamber of Commerce on the fact that foreign goods are carried from foreign ports at cheaper rates than British goods are carried from British ports?—That is so.

7975. Will you explain whether that is the effect of the system of deferred rebates; and if so, in what manner it is the effect of it?—I think it is probably the effect of the system of deferred rebates, because under the system of deferred rebates shipowners on the lines where deferred rebates exist have the shippers under their control, and dictate their own contracts. I think the result naturally is that in other cases where they wish to make other arrangements, they can afford to make better arrangements on the other ports than with the home ports.

7976. Take the case of goods being shipped, say, from a port in Germany, and a German shipowner, assisted perhaps by the German Government, offers to carry the goods at what may be called a very low rate of freight. If a British shipowner has ships which carry goods from that port, what can he do? Must he not charge the same freight? He cannot charge a higher freight?—I think certainly not.

7977. Then he would have to charge the same freight. In your opinion, if he is obliged to do that, should he lower the freight which he charges from the English port to such an extent as to make it unremunerative? I do not know whether I make my meaning quite clear?—Quite. My answer to that would be this—at least, I think, the British shipper should not be in the uncontrolled hands of the shipowner when such a state of matters exists. I think it would be a very different matter if the freights were being charged as they are at present, but the shipper and shipowner in this country were free to make their own contracts.

7978. I think I follow you, but what I want to know clearly is this: if you did away with the system of deferred rebates, would not the same difficulty and disadvantage arise if those circumstances exist which I have described, namely, the German shipowners trying to get into the business charging very low rates of freight from German ports? I do not know really whether it would, but I want to know your opinion?—My feeling is that I think it is difficult to predicate what would happen. What I think should not happen is that the British shipper should, by reason of what I may call a noose round his neck, not have the right himself to deal with the matter for the best, and in his own way. It is quite likely, or quite possible, however, I would say, that in the interchange of free

contract something of that kind you suggest might happen, but my own feeling is that it would work out differently.

7979. Then your view, as distinguished from the view which your Chamber of Commerce expressed in the year 1902, seems to be this—that although the same result might follow, at any rate for a certain time, if the system of deferred rebates were abolished, the system of deferred rebates is in itself objectionable because it gives a quasi monopoly to the shipowner?—Not only a monopoly, but a power to dictate. I would like, if I might just interpose this—

7980. Not yet; I will take care that all your points are brought out. Is that, in your opinion, the view taken by your Chamber of Commerce?—By the majority of the Chamber who passed that resolution. What I was going to say was that you should keep in view that the resolution passed in 1902 was passed by a committee of directors only.

7981. That is so. Just look at your memorandum, please; you will find there is a long paragraph beginning, "It is desired to emphasise the decisive majority which supported the Chamber's recent resolution." You may take it that we are perfectly familiar with the system of deferred rebates?—I assume so.

7982. You point out there what many others have insisted upon, namely, that the system of deferred rebates, in the opinion of the Chamber, and, you point out, in your opinion also, places the shipper in the power of the shipowners?—That is so.

7983. Then, as representing your Chamber of Commerce, you lay stress upon the following point:—"As the matter stands, a shipper who goes outside the 'Ring' in respect of the shipment of, say, ten tons of goods—causing, it may be, a loss to the 'Ring' of a ten-pound note—may forfeit £1,000." Then you say this forfeiture is penal, and you compare it to a penalty, and you suggest that the Legislature might without difficulty treat it as a penalty. You are a lawyer; let me put this question to you: All shippers have notice that if they ship their goods by particular vessels they must pay a certain sum of money for the carriage of their goods from one port to another. I am not speaking about rebate or primage; I am using ordinary language—they have notice that they have to pay a certain sum of money, and that if they ship any goods at all by any outside steamers they will then not have any part of that sum of money returned. That is the essential characteristic of the system of deferred rebate, is it not?—I think so.

7984. If the shipper has notice of a circular to that effect, and, without any protest, ships goods on board such a steamer, and then ships goods by outside steamers, do you, as a lawyer, think that money could be recovered in a court of law?—I have considered that question, and I frankly confess I put it this way: I have not made up my mind that it could not, but I incline to think that the very mode in which the system has been created has been to keep out the principle upon which penalties are modified.

7985. Have you made up your mind, one way or the other, whether, according to our existing law—or we may say, according to our common law?—Yes—

7986. Whether any part of the money could, under those circumstances be recovered back?—I incline to think not. I would just like to add to that this: Suppose in place of the present system, the freight had been the net sum less the rebate, but the shipowner had stipulated that in the event of the shipper going outside he was to have a right to be paid the present penalty, I am satisfied he could only recover the liquidated damages.

7987. I want to get the benefit of your legal knowledge in reference to the question I put to you. You remember the question I put to you. Do you think that, according to our existing common law, the money could be recovered?—I have already said I incline to think they have successfully got rid of that difficulty. I do not think it could be recovered. I do not say that I think that clear, but the inclination of my opinion is to think that they could not recover it, because of the method in which the contract has been made.

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7988. I wish to follow that up a little. You think that the contract is in undue restraint of trade, do you not?—I do.

7989. I will assume, for the purpose of my next question, that it is in undue restraint of trade. Do you think, as a lawyer, that if money is paid under a contract which is in undue restraint of trade, the money could be recovered back?—I understand not. I fancy that a contract in restraint of trade is illegal only in the sense that it may not be enforced. But may I say that when I was answering your previous questions, I was dealing with the question of penalty and liquidated damages, not with this other point of restraint of trade?

7990. I noticed that. So that if the system of deferred rebates is injurious to the public interest and contrary to public policy, in your opinion it must be altered by legislation making that system illegal?—I think so.

7991. That is your view—and I only wish to bring out your view?—That is my view. But I would add that that legislation, so far as I follow it, would be following the principles of the common law, both as regards the question of being contrary to public policy, and as regards the doctrine as to liquidated damages.

7992. You mean to say that that legislation might be justified on the ground of its being analogous to the principles established by the common law?—That is so. You have put exactly what I meant to indicate.

7993. I think it is only fair I should direct your attention to another paragraph. You say: "Further, 'the particular shipper forfeits his right to the rebate 'if a person with whom he has contracted for delivery of his goods outside the 'Ring'—e.g., if a 'foreign merchant buys goods from a home manufacturer or shipper on a c.i.f. basis, the merchant will forfeit his right to rebate if the manufacturer 'or shipper goes outside the 'Ring.''" You know that that has been modified by the agreement made in the year 1898 between the shipowners and the South African Committee of Merchants, do you not?—I do. I do not know whether I may mention a case where I cannot give the name of the firm. Unquestionably, at the time of the Thompson-Houston opposition, I was informed by quite a respectable firm that they shipped by the Thompson-Houston Line, and found that their South African agents and correspondents declined to take their goods, not only because they were in danger of forfeiting their rebates, but because they were threatened with being charged double the freight; and, further, in order to get back, they had not only to express their penitence, but to send a sum of money to a charity.

7994. (Mr. Taylor.) Was the locus of the charity stipulated?—I do not know about that, but the locality was the district where the trader was.

7995. (Chairman.) What is your view of this question: If the shippers and merchants really felt that they were oppressively treated and dealt with by the shipowners, would they not combine?—I think there is an enormous difficulty in combination from the fact that shippers are so much more disorganised, and are of so many more various trades, plus the fact that you have now to face, that each shipper in a varying degree is under a very heavy penalty if he starts combining.

7996. (Lord Inverclyde.) What is the penalty if he starts combining?—He would have to forfeit his rebates.

7997. Not if he combines?—What I mean is that if certain shippers were to agree to form an independent line to-morrow, all those different shippers would have to reflect upon how much they were to lose by agreeing to go outside the Ring.

7998. But there is nothing to prevent them combining, is there?—There is nothing to prevent them combining, but if they carry out their combination, they will be penalised, the penalty varying in different degrees.

7999. (Chairman.) They could combine; and if they did combine, do you think—I really am not expressing any opinion myself—that they would then be able to resist the demands of the shipowners effectively; in fact, that they would be able then to successfully negotiate with them?—Assuming that all the shippers

were to agree to combine, I have no doubt they would be in a position to negotiate; but that assumption seems to me to require a state of facts which I do not think exists. I think there is too much disorganisation, and I think there is too much control.

8000. So you do not agree with what Sir Thomas Sutherland said on one occasion—and he is a man of great experience. He said, Shipowners know very well that if they were to treat the shippers unjustly or oppressively, they would combine; and therefore, he said, it was practically impossible—I am not expressing any opinion myself—for shipowners to treat shippers and merchants oppressively for a length of time. Is that your view?—Not as put in that unqualified way. I have no doubt whatever that there is a point where oppression and dictation would be so injurious to the interests of shipowners that they will not go that length; but that point is far from what may be equitable and reasonable before it is reached.

8001. There is only one more question with reference to your printed memorandum that I have to put. It is about the Elkin Act. Are you familiar with the Elkin Act?—I have read it, and I have it before me. It is very peculiarly worded.

8001a. Does the Elkin Act apply to foreign ships?—I should think it would apply to any property being carried from the States in foreign ships, I mean ships foreign to the United States.

8002. Either bringing goods to the United States, or carrying them from the United States?—The question of bringing goods too depends upon the words "in respect to the transportation of foreign commerce." I should think that the Act applied both ways. It certainly would apply outwards.

8003. (Sir John Macdonell.) In which section are those words?—In Section 1; but, of course, I am only stating what occurs to me, and you will be much better able to judge.

8004. (Chairman.) The Elkin Act has no application, I think, to the system of deferred rebates?—I think it has.

8005. Will you show me the provision?—The first section reads: "And it shall be unlawful for any person, persons, or corporation, to offer, grant, or give, or to solicit, accept, or receive, any rebate, concession, or discrimination, in respect to the transportation of any property in inter-State or foreign commerce by any common carrier, subject to said Act to regulate commerce and the Acts amendatory thereof, whereby any such property shall, by any device whatever, be transported at a less rate than that named in the tariffs published and filed by such carrier, as is required by said Act to regulate commerce and the Acts amendatory thereof, or whereby any other advantage is given or discrimination is practised." The next sentence, you will see, imposes a penalty both upon the carrier and upon the shipper: "Every person or corporation, whether carrier or shipper, who shall knowingly offer, grant, or give, or solicit, accept, or receive, any such rebates, concession, or discrimination, shall be deemed guilty of a misdemeanour."

8006. I suppose that Act would apply to every offence committed within the jurisdiction of the United States?—That is so; and probably that would catch the United States receiver from a foreign port.

8007. (Lord Inverclyde.) You state in your memorandum that the Secretary of this Commission wrote to the Chamber a letter, which was submitted to a committee for consideration and report, but that before that committee reported, a special meeting was called?—That is so.

8008. Why did they not wait for the report?—What happened was this: The annual meeting, I think it was, of the Chamber took place at that time, and the committee had not yet reported; attention was called to the matter, and a general desire was expressed for a special meeting to discuss and deal with the subject. The directors complied with that request, and called a meeting.

8009. That is, they called a special meeting?—Yes.

8010. When a special meeting is called, what is the procedure? Is there a requisition?—A meeting can always be called upon a requisition. In this case the directors accepted the feeling of the annual meeting, and called the special meeting without a requisition.

8011. What is the qualification for membership of the Glasgow Chamber of Commerce?—You pay £10.

8012. Is that the only qualification?—You must be, of course, admitted. You are supposed to be concerned with commerce. It is a pretty wide qualification, because, as you will see, they allow lawyers who are interested in mercantile affairs, for example, to join.

8013. Therefore the members who voted do not represent, perhaps, what a real stake in the country might be?—I do not quite follow what that means.

8014. If you tell me the qualification is only paying £10, then a man who, perhaps, has a very small business indeed might be one of the 80 or one of the 34?—No doubt he might be; but I have no hesitation in saying that the Chamber of Commerce is composed, as a whole and in the main, of merchants and others in thoroughly good positions; as I should fancy your Lordship is well aware.

8015. I have not been to a meeting of that Chamber of Commerce, though I am a member. Are there not a number of members of one firm in it, and so on?—It is perfectly competent for all the partners of a firm to be members, and in a considerable number of cases more than one partner is a member.

8016. Were there a number of new members who joined shortly before this special meeting?—Not that I am aware of. There were certainly some, but I have no hesitation in saying that that did not affect the substantial result of the vote.

8017. Is it the case that 15 tramp shipowners joined shortly before this special meeting?—I think not. Can your Lordship tell me the date of the special meeting?

8018. (*Mr. Lawrence.*) It is stated in the memorandum to have been held on the 28th January this year?—I think very few had joined before the meeting. A certain number joined after the meeting.

8019. (*Mr. Owen Philipps.*) Were those the ones who accidentally paid their money too late?—I cannot tell you. I am not aware about any accidental paying-in or not; one thing I am quite clear about is that the vote upon the 28th January was not affected by special members joining. I see that only two members joined on the 14th January.

8020. (*Lord Inverclyde.*) Is there a special date for members joining?—They must be admitted through the directors. The next meeting was held upon the 11th February.

8021. How many joined then?—A considerable number.

8022. Had any of that number voted at the meeting on the 28th January?—No, I should fancy not, because they would not have been members. The number joining on the 11th February is only some 20, and it is not to be taken that they were all shipowners.

8023. (*Mr. Owen Philipps.*) Do you put in evidence the list of new members?—I can put the list in evidence if you like (*handing in same*). I notice, for example, that one of the members admitted on the 11th February is my nephew, who joined because he is now with the Secretary of the Chamber. That is merely an illustration; of course, he was joining simply because of his official connection with the Chamber.

8024. (*Lord Inverclyde.*) He is also a lawyer, is he?—He is also a lawyer.

8025. You have given us a resolution which was passed at that special meeting to the effect that a special committee should be appointed; who comprised that committee?—I do not think I can give you all the names, but I can give you most of them. They were Mr. J. P. Maclay, Mr. Gardiner, Mr. Archibald Colville, Mr. Robert McLaren, myself, and the president and vice-president *ex officio*. I think there were two or three more, but I do not remember their names.

8026. I do not know in the least these gentlemen's views, but were they all of the majority, or was the minority represented on that committee?—I think the committee represented the majority, with the exception of the president and vice-president, who were put on because of their official position, and

who, I do not think must be committed personally just because of that to all these views; I do not mean that they did not take part, and a very useful part, in adjusting the report; but I think they were adjusting it in their official capacity.

8027. Then we may understand your evidence is the evidence of the majority?—I think you may, certainly.

8028. You are a lawyer, and you refer to a lot of things here in connection with shipping which you cannot know from your own business; I therefore ask from what source you have obtained all this information?—Such as, my Lord?—

8029. What you say in the latter half of your memorandum about the operation of a Ring?—The points there are largely put from information given by the practical members of the committee, and as the result, as you will see, of experience drawn from our perusal of the South African papers.

8030. On your committee, I think I am right in saying, you had no shipowners who had any knowledge, from being members of a Ring, of the working of a Ring?—I do not think we did have any member who had that knowledge. We had certainly no member of a Shipping Ring on the committee.

8031. So that your evidence cannot be taken as being given after having heard both sides of the story, because you have only heard one?—We certainly did not hold an inquiry, and ask members of Shipping Rings to give us information. But I do not think myself that the facts are seriously in dispute.

8032. Do you consider that the trade of Glasgow has been much affected by Shipping Rings?—Upon the information I have got, it has been affected to a considerable extent. The details, as you can imagine, I could not speak to; but I have had complaints.

8033. Referring to that, you say: "Particulars of the letters communicated to the Chamber from time to time illustrate the unfair effect of the present system in a question between foreign and British goods." Can you refer us to any details there?—The letters that I am referring to there are the letters upon which the directors considered matters in 1894, 1897, and 1902. I had the information that I have already given about a firm and the Thompson, Houston Line; and I have got certain tables that were sent to me by a large firm of warehousemen with reference to differential rates to the United States and to New Zealand in the case of drapery. These I could put in if wished; but the special letters to which I am referring there are the letters which the directors dealt with before. As I say, I have got these if you wish them, but I do not think it would be necessary to put them all in.

8034. You go on to say that, looking to the large majority at this special meeting, "it may fairly be concluded that the mercantile community is decisively in favour of legislation with regard to the present arrangements of Shipping Rings, at least so far as these include a system of deferred rebates." Do you seriously think that because 80 people in the Glasgow Chamber of Commerce supported this resolution, really the mercantile community is very much stirred and desirous of legislation?—I am quite satisfied that the vote of the majority at the Chamber of Commerce represents fairly the feeling upon the subject.

8035. I know you have a pretty good acquaintance with shipowners of all classes; have you not heard shipowners of all classes repeatedly say that they want to be left alone by legislation?—I know quite well that shipowners are very slow to have interference with their business, and as you say I have a large experience of them; but, of course, that does not mean that shipowners of all classes do not wish legislation upon this subject.

8036. You go on to refer to charging shippers a higher freight than is reasonable; how do you arrive at what a reasonable freight is?—I do not think I arrive at it at all—I mean personally. What I think is meant there is this—that the shipowners settle the freight at their own hand, and merchants find that they could frequently get from outside shipowners freights at a lower rate if they were able to take advantage of it; they also find that the same shipowners are charging their foreign competitors lower.

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8037. You say they could get a lower rate from other shipowners, but would the conditions of service, and so on, be the same?—Do you mean as to regularity of service?

8038. Yes?—Very likely not. That is why I say that the question of reasonableness must necessarily be in the region of opinion. The unfortunate point is that at present the reasonableness is decided solely by one party to the contract.

8039. The merchant need not enter into the contract unless he chooses?—No, but unfortunately he can only get out of it by forfeiting a more or less large sum.

8040. Further on in your memorandum you say, in regard to the Elkins Act, "Although that Act was only passed three years ago, it is affirmed that the result has been not to decrease but to increase regular sailings and lines." What evidence have you in support of that?—I am afraid I must refer you for the evidence of that to some more practical witness; I believe you are to have such. It was upon the information of practical men that that statement was inserted.

8041. You have no knowledge of this?—I only have it upon information.

8042. What would you recommend that this country should legislate in regard to this matter?—If I had anything to do with the subject I would prohibit deferred rebates of all kinds, and, to accelerate the bringing into effect of freedom of contract, I would add that deferred rebates should be repayable except to the extent of the loss caused to the shipowner by breach of the condition as to not shipping outside. I would like to add to that this, because I am very slow to legislate at all—that I would not go further than that at present, but I think the Commission or Parliament, while legislating so far, would have to make perfectly plain that what they intended to have was freedom of contract, and that if any other method was devised for putting shippers under control, it would also be dealt with; because in my own mind I am not satisfied that once a deferred rebate system was abolished, another system could not be found of perpetuating the system of control.

8043. I suppose you look at it from both shipowners' point of view—both the liner's and the tramp's? Do you think there is anything in what has been affirmed before us here, that the deferred rebate system has given stability to trade by giving shipowners some encouragement to put more capital in their trade, which, if they had not that encouragement, they would not have done?—I think there is no doubt whatever that regular liners are a great advantage to merchants, and I have found that merchants are all predisposed to support general lines. But what I do not think is right is that that should not be left to natural conditions, and that there should be at no period of time a point at which a shipper and a shipowner can stand upon equal footing with regard to future contracting.

8044. Do you see what the result would be if trades were open to tramp steamers to go in. They would only go in at a time of the year when there were good cargoes, and the liner would be deprived of those good cargoes, and would have to run the rest of the year with the bad cargoes?—Might I say upon that that I cannot help thinking there has been a good deal of confusion as to two different questions—the one whether a monopoly should be conferred upon liners, the other whether, assuming a monopoly is to be conferred upon liners, the true course is to give the liners the right to dictate the terms of the contracts. If it was really the case that the true system was to have a monopoly, I do not think that would mean that you are to leave the liners to dictate the contracts of carriage; it would mean your putting some authority between the liners and the shippers to settle these contracts in case of difference. But personally I do not, rightly or wrongly, believe that monopoly controlled absolutely by third parties is necessary at all.

8045. You put it very strongly. What authority have you to say that the liners dictate to the merchants?—I think there is no meaning in the deferred rebate system but that shippers are to be under the control of shipowners.

8046. You said "dictate"; do you know any case where a liner-shipowner dictates to a merchant what the rate is to be?—If the word "dictate" is in the slightest degree disrespectful to shipowners—

8047. No, no; but it is very strong?—For whom, allow me to say, I have both the highest respect and with whom I have had the most pleasant relations, of course I withdraw it. But what I did mean was this: Of the two parties to the contract, one is in the position to say what shall be its terms, and the other, as things stand, has to accept those terms in the long run. He may get concessions from a reasonable or benevolent—I was going to say autocrat, but that might be objectionable, too. With a reasonable or benevolent shipowner it may be the best thing possible; but shipowners, being like other people, in a large number of cases it will mean that the shipper is made to accept terms he ought not to be made to accept unless he is willing to do so.

8048. What I want to get at is really what the practical working of the arrangement is. I do not in the least object to your using the word "dictate," if dictation is really practised, but in the practical working of the arrangement do you know that that really is the way the thing is carried on?—I know that in the end the shipowner says, "No, I can do no more; I will not concede this," and he stops all discussion. In a great many cases I know that the shipowner behaves most reasonably, and gives in about things he is not bound to do, and so on; but after all it is the shipowner that settles them.

8049. Can you give me a case where a shipowner behaves unreasonably?—That I do not think I could specially instance, beyond, mind, such a case as I gave already.

8050. What case was that?—The case with regard to the firm who went to the Thompson-Houston Line; but that was a single case. I know of numerous cases where shippers say that they are being ill-used; I do not mean that I can give you particulars of them.

8051. Naturally, a shipper would want as low a rate as he could get, and may have a different view from the shipowner with regard to the rate; but you put it so very forcibly that the shipowner takes up such a very strong position, and I want to know if that is really the case in practice?—As I have said, I cannot give you these cases, but to tell the truth, knowing human nature as one knows it, and knowing the variety of people who are engaged in these lines, to tell me there are not numerous cases where that will happen under present circumstances is, I think, to disregard human nature. While the one party is able to dictate terms, it is perfectly certain that in a number of cases they will be dictated unreasonably.

8052. That is a very general statement, I must say?—I agree.

8053. You have not got anything to bear it out, have you, because we have had evidence rather different from that?—I have read the evidence as a whole, and I confess the conclusion I would draw from the evidence is that more or less my statement is not inaccurate; but that is a question your Lordship will have to draw a judicial inference on.

8054. (Mr. Lawrence.) You have given us the minute that was passed at the special meeting of the Chamber of Commerce on the 28th January of this year. I understood you to say that the Chamber of Commerce consists roughly of about 1,000 members, but at that meeting there appear to have been only 114 who voted one way or the other; do you really consider that 11 per cent. of the Chamber is a representative vote on a question of this importance and character?—I do.

8055. You do not think that if a great interest was felt in this matter, more members of the Chamber of Commerce would have taken the trouble to attend and express their views?—As I have said, we have found that that was quite a representative meeting of the Chamber. I think it showed that there was a considerable interest taken in the question. Each member had been notified of it and I think you may take it that it was a representative meeting.

8056. Are there a large number of members who usually attend these meetings of the Chamber of Commerce, or is it left in the hands of some 10 or 15

per cent. of the members—I mean when matters of importance like this are discussed?—Ordinary meetings are attended by very few, but for matters of special importance I would say that a meeting of from 100 to 200 is unquestionably a good attendance.

8057. And representative of the whole Chamber?—Yes.

8058. From the minute that was passed at that meeting, I understand that the Chamber, or this representative section of it, was opposed entirely to the system of deferred rebates?—Yes.

8059. Do you think that if the duration of those deferred rebates was shortened in a manner that was reasonable to the shipowner and to the merchant, that would affect the opinion of the Chamber; or do you think that they were really so perfectly satisfied upon the question of the deferred rebate that they would have nothing to do with the deferred rebate at all in any shape or form?—The difficulty I have on that question is that I think the moment the deferred rebate was so shortened as not to operate as a strong, overpowering deterrent to shippers changing their systems if they thought fit, it would cease to have the effect that is meant. In a word, the moment the shipowner had only such a small rebate that it did not matter—

8060. I do not mean small in amount, but shortening the time of return?—So long as the deferred rebate is kept from year to year, and from time to time, the shipper is in the hands of the shipowner, because the shipowner holds too large a sum of money for the shipper to afford to go out; and so long, I think, the majority of the Chamber would say that the system should cease.

8061. We have been told that these deferred rebates are sometimes kept back in one shape or another for some six months, twelve months, or eighteen months, before they are finally settled up; if the term was reduced by some mutual arrangement as between the shipowner and the shipper, do you think that that would meet the difficulty to a great extent, or are you still in favour of legislation for doing away with the deferred rebate?—I do not think it would meet the difficulty, for this reason, that I do not think it was a question of the loss of interest that was weighing with the majority of the Chamber. The question with the majority of the Chamber was that they thought it unfair that shippers should have from time to time no point at which they were free to contract.

8062. Then they object to the principle?—They do.

8063. (Chairman.) "Deferred rebate" is a somewhat inaccurate expression, is it not?—Yes.

8064. It ought to be a "conditional rebate"?—That is so—a conditional rebate payable after an interval of time.

8065. A conditional and deferred rebate?—Yes.

8066. (Sir John Macdonell.) I understand your opinion is that, in any form, a deferred or conditional rebate deprives the merchant or shipper practically of freedom?—I think it does in any form which the shipowner thinks makes it effective.

8067. Your point is that freedom to take a course, subject to the payment, it may be, of a very heavy penalty, is practically no freedom?—It comes to be no freedom if the sum is sufficiently large; and as it is only put on in order to have that effect, it is not for the shipowners to say it has not that effect.

8068. You are a Scottish lawyer, as I understand; I believe that the law of Scotland in regard to the subject of forfeiture of penalties, and also in regard to restraints of trade, is substantially the same as the English law?—That is so.

8069. I gather that your point in regard to forfeitures is substantially this; that under the present law an arrangement such as this would not be treated as a penalty, within the meaning of the decisions?—I incline to think that is so. My own feeling is that the matter is quite a litigable one, but my personal feeling inclines to the view that the shipowners have eroded the rule with regard to penalties.

8070. Your further point, I gather, is that though the actual decisions may not extend to such a case as this, the reason and principle of them do?—Beyond all doubt; and I put the case to the Chairman that

supposing, in place of the shipowner keeping the money for twelve months, he paid it over, but took a obligation from the shipper to pay it back in the event as he would forfeit it at present, I think the decisions are absolutely clear that he could only receive so much of it as represented his loss.

8071. So, in substance, I gathered. What you say is that at the present time, under the law as it stands both in England and Scotland, the Courts look into the reasonableness of the penalty, and if they are of opinion that the sum named as a penalty is in excess and unreasonable under the circumstances, they will award, not that specified sum, but damages?—They will modify penalties which are imposed wholly irrespective of, and without regard to, the measure of the loss.

8072. Your suggestion is that the rational and equitable arrangement is one under which the shipowner, in the event of a breach of his contract, would be entitled, not to a penalty, but to damages, if any?—According to the measure of his loss.

8073. (Chairman.) But if the person chooses to pay the penalty, he cannot get it back?—That is so.

8074. That shows that legislation would be necessary if the system of rebates were to be done away with?—Whether or not there is room for litigation, I have no doubt that if the matter is to be dealt with, the only safe way is to deal with it by legislation.

8075. (Sir John Macdonell.) I gather your point?—You have put my point exactly as I wish.

8076. In your view, the shipowner under an equitable contract is entitled to damages according to the true measure?—That is so.

8077. You made another point with respect to the restraint of trade. You know, no doubt, that the criterion of whether a contract in restraint of trade is legal is whether or not the protection is reasonable for the person who is to be protected?—That, of course, applies to a certain class of cases in restraint of trade. There is a different question arises with regard to combination.

8078. For the moment I am putting that aside?—I quite understood so.

8079. That is another question?—That is quite a different matter.

8080. I gather that while in doubt as to whether, under the law as it now stands, such a contract as we are considering would be in restraint of trade, you are of opinion that the principle of those cases ought equitably to extend to such contracts as these?—That is so. There is no doubt that the combination among the shipowners is itself in restraint of trade according to the authorities, at least provided there was any penalty attached to their not separating up.

8081. I am not going to travel too far into this country; it is a very difficult country to find one's way about in. You see in the law as it exists at the present time a difficulty in recovering the money which has been paid, even assuming that this contract be in restraint of trade?—I do. I think on the whole there is an impossibility; I do not say that I see that clearly, but on the whole.

8082. You think that after this illegal contract—assuming for the sake of argument that it is illegal—had been performed, there would be a great difficulty in recovering the money?—The difficulty is this, that, as I understand it, where two parties are parties to an illegal contract it does not at all follow that the Courts will give them any assistance whatever.

8083. (Chairman.) In fact, they will not generally do so if the contract has been executed?—Just so.

8084. (Sir John Macdonell.) This being the nature of your suggestions, would you assist me to see how you are to give practical effect to them?—I endeavoured to do that to my Lord Inverclyde. My view would be, first, to limit the right even as regards the present contracts of shipowners—I would allow shipowners to be sued for deferred rebates, even under present contracts, so long as they had not lost through breach of the conditions. That would be No. 1.

8085. Your first suggestion is that, notwithstanding the letter of the agreement, the Courts should be empowered to look into the question, what, in point of fact, was the damage sustained by the shipowner

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owing to breach of contract by the merchant?—Yes, and to oblige the shipowner to pay so much of the present deferred rebate as did not represent loss. That would be my first point.

8086. (*Chairman.*) That is as regards existing contracts?—Yes. My second point would be, of course, to make that applicable to future contracts of the kind; and my third would be to prohibit deferred rebates altogether.

8087. (*Sir John Macdonell.*) Let us understand clearly what that means. Would you make the system illegal in the sense of being criminal and punishable by a fine?—I certainly would make it illegal; and I am afraid you would have to add that it should be punishable by fine.

8088. At all events, in your view it would be illegal in the sense that it could not be enforced?—It would be illegal in the sense that the shipowner could always be sued for the deferred rebate without deduction. The objection I have to that is that it leaves the bargain existing, so to speak, in honour, unless you impose some fine. You will notice in the Elkins Act they went very far.

8089. Would you be prepared to model your recommendations upon the Elkins Act?—I would certainly not make the arrangement as severe as it is in the Elkins Act, at all events at the beginning.

8090. Does the Elkins Act afford us very much assistance in the matter? You are aware that it cannot be very intelligently read without reference to the Inter-State Commerce Act?—I quite agree that one would need to go more deeply into it; but, to tell the truth, I do not think that the particular Act, once you had come to the conclusion that the deferred rebate system should be abolished, would be at all difficult to draw.

8091. In your memorandum you say: "Under the Elkins Act a shipper from the States gets his goods carried according to the rate of freight current at the date he asks for a quotation." Is that a very accurate description of it?—I do not think it is accurate if (I was going to say) the words "under the Elkins Act" mean that the provision is made in the Elkins Act. I think it is accurate if you expand these words into "under the system brought about by the Elkins Act."

8092. (*Chairman.*) "The effect of the Elkins Act?"—Yes. I think the word "under" is inaccurate.

8093. (*Sir John Macdonell.*) Even amended in the manner in which you now propose, is that quite correct? Is not the scheme of the Commerce Act and of the Elkins Act to the effect that common carriers shall publish and file a scale of charges, and that if rebates are allowed under these published and filed scales, the penalty will be as stated? Then they would be guilty of a misdemeanour. But at the same time there is no doubt, I think—at least so I am informed—that they do get quotations at very short notice.

8094. Is not the foundation of this legislation the obligation to file rates?—That is so. Speaking now simply for myself, I would not like to see at the present moment the elaboration of a system of filing rates; I do not think that should be necessary.

8095. May I take it that you deprecate, on the whole, the elaborate provisions which are to be found in these Acts?—I would deprecate them as a starting-point. I would very much prefer to see legislation go haltingly; I am very averse to legislation more than is absolutely necessary.

8096. Is it not possible that all the evils, or most of the evils, which you have in your mind could be rectified if some agreement were entered into between the shipowners and the merchants containing an arbitration clause?—The difficulty I see there is that an arbitration clause in each separate contract seems to me almost out of the question.

8097. I was suggesting to you a common form of contract, which could be accepted by all or a great majority of the shippers, containing an arbitration clause?—Take it as to the rates of freight; the difficulty I see is that I think the alternative would be control of the same kind as is exercised by the Railway Commissioners, and that, it seems to me—I may be wrong—would be going, at first at any rate, too far.

8098. Supposing, at any rate, that the scope of the arbitration clause were restricted to the reasonableness of the deferred rebate and the incidence thereof, would you think that would meet it?—It would need to go further than that; because I think, apart from the question of freights altogether, questions of conditions of carriage would inevitably, once you were to have a neutral authority, also have from time to time to be dealt with. You know, of course, the elaborate bills of lading, and so on; I think the moment you started upon a neutral authority to settle the contract, it is inevitable they would go beyond the rates of freight to the incidence of carriage.

8099. I am sorry to ask you so many questions, but I have only one or two more points to put?—I am just afraid that I am perhaps saying too much.

8100. I gather that your view is that it is altogether unreasonable that British ships should carry foreign goods from foreign ports at cheaper rates than British goods are carried from British ports; but cannot you conceive certain circumstances in which that might be reasonable?—I thought, in answer to the Chairman, I had admitted as much. I think the present position is that you will not get shippers ever to believe that that can be so, so long as they themselves are powerless to settle their own contracts; but I cannot help thinking, as a matter of practical experience, that in certain cases the freights to British shippers are kept up longer than would be the case if the shippers were not powerless.

8101. I think I understand you, but I am not quite sure. Your view is that if the system of deferred rebates were done away with, there might continue to exist these inequalities of which you speak—British ships carrying from foreign ports foreign goods at less rates than they carry from British ports British goods?—I believe that might exist in some cases. My own impression is that it would not exist at all to the same extent; and I think the shippers would be deprived of a sense of grievance as far as it did exist, because they would then be free to deal with the matter as they saw fit.

8102. That is clear. In your interesting memorandum you speak of the grievance which Glasgow shippers have as against shippers on the East Coast; would you explain a little more clearly what the nature of that grievance is?—I believe one of the witnesses from the Chamber of Commerce, Mr. McLaren, who is a practical witness, will be able to give you the particulars; but I understand that a Glasgow quoter for the particular class of material has to quote upon the footing of practically paying, we will say, 2s. 6d. per ton more than from certain East Coast ports. I got from the firm to which I referred before a table, in which it is shown that as regards dry goods London is similarly favoured in comparison with Glasgow; the rates of freight are made more favourable—in a word, there is a differentiation in certain cases, not only as between foreign ports and home ports, but as between different home ports.

8103. In what trade?—The one case was the case that was referred to in the statement, where pipes—

8104. Going to what ports?—That I could not tell you at this moment. But they were pipes and things of that kind. The table which I have here gives the rates of dry goods destined to through points in the provinces of Quebec and Ontario. There is, taking mixed drapery goods, certain ports charge 12s. 6d. per ton measurement; whereas mixed drapery goods from Liverpool, Glasgow, Manchester, and Newcastle are charged at 15s., and so on.

8105. Are these inequalities in any way ascribable to the deferred rebate system?—I do not know whether they are or whether they are not; they exist coincidentally with the deferred rebate system.

8106. Are the shippers of goods specified in the list which you have before you, shippers who are subject to deferred rebates?—Yes; this refers to lines where the deferred rebate system exists.

8107. (*Lord Inverclyde.*) Is there a deferred rebate system in the Canadian trade?—I understood so.

8108. (*Chairman.*) There is not a deferred rebate system in the Canadian trade, I think?—Then I have misunderstood, if it is not so.

8109. Neither in the Canadian trade nor in the Mediterranean trade, I understand?—If so the table which has been given to me is not applicable.

8110. (*Mr. Owen Philipps.*) Would you put in that table?—Yes. As I am putting in the rates on dry goods destined to through points in the provinces of Quebec and Ontario, I might also put in the rates to Quebec and Montreal on dry goods. (*Handing in tables.*)

8111. (*Sir John Macdonell.*) If the deferred rebate system does not prevail in that trade, then, of course, these tables are not in point?—I quite agree. I have two other tables here also.

8112. You have favoured us with certain suggestions as to proposed legislation; do you contemplate such legislation, even if other countries do not legislate in the same manner?—Yes.

8113. Do you think that British shipping would be placed under any disadvantage, if legislation such as you have described were adopted in this country, and shipowners in Germany and other countries were free from such legislative conditions?—Of course, it would cause disturbance, but my feeling is that on the whole the advantages to trade would exceed the disadvantages.

8114. Do you mean by "disturbance," injury for a time to British shipping?—No; I mean that it would take a good deal of trouble to arrange matters and to get them into line.

8115. But until they were got into line, I take it that you mean the British shipowner would suffer?—I think not; because I think with the British shipowner things would go on very much as they are for a time, and it would only be as a last resort that the shippers would give up the lines. There is no doubt that shippers favour lines if they can get them.

8116. If these recommendations or restrictions which you suggest should apply to British shipowners were adopted, so far they would be subject, as against their competitors on the Continent, to disadvantage, great or small; is that not so?—I do not think it would necessarily be a disadvantage. That depends upon whether, on the whole, it is for the good of trade that these restrictions should be abolished.

8117. Do you think that in the long run it would work out all right?—I do.

8118. (*Mr. Sanderson.*) I will not detain you very long, and I shall confine myself to questions purely on the legal side, if you will allow me, because I want more information on that point. You have said in the course of your evidence, I think, that practically you recommend something of the nature of the Elkin Act, or a prohibition of deferred rebates, as desirable in the interests of trade generally?—I think the prohibition of deferred rebates, in the sense we are speaking of them, is desirable.

8119. I take it that your Chamber and yourself are not disposed to recommend anything which may prove to be, I will not say disastrous, but seriously injurious to British shipping?—I would be very sorry to do anything of the kind.

8120. If the Elkin Act, or anything similar, was imposed in Great Britain, the conditions under which the British shipowners would be placed, I put it to you, would be radically different to those pertaining in the States?—I do not quite follow that.

8121. You know there are foreign lines from Germany and from Holland, from Sweden, and recently from Russia, all in Conference amongst themselves, under which the deferred rebate system, which they think protects their own trades in those countries, is adopted?—Yes.

8122. If you deprive the British shipowner of similar protection, how can he possibly hold his own against German and other foreign competitors, protected by these systems, and calling at British ports to take his cargo?—Rightly or wrongly, my belief is that the only difference would be that he would have to make contracts with the shippers which they would be ready to accept, and I do not believe that he would have a serious difficulty in doing that.

8123. I put it to you that the foreign line being protected, as I say, by the deferred rebate system—and clearly, according to your evidence, the protection is very complete—he could afford to come to England

and fill his ship with cargo at rates which would ruin the British shipowner at the same time that the foreign line would be able to exist?—Rightly or wrongly, my belief is that the British shipowner would quite hold his own.

8124. Without any protection?—Without the protection of the deferred rebates.

8125. You flatter him?—I have had a very long experience of British shipowners, and I have a very high respect for them.

8126. Why cannot shippers combine in the different trades?—It is not a question of different trades. It is a question really that you need to have a very large combination of different trades with each other. I do not think that there is anything like the same power of organisation among shippers as there is among shipowners.

8127. You know there are such organisations?—Yes.

8128. For instance, there is the Manchester Piece-goods Association?—I know; and I think where you find the conditions you find the combinations. My own inference would be that the very fact that there has been failure to combine proves the want of ability to organise.

8129. Might it not also prove that there is not a necessity for organisation?—I would not draw that inference, but I quite agree that it is a perfectly fair point to put.

8130. Supposing that your suggestion was carried out and became the law in England, and all deferred rebates or similar protection to British shipowners are removed entirely and their market is free, then you may have shipowners, say, at London, or Liverpool, or Glasgow, who may be, as they undoubtedly would be, carrying cargoes to different ports at rates which to-day are remunerative and to-morrow are unremunerative, and therefore who would cut their service to suit the changed conditions. Therefore, if your suggestion is carried out, what makes you think that the British exporter will be any better off—or I will go further and say as well off as he is to-day—when the German or other lines are having a quarrel amongst themselves, or, as the Chairman very ably put it to you, when, thanks to Governmental assistance, exporters are able to forward their cargoes at a very low rate of freight from Germany?—I do not think, remember, that with the abolition of deferred rebates you are necessarily to have no time contracts. I see nothing to prevent arrangements being made with shippers (consistently with the shippers from time to time having freedom of contract) that would cover a great many of the present advantages.

8131. What protection would the British shipowner have with time contracts?—He would be able to sue for his damages; he would have the ordinary protection that one party to a contract has.

8132. How can he prove his damages?—In the ordinary way. I have recovered damages repeatedly for breaches.

8133. Upon those conditions?—Not upon those conditions, but for breaches of contracts of affreightment for a period of time; and, moreover, I have been sued upon the other side in the same way. The point I am at, the point at least I cannot get past, is that under the present system there is no period of time at which the shipper is free to make a fresh reconsideration of his position.

8134. (*Mr. Barry.*) I suppose we may take it, speaking generally, that the Glasgow Chamber of Commerce is fairly representative of the trading and mercantile interests of Glasgow?—I think so. It ought to have a much larger number of members than it has, in my personal opinion as a director; but I think the representation itself is an all-round representation.

8135. I think you said it is not usual to have an attendance exceeding 100 or 120?—At the ordinary meetings the attendance is very much less, as long as it is formal business. As I said to the Chairman, the only meeting that I remember that was larger was the meeting where there was undoubtedly a keen personal question.

8136. Over the Clyde dues?—Over the Clyde navigation, and the reconstitution of the Trust.

8137. In regard to the reply which was prepared by a committee of directors in 1902, although there is

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no reference made in it to the system of deferred rebates, it was probably owing to the existence of the deferred rebate system that the shipowners had power to enforce differential rates in favour of the foreigner?—I think underlying that reply, which was prepared by a committee of directors composed both of shipowners and of merchants, there must have been a knowledge on their part of the rebate system. I took some part in the discussion, but I did not take part in the framing of the reply at all.

8138. If the system of deferred rebates had not existed, the shipowner would have had no power probably to enforce those differential rates in favour of the foreigner?—If it had not existed, the shipper would have been free to say to the shipowner, "If you continue these differential rates, we must see what we can do elsewhere." I think it is that sense of grievance that has to be kept in view when it is suggested that the same thing might go on even if deferred rebates were abolished; if it did go on, the shipper would at least from time to time look to see what he could do elsewhere.

8139. He would have some liberty of action?—He would have liberty of action.

8140. I think you have said, in regard to the resolution which was adopted upon the 28th January last, that the minority consisted mainly or materially of shipowners?—I certainly did not say mainly, because I do not know enough to say that.

8141. Materially?—I said to a material extent, I think.

8142. May we take it that the ordinary commercial element in the Chamber is practically unanimous against the system of deferred rebates?—I would not like to put it so. I think that undoubtedly a certain number of the 34 were independent of the shipowners, and honestly thought that they should not urge legislation.

8143. So that there is a small minority in favour of the system?—There is certainly a minority.

8144. I gather from your evidence that your objection to the deferred rebate system would be modified if any plan could be devised under which the shippers would have some voice in the making of freight contracts?—Of course, if there is to be a monopoly, if that is assumed, then it seems to me the true course is to have some neutral authority, failing agreement to deal with it; but personally I would dislike to see our embarking all at once upon a system of putting contracts of sea-carriage under more or less State regulation with regard to contracts. I think that should be the last resort. I think the present limited proposal to abolish deferred rebates should, at all events at the first, be tried.

8145. To abolish them by legislation?—Yes.

8146. There is an important statement made in your memorandum to the effect that a foreign merchant buying goods from a manufacturer on this side on a c.i.f. basis, and shipping those goods outside of the Conference Line, forfeited any rebates which might be due to him at that time?—That is what I am informed is the right of the shipowner in such circumstances.

8147. We have had evidence upon that point to the effect that that kind of thing, which prevailed some years ago, has been recently modified, and that a merchant under the circumstances which you describe does not forfeit his rebate?—That may be so. What I do think one has always to remember is that a great number of these powers remain dormant until the time for their exercise comes up.

8148. Then you do not know of any case within your experience where a merchant has forfeited his rebate under those circumstances?—I mentioned a case, but that was probably before this. The case I mentioned was during the time of the Thompson-Houston opposition. A firm informed me that their agents and correspondents in South Africa said they could not take their goods, because if they did they would not only forfeit their rebates, but would be charged double their freights. The firm in Glasgow found themselves helpless, and, as I said, had to profess their penitence and to subscribe to some charity.

8149. I am aware that was the state of things during the time of the Thompson-Houston warfare?—What I rather apprehend is that once there is another warfare

of the same kind, you will find the powers used in much the same way.

8150. To sum up your view, you think there is nothing short of legislation which would deal effectively with the question of deferred rebates?—Upon the whole, that is my view, and I would hope, without going further than that, that the creation of freedom of contract would enable things to work right.

8151. (Mr. Maddison.) I am interested to know—and perhaps you could tell me—why you, being a lawyer, were sent here by the Glasgow Chamber of Commerce?—I do not know. I have been a director of the Chamber, and I was known to be interested in this subject, and I think they thought I could put the views of the majority before the Commission with some clearness. Though I am a lawyer, I think I may say that I have been much concerned with mercantile affairs, because I am a mercantile lawyer, as some of the members of the Commission may know.

8152. I wanted really to know, and that is the answer. So you do in your profession come in contact with these questions?—I think I come in contact with most trades and businesses, and particularly with ship-owning. I have got a large connection among shipowners and all branches of shipping business.

8153. You say in your memorandum that "there are cases where shippers or their agents are connected with Rings, directly or indirectly, for example, as agents or shareholders"?—That is so.

8154. What do you quite mean by that sentence? What are we to gather from it?—There are large firms, we will say in Glasgow, mercantile houses, who represent Lines in Calcutta and in Africa; there are others who are local agents for them. There is a different variety of connections. Then a very large number are interested, more or less, as shareholders.

8155. Am I right in assuming that you mean by that that the shippers' interests are not always on the mere side of what I may call the buyer?—No. I was not referring to shippers there. I was referring to the question of how it comes about that a considerable number of what you might call the general mercantile public are prepared to support the present system.

8156. That was my point; they have an interest in the shipping companies?—Yes.

8157. Which may be even greater than their direct interest in shipping goods?—Yes.

8158. In the Chamber of Commerce have you these gentlemen who hold this dual position, as it were?—Yes.

8159. How would they vote, do you think?—I cannot say. I am satisfied that a number of them have voted with the minority; but then, as I have already said to Mr. Barry, I am also satisfied, in my own mind, that among the minority there were a number who were quite independent. I am here, of course, simply to put the Commission in view of the whole facts, and I am satisfied that there was a certain number of the 34 who were quite independent of everything, except that they were looking at the matter to the best of their judgment.

8160. You say, that although the Elkin Act has only been in operation a short time, it has increased the regular sailings of Lines; have you any evidence of that?—That statement is based on the information of certain members of the committee. I think Mr. Maclay is to be a witness here, and I think it was primarily upon his information that I made that statement.

8161. (Lord Inverclyde.) Might I ask if you will specially draw Mr. Maclay's attention to that?—I am obliged to you, my lord. I will take a note of that, and do so.

8162. (Mr. Maddison.) You have made it plain to my mind that you stand for what I call the open freight market with no monopoly?—Now I am rather speaking for myself than for the majority, because I think for the majority of the Chamber what you say would probably accurately represent the position; but for myself, I would like to qualify that by saying that I do not mean by an open freight market that shippers are not to make, we will say, a bargain for six months forward, or anything of that kind. What I do stand for is, that shippers should have from time to time perfect freedom to reconsider their position and to

make their contracts. Subject to that qualification, I would answer your question in the affirmative.

8163. (*Chairman.*) They should have unfettered power of selection?—They should have unfettered power of selection, at least at intervals of not too long time. The point of the deferred rebate system is that there is no such interval; there is always the noose round the neck.

8164. (*Mr. Maddison.*) I suppose the sort of contract you have in your mind would be one in which all the terms were set out, which they are not under the present arrangement?—I do not myself see any material difference in people giving you notice on what terms they will carry, and your signing a bargain containing these terms. As long as the terms are clearly set forth, it seems to me to very little matter whether both parties sign it or whether one party gives a notice and the other says, "I accept the notice."

8165. I think in answer to Mr. Sanderson you said you did not see any real danger to shipping if this unrestricted freedom of choice was allowed to the shipper?—I do not; but then I am largely influenced, rightly or wrongly, by my belief that it is quite wrong that the other state of things should continue, and that therefore it cannot be to the true interests of shipping and trade that it should continue.

8166. You have said that you think the shippers regard the regular services of the lines as a great advantage?—I have no doubt they do.

8167. I take it that your view is that if deferred rebates were done away with, all the advantages which really economically exist in these regular services would still have their value to the shipper?—They would.

8168. And that they would in many cases be prepared to enter into these contracts forward which you have suggested?—I believe they would favour the lines, and that the only difference would be that in certain cases of real grievance they would be able to get redress, where they have more difficulty in getting it now, or where they think they are not getting it when, perhaps, they should get it.

8169. What should you say to a foreign steamer coming into our ports and cutting rates?—I do not see that you can prevent him cutting rates, but, of course, I would prevent him giving rebates or anything of that kind.

8170. Clearly; but the deferred rebate system not existing with our own shipowners, merchants would be in a position, of course, to give cargo wherever they could get the best rates?—Yes.

8171. I take it that in the event of a foreigner coming into our ports and giving cheaper rates, you would place that on the same footing as ordinary competition?—I would.

8172. (*Mr. Owen Philipps.*) Have you got some way by which you are going to make deferred rebates illegal in Germany?—No, but I would make them illegal in this country.

8173. So that practically, under the system that you are recommending, you would place your countrymen in the position that they are open to attack at any moment by German shipowners, whilst the German shipowners would be protected by their deferred rebate system from attack by English shipowners?—The German shipowner would be protected in his own country.

8174. You are seriously recommending a course of action that would lay the British shipowner open to attack without giving him a chance of reprisal?—I am quite seriously recommending that the British shipowner should not be allowed to control perpetually his contracts with the British shipper; and I do not believe that the result of carrying out that recommendation will be disastrous to the British shipowner.

8175. Were you at the meeting of the Chamber of Commerce at Glasgow on the 28th January?—Yes.

8176. Did you vote?—I did.

8177. Did you vote in the majority?—I did.

8178. You told us that you are a member of a large firm of writers or solicitors in Glasgow, and therefore you have no direct interest in the question of deferred

rebates at all?—I have no direct interest, but of course I have a deep professional interest in it.

8179. Still, when you wanted to get an unbiased opinion of the Glasgow merchants and manufacturers on this question, you voted on the question while you had no interest in the matter?—I voted, most unquestionably. To tell the honest truth, I think I was quite as well qualified to vote as a number of others, from my knowledge and experience and impartiality.

8180. I think that is quite possible. At that meeting did not Mr. Maclay, a large owner of tramp steamers, make a very bitter attack on British liners?—Mr. Maclay moved a resolution in a speech—I do not think I would call it a bitter attack upon liners; I would call it a strong attack upon the rebate system—but that is all a question of words.

8181. Is it the case that your firm act for Mr. Maclay's firm?—Of course it is, and I act for liners and shipowners of every sort and description.

8182. I know yours is a very large firm. Is it the fact that you were approached by Mr. Maclay on behalf of a number of tramp owners to prepare their case? I only want to get the facts before this Commission?—That is all right. I am the secretary to a committee of the tramp shipowners.

8183. And they approached you to prepare their case; is that so?—How do you mean to prepare their case? I attended the meetings of the committee in connection with the Commission.

8184. I want to get it quite clear, so that the members of the Commission may understand that it was as a representative of a committee of certain tramp owners that you got up this case?—If you mean this memorandum which I have handed in on behalf of the Glasgow Chamber of Commerce, certainly not. In regard to that memorandum I was acting as a member of the special committee and as a director of the Chamber of Commerce. It is the fact, as I have already said, that, apart from this part of the work, I was consulted by a committee of the tramp shipowners with regard to the question of what they ought to do in reference to this Commission, and I have acted as their secretary. I do not know exactly what all that is pointing to, but I hope it is absolutely clear that at this moment I am expressing my personal opinions, and that most unquestionably I would not have been here but for the fact that the opinions I am expressing are in consonance with my own views.

8185. (*Chairman.*) You are not expressing any views as a gentleman retained by anybody?—Certainly not; and, moreover, if these had not been my views I might have been retained ten times over, and I would have declined to come here.

8186. (*Mr. Owen Philipps.*) Certainly. You have told us that the minority of the Chamber of Commerce in the vote on this question contained a number of shipowners?—That is so.

8187. You also told us that the majority contained, I believe, a very large number of shipowners?—I am very doubtful in my own mind if there were many more shipowners on the one side than on the other; but I may be wrong about that.

8188. Is it not the case that you must not judge, if you want to get the opinion of merchants and manufacturers, by counting the number of heads, but by the importance of the men who give their votes? For instance, the vote of a manufacturer or merchant would carry more weight on a subject of this kind than the vote of either a shipowner or a lawyer, would it not?—I do not know; but as far as that goes, I am satisfied in my own mind that the majority of manufacturers and shippers were very well represented by the gross vote.

8189. Does the Chairman of the Chamber of Commerce agree with the resolution that has been passed?—That I do not know.

8190. Did he vote for the resolution that was passed?—He did not vote at all; he was in the chair.

8191. Did the Vice-President vote?—I forget how the Vice-President voted.

8192. May we take it that they did not approve of the resolution which was passed, and that they are two of the largest and most important traders in

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Glasgow?—I would not like to say anything with reference to the views of the President and the Vice-President. The Vice-President's I have really no knowledge about, and the President unquestionably only took part in the preparation of this report in his position as chairman of the committee.

8193. Without sympathising with it?—I do not think that, but I think without committing himself to it in detail.

8194. The President and the Vice-President are very large traders in Glasgow, are they not?—Yes. Mr. Brock belongs to the firm of John Orr, Ewing and Co., and I forget the name of the firm of which Mr. McArlly, the Vice-President, is a member.

8195. Is it the case that the President refused to represent the committee before this Commission?—The President preferred not to come.

8196. A special letter was issued, I understand, at the instigation of the committee, on the 2nd February, asking from manufacturers, shippers and others, information which would be useful to them in preparing the evidence to be placed before the Commission?—That is so.

8197. Could you give the Commission information as to what replies they got?—Not in detail, but I know that there were relatively very few. My impression is that there were somewhere about a dozen, but I would not like to commit myself to that.

8198. This is very interesting. You have told us that there are a thousand members of the Chamber of Commerce; that is so, is it not?—Yes, that is so.

8199. You have led us to understand that this is a burning question in Glasgow?—I do not think I have led you to understand anything in those terms. I think I have answered accurately every question that has been put to me.

8200. That is the impression?—It is apparently the impression you have gathered.

8201. It is the impression, I gathered, that your answers were intended to convey, but if I am mistaken I apologise. Anyhow, out of these thousand manufacturers and merchants who were asked by your special committee to give, in your own words, information which would be useful to them in preparing the evidence to be placed before this Commission on this burning question, you only got 10 or 15 replies?—That is my impression.

8202. Did that not strike you, with your great experience, as something extraordinary?—No. I did not expect to get many replies, because I thought they would leave it to the committee; but we thought it right to give them the opportunity, and they got it. I think it is undoubted, mind, and I have had it conveyed to me in several instances, that shippers do not care to give information in a number of cases.

8203. Is it the case that a proposal to issue the *précis* prepared by the special committee to the members of the Chamber of Commerce was opposed by you?—Yes.

8204. At a meeting on the 8th April?—I said at that meeting that I thought it would be quite premature to be publishing *précis* of evidence before it was given, that the proper course was to send it to the Commission, and that until the evidence was given it should be treated as private; and I think I was right.

8205. You have told us, at least, the resolution which you are supporting is, that Shipping Rings and deferred rebates are detrimental to general trade; I find that the President of your Chamber, a week before, remarked that during the past year public revenue had been pouring into the Exchequer, that the Board of Trade returns proclaimed a record in their trade across the seas, and that the Clyde shipbuilders had created a record; and I ask you, generally, does that show that anything has interfered with the trade of Glasgow, do you think?—Whatever you quote from the President's speech, if you are quoting from an accurate record, I am prepared to admit, of course.

8206. He is actually reported as saying, "In that prosperity he thought they were all glad to know that Glasgow and district had had their full share"?—I think Glasgow and its district would have had a better share still but for losing certain orders owing to the present position of matters.

8207. (Professor Gonner.) I suppose this special committee that you have been asked about was empowered to draw up a *précis*, and to forward it?—The general meeting appointed the special committee to prepare the *précis* and deal with it.

8208. In support of the resolution?—Yes.

8209. Therefore, naturally I would suggest, the *précis* of evidence was carrying out the main lines of the resolution?—That was so; and it seemed to me, rightly or wrongly, that it would not have been respectful to the Commission to be circulating all over Glasgow a private document, as it seemed to be, of what we were to say until it had been said here and submitted to examination.

8210. You have been asked a great deal about the composition of the voting on both sides; all I want to ask you is, if you wish to repeat your previous assertion that in your opinion it was generally representative of the opinion of the Chamber?—It was generally representative, and I think you may take it that the majority was a majority composed all over of representative men, as against a minority composed all over of representative men. I do not want to put it a bit higher than that. My impression is, that you may take the character of the vote as determining the character of the feeling all round.

8211. Passing from that matter, I want to ask you one or two questions about your general evidence. You have read, I gather, a good deal of the evidence which has been submitted to this Commission?—I have.

8212. And you have independently studied some of the Conference reports—the South African Conference reports and others?—I have.

8213. You have studied the question as a problem on the evidence which has been submitted to you?—To a certain extent I have.

8214. The first thing you have said is that your main objection to the nature of the deferred rebate system is its permanent character, is it not?—Its continuous character.

8215. If there were to be any system, you would prefer a system in which at some intervals of time shippers should be able to revise, as it were, their choice; is that so?—That is so. I do not see myself that the abolition of the rebate system should prevent shippers, if they so desire, making time contracts, for which they would have to pay damages if they broke them.

8216. During the time, you mean, of the continuance of the contract?—Yes.

8217. (Chairman.) Who would have to pay damages?—Under which shippers would have to pay damages if they broke their contracts.

8218. But that would not be a system of deferred rebates?—Certainly not.

8219. (Professor Gonner.) Of course, the real point is the deferment of the rebate?—It is the carrying over of the rebate, so that at any given date there is round the shipper's neck, so to speak, such and such a penalty.

8220. Whatever notice he gives to terminate his contract, or of signifying an intention to ship by another line, and however far ahead, he always stands to suffer a penalty?—He stands to suffer a penalty which is wholly disproportionate to the loss.

8221. Leaving alone that question of its being disproportionate to the loss, it is the fact that there is always a penalty?—There is a perpetual continuance of the penalty.

8222. Then we come to a series of results which you trace to the existence of a Conference founded on a deferred rebate?—I do; but, of course, that is for the Commission to say. It is coincident with the fact of the present system, but whether it is the effect of the present system, the Commission must say.

8223. Still you suggest that it is?—I personally cannot help feeling that, looking to the experience of human nature and of other things, the natural inference is that it is in part due, if not mainly due, to the present state of matters.

8224. One of those results is the existence, you think, of differential rates with foreign countries?—In favour of foreign ports; and, to a certain extent, differentiation also between ports and ports in the United Kingdom.

8225. I was coming to that later. With regard to that point, the giving of cheaper rates to a foreign country, I suppose your argument is that in the case of the United States, British ships carrying goods are exposed to competition, but in the case of the United Kingdom they are not exposed to competition; therefore, they carry it cheaper when they are exposed to competition, than when they are in a position of monopoly?—That, of course, is what occurs to one. I would not like to put it as my own argument, because I am not sure that I know sufficiently of the factors of the case to say positively that that is so.

8226. But it is not an unnatural result of the situation?—It so occurs to one that I would not like to put it as if it was an independent observation based upon experience. It looks as if it would be so.

8227. Would you agree that if in any class of business, we will say in selling goods in one market, you had a position of monopoly, and in another market you were exposed to competition, your tendency would be to sell cheaper where there was competition?—I would say that that was elementary. It is so elementary that that is why I did not want it to be supposed that I was giving an opinion based upon examination and experience, whereas I would really just be saying what, so to speak, the man in the street would say.

8228. I do not think every one in the street does say it; I am bound to say that elementary knowledge is sometimes restricted in its distribution?—I meant that I was not professing special knowledge in saying anything of that kind.

8229. Then, secondly, there is the question of differentiation between ports. I suppose it all points to this in your view, that the Conference or the Ring has a power of determining differential rates either between different countries or between different ports?—Yes. It all comes to be the personal will of the shipowners in the long run. If they are good, they may be doing the best thing possible for everybody, but if they are actuated by their own interests, they will be slow to modify freights till the last moment. They will take the best conditions of carriage and they will give themselves upon the whole the least trouble about different ports, and so on. I think the present state of matters must create a sense of grievance which must in some measure be well founded.

8230. I suppose there is a tendency to modify the rates more where the element of competition presents itself?—And there is a tendency to keep the rate as it is as long as you have got the determining hand in altering it.

8231. There is another point which has not been alluded to, I think; that is, your suggestion that this system tends to limit the number of lines plying between places?—Goods cannot be sent direct in a number of cases where, but for the operation of the Rings, they might be.

8232. Do you think there would be a larger number of lines plying to other ports than the selected ports, but for the system of Rings?—Either regular lines or ships at intervals—perhaps not lines in all cases, but ships going from time to time as they were able.

8233. So that if it were not for this system, there would be better chances of shipment at minor ports?—There would be a better chance of making contracts at ports where there are no direct lines at present than exists to-day.

8234. Turning to the question on which you have been examined once or twice—with regard to the difficulty of prohibiting deferred rebates in the case of one trade when they are not prohibited in the case of the trades of all countries—you do not think, I gather from your answers, that that would be injurious to British shipowners?—No, I do not. But then that, again, is just a question, of course, upon which my opinion is of no real value. It is a question for the Commission. I do not think so primarily, because I think the present system is so clearly wrong that I do not think it could be in the interests of shipping to pursue it.

8235. I think that your opinion is of very great value and interest to us, as you have considered the matter so fully?—I am merely afraid of offering an opinion unduly upon a question which, after all, is for the Commission.

8236. I want to ask you one or two questions about a particular point: How would it be injurious? That is the way the question has occurred to me?—The way in which it is suggested is that German ships, having their own freights protected by a system of deferred rebates, would be able to come into this country and fill up at very low rates whenever they liked.

8237. They would have to accommodate themselves to the English rates, we will say; but supposing we take the case of the English and Australian trade, would it affect German ships plying to Australia?—I suppose it is my ignorance, but I do not know whether German ships plying to Australia could take British goods. If they could, it might affect them. I have no doubt they could in one way or another, and in that case they might be able to get an advantage by being able to offer very low freights to British shippers, just as we were discussing a minute ago in regard to what was being done in the United States, and so on. I can quite well see ways in which, if British shippers chose to lend themselves to it, or if the shipowners were not able to make reasonable contracts with the shippers, for a time the shipowners might have considerable disturbance; but my belief is that in the end it would, on the whole, work for good.

8238. Let us follow a case. I suppose if any legislation were passed, the Act might be so drawn and applied that it would affect all ships landing goods in Australian ports?—It would certainly affect all goods sent from the United Kingdom.

8239. And ships taking goods from Australian ports, would it not?—That I suppose would need to be done by an Australian Act.

8240. Or by an Imperial Act, which would be specially extended to Australia?—By Australia itself. If that were done, no doubt you might gradually bring the question very much under; but I was dealing with the United Kingdom alone for the moment.

8241. I think we must look at it mainly from the other end. In that case where would the German ships be advantaged over English ships?—In that case legislation, as regards the effect of it upon German ships, would be akin to that of the United States at present with regard to foreign shipping inwards. They would catch the receiver and punish him, I presume.

8242. In that case, then, the British shipowner would not be injured as against the German shipowner, would he; if so, do you see where?—I am perhaps being too legal and too cautious. I would be inclined to agree with you, but I would not like to commit myself as having thought it out all round from that point of view. On the whole, I am quite clear that it would be more for good than for evil; but I should not like to say that the shipowners might not suffer in some ways.

8243. Supposing that British ships were placed in competition, and German ships were protected from competition, how far would German ships be effectively protected in the Australian trade?—They could try and tie their customers, I suppose, but remembering that our ships have the largest portion of the trade, would they be successful in charging higher rates and tying their customers, if our ships were offering lower rates against them?—It is in the line your question is suggesting that my mind goes when I say that, speaking broadly, I do not believe it would be against our British shipowners. But, quite frankly, my sense of responsibility is such that I do not like assenting to questions in detail that I have not thought out, and where I think I might be overlooking considerations that liner shipowners could put before me.

8244. (Chairman.) You have no doubt about the result, but you cannot work out the result at present?—Rather, I will put it, that I think I can work it out in a general way and that, all things considered, it will not do harm, but I do not think I can say that in particular directions shipowners would not be face to face with serious difficulties which they would need to overcome.

8245. (Professor Gonner.) I was putting the question to you because you have given some thought to the subject, and Mr. Sanderson put the question just

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now rather from another point of view, that British ships would be detrimentally affected. What I want to know is, how they could be detrimentally affected if the German ships tried to apply a system of deferred rebates, the larger quantity of tonnage remaining outside the deferred rebate system?—I do not think they would be detrimentally affected, but I think they would have difficulties.

8246. Of course, there is no doubt of that?—The reason why I do not like to answer in detail is, that I do not think it in the least follows that if the deferred rebate system was abolished in this country, the competition from Germany which would have to be met, or the competition from some other foreign country which would have to be met, would be on exactly the same line as at present. What I think would happen would be that Germany would deal with the circumstances as best she could so as to injure the British shipowners and get their trade, but I have a difficulty in working out the exact way in which that would happen. What I do feel, and feel somewhat strongly, is that the British shipowners would the more successfully overcome that difficulty with the deferred rebate system abolished.

8247. Towards the close of your memorandum, you deal with the question whether the deferred rebate system has, so far as we have the facts, been essential to regular services, such as have been contemplated; but one of the points you made upon that, connected with the Elkin Act, you have said could be best dealt with by another witness?—What I understood was that there were practical witnesses going to be examined by the Commission, and that I was here rather to submit the general views; so I prefer in such cases as that to leave it to those who have more practical experience than myself.

8248. You suggest, further, that shipping lines have been built up without the use of the deferred rebates; is that so?—In many cases, that is so.

8249. When should you say that the deferred rebate system was introduced, or have you not gone into that point?—Not in detail, but I would have an idea that it was within the last quarter of a century.

8250. I think our evidence rather points to 1885 as being about the first time when it appeared?—Then I am just about right, for this is 1907.

8251. So you think that is, at any rate, some ground for not placing such emphasis on the deferred rebate system?—There are large lines, I understand—but there again you should have much better information than I have, and will get it—where there is not the rebate system in existence.

8252. The coasting trade is without the deferred rebate system?—That is so.

8253. Is it entirely so?—Entirely, I understand.

8254. Does the coasting trade secure regularity of service and sufficient tonnage?—Of course.

8255. We are told that regularity of service and sufficiency of tonnage are the great things?—I do not think it can be counted from all I have heard, both directly and otherwise, that the Lines have a very great advantage because of that. But you will find that shippers want to have Lines, and will be glad to do a good deal to have them.

8256. In the coasting trade, they do find that they have sufficient tonnage and sufficient convenience for their purposes, notwithstanding the absence of the deferred rebate system?—Certainly.

8257. You think, further, I gather, that regular Lines have advantages in themselves, so to speak?—They have. I think you will find that shippers will tell you quite frankly that to have a connection with a regular Line and to be a good customer of it they will pay a considerable deal for it.

8258. In other words, is it your view that a certain amount of regularity is advantageous to a Line in obtaining cargo and freight?—My view is that cargo will pay for those advantages.

8259. Then we come to a point which the Chairman has suggested to me that I should put, with regard to equal advantages being given to the large and to the small shipper. They are given, it is said, under the deferred rebate system, as a rule. Do you think it is really a matter of very great importance?—I think that is a question which should find its natural level in a free market.

8260. Do you think it is really normal that the small shipper should obtain the same advantages as the large shipper?—In certain cases, not. I think it is quite clear that if a particular person can offer a very large amount of trade to another person, it may well be that it is a perfectly fair thing that overhead he should get some reduction upon that.

8261. And the advantage, of course, then goes to the ultimate consumer, through reduction of price?—That would be so.

8262. Then, on the whole, you would not endorse the view that it is an essential advantage to the community at large that the small shipper should invariably have the same terms as the large shipper?—Not invariably. Of course, one has to remember that there should not be anything like unfair dealing with the small shipper.

8263. I am not suggesting that?—Then, of course, a totally different question comes in, and one might have recourse to the old principle of common law with regard to the common carrier; but I do not think that question would arise.

8264. There is one other point I should like to put to you, if I may. I do not know if you will say this is not one of the points that you have not followed out in detail, but it is this: Take South Africa trading with the United Kingdom and with the United States of America; at one period, the rates to South Africa from the United States, owing to competition, were very much lower than the rates from the United Kingdom; that was so, was it not?—That was so.

8265. We are told at the same time that it is worth the shipper's while to pay, if it is necessary, rather higher rates in order to obtain regular carriage and stability of rates, so that he can make his contracts ahead; you have heard that argument, have you not?—Yes.

8266. The unhappy American shipper, under those circumstances, had irregular shipping and he had unstable rates; why should the English merchants complain that he had an advantage against them, and why should he be successful against them?—He is successful against them because he is able to put his goods in South Africa at a less rate.

8267. But that looks as if the British merchants at that time were paying more for the advantages of regularity from England than the advantages were worth, does it not?—I think the advantage in England is, that, as is obvious, the present system saves a good deal of trouble in looking ahead and one thing and another; but I do not think it is an advantage to general trade, or can be an advantage to general trade, that they should pay more freight than is reasonable for their goods.

8268. I think this is a very interesting point, but I have not been able to get it out of any witness yet: If it is worth our while to pay a larger freight here for regularity of service, stability of rates, sufficiency of tonnage, and the other advantages which we are informed are dependent upon the deferred rebate system, why is it that the American shipper and merchant, who has not any of these advantages, manages to forgo ahead in South Africa so successfully?—You see, if I may respectfully say so, you are putting two different sets of conditions. So far as the higher rate of freight is a reasonable increase for regular sailings and other advantages of that kind, it is not too high a rate of freight as long as it is reasonable. But to tell me that you are to pay a higher rate of freight than is reasonable in order to have a stable rate is simply this, that you agree to pay the maximum in order to avoid having the trouble of adjusting a less rate from time to time; and that cannot be in the interests of trade.

8269. That is exactly the point that I wanted to elicit from you?—If you separate up the two cases, so long as it is for the regular sailings and things of that kind, an increase may be quite reasonable, but so long as it means that you are keeping the freight higher than is necessary in order to secure stability, that is bad business.

8270. Then the tendency of the facts is, that the success of America, during the period concerned, suggests that the rates were higher than were necessary in view of the advantages offered?—That is so.

8271. That is the point that I wanted to elicit?—I cannot help thinking that the levelling up that has

taken place has really nothing to do with the question, because what one has to look at is what took place before this very serious agitation was set on foot.

8272. You have used the term "reasonable rate," and you have said that the rate would be reasonable if it were adjusted to the advantages which were given you on account of the system?—All round, that is so.

8273. Then it becomes unreasonable if it is not so adjusted?—That is so.

8274. Who judges and determines, under the present system, whether a rate is reasonable or not?—The shipowners, and under the new system or under a fresh system, it would be the shippers and the shipowners; and I believe the shippers would be very slow to disturb the position of matters unless in an extreme case.

8275. In other words, is it your view that if there were some point at which there were a possibility of competition, there would be a possibility of adjustment between shipowners and shippers instead of an adjustment solely by the shipowners?—My view is, that if there were points at which the shippers were free to contract, rates of freight and other conditions would adjust themselves without difficulty, and the shippers would be very slow to disturb unreasonably the state of matters.

8276. (Mr. Sanderson.) I asked you how you would deal with a case where, rebates being abolished, naturally the shipowners would then contract with the large shippers, and, as has previously happened, differentiate in rates of freight even between large shippers, so that there would be a constant difference in rates of freight which the big man might stand; but it has been stated, I think here, and often outside, that those large contracts tend to a monopoly for the manufacturer to the disadvantage of the general trade of the country, and drive the small shipper out of business, whereas under the present system, which is rightly or wrongly a deferred rebate system, the small shipper has got protection against it. I now want to ask you how you would propose to protect him—by saying he does not want the protection, and that he would be all right?—What I do feel is, that that is one of the ordinary cases of trade, but I would add that assuming there was anything like a gross grievance, there is no doubt that the original view of common carriers did justify a certain amount of legislation to ensure freedom. In the States, they have gone very much further than simply abolishing deferred rebates, and I would not like to see that carried into effect at present. If one result of the abolition of the system was gross injustice to the small shipper, one would have to consider whether one should not go somewhat further than has at present been suggested; but I do not think that would become necessary.

8277. (Sir John Macdonell.) In other words, it would then become a question whether you could apply the principle of the present law with regard to undue preference in the case of railway companies to sea carriage?—Yes, and have filed rates and so on. I would be very slow in doing that, and I certainly would not like to see it done unless a grievance was obviously growing up. I feel that I have occasionally gone beyond what I have a business to do as a witness.

8278. (Lord Inverclyde.) Do you not see that it is an impossibility to have a tariff of rates on the ocean which is to be binding upon the whole world?—I think there are enormous difficulties. In that, I quite agree; but I do not think it is an impossibility to stipulate that shipowners, if they have regular lines, shall more or less have rates that shall be open to different classes of customers.

8279. Do you mean that you would tie the British shipowner in that way?—I would not have tariff rates with regular lines. Personally, I deprecate that at present, at all events, and I would only think of it if I found that there was being gross injustice done to what you might call the small trader; and I do not believe that would take place.

8280. (Chairman.) You do not say that you would have legislation to the effect that the rates should be equal for large shippers and small shippers?—At present, I do not think I would, because in the abstract I do not think that is normally fair. I think a just differentiation between a very large order and a small order is quite fair, but such a differentiation might result in real oppression if it went too far,

8281. (Mr. Owen Philipps.) Are you aware that we have had before us a representative from the Birmingham Chamber of Commerce who said it was of the utmost importance to them that the small shippers, who are largely represented at Birmingham, should have equal rates with the big shipper?—I think I remember reading something of that kind; but I frankly confess that while I read the evidence, I did not read it with the object of keeping in view the whole of it.

8282. (Sir Alfred Bateman.) Is Glasgow a member of the Associated Chambers of Commerce now?—No, it is not.

8283. It is the only Chamber that is outside now, I think?—It is one of the few that are outside.

8284. Can you tell me any important Chamber that is outside?—I do not think I can at this moment.

8285. Of course, we know that Liverpool and Manchester for many years were outside, and that they joined some years ago; but Glasgow, you say, is still outside?—Yes.

8286. But for that, I was going to ask you if you had approached the council of the Associated Chambers with a view to getting redress for what you say are injustices?—Not that I am aware of.

8287. Do you consider that you have more influence by stopping outside the Associated Chambers?—Personally, my opinion is the opposite way. I have urged the Glasgow Chamber to join the Associated Chambers, but there has been a feeling that we have always stood alone, and the majority of the directors have as yet adhered to that resolution.

8288. One other question about the Chamber's proceedings. You were asked, I think, as to whether a good many, perhaps, did not join at the beginning of the year in preparation for this special meeting?—Yes, I was.

8289. Is it the case that you get your members at the beginning of the year generally?—Not always, because it is a single payment only, and, therefore, it does not really matter when they join.

8290. It is not a payment by the year then?—No. As far as I can follow from the list I have put in, there were undoubtedly some 15 or 20 who joined upon the 11th February; my own feeling would be that they probably joined because their attention had been directed by the Chamber of Commerce to this subject, and not in order to influence the vote.

8291. (Mr. Owen Philipps.) Is it not the case that out of the 21 who joined, 15 were tramp steamship owners and only two liners?—I am not aware of it, if it is so.

8292. (Mr. Taylor.) If it were so?—Supposing it were so, that was upon the 11th February, and can have no effect upon the vote.

8293. (Mr. Owen Philipps.) I suggest that they accidentally arrived too late?—I think your suggestion is very far-fetched, if I may respectfully say so.

8294. (Sir Alfred Bateman.) I want to ask you now as regards the special committee; how many did that committee consist of?—That is what I was trying to recollect. My impression is that there were seven, and the President and Vice-President.

8295. Were they all influential members of the Chamber?—They were all quite good men. I think it was nearly composed of half-and-half, directors and non-directors; but, as I said, I think, with the exception of the President and the Vice-President, the special committee were supposed to favour the view of the resolution.

8296. Were a great proportion of tramp shipowners on this special committee?—There were two or three.

8297. Two or three only?—There were two, certainly, and I am not quite sure whether there was not a third.

8298. So there were two or three out of the seven?—Yes.

8299. The question of the policy of the Chamber, as the Chairman reminds me, was not before the special committee?—No, it was not.

8300. All they had to do was rather to prepare this document in accordance with the resolution of the whole Chamber?—That is so. They were there to submit in detail, as far as they could, the reasons

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which the Chamber held in favour of the resolution. It was, therefore, perfectly right in my own mind that the special committee should be composed in the main of those who favoured the resolution.

8301. Naturally. The only other point is as regards the trade between the United States and the Cape. You were asked once or twice about the effect of the lower rates from the United States, and allusion was made to the large increase of imports into the Cape from the United States, as compared with those from the United Kingdom. I do not know whether you have looked at the figures, but I suppose you would not be surprised to hear that in the year before the war the United States' imports into the Cape amounted to 13 per cent. of the whole imports, whilst in the last two years, 1904 and 1905, they amounted to 10 per cent. in the first year and 7 per cent. only in the last year; so that there has been no real increase?—I do not know that, so far as I personally was concerned, I committed myself to an increase, because, personally, I do not know the facts.

8302. I do not know that you did, but the increase was mentioned?—I quite agree that it was.

8303. Therefore, I thought I would go back to the figures and ask you whether you had looked at them?—I have not verified the figures of increases.

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8313. (Chairman.) You are the Secretary of the British Iron Trade Association, are you not?—Yes.

8314. You have occupied that post, I believe, for many years?—For 30 years.

8315. Who are the members of the British Iron Trade Association?—The members consist mainly of manufacturers and merchants engaged in the iron trade.

8316. Does the Association comprise the principal merchants in the trade?—Yes; and the principal manufacturers.

8317. You have prepared a memorandum of the evidence you propose to lay before us?—Yes.

(The witness handed in the following statement.)

1. The British Iron Trade Association has taken an interest in this subject for a number of years past, and in 1892 organised a deputation to the President of the Board of Trade, in order to put before him the views of the trade at that time. Mr. Ritchie, who interviewed the deputation, spoke sympathetically, but declared that he did not see what the Board of Trade could do in the matter, and as a matter of fact, no result then came of the effort to modify the grievances complained of.

2. The extent of the importance of the existence and policy of Shipping Rings to the iron industry of this country may be inferred from the fact that the shipments of British iron and steel last year amounted to 4,683,846 tons, of which 1,532,219 tons were shipped to British possessions, and 3,227,521 tons were shipped to foreign countries. The shipments to British possessions included only 119,000 tons for South Africa, against 233,000 tons three years earlier (1903), 567,000 tons to British India, 280,000 tons to Australia, and 131,000 tons to New Zealand. The Colonial imports of British iron and steel have not of late increased as might have been expected, and it is a debatable point whether this fact may not in some measure be due to imperfect and unduly expensive shipping conditions.

3. The interest of the iron trade in this matter is adequately set forth in a single sentence, which we take the liberty of quoting from a report, published twelve years ago, of a Committee of the Wolverhampton Chamber of Commerce, and which declared that "in respect of certain foreign and Colonial markets, English manufacturers are often seriously affected by the lower rates of over-sea freights, which are offered by Continental steamship owners, who, being practically exempt from the monopolies and combinations which prevail to a large extent among certain Lines of steamships in this country, are able to quote and accept rates with greater freedom, and with more regard to competition and circumstances than their English rivals."

4. Since the present Royal Commission has been appointed, the Board of this Association has taken

8304. But those being the figures, there has been no great effect in increased trade between the United States and South Africa from those causes that we have been told of?—If your figures are correct, that follows.

8305. They are the figures of the Board of Trade; they are not mine?—Just so.

8306. (Chairman.) According to our common law, a common carrier is bound to carry goods at a reasonable rate of freight, is he not?—To all and sundry.

8307. But he is not bound to carry goods at the same rate of freight for all people?—Not necessarily.

8308. Not at all?—No.

8309. You will remember that that has been laid down?—Yes.

8310. So, according to our common law, a large shipper would be able to obtain a lower rate of freight than a small shipper?—That is so; and I do not think that is inequitable.

8311. But the small shipper would be entitled to have his goods carried at what is called a reasonable rate of freight?—That is so.

8312. That is the law?—That is so; and my reason for referring to the contract of carriage was, of course, that the principle underlying that might warrant legislation if there was anything like oppression.

action with a view to ascertaining the opinions and experience of the Trade on the subject generally.

In a number of cases, the local Associations of Ironmasters and Chambers of Commerce have made arrangements to make their own representations before the Commission.

The testimony furnished to this Association is of a varied character. Some manufacturers complain strongly of the existing conditions of things, while others do not seem to greatly disapprove of it, and others, again, are disposed to commend Shipping Conferences and Shipping Rebates as necessary.

5. Generally, however, the belief is that certain matters call for remedy. The worst case brought to our knowledge is that of the Lines trading to China and Japan. We are informed that the rates charged to Continental shippers are from 7s. 6d. to 10s. per ton under those ruling from British ports, and this is stated to go far to keep out British manufacturers of bar iron and some kindred products, unless in special cases. The Holt Line is stated to practically enjoy a monopoly of trade between this country and the East, and also sends steamers to Continental ports to load up at competition rates, afterwards going to British ports to complete loading, and charging higher rates to British manufacturers.

6. Manufacturers, however, do not as a rule directly pay freights, their contracts almost invariably ending with delivery f.o.b. at their home port. It is the merchants, or those receiving indents from abroad and who usually deliver c.i.f. at the out-ports, who are most directly concerned.

7. The necessities of the Iron trade require that many consignments should be made up, and to charter a vessel independently, and send a large quantity of material in one bottom, is inconvenient and difficult to follow, both for this reason and because of the comparative urgency of the orders. A good many sections would have to be rolled long before shipment can be made, so that all the various sizes required may be ready when a vessel is chartered; moreover, when a special vessel is chartered, the freighter forfeits all claim to rebates upon traffic carried for something like one-third less than shippers in this country, despite the fact that New York is further from most of the great centres of commerce than Great Britain.

As regards the rates to South Africa, the scope of the existing situation may be indicated by citing only three cases of recent date which have come under notice, viz. :—

Rates to South Africa.	From United Kingdom.		From New York.	
	s.	d.	s.	d.
Agricultural Machinery	40	0	17	6
Mining Machinery	32	0	17	6
Wire Fencing Machinery	30	0	17	6

And we are informed that an arrangement has been come to between the competing Lines from New York, which definitely fixes the freight rate from New York to South Africa at an average figure equal to about 33 per cent. less than United Kingdom freights.

It is believed that the trade of the United States with South Africa has been making greater advances than the trade of Great Britain, and it has been claimed that the American ships carried freight at lower rates, and also, it is said, at unprofitable rates, because they were anxious to prevent British ships from carrying American goods from American ports.

8. We do not overlook the fact that the shipowning interests have some ground for their attitude, as set out in the statement of their case, which is declared to be:—

"In regard to the rebate system, they do not see their way, either in their own interest or in that of the mercantile community, to abolish it, and they are supported in this by a large body of mercantile opinion here and in South Africa, as well as in all the ocean-carrying trades of the world, in maintaining that, by the rebate system, the uniformity of rates and their application fairly to all shippers alike are secured, and merchants, large and small, are placed on the same footing."

9. Some of our own members have expressed the opinion that the Conference system is, on the whole, beneficial to British trade, arguing that, having conceded the principle of Rings, it is hardly possible to object to the system of deferred rebates, and that the two things seem to be inseparable if either is to be successfully carried out. The question is asked: "Without deferred rebates, what security have shipowners that traders will continue to support the regular lines when opposition, permanent or temporary, happens to arise?" A regular service is of great, indeed, almost vital, importance to traders and shippers, and it is contended by some that this can only be maintained during bad and good times alike by a combination of lines engaged in a particular trade. Opposition, they say, not infrequently arises when trade is good, and falls off with the reaction, and when paying rates can be obtained at foreign ports, tramp boats will offer lower rates from the United Kingdom in order that they may get a share of the business. The freight homewards then counterbalances any loss on that outwards. But a regular service, it is argued, cannot be expected to be maintained at the lower rates so often accepted by irregular steamers. Conferences guarantee regular sailings, and their working tends towards uniformity in rates from all home ports. It is also said to enable shippers to book far in advance of shipment, a fact which gives confidence to both buyers and sellers, and promotes stability and continuity of business. In this way, it is held that Shipping Conferences render a real service to the community.

10. Another point made by what may be called the "contents" is that the Rings must either meet competition, or see their steamers idle, or at the least not working up to their full capacity. Some firms maintain that the Rings do meet such competition in the interests of British trade when they are convinced that lower rates are being accepted elsewhere. I have been informed of recent cases when quite unremunerative rates have been taken over a long time, in order to meet Continental competition. Other cases are referred to where freights have been reduced to meet Continental competition for markets for which there was no competition outside the Rings from British ports.

11. A good deal has been said as to the long-deferred rebate system adopted by some of the Conferences. It has been suggested that where the rebates are kept in hand for an undue period, as in the case of the South African Conference, something should be done by way of remedy. In the case of shipments to Bombay and Calcutta, the rebate accounts are made up every four months, and if all the other Conferences were to adopt the same system, traders and shippers would have less reason to complain. In the case of the South African Lines the accounts are made up every six months, and then only include items up to the end of the previous six months, which, as the accounts are not paid for two or three months after they are made up, means as much as fifteen months from the date of shipment before the rebate is received.

12. Probably a large number of leading freighters would be glad to maintain the service of the regular

Lines under the Conference system, if only the long-deferred rebate system could be got rid of. It is this which the iron trade chiefly complain of. The fact that in the United States legislation had made rebates illegal has been used by many freighters as a sufficient justification for taking the same action in this country. On the other hand, a number of traders still hold to the wisdom of non-intervention, on the ground that it is more effective in establishing and encouraging competition between different Lines and different countries. No doubt it is essential for the great shipping companies to take care that if they provide regular services, they are adequately remunerative, and we are not prepared with any suggestion as to a more effective system than that of rebates. At the same time we protest against the traders being penalised thereby.

13. The case of the shippers is not quite the same in all particulars for all traders alike, but it is felt in the iron trade, at any rate, that there is a *prima facie* ground of complaint in respect of the long-deferred rebates, that the preferences given to American shippers are calculated to injure, and have already injured, British trade, that it is desirable that such preferences, where capable of being controlled, should be as far as possible got rid of, and that the whole system of rebates requires the fullest consideration of Parliament. The existence of a real grievance is hardly disputed. At any rate it was admitted by the President of the Board of Trade in May of 1906, when he heard a deputation from the Chamber of Commerce on the subject, and he added that a very strong case had been made out for the enquiry to which this contribution is offered.

14. I may now be permitted to submit some particulars of how the rebate system is worked, and as to the extent to which it is carried on.

The Shipping Ring or Conference, consists of upwards of twenty different Lines, some of them of the first rank, and including the Peninsular and Oriental Company, the Orient Company, the Colonial Line, Ismay, Imrie and Company, F. Green and Company, and others. All of these Lines require shippers to sign a declaration specifying that, with certain permitted and indicated exceptions, "neither we nor those for whom we have acted have since (date named) shipped, or been interested, directly or indirectly, in any shipments, by steamers or sailers, direct or by transshipment from the United Kingdom to ports in (countries and Colonies named) other than those loaded by (Line named)."

I have had before me 21 of these forms of declaration, representing the following shipping firms:—

Australian Steam.
 Australian Sail.
 Liverpool and Canaries.
 Bibby Line.
 Brazil Steam Lines.
 Pacific Steam Navigation Company.
 River Plate Steam Lines.
 Messrs. Lamport and Holt.
 Messrs. D. McIver and Co.
 Messrs. H. and W. Nelson.
 Hamburg-America Line—South American Service.
 Ocean Steamship Company.
 Messrs. Staveley, Taylor and Company.
 The Compania Transatlantica (Straits Settlements and Philippines).
 The Harrison Line (South America).
 Messrs. Frederick Leyland and Company.
 The Nord Deutscher Lloyd.
 The Hamburg Sudamerikanische Dampfschiffarts Gesellschaft.
 The Gulf Line.
 The Roland Line.
 The Deutsche Dampfschiffarts Gesellschaft.

15. The usual system appears to be that claims for rebates have to be rendered within three months from specified dates, and if not presented within three months from those dates they become invalid. The particulars of the claims must accord with the bill of lading for the shipments, and the claim is entered under six different heads, namely:—

- (1) The date of sailings,
- (2) The name of the steamer,
- (3) The destination,
- (4) Marks of shipment,
- (5) The number of packages, and
- (6) The amount of the rebate.

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In a form of rebate claim, bearing the name of Messrs. F. Leyland and Company, we find the following note:—"Claim for steamers sailing from 1st January to June 30th must be rendered not later than October 1st, and will be payable on January 1st following, and those for steamers sailing from July 1st to December 31st must be rendered not later than April 1st, and will be payable on July 1st following."

In the case of the Holt Line, any shipments from the United Kingdom, Belgium, and Holland must be carried by specified ships to entitle to the rebate. Coal is excepted, as are shipments of pig iron, to Japan by the Hamburg-American Company, and certain other shipments, which are specified in the form, for particular countries and ports.

In the case of goods taken at a through rate from European ports or places, the deferred rebate is to be calculated on such through rate. No rebate is payable on the extra freight charged to cover delivery at other ports or places, beyond the steamers' port of discharge, nor on parcel money.

Rebates are invalidated in the case of shipments, via Magellan by certain Lines, but not in other cases.

In the case of the Bibby Line, shippers of goods from the United Kingdom, to Colombo are allowed a rebate of 10 per cent. on the nett freight (exclusive of primage) on all descriptions of merchandise, always excepting cargo carried by special contract or by tender, subject to confining their support and shipments "up to the date of payment of the rebate" to that Line. The rebate is computed for periods of four months. In some cases the form of claim for rebate specifies certain ships as those on which rebates on shipments are payable.

16. Each shipping company has its own form of rebate. These forms vary in many ways. For some Lines they have been signed by both shipper and shipping agent. Others are only signed by the shipper, and handed to the agent to collect, while others are signed by the shipping agent alone.

The following statement enumerates a few of the different Lines and indicates how the rebates are signed in each case:—

Brazil, River Plate, West Coast, America, Mexican, Limon.	}	Shipper and shipping agent.
South African, China, Canary Isles, Rangoon.		
Colombo, West Coast, Africa, Madras, Belize.	}	Shipper.
Australia, Canada.		
		Shipping agent alone.

17. In April, 1905, a dispute came about between the Peninsular and Oriental Company and the Hansa Line (German) in regard to the former Company's right to load at Antwerp. In consequence, the German Line withdrew from the Calcutta "Ring" and a Rate War ensued between these two lines for the freight from Middlesbrough and London to Calcutta. The Hansa Line are said to have quoted as low as 4s per ton on galvanised iron from Middlesbrough to Calcutta, and advantage was taken of it by certain shippers, in different ways. The Peninsular and Oriental Company had therefore to reduce their rate, and, consequently shippers from the East Coast and manufacturers whose works are situated there, held, for a time decided advantage in competition for orders over those shippers and manufacturers who could only ship from West Coast ports. Representations were made of this inequality, from different sources, to the Conference Steamship Lines loading at Liverpool, with the result that reductions were made in the Conference rates on galvanised iron from Liverpool and Birkenhead to Calcutta. When this difficulty arose the rate at both Liverpool and Middlesbrough on galvanised iron sheets from 13th April, 1905, was:—

	Per ton.
	s. d.
Plus 10 per cent.	10 0
	1 0
Less 5 per cent. immediate rebate	11 0
	0 6
	10 6
Less 10 per cent. deferred	1 0
	9 6
	Per ton.
	s. d.
It was reduced in May to	10 0
Plus 10 per cent.	1 0
	11 0
Less 5 per cent.	0 6
	10 6
Less 20 per cent. deferred	2 0
	8 6
	Per ton.
	s. d.
In July to	8 9
Plus 10 per cent.	0 10½
	9 7½
Less 5 per cent.	0 5½
	9 2½
Less 20 per cent.	1 9
	7 5½
	Per ton.
	s. d.
And in November, 1905, to	6 8
Plus 10 per cent.	0 8
	7 4
Less 5 per cent.	0 4
	7 0
Less 20 per cent.	1 4
	5 8

The 5s. 8d. per ton rate is still in operation, and freight may be booked at it for shipments three months ahead, from day to day. Therefore, the sacrifice made by the Lines trading from Liverpool are quite apparent when the cost of loading and discharging is taken into account, together with the Suez Canal dues, at such a low rate. And this has been done in order to maintain equal rates from the West Coast of England ports in comparison with those on the Eastern Coast, practically in support of shippers by the Liverpool Conference Lines, as the result of a dispute that does not directly concern the Liverpool members of the Calcutta Conference.

18. A large firm of iron manufacturers inform me that the Hansa and Peninsular and Oriental competition has affected the Bombay Conference, but that reasonable rates have been arranged for contracts well ahead, and that the tendency is to maintain equal and uniform rates from all British ports.

The firm has had dealings with the River Plate Conference for ten years past, and they declare that "when we have found that lower freights were being quoted from another port, and they were satisfied of the position, immediate steps have been taken to place us upon an equal or even better footing than shippers by the opposition." We are also informed that "no lower rates are taken by this Conference from Continental than from British ports," and it is understood that rates are mutually arranged.

For this reason it would appear to be an advantage rather than otherwise to have foreigners in Conference with British steamship companies from a shipper's point of view.

19. The Conference rates of freight to Buenos Ayres and Monto Video, since 1905, have ranged from 10s. and

10 per cent. less 10 per cent. deferred rebate in 1905, to 5s. to 12s. 6d. and 10 per cent. less 10 per cent. deferred-rebate up to June, 1906, and 12s. from November 9th.

20. The Java business is practically entirely in the hands of the Ocean Steamship Company, Limited. One firm notifies us that last year, for a time, it was cheaper for them to send iron to Java ports via Liverpool and Hamburg, by transshipment, than to ship directly by the steamers of this line, but where it was shown that this necessity was adverse to British trade, Messrs. Alfred Holt and Company reduced their rates, from September, 1906, to 22s. 6d. per ton and 10 per cent. less 10 per cent. deferred rebate, against a charge of 24s. 6d. per ton nett by the German Australian Line. Hence there are cases where a strong Conference Line, which can dictate its own terms, does make concessions where satisfied that British trade is suffering from Continental competition.

21. There is one aspect of this matter that is liable to be overlooked. The shipment of British goods for foreign ports, when sent via a Continental port for transshipment, is liable to cause damage, and hence it is worth something to a shipper to be able to ship direct from the nearest home port. Shippers of experience have put this difference as worth fully 2s. 6d. a ton more to the shipper in a majority of cases.

22. So far as South African freights are concerned, there appears to be special reasons for the rates now complained of. But shipping firms explain that the small cargoes, which are insufficient for the regular steamers employed, and the fact that there are no return cargoes homeward, account for present South African rates. Steamers have now to go to South America and India for homeward freights and thus increase already heavy expense. But even so, we are informed that whereas the sea freight from Liverpool to Delagoa Bay is 30s. per ton for 7,283 miles, the railway rate from Delagoa Bay to Johannesburg, 394 miles, is 84s. per ton, or 3s. 9d. per 100 lbs., so that shipping rates are relatively low.

23. It has been agreed that merchants might combine and retaliate by loading their own steamers for real or supposed grievances, but it is answered that there is nothing to hinder shipowners' Rings from becoming merchants themselves and buying and selling goods and produce to employ their own ships. It is also argued that contracts without rebates might be broken and might lead to conflict and litigation.

24. We have had prepared, and attach hereto as an appendix, a tabular statement showing the conditions under which, and the terms upon which rebates are arranged by some of the principal Lines.

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LIST SHOWING DATES THE PRINCIPAL REBATES ARE PAYABLE.

Destination.	Liverpool Lines.	Period of Shipments.	Amount of Rebate.	Payable.	Time Rebate retained.
China and Japan ...	Ocean S.S. Co. ...	Jan.-June ...	1st, 5 per cent... ..	July 1st ...	6 months.
		" " " "	2nd, 5 " " " " " "	Jan. 1st ...	12 "
		July-Dec. ...	1st, 5 " " " " " "	Jan. 1st ...	6 "
		" " " "	2nd, 5 " " " " " "	July 1st ...	12 "
Padang and Java ...	Ocean S.S. Co. ...	Jan.-June ...	10 " " " " " "	Oct. 1st ...	9 "
		July-Dec. ...	10 " " " " " "	Mar. 31st... ..	9 "
Calcutta ...	P. & O. Co. ...	Jan.-Apr. ...	20 " " " " " "	Sept. 1st ...	8 "
	Harrison Line ...	May-Aug. ...	20 " " " " " "	Jan. 1st ...	8 "
	City Line ...	Sept.-Dec. ...	20 " " " " " "	May 1st ...	8 "
	Anchor Line ...				
	Brookiebank Line. Glan Line.				
Bombay ...	City Line ...	} Same as	Calcutta.		
	Glan Line ...				
	Hall Line ...				
	Anchor Line ...				
Kurrachee ...	City Line ...	} Same as	Calcutta.		
	Glan Line ...				
	Hall Line ...				
South Africa ...	Houston Line ...	Sept.-Feb. ...	10 " " " " " "	Nov. 30th	15 "
	Glan Line. Ellerman. Harrison Line.	Mar.-Aug. ...	10 " " " " " "	May 31st...	15 "
River Plate ...	Houston Line ...	Jan.-June ...	10 " " " " " "	Jan. 1st ...	12 "
	McIver Line ...	July-Dec. ...	10 " " " " " "	July 1st ...	12 "
	Lampport and Holt. Nelson Line. Allan Line.				
Madras ...	Glan Line ...	Dec.-Mar. ...	30 " " " " " "	Aug. 1st ...	8 "
		Apl.-July ...	30 " " " " " "	Dec. 1st ...	8 "
		Aug.-Nov. ...	30 " " " " " "	Apl. 1st ...	8 "
Colombo ...	Glan Line ... Bibby Line...	} Same as	Madras.		
Rangoon ...	Lampport and Holt	Jan.-June ...	10 " " " " " "	Jan. 1st ...	12 "
	Bibby Line ...	July-Dec. ...	10 " " " " " "	July 1st ...	12 "

8318. (Chairman.) In the first paragraph you refer to the fact that there was a deputation of the British Iron Trade Association received by the late Lord Ritchie when he was President of the Board of Trade on the subject of Shipping Rings and Conferences. We have a Blue Book, in which what passed on that occasion is reported. I dare say you know that on that occasion those who represented the Association were not able to make any recommendation to the President of the Board of Trade except this, that in the case of mail contracts, or in the case where subsidies were granted to British shipowners, there

should be a condition laid down that they should not adopt the system of deferred rebates. That was the only suggestion which the deputation was able to make, was it not?—I believe that is so, though I have not the report here.

8319. You seem to assume, and in fact you assert, that the system of deferred rebates applies to sailing vessels as well as to steamers. That is certainly not the case in all trades. For instance, in the South African trade the system of deferred rebates applies only to steamers; do you know whether that is so in other trades or not?—I had the impression that in

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certain trades sailers also had the deferred rebate system.

8320. Can you tell me in what trades?—I cannot off-hand.

8321. I am told the Australian trade is one; is that so?—I could not off-hand say.

8322. Then you do not know in what trade the system of deferred rebates applies to sailing vessels as well as to steamers?—I had it in some of the information that was supplied to me, or that I had looked up, but where that fact came under my notice I could not at the moment tell you.

8323. (Mr. Lawrence.) You describe yourself as being associated with the British Iron Trade Association, and you say it is composed of merchants and manufacturers?—That is so.

8324. Is it chiefly composed of manufacturers?—Yes, I should say so.

8325. I ask that for the reason that they would not be responsible for freights as a merchant would be?—I think I am right in saying that about four-fifths of its members are manufacturers.

8326. Then it is chiefly composed of manufacturers?—Yes.

8327. And they would not have so much of an interest in the freight question as the merchants would?—Obviously.

8328. Because they sell f.o.b.?—Yes. I explain that in my memorandum.

8329. In your second paragraph you say: "The Colonial imports of British iron and steel have not of late increased as might have been expected, and it is a debatable point whether this fact may not in some measure be due to imperfect and unduly expensive shipping conditions." Could you give us any concrete instance where the shipping conditions have been unduly expensive or imperfect?—This paragraph is intended to apply mainly to the matter that is under consideration by this Commission at the present moment.

8330. Can you not quote any particular instances where it has been found to be imperfect or unduly expensive?—The particular instances referred to will be found later on in the text, and cases are quoted of freights from this country under Conference conditions which are higher than Continental freights.

8331. But the conditions may be different?—Yes; of course that is possible.

8332. You speak in your third paragraph of Continental steamship owners, "who, being practically exempt from the monopolies and combinations which prevail to a large extent among certain Lines of steamships in this country, are able to quote and accept rates with greater freedom." Where is there an instance of a monopoly in this country with the steamship companies? How do you show that it is a monopoly?—This particular paragraph, you will see, is quoted.

8333. That is so; but can you amplify that in any way as showing that the English steamship owners have a monopoly?—It can only be amplified, I think, in this way, that there is a very widespread impression that the tendency of the existing system of deferred rebates is to create a monopoly. How far that impression is right or wrong, I do not profess to go into at the moment.

8334. In your opinion is the iron trade, which you represent, unable to combine in an equally powerful manner against the tyranny or the hardships which are imposed upon them by the steamship companies? Can there not be an equal right of combination or power of combination as between the merchants and the manufacturers as there is with the shipping companies?—As a matter of fact, that question has been discussed, and I think you will find in the report of the deputation to Lord Ritchie that he makes the suggestion—

8335. That they should do so?—That the members of the trade should do so. Their answer, of course was that it is not their business, and that even if they attempted to establish Lines in competition, it would be an exceedingly difficult and almost impossible thing to do.

8336. Do they give any reasons why it would be impossible to do it?—First, because of the enormous cost; next, because of the lack of experience; and next, because of the prescriptive position that the existing Lines no doubt have, and would be likely to maintain. And there are other reasons.

8337. In fact, I suppose we may say you are not powerful enough to fight them?—That is so. One of the remarks made by the President of the Board of Trade was, "I had no idea that the British merchant was so powerless."

8338. A little further on you say: "Shippers in the United States have been, we are informed, in not a few cases, having their goods carried for something like one-third less than shippers in this country, despite the fact that New York is further from most of the great centres of commerce than Great Britain." Can you give us instances of that?—I have got one or two instances, I think, of that kind, which I have marked with a view to the possibility of the question being asked.

8339. Are they isolated cases, or are there numerous instances?—There is one case I have here, which I find reported in the "Chamber of Commerce Journal" for April, 1906.

8340. Is that the Journal of the London Chamber of Commerce?—Yes. According to this Journal, Mr. Goodman, from Birmingham, in moving a resolution on the subject of rebates, states that the International Mercantile Marine (in which the White Star Line, he says, is incorporated, though it is under British management) conveyed merchandise from New York to Sydney, with transhipment at Liverpool, at rates varying from 15s. to 20s. per ton; while by the same steamer British goods shipped at Liverpool were charged at rates varying from 30s. to 42s. 6d. per ton.

8341. Is there continuity of service as between New York and Sydney, or such places; that is to say, can a manufacturer in New York or elsewhere in America get his goods shipped with the same regularity that he can from this country?—I presume not.

8342. Then the cases are not similar?—I should think the cases are not on all fours; but I have not investigated the particular case referred to here.

8343. After quoting the rates to South Africa from the United Kingdom and New York, you say: "We are informed that an arrangement has been come to between the competing Lines from New York," and so on. What are the competing Lines to South Africa from New York?—That should read: "It is stated that an arrangement has been come to."

8344. Are you aware of any competing Lines from New York to South Africa? Are there any regular lines of steamers from New York trading to South Africa?—Not to South Africa, I believe. This should read, "Ships sailing from New York."

8345. You mean by "ships," steamers, I suppose?—Yes.

8346. (Chairman.) "Steamers sailing from New York?"—Yes.

8347. (Mr. Lawrence.) My point is that you speak of competing Lines there?—That is so.

8348. But are there any competing Lines?—I do not know of any regular Lines, but there are ships.

8349. There, again, there is no continuity of shipment, like there is from this country?—I presume not. I refer to that later on.

8350. Therefore the conditions would not be the same?—No.

8351. A few paragraphs further on you say: "Other cases are referred to where freights have been reduced to meet Continental competition for markets for which there was no competition outside the Rings from British ports." Can you give us any instances thereof?—That particular paragraph came in a letter from a member of our Association, who is himself a large manufacturer; and I must confess that it did not occur to me to ask him to name the particular cases that he had in his mind.

8352. In the opinion of your Association, if the deferred rebate accounts were made up more rapidly and the rebates were not held for such a length of time, would that meet the views of your manufacturers and merchants; or are they opposed *ab initio* to the system

of deferred rebate altogether?—I think that opinion is a good deal divided on that point. I am bound to say, frankly, that neither the whole of our manufacturers nor the whole of our merchants are of one mind on that matter.

8353. Is there any preponderance of opinion one way or the other with regard to it, could you say?—I think the preponderance of opinion is rather in favour of having an absolutely free shipping trade.

8354. To have no deferred rebates at all?—To have no deferred rebates at all. But others, again, argue that deferred rebates are a necessary part of the system, and a necessary part of the policy of having regular Lines of steamers.

8355. (*Sir John Macdonell.*) Has any vote been taken by your Association in respect of the question of deferred rebates?—No vote has been taken.

8356. Has any motion in recent times been made before the Association with reference to the abolition or modification of the rebate system?—We have had the matter discussed on several occasions. The subject was first discussed, within recent years, at a conference held by this Association at Glasgow in 1894, when a paper was read and discussed, which was presented by Mr. Jeremiah Lyon, who is a well-known merchant in London. In 1898 at a conference of the Association held in London, a paper was presented by myself under the title of "Shipping Freights and Conferences, as affecting the Iron and Steel Trades." In 1894 this resolution was adopted in public meeting of the whole Association:—"That this conference of the British iron trade would urge the Board of Management of the Association to call the attention of all the leading subsidised companies of this country to the mischief that has been done, and is still being done, to British trade by the lower freights quoted from Continental ports, and to take such other steps as would seem to them to be necessary in order to secure equal treatment to British shippers of iron and steel goods to the East and to South American ports."

8357. That resolution you say was passed as long ago as 1894 with respect to the subsidised Lines; has any resolution of any kind on this subject been passed since?—Yes.

8358. (*Chairman.*) But that was not a resolution relating to the system of deferred rebates at all, was it?—It was intended to cover that. I happen to know that, because, as a matter of fact, I drafted the resolution.

8359. (*Sir John Macdonell.*) I will come to that in a moment. The question I am now putting to you is, whether any resolution of any kind relative to this system has been passed since 1894?—Yes.

8360. What was the resolution?—We had a resolution adopted only last year.

8361. To what effect?—To the same effect.

8362. To the same effect as that which you have read?—Yes. I am not at this moment sure, because I have not that later resolution before me, whether it specifically referred to rebates, but I think it included preferential rates and rebates—I am pretty well sure that it did.

8363. The Chairman has called your attention to the fact that the wording of the resolution, which you have read, does not in terms refer to deferred rebates—that in the terms of the resolution there is no reference to deferred rebates?—I do not think it specifically refers to them, but it was meant to cover them, I know.

8364. The attention of the British Iron Trade Association having been directed to this question, has the Association ever taken steps to approach the shipowners to ask them to modify the system?—The resolution of 1894, as you will remember, suggested that that should be done.

8365. Were steps taken in pursuance of that resolution?—To the best of my recollection, yes; but I have not looked up the subject for 13 years, so I could not say off-hand; my memory does not carry me back to that.

8366. Have the shipping companies, or some of these shipping companies, been approached from time to time with requests to modify the existing system?—By our Association as a whole?

8367. By your Association?—From time to time, no.

8368. On any occasion since 1894?—Not within my recollection.

8369. Can you give me a reason why that step has not been taken? It has been considered to be the business of the Board of Trade to arrange that matter, and, as you see, we have approached the Board of Trade on the subject.

8370. Do you not think that if the deferred rebate system pressed as a heavy grievance upon the iron trade, steps would have been taken to approach the shipping companies?—The best evidence I think that you can have that it does press upon the iron trade, is the fact that we should have had this deputation.

8371. My question rather assumes that such is your opinion. I am asking you to explain why, if such was the opinion of the Association, steps were not taken from time to time to request modifications of the system?—I have already given an answer. The Association regarded it as the business of the Board of Trade. Then, again, the Association has assumed that in cases of special pressure, the individual manufacturer or merchant would make his own representations.

8372. Has it also assumed that these representations on the part of the individual would be effectual?—It is a matter of opinion whether they would be so effectual as the representations made by an Association.

8373. What I am coming to is this: Yours being a powerful Association, do you see any possibility of the system being modified by some form of contract agreed upon between shipowner and shipper?—I have drafted something, with the approval of my President, which I think would probably meet that case, but I do not know that this is exactly the time to put it in.

8374. Use your discretion with regard to it?—I think I had better read it; it would come in just as well now.

8375. If it is an answer to my question, please do?—The following are some of the conclusions to which the facts would seem to point:—First.—That the "Shipping Conferences should be asked, or required, to make certain concessions in the matter of rebates." Second.—That arrangements should be made to allow "freighters to ship by other lines where they found "it advantageous to do so"——

8376. Speaking for myself—I do not know what the other members of the Commission think—that is not quite the nature of the answer which I invited you to give?—I understood you to wish me to suggest a remedy.

8377. I asked you, in view of the number and strength of your Association, do you think that, by negotiations or otherwise, contracts could be entered into between the shipowner and the merchant which would do away with the evils, as you hold, of the present system?—Each one making a contract for himself?

(*Sir John Macdonell.*) It is for you to say. I ask you to look at the question from your own point of view.

(*Chairman.*) I think Sir John has put a very important question, if you will allow me to say so. Will you put it again, Sir John? I think that question ought to be answered.

8378. (*Sir John Macdonell.*) The question to which I invited your attention is this: Your Association is a large and powerful Association; do you think that by entering into negotiations with all the leading ship-owning companies, or with a considerable number of them, contracts, which would remove the chief evils incident to the present system could be entered into?—I confess I have not considered that matter very much.

8379. Is that not an important aspect of the question?—It is an important aspect of the question, no doubt; but it is not an aspect that we have seriously considered.

8380. You say in your memorandum, "the belief is, that certain matters call for remedy"; I presume you mean by that, a belief on the part of the members of your Association?—Yes.

8381. What is the remedy which you suggest?—I was reading that when you interrupted me.

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8382. If this document contains a suggestion, read it by all means. Tell us, what is your remedy?—Shall I go on again?

8383. As you please?—I have read the first point, then, "Second.—That arrangements should be made "to allow freighters to ship by other Lines where "they found it advantageous to do so, and to extend "the liberty accorded under the cement case, in which "the Shipping Conference allowed British merchants "to take advantage of a lower Continental rate without prejudice to their rebate. Third.—That efforts "should be made, as again in the Cement case, to as "far as possible bring the Continental and British "rates to the same level, where there was found to be "material differences against British rates. Fourth.— "That shipowners should generally grant specially low "rates of freight to rails and other materials needed "for the development of British Colonies and foreign "countries, as in some cases they have already done, "thereby both assisting British trade and developing "Colonial needs and interests. Fifth.—That the ship- "owners should be notified of the desirability, in the "interests of British shipping, of relaxing the con- "ditions under which they now carry on their business, "so as to get rid, as far as possible, of the impression "that they only seek to create a monopoly in their own "favour at the expense of the British shippers and of "the British Colonies."

8384. Is that your suggested remedy, or is it the suggested remedy of the Association?—That is a remedy. The Association left it to the President and myself to draw up what we considered to be proper.

8385. Do I understand that the Association, or the governing body of the Association, empowered the President and yourself to prepare what in your view was a remedy?—With a general understanding that it should take this form.

8386. Who is the President?—The President of our Association was Mr. Heath, and it is now Mr. Findlay, M.P.

8387. In the document which you have just read, you make use of three phrases which struck me. You spoke of "arrangements," you spoke of "efforts" to be made, and you spoke of the shipowner "granting" special terms. Do you mean that "all" this is to be done as a result of negotiations between the two?—It can only be done in one of two ways, it seems to me. It must be done either by direct negotiation or by Parliament.

8388. Does this scheme, which the President and yourself prepared, deal with the question whether it is to be carried out by legislation or by contract?—No, it does not.

8389. There are one or two points of detail that I would ask your attention to. In one of the later paragraphs of your memorandum you say, "The sea "freight from Liverpool to Delagoa Bay is 30s. per "ton for 7,283 miles, the railway rate from Delagoa "Bay to Johannesburg, 394 miles, is 84s. per ton, or "3s. 9d. per 100 lbs.;" what particular commodities are you speaking of there?—Steel.

8390. When you are referring to 84s. per ton and 3s. 9d. per 100 lbs.?—That must refer to iron and steel.

8391. And only to iron and steel?—Yes.

8392. (Mr. Sanderson.) Does your Association consider it of vital importance to it that rates should be uniform for the large and for the small shipper, or does your Association consider it fair that a man with a large quantity should have a lower rate than the other? The matter has been raised here many times, and I should like very much to have your view upon it, as yours is such a large Association?—We have not really seriously considered that point.

8393. So you would not care to express an opinion?—I should not care to express an opinion, because, obviously, the large freighter, speaking of him as an individual, considers that he ought to have some acknowledgment of the fact that he is a large freighter, whereas the small freighter, as a rule, does not care to concede that.

8394. You make allusion in your memorandum to some recent severe competition in the American trade to South Africa, I think it was, in which the rates for iron and steel were so much lower than from England?—That is so.

8395. I presume you would concede to the shipowner in the administration of his business the right to defend himself by some means or other in the case of attack—by retaliation, if you like?—I should expect him to have the same liberty that anyone else engaged in commerce or business has.

8396. Exactly. Have you thought of any means other than this common process of the wholesale reduction of rates that he has to defend himself with—or to attack, as the case may be, but it is generally defence?—That, again, I have not seriously considered.

8397. It is obvious that the shipowner must have some weapon to defend his interests with, is it not?—The general objection is, that he has a much more powerful weapon in his deferred rebate system than any ordinary trader has.

8398. The point I am alluding to here is, that you press as a great grievance that at certain times, when there are violent fluctuations owing to a fight with some other country, your Association, or the members of it in England, are prejudiced. Conceding, as you have done, the right of the shipowner to protect his business, have you, or your Association, ever thought of any other method by which he could do so without giving these?—Without the deferred rebates, do you mean?

8399. Without lowering rates from foreign countries?—No. We have not considered that was any part of our business. We take it that this Commission has been appointed to suggest ways and means.

8400. But we wish to get your ideas. The other suggestion that you make, or rather the inference to be drawn from your evidence, is, that if the rates are lowered, say, from New York to some other far country, and in that country there are manufacturers competing with you, the British Lines ought to come down to the same figure. That is rather a hard position to take up, is it not?—I do not know that any observations I have made justify that inference entirely. We have only spoken of the existing conditions as a monopoly.

8401. I take it from your evidence that you feel that from time to time, when rates are reduced from a foreign country, it is a hardship for the British Lines to continue to maintain the rates that they have been enjoying prior to the inauguration of this foreign rate?—We think that that might be got over to a very considerable extent by allowing the British shipper, as we say in our suggestions, to make his arrangements without prejudice to his rebate when he can get lower rates of freight.

8402. Admitting that position for a moment, that is the case in the South African trade; it is within the power, we understand, of any shipper, or combination of shippers, to take a full cargo of material from England to South Africa without forfeiting his rebates?—By another ship?

8403. Yes; and yet the evidence we have had so far shows that they have not availed themselves of it, because it is admittedly difficult or troublesome to do so?—I know it happened in the case of the cement trade.

8404. The point I wish, in fairness to the shipowner, to bring out from you is this: Do you consider that the British shipowner, who may or may not have had anything to do with a quarrel originating in some other part of the world, but resulting in reduced rates of freight, and as a consequence the English shipper feels the competition—do you think that the British shipowner, who, as I have said, has had nothing to do with this quarrel, should be bound to reduce his rates in England when any attack is made elsewhere?—On the face of it, of course, that does not seem reasonable.

8405. That is the position your Association has taken up, and I just wish to have your views. I take it that with you merchants, when you sell your product to Russia, Germany, India, or any other country, the price at which you sell it is governed by the price obtainable in that particular country?—Yes.

8406. Your prices vary?—Yes.

8407. The shipowner has the same right to vary his freights has he not?—Yes, so long as they are kept within reasonable limits.

8408. In an open freight market, which practically the absence of deferred rebates comes to, in the event of a parallel case to that which you quote of the dispute between the Peninsular and Oriental and the Hansa Line, do you consider that the merchants would have been as successful as they were in that case under the existing system in getting the rates of freight from England lowered to a parity with the rates from Antwerp on account of that war? Do you think the individual shipowners, if they were not associated in a body, would have been willing to compete with the Hansa Line and run direct from Antwerp if they had a free freight market and the Lines were not in association?—There must always, of course, be exceptional cases with reference to every industry; and no doubt this is a case of that kind.

8409. This case which you quote rather tends to show, I presume, one of the advantages of a Conference system?—We do not condemn Conferences entirely; on the contrary, we have said, I think, a great deal in favour of them.

8410. You have, and that is why I had these questions to put to you?—That is what we meant to do.

8411. (*Mr. Maddison.*) With regard to the figures you give of the differential rates to South Africa as between the United Kingdom and New York, how do you account for the difference in the freights from the two places?—I have not been made acquainted with all the circumstances of the shipments, and without a fuller knowledge of the subject I would not care to give any answer.

8412. What is your object, then, in giving these figures? What conclusion do you wish the Commission to draw from these figures?—The obvious conclusion seems to me to be that in certain cases shipments from the United States competing with shipments from the United Kingdom are carried across the ocean for a very considerably less freight.

8413. That is obvious, but do you connect these preferential rates to the American with the deferred rebate system?—Not necessarily.

8414. Am I to understand, following up Mr. Sander-son's question, that your Association, apart from deferred rebates and apart from monopoly, want Parliament, or want this Commission, to interfere with the shipowner and his rates in the various ports of the world, and that he should in some sort of way be restricted in offering, for purposes of his own, lower rates from a foreign port?—We do not say that.

8415. What do you say?—We say that there are certain cases brought under notice where the rates of freight from New York have been much lower than the rates of freight from the United Kingdom. We take it that where cases of that sort occur—not necessarily this particular case, but where cases of any similar character occur—they should be investigated by this Commission.

8416. Do you ever sell iron cheaper in a foreign country than in England?—I cannot conceive of selling iron cheaper, after the freight has been added to it.

8417. We have had it in evidence that it is done so, just as the American sometimes does?—If you are speaking of what is called "dumping," I am not thinking of dumping. Of course, that has been an irregular business.

8418. This is really what I want to get at: Is it your case that these cheaper freights from New York to South Africa are brought about through the deferred rebate system giving the British shipowner a higher price for his freight in a monopoly market, which enables him to take lower freights from New York?—We do not assert that it is so, but we say that that is a fair inference in certain cases.

8419. And where it exists, assuming it does exist, your Association would object to it?—Our Association only asks for fair play.

8420. Your Association would object to it?—Our Association objects to any system that would enable our competitors in the iron trade to get advantages that we do not have.

8421. Your objection has no foundation, has it, unless you can connect it with a system which makes a monopoly in the British market?—That would be the chief argument, no doubt.

8422. Supposing there was a perfectly open freight market, and supposing there were no rebates, no Rings, no Conferences, should you come to this Commission still making this complaint against the ship-owners in a world-competition charging different rates abroad from those they do here?—I presume not.

8423. You would not?—I presume not.

8424. So that really is your answer, that you do not complain of the shipowner in a free freight market, an open freight market, doing that, but under a deferred rebate system you consider that it is unfair, because he does not give you the choice of selection of ships to take your stuff out?—That is so.

8425. You have told us that your Association is made up of contents and non-contents, I think you call them, as to the deferred rebate system. That is how your Association stands; how do you stand?—Do you mean individually?

8426. Yes, individually?—I am only here as a mouthpiece, and in a purely ministerial capacity.

8427. You are actually only here as a mouthpiece, with no opinions of your own?—My opinions as an individual are of no value to anybody.

8428. But, Mr. Jeans, some of us know you; they are of value to other people, and I do not know why they should not be of value here. Still, if you do not care to give your own evidence, but are simply a conduit pipe, I will not press you?—I am bound to say that I think the case is stated very fairly in this memorandum.

8429. But it states it in such a way that no one can really say which side your Association is on?—We do not want to be unjust to any side.

8430. It is a non-committal attitude?—Not necessarily so. We want to be fair to all parties.

8431. Including this Commission?—Including this Commission.

8432. But we want information?—You have got some I think within the four corners of that memorandum; have you not?

8433. We have not got anything sufficiently definite, or as definite as some of us would like. Anyhow, one of your recommendations is, as far as I followed them, that shippers are to be free to ship by other Lines. Surely, if that is one of your recommendations, there might have been a covering one that you are against deferred rebates? You would not suggest that the shipowners should have a system of deferred rebates, and then give this sort of freedom that you have only a right to get, if I may be dogmatic for once, if you go into the open freight market with all the risks of competition?—We have stated, or at any rate we meant to state, that we had no serious objection to the deferred rebate system, provided it were modified.

(*Mr. Maddison.*) Modified in the direction of giving you the choice of shipping by outside Lines if you can get cheap rates?

(*Chairman.*) Follow that up. Is not that proposed modification equivalent to the extinction of the system of deferred rebates? What we want to point out to you, Mr. Jeans, is this—and we should be glad to have your assistance on this point: You say that your Association has made certain recommendations, and Mr. Maddison's point is, that one of those recommendations is so inconsistent with the system of deferred rebates, that it really amounts to a recommendation that the system of deferred rebates should be done away with entirely. That was your point, was it not, Mr. Maddison?

(*Mr. Maddison.*) Exactly; but you have put it so much better than I could have put the same question.

(*The Witness.*) We have stated that there is a certain difference of opinion; there are extremists who would probably abolish the system altogether, and there are others who hold that the system is a reasonable system enough if it is not used in a monopolistic and tyrannical manner.

8434. (*Chairman.*) What would be left of the deferred rebate system if your recommendation were adopted?—It is surely possible to bring into operation certain amendments or changes that would not necessarily abolish it entirely.

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(Chairman.) Not if that recommendation was adopted—at least I do not see it. We want you to tell us how that could be done. I think I am expressing the opinion of all the members of the Commission present, whatever views they may have to take eventually, when I say that that recommendation, if adopted, would be so inconsistent with the system of deferred rebates that nothing would be left of that system?

(Mr. Maddison.) I think you must see that, Mr. Jeans.

(Chairman.) That is the general opinion of the Commission.

8435. (Mr. Maddison.) Probably you do not feel able to explain that?—I have not looked at it quite from that point of view. I have assumed in the evidence that I have given, and, in fact, I have assumed all through, that we were working for an amendment of the deferred rebate system and not for its abolition. If anything that I have said, or anything that appears here, would convey a contrary impression, all I can say now is that it was not intended to do so.

8436. Perhaps you would prefer to withdraw your second recommendation about allowing shippers under this deferred rebate system to ship on outside steamers at their option?—But the principle has already been conceded in the well-known cement case.

(Chairman.) After all, our time is valuable, and I think I may say that if that recommendation is to be coupled with the modification to which you just now gave expression, that recommendation is, in the eyes of the Commission utterly worthless. I think that is the general opinion?

(Mr. Maddison.) I will leave it at that; I will not take up the time of the Commission further on it.

(The Witness.) I would venture in that case, sir, with your permission, to withdraw the recommendation upon which that general impression appears to be based.

8437. (Mr. Maddison.) There is just one final question, and here, perhaps, I am altogether at fault. I did not quite catch the wording of it, but you said something about low rates for rails to the Colonies?—Yes.

8438. What do you mean by that? Why should you call upon shipowners to take rails, in particular, at low rates?—Rails and other iron and steel, I say.

8439. "That shipowners should generally grant 'specially low rates of freight to rails and other materials needed for the development of British Colonies and foreign countries'?"—Yes.

8440. Why do you make that demand upon shipowners?—Because it has already been done in several cases. The shipowners themselves have put forward a plea that they have done so; and we think that as rails and similar cargo are usually carried in great bulk, they should have cheap rates of freight.

(Mr. Maddison.) That is to say, that they should be put on an uneconomic basis, as it were, in the freights, and that the shipowners should take them out of some patriotic regard for what?—I do not quite know?

(Mr. Taylor.) It is not patriotic, for he says foreign countries as well.

8441. (Mr. Maddison.) Yes, it is to foreign countries, too. What is really the meaning of that recommendation, Mr. Jeans? I do not understand it?—In a statement made by the South African Shipping Conference last year it was stated that the shipowners, in granting specially low rates of freight for material used in the construction of railways, harbour works, &c., had materially assisted in the development of the country. So that they have already done so; and the only point made in that recommendation is to express the hope that that might be continued.

8442. It is just a pious hope to the shipowners then—I have no objection to that?—I did not say that.

8443. I thought it was a recommendation to us, and if it is a recommendation to us, I am completely at sea to understand what it means, I am bound to say, that we should call upon people who get their living by carrying freight, and calmly ask them to do something for the Colonies and for foreign countries. Why should we not have a recommendation that your iron people should make iron cheaper for the Colonies and foreign countries, and sell it at so much less per ton?

But I will not occupy the time, because I evidently do not understand the recommendation at all?—They carry our freight in very large quantities, and that is usually considered.

8444. (Mr. Owen Philipps.) The Iron Trade Association includes both large shippers and small shippers, does it not?—Yes, it does.

8445. The very large shippers are, I suppose, in a somewhat different position with reference to this question to that of the small shippers; is that not so?—They have larger quantities of freight to offer.

8446. And, therefore, are in a position to arrange outside the Shipping Conferences in a way the smaller shipper would not be able to do?—Yes, that is probable.

8447. Is it not the case that the smaller man who ships in smaller lots finds it more important to him that a regular service of steamers should be maintained?—I think that may be conceded.

8448. Therefore, your Association, representing people with distinctly different interests, have grounds for wanting to take a middle course; is that not so?—I do not know that I said that.

8449. (Professor Gonner.) You have not come to any very specific and definite recommendation, have you? You have indicated that you would like that freights should be cheaper, and so on, rather than suggested any specific action which we could take?—We only meant to suggest to the Commission points for their consideration, and not to go much further.

8450. What we want are suggestions that we might consider as practicable suggestions; because every one would like arrangements to be made whereby everything could be carried cheaper at no loss to any party concerned, and so on; but that is hardly specific enough, is it? Your recommendations, if I may so, are so very general in their character. Apart from the fact that one or two of them go a great deal further, I think, than you meant, you have not anything of what we might call a more specific nature to suggest?—No. We were invited to give evidence before this Commission—we did not ourselves put the matter forward, I think—and we assumed that our business was to prepare as many relevant facts as we could, and that the Commission would deal with those facts in their own way and in the light of other information which they possess and we do not possess.

8451. I quite appreciate that. The main note of the grievance or difficulty you have experienced from the system of Conferences is, I gather, the differential rates in the case of foreign trade and from foreign ports?—Yes; and I think almost without exception there is, as I have stated in the course of my memorandum, objection entertained to the fact that the payment of the rebates is so long delayed.

8452. Those are the two points: First, that you think that somehow or other—we will not go into ways and means—English manufacturers ought to be secured against their competitors abroad having cheaper rates than they possess; and secondly, that the period of deferment ought not to be so long?—Those are really the fundamental points.

8453. What period would you think was a reasonable one?—We have not considered the period.

8454. About what period, I mean?—As short as the Commission can see its way to make.

8455. Then it might become a vanishing point? You do not suggest that the deferment should be altogether abolished, I gather; according to your memorandum you do not suggest that there should be no deferment, only that it should be a short deferment?—That is so.

8456. I think one is almost entitled to ask, how short it should be—I mean, about how short; two months or three months?—To the average shipper the period could hardly be too short. He wants to get the money as soon as he can.

8457. You feel that he is at present tied, and that that tie sometimes acts to his prejudice?—That is so.

8458. (Mr. Taylor.) One of your paragraphs begins: "In the case of the United Kingdom, Belgium, and Holland must be carried by specific ships to entitle to the rebate." What does "specific ships" mean there? What are the conditions? Is it not sufficient that the steamer

should belong to Messrs Holt, or do you mean that they must be specially named steamers belonging to Messrs. Holt?—I think it is specially named steamers; but I must consult the document itself.

8459. (*Mr. Owen Philipps.*) May I assist you? Are you not referring to the fact that the ships are named in the statement when you claim the rebate, though they are not named in the circular to begin with? You have to ship by a certain Line, and when you claim the rebate some Conferences send out a list of the ships on which you are entitled to the rebate?—That, I think, is the point.

8460. (*Mr. Taylor.*) In that case, perhaps you would like to correct the wording of this paragraph? It merely means that when a manufacturer or a merchant sends his claim he names the ships by which he has sent the goods?—That is what I say.

8461. It does not mean at all that the shipments must be carried by specified ships?—It means "by ships that are specified."

8462. (*Mr. Owen Philipps.*) May I suggest that it should be "ships of specified Lines"?—Yes, that would be better.

(*Mr. Taylor.*) That is a truism. Of course, the goods must be carried by the specified Line because the only Line going is the Holt Line, and obviously the Holt Line is not going to tolerate shipments by any other Line.

(*Lord Inverclyde.*) It must be carried by ships of the Holt Line.

(*Mr. Taylor.*) If I may suggest words that cover the point, you really mean that in the case of the Holt Line any shipper claiming rebates must at the termination of his period, when he makes his claim, specify the ships by which he has made his shipments. I think that is all; and I think there is nothing special about that.

(*Chairman.*) That is so in all cases.

(*The Witness.*) That was only intended as part of the information got from these forms, which I have embodied in my brief, in order to show how the rebate system is worked.

8463. (*Professor Gonner.*) Is there any difference between the Holt form and any other form?—That I must see.

8464. (*Chairman.*) I think we can pass from that point. We have before us here the declaration which has to be made by those who ship on the Lines belonging to Messrs Holt, so I do not think we need trouble you about that?—The forms are all here; I brought them with me. Of course, the point that you have just asked about has the meaning that Mr. Owen Philipps attributed to it, that the name of the ship must be specified in the declaration.

8465. That is in all the declarations?—Yes.

8466. (*Mr. Taylor.*) I do not think there is anything unusual in that?—It was not intended to convey any such impression.

8467. Immediately below the paragraph we have just been referring to you will see the words "Rebates

"are invalidated in the case of shipments via Magellan "by certain Lines, but not in other cases." Do you know what that means?—That also I got from one of these forms.

8468. (*Chairman.*) Will you show me the form from which you draw that inference?—Yes. (*Forms handed in.*)

8469. (*Mr. Taylor.*) Do you know what "Magellan" means?—I take the words from the form.

8470. Do you know what "Magellan" means in this connection?—I know that there are the Straits of Magellan.

8471. Do you think that is what is referred to?—That I do not know.

8472. You would not like to dogmatise on that?—No; I am not a shipping authority.

(*Mr. Taylor.*) I think myself that "via Magellan" must mean via Magellan Straits; but why should rebates by those particular Straits be invalidated? Is there something in the atmosphere of those Straits which is averse to rebates?

8473. (*Chairman.*) There is really no use putting in a statement of that kind unless you can tell us what it means; and if not we had better strike this out. What is meant by saying that "rebates are invalidated in the case of shipments via Magellan by certain Lines, but not in other cases"?—The whole of the data in this part of the memorandum have been abstracted from the forms that are before you.

8474. Will you show me the form from which this is taken?—I will undertake to do so if you give me time; I cannot at the moment.

8475. You have been good enough to put in the declaration in each case, and here I have got one relating to the trade of the West Coast of South America, and I see it is from that declaration that this statement is made about rates being invalidated?—Yes, it is.

8476. We can draw our own inference by looking at this declaration. You cannot tell us anything more than is contained in this declaration which is before us, can you?—The whole object of this part of the memorandum was to summarise practically the contents of these forms.

8477. So that by looking at these declarations, which you will allow us to keep, I presume, we shall be able to understand what is intended to be here stated?—No doubt. But I may say that I have undertaken to return those forms, and no doubt your secretary, after a short interval, will be able to see that I can get them back.

8478. You are referring to a statement of this kind—I am looking now at the declaration relating to the trade of the West Coast of South America, including the Straits of Magellan—and I find in the margin this printed stipulation, or condition, or notice:—"Shipments via Colon by the following Lines will not invalidate claims for rebate"; and then the Lines are mentioned. That is no doubt what you refer to?—No doubt.

*Mr. J. S.
Jeans.
11 June 1907.*

FOURTEENTH DAY.

Tuesday, 18th June, 1907.

PRESENT :

The Right Hon. ARTHUR COHEN, K.C. *Chairman.*

Lord INVERCLYDE.
The Hon. C. N. LAWRENCE.
Sir Hugh BELL, Bart.
Sir W. T. LEWIS, Bart.
Sir D. M. BARBOUR, K.C.S.I., K.C.M.G.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
Captain R. MUIRHEAD COLLINS, C.M.G.

The Hon. W. PEMBER REEVES.
Mr. J. BARRY.
Professor E. C. K. GONNER.
Mr. OWEN PHILLIPS, M.P.
Mr. OSWALD SANDERSON.
Mr. AUSTIN TAYLOR, M.P.
Mr. I. H. MATHERS.

Mr. J. A. WEBSTER, *Secretary.*

Mr. JOSEPH PATON MACLAY, called, and examined.

Mr. J. P.
Maclay.
18 June 1907.

8479. (*Chairman.*) You are the senior partner of the firm of Maclay and McIntyre, shipowners, Glasgow?—That is so.

8480. And you have prepared a printed statement of the evidence which you propose to give?—Yes.

(*The witness handed in the following statement.*)

1. I am the senior partner of the firm of Maclay and McIntyre, shipowners, Glasgow. We have under our management 41 steamers engaged in general trade, of tonnage varying from about 1,900 tons to about 7,800 tons. These steamers trade in all parts of the world. I have been in business for over 20 years.

2. In connection with the Commission, a meeting of tramp shipowners was held in Glasgow on 10th December, 1906. There was an attendance representing a large amount of tonnage, when it was agreed, with only five dissenting, all of whom were directly or indirectly connected with Lines, that Shipping Rings worked on the deferred rebate system were detrimental to the interests of the trade of the United Kingdom, contrary to public policy, unfair and unjust, and that legislation was called for, and a committee was appointed.

3. The committee have had various meetings, and the statement I am now submitting has been approved by them.

4. On the 17th April the Secretary to the Commission was good enough to write me stating that it had been suggested to the Commission that I "would be able to assist them in their enquiry by supplying information as to the way in which the owners of tramp tonnage are affected by the Shipping Rings and the Deferred rebate system."

5. In reply to the enquiry before quoted I would say, it is obvious that if Shipping Rings working on the deferred rebate system restrain shippers' freedom of bargaining, making it a condition of carrying the goods that they are to restrict their shipments to specific Lines, the effect is that in all trades controlled by these Lines outside ships are excluded. This is the case. A monopoly has been secured by a system of coercion, and it is for the Commission to say whether this system is to continue when it restricts great trades to comparatively few individuals, and in effect excludes others from engaging in them. Under the deferred rebate system a shipper never is free. He can only pass Ring Lines by forfeiting his rebates, and with the knowledge that if he does so he, in addition, may be penalised. Before the introduction of the deferred rebate system a large number of outside steamers found employment in loading general cargoes in whole or in part for ports which were also served by Lines. Now, so completely are shippers bound up under the Conference arrangements that it is practically impossible for an outside steamer to load on the berth with general goods on any regular trade route controlled by a Ring. Even in cases where these steamers can offer exceptional advantages, or materially lower rates of freight, shippers are unable to avail themselves of the opportunity. Rings have become so powerful that shippers who may have large shipments of cargo, such as rails, machinery, pipes, etc., are forced to make their arrangements through the Rings—the latter in many cases requiring to employ outside steamers to carry out the contract.

6. I have said that the shipper is not free at any time to re-consider his position and make his bargain. I am satisfied that the case is not over-stated in so

putting it—indeed it is not for the Rings to say that I am because the whole meaning of the deferred rebate system is to put the shipper in such a position that he cannot afford to set himself free of the Lines. The coercion is effected by charging higher freights than necessary and then returning to the shippers a considerable percentage after a material interval of time, provided the shippers have refrained from shipping during the interval by outside steamers. The result is that there are always, 9, 12, or 15 months' percentages outstanding.

7. The system of Shipping Rings to a large extent defeats the tendency to cheaper transit by keeping up rates at a fictitious level. Freight in a free market would reach their true economic level. There can be no doubt that often owing to the state of the general freight market, orders can be secured for particular ports in the United Kingdom, or for British products which are lost because of the rigidity of the arrangement with the Ring Lines, and because either the British merchant or manufacturer, or the foreign merchant or importer, is not in a position to pass them.

8. A system depriving shippers of freedom of bargaining cannot be defended. I have read some of the evidence given before the Commission, and I cannot see any suggestion that it is right so to bind the shipper. It has been stated that shippers might not get regular sailings without the deferred rebate system. This is a fallacy and misrepresentation. Instead of Ring arrangements increasing sailings, they reduce them, for new Lines cannot be started; while increased trade from lower freights would be bound to promote regular sailings. Regular sailings were given before deferred rebates came into existence, and as trade requires it, steamers will be supplied. What are called Rings just do as others do unless bound by mail contracts or otherwise. They often blank sailings when they do not get sufficient cargo. It has been suggested that in order that merchants may trade on equal terms with the Colonies or abroad it is expedient that there should be a monopoly in the sea carriage of goods so that there may not be such fluctuation in freights as to upset the merchant or manufacturers' calculations. It is very rare indeed that merchants cannot protect themselves in advance for any class of freight when they want to do so, and, without doubt, in an open market it would be easier done than with Rings as at present constituted.

9. Nearly every Line now in existence was built up without the aid of deferred rebates, and in New York, since the date of the Elkin Act, I understand that Lines have increased. The coasting trade of the United Kingdom is carried on without rebates, and the same is true of some regular Lines for foreign ports.

10. There is no doubt that in the past the Lines have favoured New York, for example, as compared with the home merchant or manufacturer. It may be true that of late there has been some levelling up from the States. So far as I know, even yet goods from the States are carried a much longer distance for no higher or for a less freight than from the United Kingdom. If, however, the Commission reports that matters should remain as they are, it is inevitable that the Rings in their own interest would from time to time do whatever suited them.

11. As regards outside ships, the Shipping Rings are merciless in their treatment, and if it suits them they are ready to go into any market when in want of

stray cargo, and to reduce freight to any extent necessary to procure it. In some cases they ship cargo in opposition to merchants in order to fill up.

12. Apart from the ports from which Ring steamers run, it is not possible to start Lines from other ports, as the Ring system goes so far that unless it suits the Ring to send steamers to certain ports the shipper must send their goods to ports where there are Ring steamers, although it might be possible to get steamers from their own ports at lower freights and charges.

13. It is desirable that the Commission should understand how impossible it is to start opposition Lines. A Line might be started from one port, but shippers who might gladly support it cannot do so, as they could not carry on their business from other ports because of loss of rebates. For instance, a Glasgow Line protects a Line running from ports such as Liverpool, London or Antwerp, and an Antwerp Line protects the Glasgow and other Lines. It is not a case of each Line looking after its own, but each Line bars merchants from being free agents, even outside of the ports in which individual Lines are interested. To suggest that Ring Lines and shippers might meet occasionally and arrange rates, may be plausible, but business experience shows that no practical good can result when one party to the Conference is in the position of an autocrat.

14. If Rings plead that in the interests of commerce they should be given a monopoly of sea carriage, surely it should follow that they must not have despotic power to regulate the conditions of carriage and the rates of freight. As in the case of railway companies or other cases of monopoly, the Legislature would have to provide some tribunal to regulate the rates of freight and conditions.

15. If Shipping Rings are allowed to continue their operations, the general trade of the country, so far as export is concerned and also to some extent as regards import, will be dependent largely upon them. They are in the position of autocrats. They can influence the trade in the United Kingdom to any part of the country they desire by varying the rate of freight from different ports to suit themselves. They can keep trade out of the country, and generally, Shipping Rings have become so strong that trade is to a material extent dependent on their goodwill. Such a condition of matters should not be tolerated.

16. Merchants often invite outside shipowners to quote rates to see if the reduction will be of such character that they could lose their rebates and send special shipments by outside steamers. This, however, is rarely possible, as the deferred rebates usually amount to too much money. Recently my firm offered for a large contract of about 100,000 tons material. The freight quoted was, I believe, about 30 per cent. less than by the Rings. The merchant who was tendering for the material had to estimate his loss on rebates, and add it to the freight quoted. Then even it was, I believe, considerably lower than the rate given by Lines, but the contract was lost to Glasgow and went to the Continent, whereas, if the merchant had been free to tender on the figure quoted by my firm without adding rebates there is strong probability that this large order would have come to this country, so that the contract for freight was not only lost, but the making of a large quantity of material also lost to the country.

17. It is right to point out that Great Britain is placed at a great disadvantage even if put on the same basis of freight as the Continent and America. Great Britain is the home of the great bulk of the shipping of the world, and under ordinary circumstances freights should be considerably lower from Great Britain than from any other country. At many foreign ports, such as New York, the expenses to steamers are enormously greater than at such ports as Glasgow, Liverpool, &c., and, in addition, steamers frequently have to proceed in ballast to New York to load cargoes, especially for the Cape and Australia, and all this increased expenso should be added to the freight from America, making it much higher than from the United Kingdom, while in fact it is not higher but usually lower. Steamers get the cheapest and best bunker coal in this country, and in other ways they have advantages over other countries. When the Rings charter, as they regularly do, outside steamers, they can always get them at considerably less money from this country than from America. Further, German and other railways are understood to give advantages to shippers which are not given to shippers

in this country by British railways, and it makes it more imperative that British shippers should not be deprived of the natural advantages of the United Kingdom. With a free freight market, this country would enjoy lower freights than any competitive exporting country.

18. The liberation of the export trade of this country from the present throttling system would undoubtedly tend to develop outward business, and that development would tend in the long run to a lowering of homeward rates as well. Instead of being a loss to what are called the Ring Lines they would get a benefit by having the whole rebate system swept away. There would be a greater development of foreign trade, and while they might lose a little on one hand they would greatly gain on the other. It is not the experience of Lines which run without rebates that outsiders are constantly coming in. Such is not so. Outsiders may get trade from time to time, but regular Lines have the first call and large advantages.

19. Some large markets, especially homeward markets, are not governed by Rings. The rice trade from Burma, the Bombay trade homewards, the Black Sea trade, and many other trades carry on gigantic business and find no difficulty in getting tonnage and adequate sailings without rebates. The Rings are most powerful in the general cargo trade from the United Kingdom and Continent, and they are undoubtedly more prejudicial to the trade of the United Kingdom than to that of any other country. As an example of a homeward Conference, I understand the China Conference homewards has maintained its rate for tea at 45s. per cubic foot, less rebate for a number of years, while before the New York Conference was formed the rate to New York in a free market was about 20s. to 25s. Other goods were similarly handicapped, and the trade to this country was thereby prejudiced. Now, New York rate is 37s. 6d., and London rate 45s.

20. Much is made in the case of the Cape trade of the fact that there is no returning business, but the Cape is a natural route to Australia, &c., and it is no disadvantage to a ship to discharge her cargo there and proceed further for her return cargo. The Cape gives an owner the advantage of a choice of homeward market, and the argument that there is no return cargo is of no weight except as regards the mail steamers, and the fact that they have to return whether there is cargo or not ought to be considered in adjusting the mail subsidy.

21. I would desire to point out the positions of the Home and Colonial and Indian Governments, and the cases of Indian railways, &c. When they call for tenders there can be no effective competition, because the lines having command of all the other cargo necessary to make up paying cargoes are in a position to preclude real competition, and there is no active competition between the Lines. The result is that when any large quantity of rough cargo comes on the market it is secured by the Rings, and is frequently sublet to outside steamers, often at substantially lower freights than the Rings' contracted rate.

22. It is right to say that it is difficult to get merchants and also some shipowners to give evidence, though few merchants and shipowners are to be met with who do not condemn the deferred rebate system as subversive to the trade of the United Kingdom, but in consequence of many of them acting as agents for Lines at home and abroad they are unable to come forward and publicly state their opinion. The influence upon others of the strength of Lines, &c., keeps them from publicly stating their views.

23. On the whole I submit that outside shipowners, to the detriment of the general trade of the country, are unreasonably shut out from employment for their ships by the operations of Shipping Rings, and that merchants, being charged higher freights than are necessary, lose a large amount of trade by the present system.

8481. (*Chairman.*) The statement which you produce is extremely clear, but there are one or two points on which I should like to ask you a few questions. You speak in the second paragraph of a meeting of tramp shipowners which was held in Glasgow on December 10th, 1906; how do you define a "tramp shipowner"?—I should define a tramp shipowner as a man who is engaged in general trade to and from different parts of the world without having a definite Line running to definite ports, that is, not confining himself to one or two ports.

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Maclay.
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S482. As distinguished from those combinations of shipowners who run ships from definite ports to definite ports?—That is so.

S483. In paragraph 5 you say in substance, I think, that by means of the system of rebates, the Conference Lines have virtually acquired a monopoly?—That is so.

S484. Do you mean that that monopoly has been acquired because shippers cannot employ outside steamers without forfeiting their rebates, which amount to a considerable sum?—That is so.

S485. And because shipowners have acquired that quasi monopoly, they can exercise, you think, a system of coercion?—I believe that to be so.

S486. If you will allow me to follow your reasoning, you proceed to say that if it be true that they have acquired a monopoly of sea carriage, then it would be proper that some authority should regulate the conditions of carriage and rates of freight, just as in the case of railway companies?—I would say so, if they have a monopoly.

S487. I am only trying to make sure that I quite understand this interesting evidence. In paragraph 17 you say that, in your opinion, in the natural course of things, British shipping ought to stand in a much better position than German shipping or the shipping of other foreign countries?—Yes, I say so.

S488. Your words are: "Great Britain is the home of the great bulk of the shipping of the world, and under ordinary circumstances freights should be considerably lower from Great Britain than from any other country"; and then you state your reasons for that. Is this the effect of paragraph 17—that it is your opinion that by means of a rebate system, shipowners are able to charge excessively high rates from England, as compared with the rates from the Continent?—There is not so much difference between freights from the United Kingdom and the Continent as between freights from the United Kingdom and America, because the Continental people and the United Kingdom people work together, practically.

S489. Then I do not quite understand this sentence: "Further, German and other railways are understood to give advantages to shippers which are not given to shippers in this country by British railways, and it makes it the more imperative that British shippers should not be deprived of the natural advantages of the United Kingdom. With a free freight market, this country would enjoy lower freights than any competitive exporting country." So you seem to say that, but for the system of rebates, freights from this country would be comparatively lower than freights from other countries?—I believe that is absolutely correct.

S490. Then paragraph 17 really comes to this, does it not—that, in your opinion, if the system of rebates did not obtain in this country, freights from this country would be comparatively lower than freights from competitive exporting countries?—That is undoubtedly my opinion; and if I may add just one word, that is proved by the fact that freights to this country from abroad are less, generally speaking, than to any other country.

S491. Passing on, in paragraph 19 you observe that there are some large markets which are not governed by Rings, and you instance the rice trade from Burma, the Bombay trade homewards, the Black Sea trade, and many other trades carrying on a gigantic business. These trades, you say, find no difficulty in getting tonnage and adequate sailings without rebates. Why is there no system of rebates in those trades that you there refer to?—No Ring has tried to form a system for the homeward business to which I refer there; and I fancy it would be impossible in any case, because the great bulk of the trade referred to there is done by merchants shipping entire cargoes, and not by small sectional shipments.

S492. I should like to make that a little more clear. Do you mean that in those trades ships are generally chartered by one merchant?—Very often so. I would not like you to understand that that applies very generally. To a great extent it does apply, but shipowners can put their steamers on the berth, say, at Bombay, Calcutta, and Karachi, for any home ports; and that is done systematically and regularly.

S493. What is the essential difference between the rice trade from Burma the Bombay trade homewards, the Black Sea trade, and the other trades you mention, and the trade, say, to South Africa?—I cannot say that there is any very great difference, after all. Naturally, as I said a few moments ago, in many cases a man comes into the market, and he can take an entire steamer for his cargo; but there is an enormous berth trade from India and elsewhere home without any rebate system. There is, I believe, from Calcutta some sort of rebate system, but it is not worked, I understand, at all on the lines on which the African trade is worked, and I think the merchant gets his rebates irrespective of whether he ships by other vessels or not.

S494. Can you tell me why shipowners should not have recourse to the system of rebates in those trades you mention?—They have not got the strength to do it, supposing they desired to do it.

S495. Are the steamers which are engaged in these trades that you refer to first-class steamers?—I should say the great proportion of them are equal to what are called the Line steamers. I would except the Line steamers which carry passengers; but, as you know, many of the Line steamers do not carry passengers, and some of them carry but a few, and these steamers are no better than the ordinary tramp boat.

S496. Are the sailings regular?—They are as regular as is required by merchants. We never hear of such a thing as a complaint for the want of a steamer. In the same way, there are quite a number of Lines leading out from this country which work without the rebate system. I understand the Atlantic freeboard is very much worked by Lines without any rebate system, and that there are Lines running to the West Indies and other places without any rebate system.

S497. You say that these Conference Lines have acquired a virtual monopoly; what would you recommend us to do? How would you do away with that monopoly which now exists? You have got to break the fetters which now coerce, you say, the shippers; and I want to know how you would do that?—I think what is required is a law whereby it is made illegal, by any system of deferred rebates or other conspiracy, so to bind shippers that they cease to be free agents. There is one clause in the Elkin Act, which, I think, practically covers the position. As you are doubtless aware, under the Elkin Act the deferred rebate system was put out of existence in the States.

S498. This is a point on which I want to have your assistance: Shippers, you say, are now not free to employ outside steamers, because they would forfeit their rebates?—Just so.

S499. Taking things as they stand now, would you recommend that the rebates which are falling due should be payable to the shippers, whether they employ outside steamers or not?—I do not think there should be any system of rebates which hinders a man from being a free agent. If you make a rebate which is practically a discount, no one objects to it; but deferred rebates are totally different, as worked now, from discounts.

S500. Would you recommend legislation which would operate retrospectively?—No; I should not think that quite fair. I suppose a Ring is worked quite within the law at present, and I think it would be very hard to interfere with a Ring in a retrospective way.

S501. (Sir Alfred Bateman.) At the end of paragraph 5 you say: "Rings have become so powerful that shippers who may have large shipments of cargo, such as rails, machinery, pipes, &c., are forced to make their arrangements through the Rings—the latter in many cases requiring to employ outside steamers to carry out the contract." Do you take that to be an advantage to the Rings?—Undoubtedly, because, generally speaking, they make large profits.

S502. In paragraph 21 you say: "When any large quantity of rough cargo comes on the market it is secured by the Rings, and is frequently sublet to outside steamers, often at substantially lower freights than the Rings' contracted rate"—That is correct; that is to say; the Rings are in such a position as to command the cargo, and they command it at their own price; but when they are not able to carry a cargo in their own ships, they come into the open market and charter outside tramp steamers to carry

the cargo, and, generally speaking, make a very large profit out of it.

8503. In that case they do absolutely nothing to make this large profit?—That is so.

8504. Do you know of cases in which that has happened?—It is happening every day.

8505. You have not got an instance with you, have you?—No; but shipowners in the Rings are chartering steamers every day in London for the carrying of cargo.

8506. That is, they are chartering outside steamers?—Just so.

8507. And they are making a profit on the freights?—Large profits.

8508. But you have not got a case?—No; but it is not a single case—it is happening times per day, systematically.

8509. In paragraph 11, you say: "In some cases 'they'—that is, the Shipping Rings—"ship cargo in opposition to merchants in order to fill up." I suppose that the tramp shipowners ship cargo on their own account a good deal, do they not?—Yes, they do sometimes; but you should understand that the tramp shipowner is practically now reduced to carry coal and rough cargo, so that he does very little in the way of shipping anything which would be a real opposition to the merchants.

8510. I suppose a tramp shipowner also ships other goods on his own account sometimes, for instance, cement and rough goods?—Yes. It is done to a very limited extent, but it is done.

8511. I do not think we have had any estimate of the importance of your trade, that is, of your tonnage as compared with the liners' tonnage. Taking the total tonnage of British shipping, would you say that the tonnage of tramp shipping is one-half?—I am sorry I have not got the figures. I do not remember at present how it stands; but I know the tramp tonnage represents a very large proportion, and large numbers of what are called liners are very often really tramp boats. It is rather difficult to get at the distinguishing figure.

8512. You mean the definition is rather difficult?—It is.

8513. Still, it can be got at more or less, I suppose?—It could; I have no doubt some one has it.

8514. It has been done, has it not?—I think it has.

8515. And an estimate has been prepared?—I think an estimate could reasonably be got out.

8516. Have you any idea of the amount?—I have no figures in my mind at the moment.

8517. You could not say, then, whether it is a half or a quarter?—It is a very large half, I should say.

8518. Your trade is a very large half?—Yes; I should be surprised if it is not two thirds—if not more.

8519. (Chairman.) That is, that the tonnage of tramp shipping is more than half of the whole tonnage?—I should think it would be more than two-thirds.

8520. (Sir Alfred Bateman.) In paragraph 12 you say: "Apart from the ports from which Ring steamers run, it is not possible to start Lines from other ports as the Ring system goes so far that unless it suits the Ring to send steamers to certain ports the shippers must send their goods to ports where there are Ring steamers." I am rather confused as to whether that means from or to other ports?—It means this, that if it does not suit the Ring to send a ship to load in Glasgow, the Glasgow shipper must send his cargo say to Liverpool, or wherever the Ring chooses to load its steamers.

8521. That is, in the case of sending goods from Glasgow?—Yes, from Glasgow.

8522. Not to Glasgow?—No; because we have no Rings operating inwards—Rings operate outwards in this country, and there are practically no Rings of any moment that operate inwards.

8523. Into this country, do you mean?—Into this country.

8524. Surely that is not the case? Do you not speak of the homeward China Conference? (Mr. Taylor.) In the tea trade?—The homeward Conferences are very

few; but that is one, and I do not know that I can think of any other at the moment.

8525. (Sir Alfred Bateman.) Then there is the West African trade, and the Elder-Dempster Lines; is that not rather important?—The Elder-Dempster Lines, I understand, practically control the West African trade into this country; but, speaking generally, there is very little trade into this country in connection with Rings of that description.

8526. I take it that you attach most importance to the Rings that control the shipments from this country?—I do, because up to the present the number of inward trades controlled by Rings is very trifling; but I have no doubt they will grow fast enough if this system is allowed to continue, and that the homeward Rings will increase, just as the outward ones have increased in the past.

8527. In paragraph 16 you give an instance of a large contract of about 100,000 tons, where the merchant had to estimate his loss on rebates before he could go to an outside shipowner?—That is so.

8528. You say: "Then even it was, I believe, considerably lower than the rate given by Lines, but the contract was lost to Glasgow." How was it that the contract was lost?—It was lost, because Continental manufacturers put in tenders at less money.

8529. They put in lower tenders?—They put in lower tenders.

8530. I suppose you mean us to gather from this that if a much lower freight had been possible, the tender could still have been covered in this country?—There is a very great probability that that would have been so.

8531. In paragraph 20 you speak about the Cape trade; but are you well acquainted with the trade to the Cape?—I have a fair knowledge of the trade.

8532. Then you are aware that there is a deferred rebate there of 10 per cent.?—Yes.

8533. Which it has been proposed in the last day or two to reduce to 5 per cent.?—I do not know of any such proposal.

8534. If it was so, should you consider that that was an improvement?—I think anything in the way of a deferred rebate is to be reprobated, in any shape or form. Why should they have even a 5 per cent. rebate, if it is not just to control the position?

8535. But you recognise that 5 is only the half of 10?—I should have the same objection to the system if it was 1 per cent.

8536. Then it is the system you object to, not the effect so much?—The principle is as bad with either percentage.

8537. Surely 1 per cent. would not have so much effect?—What is the 1 per cent. used for? I agree that it would have a perceptibly less effect; but the 1 per cent. is used for a purpose—it is used to keep the shipper from being a free agent.

8538. (Sir Hugh Bell.) I should like to pursue Sir Alfred Bateman's question as to the proportion between tramps and liners. Can you suggest any way by which the Commission could be informed as to their relative proportion?—I think Lloyd's could give it.

8539. But we should have to define what we mean by tramps, should we not?—Yes.

8540. Could you help us to that definition? As Sir Alfred Bateman suggests to me, I might put my question the other way about—Could you define the liners, and make the rest tramps?—You could get it more clearly by saying, "Define Rings against what are outside of the Rings." In that case, you would introduce into the first division what are practically tramp steamers to a great extent, but still they are controlled by the Rings, and they come under the operation of the Rings.

8541. I think that that would not serve the purpose that I, at all events, have in view; I was coming to that point later on, and I will not deal with it at the moment. What I want to get at now is some kind of an opinion as to the relative proportion of steamers which are on fixed stations and those which are not on fixed stations?—I think that could be given by Lloyd's with a very much trouble.

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8542. Then I will not ask you further on that. You suggest that there are a good many outside steamers hired by the liners?—That is so.

8543. Freightred for specific purposes or specific voyages?—That is so.

8544. Should I be right in regarding a steamer so freighted as being essentially a liner?—She is only a liner for the time she occupies in fulfilling the operation.

8545. But while she is doing that she is no longer a tramp?—That is practically so.

8546. Therefore, would there be much difficulty in distinguishing between the station steamers and the tramps?—I think it could be done without difficulty.

8547. You, for example, might quite conceivably give a charter for one of your steamers to some Line, say to the P. & O., or to a West African or to a South African Line; and then it would cease to be a tramp for that purpose?—Yes. I think the estimate could be prepared without a great deal of trouble.

8548. But you are of opinion that on any reasonable definition the relations between the two classes of steamers will be as much as two-thirds tramps and one-third liners?—I should think that the tramps would even exceed two-thirds. I should be surprised if the liners even mounted up to a fourth.

8549. That is to say, the proportion of the trade which you represent is much the most important part of the trade?—I believe it to be so.

8550. Both in tonnage, and, I suppose, in revenue-earning capacity—because that is a point, is it not?—That also applies.

8551. Would you think the tramp was a better revenue-earning machine than the liner?—I would not think so.

8552. But the position of the liner is that, at all events on the chief Lines, the steamer has to start whether she is full or empty?—Not of necessity.

8553. Surely?—No.

8554. She is advertised to start on a particular day?—That suits the convenience of the Line that starts the steamer. They do that for their own interest, just as we in the tramp trade often carry on our business at a loss in the same way. We have seasons of the year when things are comparatively dull, and when we very often carry on our business at a loss; and the liners are exactly in the same position. I think you will find that shipowners are no more philanthropists than other people, and that what they do they do for their own purposes and for the greatest advantage of the Line.

8555. I did not imagine that the shipowner was a charitable institution; I thought he was carrying on business with a view to profit?—I, of course, mean by that that the man who runs a steamer with comparatively little cargo does it for a purpose; he does it for the benefit of his other sailings, perhaps.

8556. The point I was wanting to put to you was this: Take any one of the great Lines which advertise steamers to leave particular ports on particular days; they must go on those days, and as a matter of fact they do go on those days; is that not so?—Yes.

8557. And you would be very much astonished if you booked your passage to the West Indies, and were told the steamer was going to lie in the dock for three days, awaiting cargo?—That is perfectly true. But, of course, you have just to put alongside of that the fact that it suits the owners' convenience to do that; otherwise he would not do it.

8558. I am quite aware of that?—He is doing it for his own monetary advantage. He may be losing in one case, but he would gain eventually by so doing. That applies to tramp steamers in many cases, just as it does to liners.

8559. I quite perceive that. The point I want to put to you is that the liner, being obliged to leave whether she is full or not, and the obligation being not upon the tramp but upon the liner to leave whether she is full or not, it is not surprising that the liner takes means to assure cargo to herself?—It is no more obligatory on the liner than it is on the tramp; that is to say, the tramp has to carry on his business just as the liner does.

8560. Forgive me, but I do not think we are quite on the same point. The liner has obliged herself to leave on a particular day?—Yes.

8561. That is her offer to the public?—Yes.

8562. But that is not the offer of the tramp?—It depends on circumstances. We guarantee very often to sail on particular dates, and to load within a certain time. It is all a matter of the free will of the liner whether he does it; no one compels him to do it, but if he undertakes an obligation, just like other people he has got to carry it out.

8563. I do not want to suggest that you are fencing with the difficulty?—I beg your pardon, I will not fence; but you seemed to indicate that the liner is placed in a peculiar position through some act not his own.

8564. I have not said, "not his own"?—I thought that was rather what you were pointing at—that he was practically compelled to do certain things.

8565. The P. & O. have published the times when their steamers will sail over the greater part of next year?—That is so.

8566. That is what they have done; and you would be very much annoyed, would you not, if you had booked your passage to India by a steamer sailing next January, and found that she did not leave for three days, because she had not her cargo?—Yes; and I should hold them responsible.

8567. So she has come under an obligation?—She has come under an obligation.

8568. That is all I wanted to be at; now we are at one entirely. Now I want to ask you whether you are surprised that, having come under this obligation, she has taken means to secure for herself a choice of cargo?—I am not surprised.

8569. And she has done that, rightly or wrongly, by means of the deferred rebate—that is how she has done it, is it not?—She has done it with the deferred rebate.

8570. By means of the deferred rebate?—With the deferred rebate, I put it.

8571. I put it, by means of?—Yes; to some extent by means of.

8572. Then you are not surprised that she should seek to secure cargo—indeed, you approve of that, I assume?—I object to nothing that is done within the law; and I suppose that is within the law as it at present stands. If it is legal, they have a perfect right to do anything of that kind, and to give deferred rebates as well.

8573. Surely the purpose of this Commission is to ascertain whether the law as it at present stands does not require modification?—I agree.

8574. And you are here for that purpose?—Yes.

8575. I am not asking you whether it is legal or not—indeed, it is legal; I am asking you whether this method is a surprising method. It does not surprise you, does it?—No.

8576. You object to it?—I object to it.

8577. But you do not object to the principle which underlies it?—I object to the monopoly which the system gives. It is the means of restricting to a few individuals an enormous trade, to the disadvantage of many.

8578. Is that quite true?—It is so.

8579. We are agreed that it is reasonable that the liner should endeavour to secure for herself cargo, or as much cargo as is going to the particular port; we are agreed in that, are we not?—Yes; just as any other man would operate; it is his business to do that.

8580. The difference that we have now agreed between us, you and I, is that the liner has put herself under an obligation to go on a particular day many months ahead, and the tramp has not?—The tramp is doing that every day. We are doing that just as much as the liner. Tramp shipowners make large contracts, and have to put in their regular sailings just as the liners do. The tramp shipowner who has a few steamers has contracts probably far exceeding what the liners have in quantity. We make contracts sometimes years ahead; I have contracts just now going on for years.

8581. Are those contracts for full cargoes or considerable proportions of full cargoes?—Sometimes they are for full cargoes; sometimes for part cargoes.

8582. But ever for very small parcels?—Not as a rule.

8583. Is that not a distinction?—It is only a matter of proportion.

8584. But surely the whole gravamen of the complaint, and surely the whole weight of the question, is as between the proportions?—As against the one feature, I will put it this way—that when you carry a large quantity of cargo you, as a rule, take a more modest rate; and when you take small lots of cargo, you get compensation by higher rates.

8585. I think you and I are entirely at one on that point. The remarkable thing about the liner, surely, is that she is taking a great number of small parcels?—That is so; she takes a great number of small parcels as well as large parcels.

8586. But especially a great number of small parcels?—Yes; but she has very large parcels as well, as a rule.

8587. We have had a great many gentlemen representing merchants, and so on, before us, to most of whom, almost every one of whom, I have put the question "What are your parcels?" and I gather that a parcel of a few hundred tons is a very large one—that 500 or 600 tons would be a large parcel?—In many cases that is so.

8588. Most of these gentlemen who have come here have said: "Our parcels of 500 tons would be very 'large parcels'?"—You see the parcels are distributed over a large number of sailings.

8589. Exactly?—A man might make a contract for thousands of tons, and ship them in 500-ton lots, both to suit himself and also the Line.

8590. For the convenience of the shipper at the other end, too, the parcels are divided into small lots?—And for the convenience, also, of the ship-owner.

8591. Do you find that your freighters are very solicitous about your convenience?—It is purely a matter of bargaining.

8592. The shippers by the liners are not particularly solicitous about the convenience of the liners, are they?—but perhaps you do not know?—That, again, is purely a matter of bargaining. I do not think it differs.

8593. The point I want to make to you is that the liner is making up her cargo out of a large number of small parcels, and the tramp on the whole is making up her cargo out of a small number of large parcels?—That is the position to-day, because the tramp has been put out of the trade by this system of Rings which has given the monopoly to Ring ships.

8594. The purpose at the back of the mind of the owner of the Line being that he desires to send his ship with as full a cargo as possible, and he does something to secure that full cargo?—I am not reflecting on the liner for doing what he does at all.

8595. He does it by means of the rebates?—Yes, he does.

8596. You do not object to his doing it?—I cannot; he is within the law.

8597. Forgive me, we are not talking of what is within the law; we are talking of how the law ought to be altered?—I stated to the Chairman my view of how the law ought to be altered.

8598. You have said that you would forbid the rebates, as I understand it?—Yes; deferred rebates.

8599. But you will not object to the principle?—I do.

8600. What?—What do you mean?

8601. This is difficult. If I rightly understand you, you do not demur to the owner of the Line endeavouring to secure a full cargo, or as full a cargo as possible?—My reply, if you will allow me to put it in my own way, is that I cannot demur; he has a perfect right to do as he thinks best, just the same as I have.

8602. And he takes the means of the deferred rebate to do it; that is how he does it now?—He takes it to

keep others out; he keeps up the deferred rebate system to keep others out.

8603. But he only wants the cargo, of course?—He does not want the others to get a chance of it.

8604. That is the same thing, you know?—Well!

8605. The metaphysical mind of a Scotsman has an advantage over a mere Englishman?—I assure you I do not want in any shape or form not to answer you. I wish to give you a direct answer, and I am answering to the best of my ability.

8606. I am not for a moment suggesting anything to the contrary?—I want to meet anything; I do not want to evade the case put forward at all. I am only stating my own case in answer to your questions as best I can.

8607. The point I want to bring you to if I can is, to get it clear in my own mind that you do not object to the principle by which the liner tries to secure to himself as full a cargo as possible; you do not object to that in principle, do you?—One cannot, because the liner is in the same position as any other man. It is his business to get as full a cargo as he can.

8608. You do object to the deferred rebate?—I do.

8609. Having admitted the principle, it is quite obvious that if some other method of securing that principle can be got, you would not object to that method?—I must take exception to your remark about admitting the principle, because really I am not clear on that; if you mean the principle that the man has a right to look after his own business, we are agreed.

8610. (*Sir John Macdonell.*) Would you say that defining the principle would be even more difficult than defining "tramp"? I suppose that is your view?—I think, as the gentleman who is asking the questions puts it, the liner is in the identical position that any other man is—he is there to conduct business to the best advantage, and he is quite right to take his own ways of doing it, so long as he is within the law.

8611. (*Sir Hugh Bell.*) The point I have been putting to you is this: The liner, which is bound to sail under all circumstances, and for which there is only, of course, a certain quantity of cargo, takes means to ensure to himself that that cargo shall be forthcoming to him; that is the principle?—I do not acknowledge that he is bound to sail. No one binds him but himself; it is his own arrangement to sail on a certain date, and if he undertakes that obligation, then he has got to fulfil it, just as any other man has.

8612. When you come to read your evidence you will see that you have admitted to me that the particular Line I instanced, the P. & O., has bound itself to sail on a particular day in January next year, and you would think he was behaving very badly toward you if he did not sail on that day?—That is correct.

8613. You have admitted that?—If he has come under an obligation—

8614. He has come under an obligation?—If he has come under an obligation to take me on some date, then he is bound to go.

8615. He takes means to fulfil that obligation with the least damage to himself by endeavouring to secure cargo?—Yes.

8616. You do not object to that?—Certainly not.

8617. But you object to the method in which he does it?—I object to the deferred rebate with which he operates.

8618. If any other way could be found of doing it, you would not object to that, would you?—It depends on the way.

8619. Do you mean that if the method were efficacious you would object to it?—It depends entirely on the way it is done.

8620. Answer my question?—It would depend entirely on how it was done. If you will describe the way you mean, then I can give you a reply. If he does it within the law, he is entitled to do it.

Of course, by the assumption we are here on this Commission to reform the law, and if we find that the complaints of shippers are well-founded, we shall advise that the law should be altered. I am going to assume that we are going to alter the law—if we agree with you and the others who make similar

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complaints; that we are going to alter the law, but that we are not going to alter the principle, which you are agreed is a good one.

8621. (*Chairman.*) I must protect the witness a little. I do not think the witness has admitted that there is any principle at all at stake. Sir Hugh Bell rather assumes that there is a principle at stake, but I do not think you intended to admit—and of course we want to know your real opinion—that there is any principle at stake, did you?—I think I have tried to make that clear. I admit no principle. I say that the liner is in the same position as any other man, and he is quite right to look after his own interests.

(*Professor Gonner.*) It would be a little clearer if Sir Hugh Bell would tell us what he means by the principle that he has put forward. I do not understand what the principle is, except that people conduct business for profit, which, of course, is not unusual.

8622. (*Sir Hugh Bell.*) I put it to you, and I have got your answer, that the principle upon which the liner is proceeding is that, there being only a certain amount of cargo, he takes measures to ensure to himself that that cargo will go in his boat?—I think the word "principle" was misused. I think if you will use the word "system" instead of "principle" we would all understand it better.

8623. Very well?—That is the system he adopts; I do not say that is principle.

8624. He adopts a system in order to carry out his wishes, and his wishes are to secure the cargo?—He operates like any other business man.

8625. You do not object to his getting the cargo, but you object to the way in which he gets it?—I object to the deferred rebate system.

8626. And if some other method were devised, you would not object to that?—It depends on what it was.

8627. I do not know that I can take it any further, then. When you are speaking of Rings and Conferences, are you speaking of them generally, or of any specific Ring or Conference?—I am speaking of them generally. I do not object to Conferences at all, but I object to the deferred rebate system. The Conferences were in existence before the rebate system was known.

8628. Therefore, I probably could not get anything from you on the subject of West Africa, for example?—I have not much knowledge of West Africa.

8629. In paragraph 16 you speak of a large contract of about 100,000 tons; may I ask you whether that was delivered over a long period?—It was delivered over a period, I think, of about two years.

8630. Were the shipments in large quantities?—The shipments were to be in quantities to suit the owners.

8631. That is, the owners of the ships?—Yes.

8632. Have you any objection to saying what the nature of the goods was?—It was iron material.

8633. (*Mr. Owen Philipps.*) Was it a pipe contract?—There is a witness coming here, who, I think, will give full particulars with regard to this contract. It was a pipe contract.

8634. (*Sir Hugh Bell.*) Do you suggest that the contract was lost to the English tenderer because of the freight?—I cannot say so definitely, but the increase which the Scottish tenderer had to put on to his freights must have materially affected the price.

8635. The British export trade is much the largest of any export trade, is it not?—I have not the figures.

8636. In paragraph 19 you speak of certain large markets, especially homeward markets, which are not governed by Rings, and you instance the rice trade from Burma and the Black Sea trade; are not those almost entirely whole cargo trades?—The mixed cargo is developing very much in those places. Merchants are sending their shipments in smaller quantities now than in the old days. They often prefer to do that, rather than to have a large cargo often coming in.

8637. The Black Sea trade four years ago, at all events, was a very large wheat trade from Russia, was it not?—It was very largely so. In days gone past there was much more extensive chartering done; that is to say, a merchant would take up an entire steamer for one cargo, but the development of the berthing business has been very considerable in recent years.

8638. That state of things is changing, is it?—Yes, the berthing is more carried on now.

8639. You are speaking now of the Black Sea trade, are you not?—Yes, you asked about it.

8640. Is that also true of Burma?—I cannot say so much about Burma, but I believe that applies there also—in fact, it does apply.

8641. From the Black Sea what other commodities are coming home besides wheat?—There is not a great deal outside the grains.

8642. It would look, if the system that you are describing is springing up in the Black Sea, as though we might presently see a Shipping Ring and deferred rebates in the Black Sea trade?—Quite so.

8643. Does that not look—to come back to my former questions—as though the rebate system was almost a consequent upon mixed cargoes?—I do not see it at all.

8644. (*Chairman.*) There are no Rings in the Mediterranean trade, I believe?—So far as I know there are none.

8645. (*Sir Hugh Bell.*) It is a small matter, but in paragraph 19 you speak of 45s. per cubic foot?—That is a printer's error. It should be per 40 cubic feet.

8646. Should it be 40 cubic feet, not 50 cubic feet?—Forty.

8647. Are you sure it is 40?—We have been told that it is 50—but it does not matter?—I think it is 40.

8648. Are you acquainted with the tea trade?—No; I have very little experience of it.

8649. As a matter of fact, very little tea is shipped by tramps, is it?—There is a good deal shipped by tramps which are chartered by the Rings.

8650. I was meaning in the sense that a tramp does not take parcels of tea or cargoes of tea?—When she gets the opportunity she does.

8651. We have heard of a case of a whole cargo of tea going to the United States; do you ever hear of such a thing?—There are very large shipments. We have not carried anything of recent years, but we are constantly offering our ships from Japan and China to New York.

8652. For large parcels of goods?—The Rings charter the steamers, and then they supply the cargo; they book it from the shippers.

8653. Tell me what you would call a very large parcel?—I cannot tell you, because, as I say, when we charter we charter our steamers, and we do not charter parcels.

8654. You do not charter parcels?—The charterer fixes the shipments with the merchants.

8655. We have been told that it is very essential that ships carrying tea should be treated in a very special way for cleanliness and so on; does that interfere with the tramp carrying tea?—Not in any shape or form. The tramp must be as clean as what is called the liner. The liner is very often a tramp; I mean to say, there is practically no difference between the steamers, but one is called a liner and the other is called a tramp, though the two ships may be off the same specification.

8656. I know that, but a great point was made to us as to the extreme care requisite in carrying tea as a cargo, and its very great liability to be affected by the smells, and so on, from other cargo?—Of course the shipowner is responsible for the proper delivery of tea, and if he does not take care to see that his ship is clean and in proper condition, he has to pay the penalty.

8657. You would be inclined therefore to say, would you not, that the difficulty of shipping tea by a tramp steamer, as one ordinarily understands the term, has been exaggerated?—That is it. There is no difficulty—I have no hesitation in saying so—in shipping tea by what is called a tramp steamer.

8658. Then when a merchant came up and told us that it was very essential that tea should be treated in an extremely special way, you think he was rather exaggerating?—I do not think so; I think he was quite right.

8659. That it must be treated in a special way?—It simply requires the care which it calls for.

8660. But there is no difficulty in getting that special treatment on board a tramp?—No.

8661. (*Sir David Barbour.*) You said in answer to Sir Hugh Bell that you did not object to Shipping Rings endeavouring to secure full cargoes for their ships?—Certainly not.

8662. I understand that you do object to their endeavouring to attain that object by means which deprive other people of their right to freedom of contract?—That is so.

8663. You said, I think, that freights from the United States of America were generally lower than freights from other countries?—No, I did not; there was no question of that kind put to me. I think, perhaps, what you refer to is the statement I made that freights to this country from abroad are usually lower proportionately than to any other country.

8664. (*Captain Collins.*) Following up what Sir Hugh Bell was saying in the line of cross-examination which he took, we are told always that the rebate system ensures regularity of dispatch and a better class of steamers; but I gather from your answers that you consider regularity of dispatch does not depend on the rebate system at all?—Not at all; it depends on trade.

8665. In fact, if the rebate system did not exist—we will take the illustration Sir Hugh Bell took of the P. & O. steamers—they would still, from a business point of view, have to dispatch their steamers at fixed dates?—Yes.

8666. They could not help themselves?—Exactly; and they would do it to suit themselves.

8667. Especially being passenger and mail-carrying steamers?—Yes. I put it this way—the object of the Rings is rather to restrict sailings than otherwise; that is what they aim at.

8668. In paragraph 2 of the statement you have put in you say that at the meeting of tramp shipowners held in Glasgow on December 10th, 1906, it was agreed "that legislation was called for and a committee was appointed." Was any reference made to this committee as to their making any recommendation with regard to legislation, or with regard to any action being taken that would obviate the objections to Shipping Rings?—The opinion of the committee was unanimous that legislation should take place.

8669. Was the question considered at all, do you know, by the committee as to whether, if legislation took place, British shipping would be placed at any disadvantage as compared with foreign shipping, where, taking the Germans, say, they still have a rebate system?—I do not know that any discussion on that point took place, and I have not given it much thought. It is inconceivable, I think, to the ordinary mind; I mean to say, the idea that it would be any disadvantage to British shipping is not a thing which one would dream of, I think.

8670. Do you not think that if British shipping was put under legislative disabilities which other people were not subjected to that would operate disadvantageously to them?—I think doing away with the deferred rebate system would be a great advantage to both the lines and the tramps, and that the freer the trade we have in this country the better for the ships and the merchants.

8671. You say that before the rebate system came in there were Conferences?—That is so.

8672. How far back are you referring?—Ever since I remember. I have been in the trade for about 20 years, and it became quite a customary thing for people in one trade to meet together and arrange the number of sailings that each should have.

8673. When those Conferences existed did they enter into agreement with shipowners, or were there any legal forms of agreement to the effect that in return for certain advantages given by the shipowners, the shippers would confine their shipments to particular steamers?—I do not know of such cases, though probably there have been such; but I would just point to this fact, that the great American trade is done without any system of this kind. It has not been found necessary there to introduce any system of deferred rebates in order to secure regularity of sailings or anything of that kind.

8674. (*Mr. Owen Philipps.*) Have the Americans many liners?—British companies run most of the Lines, as you know, but there are some steamers under the American flag.

8675. (*Captain Collins.*) A statement which we have from a certain Consular officer in New York is to the effect that "in most instances both the shipowners and the shippers deny that any rebates are granted, and though technically correct, such reimbursements are generally to be found concealed under such headings as advertising or brokerage." Would you consider it also an evil that there should be secret rebates?—Of course any evasions of the law are evils; if it is against the law, it is an evil.

8676. It is generally very easy to evade any legislation, is it not?—I do not think so at all. We have already seen from what happened in America that there the Elkin Act has had a decided effect in connection with the matter.

8677. (*Mr. Reeves.*) I gather that when you entered business, which was over twenty years ago, you did not know of any system, or of anything that could be called a system, of deferred rebates?—I do not think any such system existed.

8678. About what date would you assign as the beginning of the growth of the system?—I could scarcely give you a date, but I should think it must have been going on for about 10 or 12 years, perhaps—but I am not certain of that.

8679. In your opinion is the system still increasing or spreading?—It is very strong at the present moment with the Lines. What are called the Ring Lines have a monopoly of the carrying trade of this country, outside of what is done by tramp steamers in the way of coal and cargoes of that description.

8680. And you do not see any sign of it breaking up at all?—It is all the other way.

8681. Then it is at its maximum as far as you know now?—I do not think it could be much stronger than it is to-day.

8682. I have understood the drift of your evidence to be that you think the abolition of this system would certainly be an advantage to the British merchant?—I think it would be of great advantage to the British merchant.

8683. And to the British tramp steamer owner?—I think so.

8684. I think you went as far as to say, also to the British liner owner?—I believe that is correct.

8685. Would you mind telling me, as regards the last, in what way you think it would be an advantage to the liners?—Because I believe there would be a development in trade. I believe that the trade of the country would considerably increase, as I believe that trade is being hampered far more than we dream of by this system. Merchants have ceased to be free agents, and they are entirely—I use the word guardedly, but I mean as nearly as possible entirely—at the will of the Ring Lines. With the Ring Lines, as I have said in my memorandum, the position has come to be this—and the case is not over-stated in so putting it—that the whole meaning of the rebate system is to put the shipper in such a position that he cannot afford to set himself free of the Lines. As I say in paragraph 7: "The system of Shipping Rings to a large extent defeats the tendency to cheaper transit by keeping up rates at a fictitious level. Freights in a free market would reach their true economic level. There can be no doubt that often, owing to the state of the general freight market, orders could be secured for particular ports in the United Kingdom, or for British products, which are lost because of the rigidity of the arrangement with the Ring Lines, and because either the British merchant or manufacturer, or the foreign merchant or importer, is not in a position to pass them." I think that is the reply to your question.

8686. You think, practically, that the system is killing the goose that lays the golden eggs?—That is my opinion.

8687. (*Captain Collins.*) In paragraph 20 you say: "Much is made in the case of the Cape trade of the fact that there is no returning business, but the Cape is a natural route to Australia, &c., and it is no disadvantage to a ship to discharge her cargo there and proceed further for her return cargo." I do not

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quite understand that, and I should be very glad if you would explain why it should be no disadvantage to a ship to go on as far as Australia, which is 6,000 miles further on—in ballast, I suppose?—The meaning of that is simply this, that at the Cape you are on the direct route for Australia, and if you proceed to Australia you will get a larger return freight from there for your homeward voyage. I quite agree with what I fancy you are aiming at, namely, that if you could get cargoes home from the Cape it might be more remunerative; that would depend entirely on what you got. There is no place so much in favour with shipowners as the Cape.

8688. They might go to India, for instance?—They have the wide world before them when they go to the Cape. The Glasgow shipowners favour the Cape over all other places. Of course, they have no chance practically of return cargoes there, because in the first place there are very few return cargoes to be had, and in the second place the Ring have adopted a movement whereby the shipowner who takes any cargo out for the Ring is under a very heavy penalty if he takes any cargo away from the Cape—I think it is £3,000. I could give you an instance that happened the other day. A steamer went across from the River Plate to South Africa, and she was chartered through the agency of one of the lines. A charter for Australia was available to take a large party of passengers from the Cape to Australia. The owners applied to the agents of the liners and asked if, notwithstanding the clause in the charter party, they might be allowed to tender for those passengers. The reply came back that it would be considered, but it could only be given on payment of a very handsome sum—although the liners themselves it was understood could not take the passengers.

8689. (Lord Inverclyde.) What happened in the end?—Some steamer got them. The firm who wanted to deal was my own, and we were barred from offering. We were put out of the trade by that condition.

8690. Do your steamers carry passengers?—We do at times. We would fit up for emigrants at any time. We might have got that business.

8691. (Captain Collins.) If you could have taken them on?—We could have taken them on; but we were told we would be required to pay a very high premium to the Ring for permission.

8692. Were those the repatriated Australians?—They were.

8693. (Mr. Taylor.) There is one point that arises on that paragraph 20, where you speak of the Cape as a natural route to Australia. Perhaps I may be allowed, with the Chairman's permission, to allude to this for a minute because it is of general interest, though it is not quite germane to the subject we are discussing. At the Colonial Conference, the other day, the representatives of Australia and New Zealand put in a very strong plea for the Suez Canal being made free to British shipping and other shipping which had a direct pecuniary interest in it as far as their Governments were concerned; and the argument used by the representatives of Australia and New Zealand was that the canal route unduly favoured the liners, and that the tramps who had to perform the journey to Australia and New Zealand were 8 or 10 days longer going out round the Cape. May I take it that you entirely differ from that view?—I would adopt this view, that if the Suez Canal dues were taken away, all ships would take the Suez Canal route in preference to the Cape.

8694. Why?—Because it would work out more economically.

8695. But you say in paragraph 20 that the Cape is "a natural route to Australia"?—Yes, it is a natural route.

8696. Why should it become unnatural if the dues on the Suez Canal were done away with?—I do not say it would be an unnatural route, but it is a slightly longer route. In the course of our business we load a number of ships home from Australia; sometimes we bring them by the canal and sometimes we take them round the Cape. We do it both ways; it is a pure matter of calculation.

8697. As to the difference in mileage?—There is a difference of mileage in favour of the canal.

8698. Of how many miles?—I should think probably about 6 to 8 days coming homewards, perhaps a day or two more, perhaps 8 to 10 days. We sometimes bring them one way and sometimes the other.

8699. That point arose, and perhaps the Chairman will forgive me for alluding to it, because I cannot quite reconcile the facts with this paragraph. It is a point on which I myself was rather in doubt as to whether the representatives of Australia and New Zealand were not attaching too much importance to it, because the Cape route is not very often adopted, and I am not sure whether it is a question of dues?—The Canal route is often adopted and we pay the Canal dues. It is a pure calculation which route is the most favourable. Without the Canal dues, you can practically take it that all steamers would come home via the Canal.

8700. To elucidate that point finally which was raised with regard to the regular sailings of the liners, and the necessity they are under of securing cargo because they sail regularly; if I ask you whether the liner taking small parcels is justified in securing cargo because it advertises regular sailings, your objection would be, of course, that it must not do that, or should not do that, by depriving the shippers of their freedom of contract through the deferred rebate system?—That is so.

8701. May I further suggest in regard to the tramps that the system of regular sailings is very much less followed out? They have their contract in the charter for sailing by a given date and they are given lay days, but, on the other hand, they get a full cargo under the contract as a rule?—Yes, sometimes, and, indeed, generally speaking.

8702. Would you not say that in 85 per cent. of the cases, at any rate, the contract under a charter for tramp steamers is for a full cargo?—I agree.

8703. Whereas the liner goes full or not full to date—I am speaking generally, of course?—Yes; and the freight is a matter of proportion, the man carrying the low class of cargo getting the lower rate of freight.

8704. Is not the distinction this, that between the charterer and the tramp owner there is complete freedom of contract?—That is so.

8705. Complete freedom of bargain?—That is so.

8706. Between the shipper by the Line and the owner of the Line there is not the same freedom, is there?—The one is an autocrat and the other is practically at his mercy.

8707. In the case of the tramp how is it?—It is a matter of free bargain.

8708. Between parties on a level?—Yes.

8709. You say in paragraph 2 that the deferred rebate system is "detrimental to the interests of the trade of the United Kingdom, contrary to public policy, unfair, and unjust"—unfair and unjust to whom?—Unfair and unjust to the country.

8710. To this country?—To the shipper. You can put it comprehensively—to the country.

8711. Then in paragraph 7 you say that "the system of Shipping Rings to a large extent defeats the tendency to cheaper transit by keeping up rates at a fictitious level. Freight in a free market would reach their true economic level." Do I understand by that that you think freights would be at their true economic level if there were Conference Lines but no deferred rebates?—They are much more likely to be.

8712. Throw your mind back to the time when there were Conference Lines and no rebates. You remember 20 years ago; at that time there was no such thing as a real scramble by tramps for cargo, was there?—No.

8713. You had regular Lines with a regular berth and regular rates of freight, which, I take it, were very much higher than they are to-day?—We had regular Lines and regular sailings, just as we have to-day all round the Kingdom with our coasting trade. Such a thing as a rebate system is unknown in that trade, and yet we do not hear any complaints of people cutting in unduly and taking advantage of those regular coasting steamers; nor do we hear of it in connection with the steamers sailing to America.

8714. Do you think that in those times, although tramps were not put on here, there, and everywhere, freights were kept down by the possibility that they might be?—That is so; and they were also kept down by tramps getting a share of the trade. They were kept down by the opposition of the tramp.

8715. With regard to that question of the proportions of tramp tonnage, and of liner tonnage, do you know that an estimate was made not very long ago by

I think, Mr. Runciman?—No, I am not aware of it, but it could be perfectly well made up.

8716. You estimate that about two-thirds of the total tonnage would be tramp steamers?—I just had that in my mind; I should think it would be something like that. But I should be surprised if the Lines exceed a fourth.

8717. As regards the tonnage, the tramps are undoubtedly very much larger?—I think so; and I should be surprised if what are called the Ring Lines came up to a fourth. Of course, it is pure speculation, but there should be no difficulty in getting a reply to the question you put.

8718. Now as regards value, what would you say? Mr. Runciman's estimate, as far as I recollect, was that although the tramp tonnage exceeded the Lines very considerably, in value the two classes were about equivalent?—I should be surprised to know that, but probably Mr. Runciman is correct. I should not think the value of the liners had been anything nearly equivalent to that of the tramp tonnage.

8719. Have you yourself—it is perhaps impertinent for me to put this question—ever endeavoured to start a line of steamers?—We have at the present moment what might be called a Line. We run to various places systematically without dealing at all in the way of deferred rebates.

8720. (*Sir Hugh Bell.*) On fixed days?—We fix the days to suit ourselves.

8721. (*Mr. Taylor.*) Do you generally find that tramp steamship owners would like to become liners, or are they satisfied with their lot?—I think a great many would like to become liners.

8722. A great many would like to become liners?—Under the Ring system.

8723. They think it is a favoured preserve?—They do.

8724. In which profits are higher than in the open market?—I do not know whether the liner or the tramp does best. To judge by the way in which liners have increased, one would suppose at least that they were making profits of a satisfactory character. The same remark applies to tramps. What the tramp objects to is being ejected from the markets of the world.

8725. Being gradually squeezed out?—That is so. As I state in my Memorandum of Evidence, paragraph 11, "As regards outside ships, the Shipping Rings are merciless in their treatment, and if it suits them they are ready to go into any market when in want of stray cargo, and to reduce freight to any extent necessary to procure it." They say it is necessary to keep up the level of freights for the trade in which they are, but quite unnecessary for trades in which they are not.

8726. They will drop rates to any extent to filch cargo from the tramps?—That is so.

8727. And, I suppose, the tramps would follow the same policy?—If they got the chance.

8728. So it is six of one and half-a-dozen of the other, as far as that goes?—But the position is very different, because the one has the chance, and the other has not.

8729. Have you thought over this point? Apart from the deferred rebate system, do you not think the tendency is, as communication develops, for regular Lines to form themselves?—I agree.

8730. And that naturally the casual tramp stands less and less chance as communication across sea develops and becomes more highly specialised?—That is so.

8731. So that really the deferred rebate system, if abolished, would do something to retard the inevitable; that is, if you could do away with the deferred rebate system, that process by which the tramp is being forced out by the regular Lines, as communication across the sea develops, would be retarded as it is being now accelerated by the deferred rebate system, and would not go on quite so quickly. Is that the position?—I am not quite clear what you want to be at. You might put your question again.

8732. I put it to you that as communication across the sea develops, the tendency is more and more for regular Lines to come into existence?—That is so.

8733. And regular Lines means the opposite of tramp—the casual sailing and the chartering of a full cargo all of the same kind tend to give place to a regular system of sailings?—That is so.

8734. If that is the natural tendency, what effect has the deferred rebate system on that tendency, if any?—The deferred rebate system as it exists in this country at the present moment results in this—that all the gigantic trade of this country is being monopolised by a few individuals; and if we continue to work along the present lines, it does not matter how great the extent of trade, the few individuals who have it now will retain it; that is to say, it will be practically impossible for outside people to come in and get a share of the carrying of the trade.

8735. You see that is another point. The proportions in which this trade is shared, and the people who get into it are one thing; but your point, I understood, was that the whole export trade of the country was being restricted by this system?—That is correct.

8736. In reply to that, I point out to you that, after all, the only result of the system is to establish more and more Lines at the expense of tramps; that is what I take the meaning of your evidence to be?—I would not say that the result was the establishment of more and more Lines, though undoubtedly it is so, but I would say that the position of to-day is this—that comparatively few firms control the general carrying trade of this country, and supposing the trade doubled, those few firms would still have it.

8737. Would they cater for it efficiently?—You know the position; they would naturally do so.

8738. If they cater for it efficiently, would that bear out your contention that the fact of the trade being in few hands is inimical to the interests of the country?—The word "efficiently" depends entirely on how it is applied. To my mind anything which keeps a man from being a free agent is objectionable, if it is to be worked with deferred rebates.

8739. If deferred rebates were abolished, I may take it, then, it is your opinion that, even if facilities were not multiplied in the way of Lines, freights would tend to be lower than they otherwise would be?—If deferred rebates were abolished, freights would tend to be lower than under the deferred rebate system.

8740. Then in that sense it would mean that this country would be put upon a better footing than it is to-day?—That is so, decidedly. I think that in Clause 17 I have very definitely stated the position so far as this country is concerned. I think this country is placed at a great disadvantage as against other countries by the deferred rebate system.

8741. Notwithstanding the fact that the deferred rebate system exists on the Continent?—Of course, so far as it exists on the Continent, it exists in conjunction with the British Lines. The best comparison you can make is with the United States.

8742. The United States is not the only competitor of this country in the matter of exports, is it?—Then I will put it this way: There is no doubt in my mind that the United Kingdom is suffering from the fact that this deferred rebate system exists, because without it freights would be lower from this country than they are from German and other Continental ports. I do not think there is a doubt of that. We are losing our natural advantages.

8743. Did we ever have them in the sense you mean?—We did.

8744. Was there ever a time within the last 30 years, either in your memory or speaking from what you know of what has been taking place, when freights from this country were lower than freights from Germany? Is it not a fact that before the deferred rebate system freights here were higher than freights from Germany?—I should be very surprised to hear it. If it were so, then it must have been due to the system of Conferences.

8745. Exactly; now you have come to it—it was by the system of Conferences. To that extent, I think your evidence is qualified as to the effect that might be produced by the abolition of the deferred rebate system?—I do not think so.

8746. Is not a strong Conference—I am not now speaking about rates of freight—almost as formidable to outside tramps without the deferred rebate system

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as with it?—No. It is very formidable to outside tramps I quite agree, but the position is as different to my mind as night from day. In the one case, you are absolutely precluded from trading, and in the other case you have an opportunity. The deferred rebate system is for the express purpose of keeping merchants from being free agents. That is the aim of the deferred rebate system—practically to control the merchants; and the position which has been attained by Shipping Rings to-day is that the merchant is no longer a free agent, and however much he might desire to deal with men outside the Ring, he is barred from it.

8747. Do you think that this system is going to be extended still further—that that is the tendency?—I say it will be extended.

8748. And that it will go into trades and forms of cargo which it has not yet touched?—I think that is very probable.

8749. You answered some questions from the Chairman about the particular trades mentioned in paragraph 18, such as the rice trade from Burma, the Bombay trade homewards, and the Black Sea trade; I suppose I might add the Java trade, might I not?—To a very limited extent, because Java ships almost entire cargoes.

8750. Exactly; and that is why I say I would add them to this list in paragraph 19, where you have no rebate?—That is so; as far as I know, there is no rebate from Java.

8751. Therefore, it might be that the rice trade is a trade which is free from rebate, because whole cargoes are shipped?—That is so.

8752. But you think that as time goes on, the rebate system may be applied even there?—It may be.

8753. I suppose we may take it that those trades, with the export trade in coal from this country, which is exactly on a similar footing, being carried in whole cargoes of one particular commodity, are the trades really which give employment to the tramps to-day?—That is so.

8754. And there is very little else left?—That is so. The Rings have worked the business in such a manner that we are precluded from those other trades.

8755. The tramps have been driven completely on to coal outwards, practically, and this kind of bulk commodities in whole cargoes homeward?—That is so.

8756. Outside of these there is really no employment for tramps?—That is practically the case.

8757. If the rebate system were applied to those trades—if you can imagine it, and I suppose it is not impossible—and coal, and rice and sugar from Java, were all carried by liners under the deferred rebate system, that would be the end of the tramp, would it not?—That would be the end of the tramp.

8758. And then we should have the whole of the communications done by liners, and no competition of any kind?—You work it out to that, if you just follow the thing.

8759. I am glad I take you with me?—No; you are working it out.

8760. I think that is a very alarming prospect. In regard to paragraph 21, where you refer to the positions of the Home and Colonial and Indian Governments and the cases of Indian railways; have you found either the agents of the self-governing Colonies, or the Crown Agents, or the Indian Government, or the Indian railways, of any assistance in breaking down the monopolies of lines of steamers? Have they put out their requirements to tender in the open market regularly and in such a way as tends to induce competition?—No doubt they put out their requirements to tender, but the position of things is such that the tender is restricted to the Rings; I mean to say, they ship in such quantities and under such conditions, that outsiders have no opportunity or at least very rarely have an opportunity, of securing the carrying of such cargo, because, meantime, the Rings have secured all the other cargo which might be had to combine with it.

8761. Take the material for railways; is there not sufficient of that to make a full cargo?—Occasionally; and then we have the opportunity to tender. We sometimes do tender, and sometimes do get cargoes direct. During the time of the South African War, for instance,

any firm did a very large business direct with the Government. We had a fair opportunity then of doing business, and we got a fair share, just as many other tramp owners did.

8762. I suppose, as a matter of fact, this material is not wanted in full cargoes very often?—Not very often, but sometimes it is. The Indian railways and the Government in that country are practically at the mercy of the Rings, and the Rings can make their own terms.

8763. In paragraph 17 you say: "Steamers get the cheapest and best bunker coal in this country"; I suppose if things go on as they are going on in South Wales, you will have to modify that, will you not?—I think you will find that coals are rising elsewhere, just as they are doing in South Wales.

8764. (Professor Gonner.) You do not object, I gather from your answers to Mr. Taylor, to the growth of regular Lines with regular sailings?—Not in any shape or form.

8765. If I understood your answers aright, you object to them if they develop under this particular system of a deferred rebate?—That is all.

8766. If they develop naturally, how would results differ from what happens under a system of deferred rebates? I may put it in this way: Would they meet the convenience of all shippers then, and adapt themselves to the convenience of all shippers?—If I might put it in this way; I take it that it is the trade that commands the steamer, and not the steamer that commands the trade—the trade is there, and the steamer goes to do the trade.

8767. And at the present time through the system of deferred rebates the steamer, or rather the Line, commands the trade?—In my opinion the Ring restricts the trade.

8768. That is a point which, I think, is worth considering. Under normal conditions, would you say that steamers tend to go where the trade requires them?—The steamer follows the trade; it is not the trade that follows the steamer.

8769. Under the present conditions, with the existence of deferred rebate Conferences, the lines along which the trade can travel tend to be artificially restricted; is that your position?—They are artificially restricted wherever this system comes into play.

8770. So that the system of regular Lines without a deferred rebate tie, would be totally different from a system with a deferred rebate tie?—Well!

8771. Would tend to be different?—I would not like to say totally different?—Yes. I think most companies would prefer to be operating without any deferred rebate system.

8772. When you said at an earlier stage that you did not object to Conferences or Rings, did you mean under any conditions, and supposing the deferred rebate system, for instance, were abolished?—Under any conditions, so far as I know. In the whole system of Conferences, I know nothing to be objected to. I think liners are perfectly entitled to make their rates, and to have the liberty to bargain, just as the merchant has, or should have.

8773. But they might, of course, without the rebate system have systems of signed agreements, might they not?—That would be different from a deferred rebate. I do not object to any merchant making an ordinary bargain with a shipowner, as between a shipowner and a merchant; but I do object to a system whereby comparatively few individuals get a great monopoly—a system under which one is an autocrat and the other is helpless.

8774. Would it not be possible for the Conferences, I will not say to have such a perfect monopoly without a deferred rebate system, but to have a fairly strong monopoly?—It would be.

8775. And that might be objectionable, because it might make them autocratic?—We might object to it, but still we should have no such reason for doing so, as we have in the case of the deferred rebate system.

8776. Because you consider the deferred rebate system is more exclusive, as it were?—Under the deferred rebate system a man who wants to ship is not a free agent; he ceases to be a free agent under the deferred rebate system.

8777. An individual is rarely a free agent when opposed by a powerful and complete monopoly, is he; whether it is a deferred rebate monopoly or any other monopoly?—He is not limited in his scope then, and he can deal with what practically may be a monopoly, or with an outside individual. Here there is no possibility for the ordinary man to deal with the outside individual.

8778. I think I see your position; still some systems of monopoly tend to restrict what you might call freedom of trade, do they not?—There is no doubt that monopolies tend in that direction.

8779. It is their object, of course?—It is their object, and it is their aim.

8780. There is a particular point which occurred to me as one of difficulty with regard to the proportion of tramp tonnage to the general tonnage. How is the monopoly rendered so complete, if it is only shared in by a small proportion or a comparatively small proportion of the total tonnage?—It has been rendered complete at the present moment; the monopoly is there.

8781. I am not denying that at all, but I want to know whether you can give us some explanation of the fact. As a rule, a monopoly to be complete and to be oppressive must comprise a large proportion, if not the entire number, of those dealing in that particular trade?—One can only point to the fact that the Rings have attained a monopoly of the trades in which they are interested. The matter speaks for itself, I think.

8782. I think you understand the matter that I want to be clear upon—how is it that the monopoly can be so complete, when the larger proportion of the tonnage is said to be outside it?—The ownership in the case of the tramp tonnage is a very scattered one.

8783. Do you think that all the tramp tonnage is really outside it? that is what I am leading up to. When you estimate the tramp tonnage, do you not think possibly there is a mistake made in giving so large an estimate; and should you not separate from the tramp tonnage such ships as may be placed under the control of the Lines and may participate in the operation of the lines?—As I said to one of the gentlemen present who was questioning me, I have not the figures, but I should be surprised to know that what is called the Line system would carry more than about a fourth part of the trade of this country.

8784. That makes it all the more difficult for me to understand, I am bound to say, how, if the line system only covers such a small portion of the tonnage, the monopoly can be so complete?—That is what we object to—that this small proportion has been able to make the monopoly so complete.

8785. But how does it effect this? If you have the shippers of goods discontented because the monopoly tends to raise their freights, and if you have a large amount of tonnage outside—a larger amount than is under tie—how can the monopoly act autocratically? (Chairman.) Is it because the shippers could not ship on outside steamers without forfeiting their rebates?—That is the whole thing.

8786. (Professor Gonner.) I have taken that into account. If the larger proportion of the tonnage is outside, could not the larger proportion of the tonnage give equal advantages with the liners?—Yes, if they were starting evens; but not starting under present auspices. These deferred rebates run on for 6, 9, 12, or 15 months, and shippers cannot afford to give up their rebates; that is a sum on which they calculate definitely as part of their profit, or at all events it goes towards the transaction.

8787. Then do you think if they could start fair, so to speak, and with certain dates at which there would be no forfeiture of rebate hanging over, that the shippers of goods might get equal advantages by cutting themselves off from the tied tonnage and taking the untied tonnage?—That is so.

8788. (Chairman.) That is your point?—That is so.

8789. (Professor Gonner.) Do you not think it would be quite possible, even at the present time, for the tramp owners to offer advantages to the merchants which would induce them to abandon the system, if the tramp owners were so much larger in tonnage?—It is a very difficult thing to do, as you will see if you realise what it means. Take a Glasgow Line; that Glasgow Line perhaps protects the Line in Ham-

burg. I may want to ship cargo from Glasgow, and I go to one of the Lines there, and they give me my rate with a deferred rebate. Then I wish to send some cargo from Hamburg, but I do not get my Glasgow rebate if I send the cargo outside what is called the Conference steamer which goes from Hamburg, although that steamer may be owned by an ownership entirely apart from the company running out of Glasgow. I would use the word conspiracy—I think it is the best word—without being offensive to the Rings; it is a practical conspiracy between the parties to keep traders from dealing outside of a certain charmed circle.

8790. The organisation has become so intricate and so confusing that practically no one will venture to go outside it?—It has become so simple; I do not think it is very confusing.

8791. It is confusing to know when you will get out of it?—You simply cannot get out of it.

8792. Still, I must own that it is rather a remarkable instance of a monopoly when you can claim that there is a monopoly in which only one-fourth or one-third of the tonnage is concerned. I suppose you would claim, if I might suggest it, that that is due to the particular form of the monopoly—to its being held together by a rebate which is a deferred rebate?—That is entirely so.

8793. It is the deferment you object to?—It is the deferred rebate we object to entirely.

8794. You do not mind rebates, of course, so long as they are not deferred rebates—that is, you do not mind any mere discounts?—Not at all. Of course the whole object of the rebate system is what I have indicated it is—to restrict the shipper from shipping outside the Rings. That is the whole aim of it.

8795. Following up the point which was put to you by a previous Commissioner, when you were asked if the abolition by English law of the deferred rebate system might not prove prejudicial to English ships, what would you say if the deferred rebate system were retained on Continental Lines?—I think it would be all the other way.

8796. Why?—Because if we had a free market here the merchants here would be in a much better position than the merchants in Germany, who had not a free market.

8797. But the English Lines it is suggested might be in a bad position. You see at present a number of Lines have adopted a deferred rebate system, and you object to a small quantity of the tonnage dominating the markets while a large quantity of the tonnage is outside. You say it is to the advantage of that small quantity. But if you prohibit deferred rebates to English ships only, you give the advantage to a small number of Continental firms, do you not?—My impression is that it would be entirely favourable to British trade. I cannot conceive of a situation in which the effect would be as you indicate.

8798. In going to Australia, for instance, the German Lines would be able to tie shippers from Germany, but the English Lines would not be able to tie shippers from England. You do not think that that would be advantageous, do you?—I believe that if you did away with the deferred rebate system here it would be followed in Germany at once.

8799. Is it your view, that it would necessarily be followed there?—Yes; I think it would necessarily be followed there.

8800. You still think, I gather, that a small number of people engaged in shipping are able to create a monopoly, although the larger number are not in the monopoly?—They have done it.

8801-8802. We need not pursue it; but my doubt is whether they have been doing it by really controlling and chartering in part the larger number who are outside—whether, in other words, the tramp shipowners are not really and almost necessarily involved. I quite understand that they would like the thing to be abolished. Coming to the question of the advantages which are said to ensue on the development of Shipping Conferences with the deferred rebate system, you have dealt in your statement with the question of the regularity of sailing, and so on; there are two points, however, that have often been

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raised here—one being the question of the speculative character imparted to trade by the instability of freights—you have mentioned that, I know?—Yes, I have.

8803. Would you like to explain that further? You do not think, I gather, that it would be disadvantageous?—Certainly not. I do not see any reason why the shipping trade should be different from other trades. I do not see that the commodity of freight is different from almost any article, and there is no article almost which does not rise or fall in value from time to time. I would put it that way, that if the merchant wants to be covered, I believe he would have a greater opportunity of being covered without the deferred rebate system than with it. If I understand the operation of Rings correctly, they usually make the freights definite for a period of perhaps six or twelve months; and I have no hesitation in saying that if a shipper went into the market and wanted his goods covered for a couple of years, he could get it done outside the Rings altogether, for any quantity of freight.

8804. So that you do not think the instability of which some witnesses have complained to us as existing under a non-Ring system would be a worse handicap?—Certainly not.

8805. Another advantage which has been suggested is the advantage to the small shipper under the deferred rebate system. Under an ordinary system of competitive shipping, I suppose the small shipper would not get such great advantages as he enjoys under the Conference system?—I do not think it would have any influence on the small shipper.

8806. Would you say why?—As a matter of experience I would put it so. I might agree that, perhaps, the man who has a very large shipment of material might be entitled to some consideration from the shipowner; but as it works out, I think experience shows that a small shipper does not suffer.

8807. Do you think yourself that the small shipper ought to have the same terms as the large shipper?—I would not say so.

8808. He does not enjoy it, I suppose, necessarily under the railway systems?—I do not think so.

8809. The small man does not enjoy it if he is making contracts for goods, does he?—I see no reason why a large shipper should not get an advantage, if it suits the shipowner to give it to him.

8810. I will put it in this way—you think it is perfectly legitimate and normal in business, in the case of persons undertaking to give and giving large and regular contracts?—Quite.

8811. Then there is the question as to the differential disadvantage which you have dealt with in your paragraph 17. If I understand your contention, it is that Great Britain clearly, owing to her advantages, should have comparatively cheaper outward freights than her Continental and American rivals?—Very considerably cheaper.

8812. But instead of that, the system has been really the reverse, and American freights, for instance, to Australia or South Africa, have tended to be lower than English freights?—That is undoubtedly so.

8813. You think the differential disadvantage has been to the disadvantage of the trade of England?—It has been greatly to the disadvantage of the trade of England.

8814. I suppose it is obvious that it would be a disadvantage, is it not?—I think no one would deny it.

8815. People have questioned the extent to which the American trade has increased as compared with the English trade with South Africa?—One would not judge of the South African trade in recent years.

8816. No; but do you think, taking it from 1893, since the date of the Compact which was the first agreement in South Africa for the deferred rebate system, that the American trade with South Africa has increased at a greater rate than the United Kingdom's trade has?—I could not speak for South Africa.

8817. Could you speak for any other trade?—Mr. Spens, who was here the other day, told me that one of the Commissioners might be asking for some information regarding the increased sailings and the increased trade from the United States since the Elkin

Act came into operation. I got a cable sent asking for information, and I think it will be somewhat interesting to the Commission to know the replies which came.

8818. (Lord Inverclyde.) I asked the question you refer to. Will you read the telegram you sent to America?—I will do so. The telegram was as follows:—"Giving evidence, Parliamentary Committee. "Telegraph roughly how number sailings per month, "New York-South America, India, China, Africa, compare in number with before Elkin Act passed; also "as steamers' larger estimated percentage trade increased?"

8819. (Mr. Owen Philipps.) May I ask from whom this information comes?—I will give the Chairman the name if you like. I do not know whether it would be desired that the name should be given at all; but I will hand the telegram to the Chairman.

8820. (Chairman.) You need not give the name?—You may take it that it is a most reliable firm—a firm of the highest character. The reply to the telegram is as follows:—"Shipments Africa decreased since "Boer War; otherwise sailings increased, roughly "estimate shipments doubled probably trade expansion. Elkin Act not interferes." When I got that message, I thought it did not convey just all the information that might be wanted, and I sent another telegram as follows:—"Has number, lines, or loading-brokers "increased since 1902, South America, China, &c., "inside or outside Rings." The reply came back as follows:—"China Lines doubled Africa unchanged "South America (East Coast) increased." I was trying to pick out some figures yesterday; I had not time to do it sufficiently, but I think the contents of these cablegrams are borne out by the figures, so far as I was able to get them. The trade was doubled to China from the United States in that period—or rather, not to China but to India, because the China trade was interfered with by the war. In 1902 the exports to India, as I made them out yesterday from one of those American books which are similar to our Blue Books, amounted to \$4,866,000.

8821. (Mr. Owen Philipps.) Does that include the carrying by both tramps and liners?—These are the exports from America. It is not a matter of tramp and liner here. As I say, the exports from the United States were \$4,866,000 in 1902, and they had risen to eight million dollars in 1906; so that it works out correctly according to these telegrams.

8822. (Sir Alfred Bateman.) Are those the exports from the United States to India that you are speaking of?—Yes.

8823. They ought to agree practically with the imports into India from the United States?—I would say so.

(Professor Gonner.) They would not quite agree.

(Mr. Reeves.) There is the difference between l.o.b. and the value at the port of delivery.

(The Witness.) In quantity they would agree, but they would not in value.

8824. (Sir Alfred Bateman.) If you will refer to the statistical abstract issued by the Board of Trade, you will not find that increase in the imports into British India from the United States now; you will find that the increase has been very small?—My figures were taken out very hurriedly from the book which I got from the United States Consul in Glasgow yesterday.

8825. You go back to 1902?—I took 1902 because 1902 was before the operation of the Elkin Act came into play.

(Sir Alfred Bateman.) We shall have these figures from the Board of Trade.

(Professor Gonner.) I think we ought to have them. I have raised the question before, and I think it is unsatisfactory that the statistical tables are not before us. I ought to say that there is no doubt whatever as to a disproportionate increase into South Africa of imports from the United States since 1893 as compared with those from the United Kingdom. I hold the figures in my hand, having analysed them since our last meeting.

(Sir Alfred Bateman.) How have those statistics been prepared?

(Professor Gonner.) I have taken them from the Blue Book.

(*Sir Alfred Bateman.*) The figures are being prepared at the Board of Trade for you.

(*The Witness.*) There is no difficulty in getting them.

8826. (*Professor Gonner.*) You have no doubt whatever that the tendency of the cheaper rate from one place, as compared with another place, is to the advantage of the trade of the place which gets the cheaper rate?—There cannot be a shadow of a doubt about that.

8827. Indeed, that is one of the advantages, is it not, put forward by the people who praise Conferences, namely, that the object of Conferences is to prevent a competitor getting a cheaper rate than the other people concerned?—The whole end of a Conference is to keep up rates.

8828. So that you would naturally expect as a result an advantage of that kind?—Yes.

8829. With regard to Germany the position seems to be rather different from that, does it not?—In what way?

8830. Germany may agree to a Conference rate with an English steamer, but still the through bill of lading gives advantages to the German manufacturer?—I mentioned that in my statement of evidence, I think.

8831. That is a thing which we cannot possibly guard against?—I agree; but that is all the more reason for our taking care that our merchants are not placed in a position disadvantageous as compared with their German opponent. I think that is a very important element in the consideration of the question.

8832. You think that normally we should have a cheaper rate than Germany would have?—Undoubtedly.

8833. And, therefore, you think that that might at any rate throw a little extra cost on the German Imperial Government, which would have to subsidise its ships a little more?—It can be done in that way.

8834. At the present time, I believe, it is undoubted—some of the Commissioners know more definitely than I do; Mr. Philipps does, I know—that the rates from Germany are practically the same as the rates from England?—I understand that is so, if you speak of the rates from the German shipping ports.

8835. But from internal centres there are private rebates given, of which we cannot get correct information?—That is so; and, therefore, from my point of view, there is all the more reason to see that we get the advantage of our natural position and our natural possibilities, which I think are more favourable than Germany's.

8836. In paragraph 9 you say that since the Elkin Act Lines in New York have increased; that is the purport of those cable replies that you read, is it not?—Lord Inverclyde indicated to Mr. Spens that he would like information with regard to that, and I have read you the messages sent and the messages which have come in reply.

8837. You say in paragraph 19 that the China Conference homewards has maintained its rate for tea; I take it that you are speaking there from information?—From knowledge. We get circulars every week showing what the rates are. I have one which came in the other day, and I have brought it with me. It is all here in print showing the difference in the rates.

8838. Supposing it were agreed that a monopoly of sea-carriage is almost inevitable, in what way would it be practicable to endeavour to regulate such a monopoly? In paragraph 14 you say, "As in the case of railway companies or other cases of monopoly the legislature would have to provide some tribunal to regulate the rates of freight and conditions." Have you got any concrete suggestion as to the mode of regulation?—I am afraid I have no concrete suggestion, unless Rings are dealt with in the same way as railway companies.

8839. But that, of course, would be extremely difficult, owing to the fact that a Shipping Line does not lie within the United Kingdom?—I agree it would be very difficult.

8840. So you think that the real solution is to endeavour to prevent the completeness of the monopoly?—That is so. In paragraph 13 I have expressed my view—"To suggest that Ring Lines and shippers might meet occasionally and arrange rates, may be plausible, but business experience shows that no practical good

"can result when one party to the Conference is in "the position of an autocrat."

8841. So that, inasmuch as the regulation of monopoly and control on the sea would be impracticable, you think that one ought to take the other course and preclude the monopoly?—Preclude a system such as exists at the present moment.

8842. That is, a system of monopoly such as exists under a deferred rebate?—That is so.

8843. (*Mr. Owen Philipps.*) You are a member of the Glasgow Chamber of Commerce, I believe?—I am.

8844. You have taken a leading part in getting up the Glasgow case against the deferred rebate system, have you not?—I moved the motion in the Chamber of Commerce.

8845. Have you used your influence to get gentlemen who were favourable to your views to join the Chamber?—No.

8846. Two of your own firm have joined the Chamber quite recently, I think?—As soon as they came in as partners; at the beginning of the year they joined.

8847. You moved the resolution in the Chamber?—That is so.

8848. Are you directly or indirectly interested in any Conference arrangements in any trade?—No.

8849. If you were fighting a Conference to obtain admission into that Conference, can you assure the Commission that under no circumstances you would agree to adopt rebate conditions as a condition to being admitted into such Conference?—I would never think of assuring the Commission of anything of the kind.

8850. Is it not the fact that tramp owners generally would only run in a particular trade whilst the trade was better than other trades and whilst full cargoes were obtainable, and would at once withdraw most of their boats if times got so bad that full cargoes were not forthcoming?—They would just act in the same way as Ring Lines. If Ring Lines do not get a sufficient quantity of cargo they reduce their sailings and they just act according to circumstances.

8851. But they continue in the trade?—As a rule, so does the tramp owner. He may do it to a more limited extent, just as the Ring Line man does, but he simply judges according to circumstances.

8852. You are not going to contend if, for instance, the Black Sea market was very bad and you had a lot of boats in the Black Sea market, and the Plate market became very good, that you would not practically remove them all to the Plate trade, are you?—No; I would do that. Of course, if I were trying to develop any trade it would be quite a different matter. We often keep our steamers running on definite trades, although we are making less money out of them than we could out of other trades.

8853. You made a long speech at the Glasgow Chamber of Commerce against the South African Conference, and adopted as your text for that speech the speech of Mr. Tatham, of Natal. Do you think it was fair to your co-shippers to put forward Mr. Tatham's views without the slightest reference to the rebutting speech immediately following Mr. Tatham's in the Natal Legislative Assembly?—I am not aware of any rebutting speech.

8854. You have only read the one speech?—I got the one speech to read from somebody; I could not tell you where I got it.

8855. You quoted Mr. Tatham's speech somewhat largely?—Yes; but I suppose it was there for correction if it had been wrong. I am not aware that Mr. Tatham's speech was wrong. Do you suggest that what he stated was incorrect?

8856. It is very misleading?—I do not know about that.

8857. Anyhow, you did not read the rebutting speech that followed directly afterwards in the Legislative Assembly; and that accounts for it. Do you, as a shipowner, consider that a lawyer is likely to be the best informed authority on a shipping question?—That depends on the lawyer. Are you referring to a specific man, as I imagine you are doing?

8858. Yes, I am at the moment?—May I take it that you are referring to Mr. Spens?

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8859. No, I am not?—If you are suggesting a man like him, I put it this way—that you know from your experience of Glasgow that there is no man better informed in connection with the shipping trade than Mr. Spens. I think you must know that from your experience there.

8860. I think he is very well informed, but I think there are men who know more about shipping in Glasgow—if you will allow me to say so, I think there are a great many?—Lawyers?

8861. No. I say I think there are a great many men who know more about shipping than any lawyer in Glasgow, though I have the very highest opinion personally of Mr. Spens and of his legal abilities. Are you aware that the gentleman you quoted so largely at the Glasgow Chamber of Commerce was also a lawyer—Mr. Tatham, of Natal? Were you aware of that fact?—I have no idea what he is.

8862. So you quoted from him without making any inquiries as to whether he knew anything about the subject on which he was talking?—I did not quote very largely from him; it is very limited what I quoted from him, and so far as I see he only stated facts. I will pass my quotation over to the Chairman if he cares to see it. It is not a matter of the opinions that Mr. Tatham is giving, but he has stated a few facts, I take it; he is stating what the rates are. I have it here, if the Chairman cares to look at it.

8863. A lawyer makes definite statements in the Natal Legislature, and you, as a shipowner, you tell us, quote these as facts without reading the rebutting speech?—I have it here before me now, and I think I may confirm every word that is in it that I used. I will be glad to pass it over if you care to see it. It is not a case about which there is much dubiety at all. It clearly, and I think it rightly, states what are simple facts. I did not read the whole speech; I only read the portion of it which applied.

8864. In your shipping experience have you never acted in combination with other shipowners in order to get better prices by a lessened competition?—I have never had reason to do so.

8865. Have you never acted with other shipowners?—No, I do not think so in all my experience. I would not say I would not do it, but as far as I remember I have never done such a thing, because I do not believe in it. I have been asked at different times to join Conferences, such as the Baltic Conference of a few years ago; and I have refused to have anything to do with them, simply because what might pay one man might not pay another, and what one man can do another man cannot do.

8866. I think you are very wise?—I should almost like, if I might be allowed to do so, to read the extracts from this speech to which Mr. Owen Philipps refers, because there is a suggestion that there is something in it which is incorrect. It is very short, and if I might be allowed to do so I should like to do it.

8867. (Chairman.) I think we ought not to devote too much time to a discussion of this point, which is rather remote from the object of our Commission, but if you would like to read part of your speech in order to justify yourself, you can?—I do not wish to take up your time, but five minutes would do it?

8868. Just do it then, please?—This is the extract: I went on to state that Mr. Tatham said, "I would remind honourable members once again that in consequence of this system of monopoly the freight rate (meaning from Britain) to South Africa is very much higher than need be, and in any case is very much higher than from New York and American ports, or than from inland towns in Germany; the fact being that goods imported from the inland towns of Düsseldorf, in Germany, to Durban, cost 43s. 6d., while the same goods imported from the town of Wolverhampton, in England, to Durban cost 60s. 7d."

8869. (Mr. Owen Philipps.) May I take you on that point for one moment? Do you believe that statement is true, and if the statement is verbally correct, do you believe it conveys a correct impression to either the meeting in Glasgow or to this Commission?—I think so.

8870. I will not take up much time with this, but do you mean to say that, comparing the railway rates from Düsseldorf to the port in Germany with what they are from Wolverhampton to the port in England,

because railway rates happen to be cheaper in Germany, that is a fact which is against British shipowners? It is very unfortunate for British shipowners, I admit!—That just raises the very point I was trying to bring forward, that this country is losing its natural advantages by being put alongside of Germany. I contend that under normal conditions the freight from this country to South Africa should be less than the freight from Germany.

8871. I only want to say that that particular quotation which you have just read is, I put it to you, a grossly misleading statement, when you take into consideration that the shipowner has nothing to do with the railway rates, which we all know are lower over State railways in Germany than they are in England?—I think, if you will just allow me to read the whole thing, you will find that it is explained. Mr. Tatham goes on: "In regard to the American trade, for the last five years freights from New York to South Africa have ranged between 10s. and 35s., the average during the last five years having been about 20s. all round, and the average of British freights is about 42s. 6d. The maximum is 52s. 6d. To-day's freight from New York to Natal for class 1 goods (the highest class) is 35s.; to-day's freight from London to Natal is 52s. 6d., a difference of 33½ per cent. against the British manufacturer in favour of the American. All these goods can be carried and are carried from New York to Natal at 35s., against the British charge of 52s. 6d."

8872. (Chairman.) May I stop you there for a moment? Is not the explanation simply this: You say that the German trade has been given certain advantages by the Government in connection with railway carriage, and because that is the case, therefore it is all the more important that our merchants and shippers in England should not be deprived of what would be their natural advantages?—That is my point.

8873. That is the whole thing?—That is the whole thing, and I have stated that here quite clearly.

8874. (Professor Gonner.) I think you stated it quite clearly in your answer to me a few minutes ago?—Yes.

8875. (Lord Inverclyde.) Do you mean that the advantage should come out of the liner shipowner?—No. My point is that it is very hard on the British shipper that he should be put on evens with the German ports, when he should have an advantage in shipping from the United Kingdom. At the present moment the German shipper is put practically into the same position from Hamburg that the British shipper is from Liverpool; and I contend that the rates from this country should be lower than the rates from the German ports.

8876. (Chairman.) I think one can not clearly see what your meaning is; I do not think there is any doubt about it?—I think not.

8877. (Mr. Reeves.) You mean that we should make up on the sea what we lose on the land?—That is my point.

8878. (Mr. Owen Philipps.) Acting as a tramp owner, if you were without competition in any given market where your ships happen to be, would you have the slightest hesitation in forcing rates up to the highest possible level? I think that is a fair question?—I think most of us take as much in this life as we can get really for what we have to sell.

8879. Are you not aware that while Conferences keep rates up at a fair level, they frequently make no alteration in rates, notwithstanding the increase in the market rates for tonnage?—It is rather a matter of opinion what a fair level is.

8880. May I ask what is the average length of passage of your steamers to South Africa as compared with that of the Lines?—Our steamers average about 10 to 10½ knots throughout.

8881. What is the average speed of the Lines to South Africa?—I suppose the Lines run something like 14 to 16 knots—I mean the swift passenger boats.

8882. You have told us that you started business about 20 years ago; may I ask how many steamers you then controlled?—We started with one.

8883. You now control 41 steamers, I believe?—At present 41.

8884. Does the present position of your firm indicate that you have had any difficulty in holding your own, notwithstanding Shipping Rings and deferred rebates?—We are not holding our own in the general cargo trade, because we have been excluded from it by the operation of the deferred rebate system. We used to do a considerable general cargo trade.

8885. But still, I understand, your 41 boats are all fully employed?—They are all running.

8886. They are not being squeezed out?—They are squeezed out of the general cargo trade.

8887. But they are all fully employed?—Yes; but not so advantageously as they would be, were this deferred rebate system done away with.

8888. Does not a tramp steamer usually load from one port to one port, or at most from two ports to two ports?—Generally speaking, yes.

8889. Do you think it fair to compare tramp rates in such a case with liner rates, where steamers load often from a large number of ports and discharge at a number of ports?—I have not been making any such comparison, but if you will tell me what you want to be at, I will see if I can reply to that.

8890. Have you considered the undue risks liners would run in building very expensive boats to suit a particular trade, if they had no agreement or security for the future support of the merchants?—The risk is no greater than the tramp owner's; he does the same thing identically.

8891. Do you, as a large tramp owner, seriously wish the Commission to understand that a man who builds expensive liners to suit a particular trade is in no worse a position, if he is put out of that trade for any reason, than an owner of tramp steamers which are built suitable to go to any part of the world?—He may or may not be; but he does not build from philanthropic motives.

8892. Naturally?—He takes his chance when he builds, just like the rest of us.

8893. When you build, you build a boat, so I understand, which is suitable to go anywhere?—We build on the general tramp basis.

8894. Whilst the majority of liners are built especially for some particular trade, with passenger accommodation for the right number of first class and the right number of second class for the Lines' particular trade and also with the speed suitable for that trade; is that not so?—They build to suit their own trades, just as we build to suit ours.

8895. That is what I want; they build to suit their particular trade, while you build to suit the trades of the world?—To suit our particular trade.

8896. Which is the trade of the world?—To some extent, it is.

8897. I would now like to ask you a few questions with reference to a matter that you have referred to. You told the Commission that you made a low tender for 100,000 tons of iron pipes; would I be correct in assuming that those iron pipes were going to Brazil? I would not ask you this question if the contract was under consideration, but, as you have told us the contract is now placed and the business is done, I do ask whether I may assume that they were for Brazil?—That is correct.

8898. Could you tell the Commission, approximately, what the liners asked for carrying these pipes?—I have given it in paragraph 16 in round figures.—“The freight” quoted was, I believe, about 30 per cent. less than “by the Rings.”

8899. Could you tell me, approximately, what the rate was?—I would rather that this evidence was taken from a witness who is going to follow me. He was interested in the transaction, and could give exact figures, while I have not got the figures.

8900. Could you tell me what rate, approximately, your firm tendered at?—I know you are the head of the firm?—I could tell it.

8901. Cannot you tell me approximately? You have mentioned this matter to the Commission, and it has a very distinct bearing on the statements you make?—I would rather put it this way, that the witness who is to follow me can give the rates named by the liners and the rates named by my firm.

(*Lord Inverclyde.*) Still, you have put this in your Memorandum of Evidence.

(*Mr. Owen Philipps.*) And you have come here to give evidence?

(*Chairman.*) Will you tell us as far as you know?

(*Mr. Taylor.*) Mr. Maclay is, perhaps, not prepared to answer as to the exact rate; perhaps he might give that information *in camera*—I mean to say, he might not like to give it to the Press?

(*The Witness.*) I will give you the rate which my firm quoted. My firm quoted 22s. 6d. I think Mr. Owen Philipps knows what the Lines quoted.

8902. (*Mr. Owen Philipps.*) You believe that the rate you quoted was not higher than the rate quoted by the firm on the Continent who secured the business?—I have named my rate.

(*Chairman.*) What does it matter, if it was a much higher rate? Is the figure material?

8903. (*Mr. Owen Philipps.*) I think you will find, sir, it is material; I may be wrong. (*To the Witness.*) You said that this was lost to a firm on the Continent?—Yes.

8904. Do you know at what rate the firm on the Continent took it? Would it surprise you to hear that it was 22s.?—I do not know what the rate was, but there, in paragraph 16, is the information we got from the parties who tendered.

8905. Would it surprise you to know that the firm on the Continent took it from you in open competition? Is it not the case that the system of deferred rebates is in full force on the Continent, the same as it is here?—Not altogether. My point, which I think you are missing, is this, that to the 22s. 6d. which my firm quoted, the parties who were tendering had to add a sufficient figure to cover all the rebates which were due to them from the liners. That is my point now, and that is the point in connection with that paragraph.

8906. Had not the German manufacturers to do the same?—I cannot give that information, as I do not know who got that contract.

8907. I think that is material; it is the very point I want to get at. Does it not come to this, that practically you were competing with a tramp owner from the Continent, and the shipper on the Continent was in exactly the same position as the shipper in Glasgow, and you were fairly beaten in open competition by a German?—You know exactly the figure, the name, and how it stands.

8908. I do not know the firm's name; I know it was a firm on the Continent, and that is all I have heard about it?—I think you could enlighten the Commission with regard to that, if you will tell them, just in the same open way I have told them my firm's offer, who got the contract.

(*Professor Gonner.*) If we have to go into details, we shall have to call some one who can tell us which was the firm on the Continent, and what were the details, because there seems something behind these names which I, of course, am entirely unacquainted with.

(*Mr. Owen Philipps.*) There is nothing in that. All that I wanted to say was that a firm on the Continent undercuts an English tramp owner quite fairly in open competition; whether he was wise to do so is a matter on which Mr. Maclay knows as much as I do?

(*The Witness.*) What I say is, that I have given you the information in regard to my firm, and you can easily get at exactly the same information with regard to the Continental firm. With regard to the point on which you are asking me, I cannot answer you, because I have not the information; I have told you everything I know.

8909. (*Lord Inverclyde.*) The point, as I understand it, is that you put it forward that the deferred rebate system is to blame for this contract being lost to this country, and I would like to know a little how that has come about?—I have told you all I know. I tell you this, that the merchant had to add to the rate which I quoted to him sufficient to cover his loss in connection with the rebates.

8910. Were these pipes to be delivered in Brazil?—They were to be delivered in Brazil.

8911. What difference would it make to the price of delivery in Brazil?—He had to add his rebates.

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8912. Would it make much difference in the price?—I understand that the rate which was quoted by my firm was about 30 per cent. less than that which was quoted by the liners; I never got the exact figures, but I was told it was round about that. On that, again, I come back, with all due respect, to Mr. Owen Philipps; he knows the position, and he can state the figures, and I am quite sure he can get the information he is asking of me.

(Mr. Owen Philipps.) I think I have given you the figures in a question, as I understand them.

(Professor Gonner.) Might I say that it seems to me that Mr. Maclay has told us all his side of the transaction. If there is another side of the transaction which is to be brought out, would it not be convenient that witnesses who can bring out that side of the transaction should be placed before us? I do not think, if I might say so, with apologies to Mr. Owen Philipps, that we get very much further by trying to press Mr. Maclay to tell us the side of the transaction with which he is not acquainted at first hand.

(The Witness.) If I had the information, I would give it at once.

8913. (Sir John Macdonell.) You have told us all that you know?—I have told you everything that I know. My point is that, irrespective of anything that might have happened in Germany, my merchant had to add a very considerable sum to my figure to cover his rebates.

(Chairman.) That fact is clear, I think, and the only question is whether that was the cause of your firm not having the contract.

8914. (Mr. Owen Philipps.) That was the entire point of my questions?—That was stated as one of the causes by the merchants.

8915. (Chairman.) I think our time is too valuable to allow us to ask for evidence on this particular point, which is not an important point?—Mr. Owen Philipps can easily get evidence, I am sure, through his association with the trade.

8916. You cannot give any further evidence on it?—No, I have told you everything, but, as I say, there is no difficulty in getting it.

8917. (Mr. Barry.) We have had a good deal of evidence from manufacturers and merchants who are not favourable to the deferred rebate system, who have told us that the advantage of regular sailings outweighs some of the disadvantages of the deferred rebate system; but I gather from your evidence that that is not at all your opinion?—Entirely the contrary. I contend that the deferred rebate system is, to some extent, established for the purpose of restricting sailings.

8918. It is quite usual, I believe, for tramp steamers to advertise that they will sail on a fixed date, full or not full?—I do not know that they advertise so, but, as a matter of fact, they sometimes do so.

8919. Unless they advertised, they would not be bound to sail, would they?—Of course it all depends on a man's contracts—entirely—how he sails. Tramp steamers, you should understand, are not getting any of this general cargo trade; and, undoubtedly, it is not the general cargo trade which demands date-sailing so much as the passenger trade. I do not think many instances arise where it is a case of sailing because of the cargo, the date is kept because of the passengers, and to keep up the regularity as far as practicable.

8920. I gather, then, that it is your view that the probable result of open competition would be that sailings would be as regular as they are under the deferred rebate system?—I think that is perfectly clear. I think the whole system of deferred rebates points to restricted sailings.

8921. I notice that in paragraph 8 you say that the Conference Lines often blank sailings when they do not get sufficient cargo?—That is correct.

8922. Does that mean that they wait until they have filled up?—No; but a Line which perhaps might be sending steamers every week might blank one week.

8923. Professor Gonner put some questions as to the power of one-fourth of the tonnage to create a monopoly against the remaining three-fourths; I think you stated that you would be surprised if the Con-

ference Lines represented more than one-fourth of the tonnage?—I should not think they do.

8924. Well, I do not quite understand why the one-fourth represented by the Conference Lines could create a monopoly against the three-fourths?—As a matter of fact, they have done it, and they have made the monopoly so strong that the remaining three-fourths have been absolutely barred out of the trades.

8925. I want to look at the matter from the point of view of the manufacturer for a moment. Why cannot the tramp Lines advertise to carry freight at a lower rate with absolute certainty of regular sailings?—You must keep this in view, that, in the first place, all those who have been shipping by the Ring Lines in the past would have to drop their deferred rebates for six, nine, twelve, or fifteen months. If it was simply a case of each port, or, say, of a Glasgow Line having rebates so far as its own Line only was concerned, it would be a different matter; but the Glasgow Line, which has no intrinsic interest in the Line at Hamburg or at London, defends that Line, and prohibits me as a shipper, if I have goods at Hamburg, although I may ship by the Glasgow Line here, shipping by any Line I may wish to ship by from Hamburg. As I said before, I do not use the word in any objectionable way, but it is practically a conspiracy of the one with the other.

8926. So that the effect of it is that the time never comes when the shipper can resume his liberty of action?—The time never comes.

8927. I do not want to ask you any further questions with regard to the incident which you have mentioned in paragraph 16 about the contract for the 100,000 tons; but I notice that in paragraph 7 you say, "There can be no doubt that often owing to the state of the general freight market orders could be secured for particular ports in the United Kingdom, or for British products, which are lost because of the rigidity of the arrangement with the Ring Lines." Are you in a position to give the Commission any further instances?—I am not in a position to give you further instances. I think the thing speaks for itself, if I may say so, because the merchant is barred from going to the outside tramp steamer to ask for a quotation. The outside tramp steamer might be willing to carry the cargo for which he is negotiating at 10s. per ton less freight than the Ring Line, and if the merchant were able to take advantage of that offer of 10s. less per ton, he might get an order which might otherwise be lost. It is not only a matter of freight; I think it is a far more important matter to the shipper than to the shipowner.

8928. I can quite see how the system would operate to the disadvantage of the general trade of the country, but I think it would be of considerable advantage to the Commission if some definite cases could be stated?—There are many cases like this, and I think you will find some witnesses will come later who can give you definite information. I was asked specifically to give my opinions from the point of view of a tramp shipowner, and I have avoided, to some extent, what others are likely to introduce.

8929. In paragraph 11 you say, "As regards outside ships, the Shipping Rings are merciless in their treatment, and if it suits them they are ready to go into any market when in want of stray cargo." I suppose instances of that kind could be supplied without difficulty?—I will tell you on the spur of the moment exactly what I mean. What is called a liner—and, after all, the character of the great bulk of the liners is just similar to that of the tramp steamers—what is called a liner comes in from the East and discharges at Marseilles; she wants to go straight to London, Liverpool, or some other British port, and at that time—perhaps it might be the orange season; and this has happened there at the orange season—the big liner will drop into Valencia, or some of those ports, and reduce freights by perhaps 20 per cent., and get a cargo; whereas there are steamers going constantly the round, and they have to drop to the same figure, and thereby what would have been a profit to them would be turned into a loss. Inside the Rings, they say it is an advantage to keep on a level with rates; but the moment you go outside the Ring they have no consideration for other people at all, and they do not say it is necessary then; in fact, they say it is unnecessary outside of their own Lines to keep up

level rates, although you know that in the natural order of business there is a sort of level. In the same way, a liner coming into Marseilles might go to an ore port, and get a cargo home at a reduced rate, and never hesitate about it. Or one comes in to Dunkirk, perhaps, and can go from there to Glasgow or Liverpool. There are steamers running regularly from Dunkirk to Glasgow and Liverpool, but a Ring liner will come in, and take the freight at half the money perhaps which is being paid under ordinary circumstances to boats which are not working under the operation of the Ring. The position of the Ring is simply, inside its bounds it is desirable to have a level of rates, and outside its bounds it is of no consequence.

8930. Then I think I may take it, to sum up your evidence, that you feel that two-thirds of the tonnage of British shipping is placed at a great disadvantage in consequence of the system of deferred rebates?—I think so; and I say this also, that the merchants are placed at a much greater disadvantage if that is possible.

8931. I was going to add that the general trade of the country is seriously prejudiced by the operation of the deferred rebate system?—That is my view very strongly. I believe it is prejudicial to a far greater extent than we have any idea of.

8932. Can you suggest any means of removing that evil, short of legislation?—I do not think there is any way but by legislation.

8933. I notice from your memorandum that you have no faith in a conference between the shippers and the Conference Lines?—I have just put it this way, that if one man is an autocrat, the other man must simply fall in with what is required of him. The Ring is practically in the position of an autocrat, and you may have as many conferences as you like, but you have got to finish up by accepting the terms of the Ring.

8934. Then you do recommend legislative interference?—I recommend legislative interference, to some extent, on the lines of the Elkin Act.

8935. (Sir John Macdonell.) Mr. Spens, who was called as a witness a week ago, said that in his opinion the trade of Glasgow had suffered in consequence of the deferred rebate system; is that your opinion?—That is so.

8936. Have you any specific facts present to your mind which give you that impression?—A case just comes to my mind of a Glasgow manufacturer who had to compete with Middlesbrough. He went to the Lines and asked a rate; he got his rate, and he found that it was half-a-crown higher than from Middlesbrough, so that he was at a disadvantage to the extent of that half-a-crown per ton on his rough material.

8937. (Mr. Owen Phillips.) What part of the world was that to?—That was to India, I believe. I think that is the standard position with regard to the India rate, that Glasgow is placed at a disadvantage in favour of Middlesbrough; and I understand that it very often applies in the same way to Antwerp. There are reasons often for it; of course it is difficult to enunciate them, but I can give you a suggestion if I may?

8938. (Sir John Macdonell.) Will you let me have it?—It sometimes suits Lines to have a quantity of weight to combine with light cargo. Lines loading out of London with fine goods want to get weight, and they reduce the rate from Middlesbrough to encourage the Middlesbrough trade, so that they may get weight from Middlesbrough to combine with the fine goods from London. But the same thing might apply at any time to the West Coast.

8939. Is that difference solely attributable to the influence of a Shipping Conference?—That is solely so; because in many cases the merchant, if he was free to go outside the Rings, could get the goods carried by liners outside at even less money than the Conference asks from Glasgow. I hope I make it clear. In the first place, he is at a discount, because, working with the Ring, he has to add 2s. 6d. on his price as against the Middlesbrough man.

8940. That is one reason; what is the other?—If he were outside of the Ring altogether, the possibility is that by going to the tramp steamer he could get his cargo carried at still less.

8941. Are there any other cases which occur to you as justifying your opinion about the unfavourable result?—I did not come prepared with cases, but there are a great many such as that. I heard of a case recently, where the rate to India was half-a-crown less from Antwerp than from Middlesbrough.

8942. Recently?—Well, I got the information recently.

8943. Is there at the present time any combination among the owners of tramps?—I know of none.

8944. I am not speaking of the deferred rebate system for the moment, but is there nothing in the nature of a conference or combination amongst the owners of tramps?—I know of none. There was some sort of combination, I believe, in connection with the Baltic trade a year or two ago; but that was a matter of keeping up freights, and it did not bar any merchant from taking ships outside of the Conference, that is to say, there was no deferred rebate system or anything of that kind.

8945. I am not speaking of the deferred rebate system. Has there been at any time a conference or combination among owners of tramps, either with a view to keeping up the rates of freight or with a view to preserve a monopoly as regards particular ports?—It has very rarely happened. I believe it did happen in connection with the West Coast trade some time ago, when the sailing shipowners met together and determined that none of them should take less than a certain figure. I think rates had fallen as low as 10s. from the Valparaiso district, and they met together and came to some arrangement that none of them should take a less rate than a certain figure.

8946. I put these questions as a preface to a further question: In the event of Shipping Conferences being broken up by the abolition of the system of deferred rebates as you suggest, might not the result be Conferences or combinations among the shipowners without rebates?—Quite likely so; there is no reason why there should not be.

8947. Would that not be a highly probable result?—Not of necessity, but it might quite well happen.

8948. You mentioned, I think, in answer to one of the Commissioners, that you thought the rates of freight would naturally vary, just in the same way as the prices of other commodities varied. I put it to you whether there is not a peculiarity in the nature of freights which would lead to more considerable fluctuations in their rates than in the prices of ordinary commodities?—I should think it would be the other way about.

8949. Just consider this: The owner of a tramp, or the owner of any vessel, has to pay certain expenses whether his vessel is employed or not; that is so, is it not?—There is always the laying-up expense of a steamer if she is not employed.

8950. If any freight which would more than pay these constant current expenses is offered, it would be to his advantage to get that freight, would it not?—It would be so under ordinary circumstances.

8951. In other words, the owner of the tramp is the owner of a commodity which must, so to speak, be brought to market at once?—Sometimes tramps are laid up. It sometimes suits the owners to keep the ships lying for a time waiting for an improvement in freights; we do that sometimes.

8952. I am putting to you this question, whether or not, from the nature of shipping and in the absence of combinations, there is liability to greater fluctuations than in the case of ordinary commodities?—I do not think that is the experience.

8953. Coming to the test of experience, do the rates of freight for tramps fluctuate considerably?—They do.

8954. Do they fluctuate much more than the rates of freight for liners?—I should think they do.

8955. They do?—I have not information with regard to how the liners do.

8956. But your experience is great?—That is quite the case; they must of necessity do that.

8957. On the other hand, I gathered from an answer which was given recently to one of my brother Commissioners, you think that the liability to considerable fluctuations on the part of freights for tramps is increased from time to time by the owners of liners coming into ports which are supplied by tramps?

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—I would not put it so high as that. The liners do not interfere so very much, but they never hesitate about coming in. I do not blame them for it at all, or take any exception to it; but the fact remains that they always contend that their freights must be on a level as far as possible, and that they must keep them on a level, while they have no sympathy with the tramp man who is trying to keep his on a level. The liner is free to come into the tramp's trade, whereas the tramp is not free to go into his.

8958. You say he is not free to go into the liner's trade because the merchant has never, so to speak, got a clean slate?—He has never got a clean slate, and the merchant is never a free agent.

8959. Because there is always a liability which may be compared to a hanging gale?—That is round his neck all the time.

8960. As I understand, you are prepared to face the prospect of the small shipper not faring quite so well under a system of free competition as the large shipper?—I am quite prepared to face it, but I think as a matter of experience that the small shipper gets along quite as well as the large shipper. The small shipper is more alive sometimes to his freights than the big shipper, and he, perhaps, makes more effort to find his way about. I think the large merchants, as a rule, prefer a standard system for everything.

8961. Given similar activity, and similar shrewdness on the part of the small and the large shipper, under the system which you propose the small shipper would fare worse than the large shipper?—I think that the large shipper is entitled to greater consideration than the small one.

8962. You face that?—Quite so.

8963. Will you explain a little more fully to me an important part of your evidence, in which you point out that one particular port, for example Glasgow, is placed in a disadvantageous position as compared with other ports. Would you illustrate that a little more clearly?—I could illustrate that. Glasgow is a cheap port; it is a much cheaper port even than London, it is a cheaper port than Liverpool, and it is an infinitely cheaper port than New York; therefore, Glasgow, I should say, because of that fact, should have consideration in its rates, and a merchant in Glasgow should be able to get his tonnage for less money than if he were at the ports which are more expensive.

8964. I was about to put another aspect of the matter to you. Compare, for instance, the port of Glasgow with ports on the east coast of Scotland, say, Leith or Dundee. Does the deferred rebate system at present place these ports in a disadvantage as compared with Glasgow?—It puts them to this disadvantage, that occasionally, not always, perhaps, a shipper in Dundee might have an opportunity to send cargo from his own port; some vessel might offer to take freight, say, from Dundee, and to take it at a rate which might secure orders to the man in Dundee; but the man in Dundee is in the habit of shipping from all the different ports to wherever his markets might be, and if he takes advantage of any such opportunity he at once loses all those deferred rebates.

8965. All of which works out to the disadvantage of such ports as Dundee and Leith?—I consider those ports are placed at a great disadvantage.

8966. In other words, in your view, this system operates not merely to deprive the shipper practically of free choice, but it also creates an undue preference of certain ports as against certain other ports?—That is quite the case. I might illustrate it this way: If you take Manilla, for instance, or the Philippines, it may not suit the Conference or the Ring to send its steamers to Glasgow to load, and then the merchant in Glasgow is compelled to send his goods wherever the Conference chooses to put on a ship, though he might have the opportunity to ship from Glasgow by an outside steamer.

8967. In other words, the condition of the trades of particular ports is determined, not by the convenience of those ports or by commercial necessities but, in your view, by the arbitrary will of the members of a Conference?—That is quite the case. To illustrate what I mean, I have here a letter by Sir Donald Currie, which appeared the other day in the "Shipping Gazette." The rates there are given by the Conference to South Africa. I observe the rate to Cape

Town is 42s. 6d. and the rate to Durban is 52s. 6d. As a matter of fact, Cape Town is a far more expensive port for a ship to go to than Durban, so Durban loses the advantage of its position and its character. The ordinary man would take less money to go into Durban than he would to go into Cape Town, but under the rigidity of this system, the economic value relatively of Durban is forgotten.

8968. (Mr. Owen Philipps.) On that point, is it not the case that the rates are kept up to Durban especially at the request of the Cape Government, and to meet their views in the matter; and that the British shipowners are willing to reduce the rates to Durban to more on a parity with those to Cape Town?—I can only speak to the fact that you have 42s. 6d. to Cape Town, and 52s. 6d. to Durban. I, as an outside shipowner, would almost reverse the position, although the distance is a trifle further. I would rather go to Durban for the same money certainly.

8969. (Sir John Macdonell.) Without confining yourself too much to the circumstances of a particular case, would you say that this system leads to the preference of certain ports which, economically considered ought not to be preferred?—I would absolutely say so, and plainly say so. It speaks for itself.

8970. I will ask you another point, and that is, how far in your view this system, in point of fact, operates in restraint of trade?—That is a very difficult question to answer. One can only imagine the extent of it. If you give America a preference of 10, 20, or 30 per cent. in the freights, that puts the American manufacturer in a much better position for competition than the British merchant; and if you put the man in Antwerp on the same basis as (I will take any port), say, the Glasgow man, you give the Antwerp man an advantage at the expense of the Glasgow man.

8971. You have suggested that, on the whole, the Elkin Act might be taken practically as a model, or, at all events, as furnishing useful suggestions?—That is so; there is one section of it which would be very useful.

8972. You did mention one section, but you did not subsequently identify that section?—It is the first section, just below the note "Rebates and discrimination forbidden."

8973. "It shall be unlawful for any person," &c.?—That is so; from there down to the words, "Not more than \$20,000"—about twenty lines down. That seems to me a very appropriate section.

8974. Is it your suggestion to the Commission that any amendment of the law should be modelled upon the words to which you have referred?—I have not considered that sufficiently, but, generally speaking, I think that is so. I think I gave to the Chairman an expression of opinion to this effect, that there should be a law whereby it is made illegal by any system of deferred rebates or other conspiracy so to bind shippers that they cease to be free agents. I think that is the purport of that clause in the Elkin Act.

8975. I think you will probably admit that the Elkin Act does not in any way refer to deferred rebates?—It is operative in America now against deferred rebates.

8976. It is hardly perhaps a question that I should ask you; I will only call your attention to the fact that this section, to which you draw my attention, deals with rebates or deductions from rates which the railway companies and other carriers are compelled to publish?—I have not studied it very closely; that is why I gave my own version of what could be done to meet the position.

8977. You were asked by, I think, Sir Hugh Bell, whether or not the deferred rebate system was a necessary accompaniment of the carrying of mixed cargo, and I think you said it was not?—That is so, because you have got all the American trade done without any such system as deferred rebates; and many other trades—you have all our coasting trade, for instance.

8978. I was just going to ask you a question about that. Is not our coasting trade, to a very large extent, a system of mixed cargoes?—It is identical in character with that—it is a system of mixed cargoes.

8979. (Mr. Lawrence.) In answer to one of the Commissioners, you said that the rebate system does not assist regularity of sailings—at least that is what I

gathered you to say; was that so?—That is my view. If I might so express it, I think the aim of the rebate system is to restrict sailings.

8980. I am talking of the regularity of sailings?—I do not believe at all that it helps the regularity of sailings.

8981. I gather rather from what you have said, in reply to the previous questions, that you do not lay any great stress on regularity of sailings; that is to say—I may be wrong, but you will correct me if I am—that if it did not suit the shipowner to be regular in his sailings, he would not be regular?—That is so. Of course the passenger trade requires very much regularity.

8982. It seems to an outsider that if a shipowner advertises regularity of sailings, it is a very gross offence if he does not keep that regularity?—Generally speaking, they do keep it.

8983. I should have thought the fact of his having granted the rebate, and therefore having a certainty of what cargoes there were, would have made him more particular as to the regularity of his sailings than otherwise he would have been?—I do not suggest that at all. My view is that the deferred rebate system does not make sailings more regular; I think they would be as regular without as with the deferred rebate system.

8984. I suppose you agree that regularity of sailings is an important thing in many trades?—Lines generally, for their own advantage, have regularity of sailings.

8985. I am not talking of the shipowners alone; I am talking of the freighter as well?—Certainly.

8986. In small trades like the West African trade, where there is not a great volume of business, that would be particularly important, would it not? We have had gentlemen from the West African trade here who have told us that the steamers had to call at a great many ports, and that there was a very small cargo at each of them?—Undoubtedly that would be so. Shippers prefer regularity of sailings; it is very desirable.

8987. Do you believe that a merchant would do as well under your free freight system, where there was no deferred rebate system, in a trade like the trade on the West Coast of Africa?—I do think so.

8988. You do, notwithstanding that the volume of the trade is small, and that there is not very much in it?—I do think so. We find this, that an outsider may come in occasionally, but he simply comes in and disappears again; while the man who gives systematic sailings is booking his cargo all the time.

8989. Even when the trade is really a small trade?—Even then.

8990. You stated, I think, in reply to some questions, that your general view is that the trade of the country was being throttled by this system of rebates?—That is my view.

8991. Then, if it has been throttled, you do not think that the merchants generally in this country are sufficiently powerful to take steps to prevent that system?—I say it is perfectly impossible for the merchants to do it.

8992. Even the big merchants?—Even the big merchants. In my opinion, this has to be kept very specially in view in connection with many of the trades—that big merchants become interested with the shipowners and represent them; and then it is very difficult for those merchants to come forward and speak against the system.

8993. Their interest, then, may be with the system to some extent?—With many of them it is so. They act as agents abroad, and they have considerable incomes coming from the Lines which they represent abroad.

8994. As agents?—As agents.

8995. (*Lord Inverclyde*.) In regard to this meeting of tramp shipowners which was held in Glasgow on December 10th, 1906, you say there was an attendance representing a large amount of tonnage; I suppose the quantity of tonnage represented was of more value than any number of attendances?—There were 28 shipowners present, as a matter of fact.

8996. Did those 28 represent a much greater amount of tonnage than the five who were connected with Lines?—Yes; the five represented a very small amount of tonnage.

8997. Without giving the names of the five, what class of trade were they in?—One of the five is the freight manager of a large Line.

8998. You said it was a meeting of tramp shipowners?—He came as a tramp shipowner.

8999. He has a double capacity, then?—Yes. He is the chief manager of one of the largest Lines running out of Glasgow, and he has three or four tramp steamers which he manages along with his brother. Another of the five, I think, at the present moment only controls two or three steamers; another controls probably eight or 10; and the fifth, I think, two or three. I can give you the names of the committee that were appointed, which will show you how representative they are of the Glasgow shipping trade. They were Mr. F. C. Gardiner, of Messrs. James Gardiner & Co.; Mr. Glen, of Messrs. Glen & Co.; Mr. Leonard Gow, of Messrs. Gow, Harrison & Co.; Mr. Outhbertson, of Messrs. Thomas Skinner & Co.; Mr. Morton, of Messrs. Robert Mackill & Co.; Mr. _____, of the Lyle Shipping Company, and myself.

9000. Have you ever brought this matter before any of the Shipping Associations of which you are a member?—No. These questions are practically banned from Shipping Associations, because all classes of shipowners are in the Association, and it is always considered desirable to avoid questions where there might be party operations.

9001. Still, you never brought it before an Association?—I never thought of doing it, for that reason. They always put aside any movement of that kind, for the obvious reason that those Associations exist for defence as a rule, and it would not be desirable to raise questions such as this at any Association.

9002. You have spoken a good deal about shippers; is not your real reason for objecting to the deferred rebate system that it keeps tramp shipowners out of the business?—From the shipping point of view, that is so; but I think we can afford to look at it even from a wider position than our own.

9003. You told Mr. Barry that you were here as a tramp shipowner?—My evidence has naturally been given from the tramp point of view, because I was asked to give it that way.

9004. So to speak, it is the tramp shipowner against the liner shipowner?—If you like to put it that way.

9005. No; I am asking you?—I think both the tramp shipowner and the Line shipowner should look at it from the wide aspect of a national question.

9006. Do you yourself charter steamers to the liner shipowners?—I do.

9007. You are acting then as an abettor of the deferred rebate system?—I am very glad to charter.

9008. I understand you are glad to charter because you make a profit on it?—That is what we always hope to do.

9009. And you do it?—Sometimes; sometimes not.

9010. You mentioned just now that the liners made a large profit on these charters?—Sometimes.

9011. You did not say "sometimes" before?—Yes; sometimes.

9012. Would you give me any instance? I do not know what you mean by a large profit; that is such a vague term?—I think I can show you what I mean. At the present moment, the Ring which operates from China to New York, for instance, is able to charter tramp steamers—

9013. Are there deferred rebates in that Ring?—Yes. That Ring is able to charter tramp steamers at something like 21s. to 22s. per 40 cubic feet, and they are charging the shipper from China something like 35s. I quite acknowledge that they run a risk of not filling the steamer, but I think it is practically unknown for any steamer to leave unfilled.

9014. That is a difference of 14s.?—Yes. That is exactly what I mean. I do not think I know of any other case, but I just happen to have those figures before me.

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9016. The liner will not have a clear profit of 14s. ?—If he gets 35s., then he has a clear profit of the difference.

9017. Is that so?—That is how it works. As a matter of fact, before the Conference under the Ring system operated from China, the standard rate, I think I am right in saying—and I think you have had evidence of it here—was something like 22s. 6d. to 25s., and now it has been raised to 35s. That is just an instance ; and the same thing applies other ways.

9018. You, as a representative tramp shipowner, disapprove of these deferred rebates ; but is it not a possibility that tramp shipowners, who you have told us form the large majority, could make a combination and refuse to charter to the Lines?—They are always delighted to charter wherever they can get the best return, and there is no chance of any such combination. I am not blaming existing combinations. I hope there will be no misunderstanding. I think they are acting quite within the law. If I were in their position I think probably I would do the same. I am not professing at all that I should act otherwise. But the question is a national question, whether it is right that such a condition of things should continue to exist, that a few men should be able to control this huge trade, and not only to monopolise it but to monopolise it to the disadvantage of the national position.

9019. I quite follow that. I also understood you to say that the tramp shipowners want to stop this deferred rebate system?—I should do it but not merely as a tramp shipowner.

9020. You do not object to profit from it as long as it is in existence?—Not at all ; I am not professing anything of the kind.

9021. You were saying that to-day the liners often blank sailings when they do not get sufficient cargo ; what do you mean by blanking sailings?—Perhaps the man who is in the habit of running a boat every week to a certain port, if there is not sufficient cargo coming forward, cancels his sailing that week, and what cargo there is goes into the ship the following week.

9022. Do you mean that he has advertised that sailing, and then, finding there was not a sufficient cargo he withdraws the sailing?—That happens very often.

9023. I know a little about liner business, and I am not aware of that. Can you tell me when it has happened that a sailing has been advertised and there has not been sufficient cargo and the sailing has been withdrawn?—I think I am within the mark when I say that it happens in every trade, if you put passengers out of the question.

9024. Will you kindly be more explicit, because general answers of that kind are not sufficiently explicit?—I think that happens often enough.

9025. Tell me a trade where it happens?—It happens sometimes in the River Plate.

9026. That sailings are advertised and withdrawn?—Yes. It happens in the Cape trade ; and, indeed, it happens in almost every trade occasionally.

9027. Do you say "often"?—Well, I will give you the word—it happens often.

9028. You mean in liner trades exclusive of passengers?—Exclusive of passengers. You know that many of the liners running out of Glasgow carry no passengers.

9029. You are not aware of Lines that advertise sailings and then blank them?—The thing is happening practically every day—when I say every day, I mean it is happening very often. I do not see any harm in it. If a man is bound to sail he has got to sail. If he has booked his cargo in such a way that he is not compelled to sail he simply does not sail. There is no harm in it.

9030. Do you mean that if after he has engaged freight he finds there is not sufficient freight he then blanks his sailings?—Yes. Of course, if he has come under some guarantee absolutely to sail on a given date, then he may require to go ; but it is a most natural thing to do, and a most wise thing to do, if he has not sufficient cargo for a steamer and is not compelled to sail, for him to blank the sailing.

9031. (*Chairman.*) It is not quite certain that he is entitled to do so. Supposing room has been engaged on the strength of an advertisement that the ship would sail on a particular day, is it quite clear the shipowner would be entitled to withdraw the advertisement, or may he not be liable to pay damages?—It depends entirely on the way in which the man makes his engagements, but I think we should take the position that outside the passenger traffic you do not often find those conditions so binding—or only very seldom.

9032. (*Lord Inverclyde.*) You are talking now more from the tramp shipowner point of view, but is that the case with the liner?—What I said applies to the liner, and it happens very often.

9033. (*Mr. Owen Philipps.*) May I put it to you that you are very considerably exaggerating a comparatively rare occurrence?—No you may not, because it is not a rare occurrence.

9034. (*Lord Inverclyde.*) In paragraph 11 you say "the Shipping Rings are merciless in their treatment, and if it suits them they are ready to go into any "market when 'n want of stray cargo"; do you mean liners by that?—Yes, I mean liners.

9035. Do you not rather mean tramp steamers which are owned by liner companies?—Yes.

9036. I am afraid this Commission has rather regarded liners as more of the class of the P. & O. steamers?—You know the Anchor Line and the Clan Line, and similar Lines from Glasgow, are not large passenger ships at all, in fact, I think some of them do not carry any passengers.

9037. We really rather regard them as tramp steamers than as liners?—That may be, but they are Ring steamers.

9038. Mr. Spens in a very guarded way advocated, and I gather you rather do the same, that over and above making deferred rebates illegal you will be prepared to consider that the rates on the ocean should be fixed by some authority?—Never. I should never advocate anything of that kind. I think rates are just like other commodities ; they must fluctuate with the times.

9039. In paragraph 14 you refer to the case of the railway companies, and you say there that as in the case of the railway companies "the legislature would "have to provide some tribunal to regulate the rates "of freight and conditions"?—I should say that if such a condition of matters as you indicate came about such a tribunal would be necessary, but I cannot conceive such a condition coming about.

9040. Do you think the shipping trade as a whole, or the majority of the shipping trade (who are tramp owners), would agree with you, even in considering that some such body as the Railway Commissioners are, should regulate the rates of freight?—I am quite sure that they would be practically unanimous in this, that there should be no monopoly given.

9041. Where is the monopoly for the ocean liner?—It is practically a monopoly, as far as the trade is concerned in which the Ring steamers are interested. It is simply doing away entirely with free trade. It is supporting a system of protection of a favoured few. That is the position, as I take it, in connection with this matter.

9042. The position I am putting to you is that supposing deferred rebates are illegal, are you prepared to go a step further and advocate that the Government should provide somebody that would regulate rates?—Never for a moment.

9043. That paragraph 14 in your memorandum led me to believe that?—No. That paragraph is not quite clear then.

9044. In paragraph 20 you refer to the Cape trade and to the argument that there is no return cargo from there. You think that ought to be taken into consideration in the case of mail subsidies, I see?—I do so.

9045. Do you know who pays the mail subsidy in the Cape trade?—The Government.

9046. Do you know which Government?—I do not know.

9047. I understand it is the Cape Government. Do you think they would be prepared to increase their subsidy? Have you considered that point?—I think if you get mails carried you should pay whatever is necessary to have them carried ; I do not think they should be carried at the expense of commodities.

9048. It comes to that in the long run if the Government pays?—I think if the mails require to be carried, then surely you should pay sufficient for the carriage.

9049. You have referred to the Atlantic trade once or twice as having no deferred rebate system; how do the rates for cargo on the Atlantic compare with the rates from other parts of the world?—I imagine they are much more moderate.

9050. Are they not almost at a loss?—That is, I think, where free trade regulates the position. If the freights homewards are good, as a rule rates outward are low, and you have the advantage coming home. If the freights homewards are bad, then you get the rise outwards. But the economic value of things is done away with under the present system.

9051. Do you think the shipping trade could exist with advantage if they had to depend on the cargo rates which are at present ruling in the Atlantic trade?—There is the fact that so many Lines have existed for so long.

9052. My question was based on the cargo rates alone?—I put it this way—were the passenger trade not there they would require a higher rate for the cargo.

9053. Is that not the explanation of the position?—Without the passenger trade you would use a class of steamers which could be made profitable at the lower rates. We as tramp steamship owners would be delighted to get the rate which the Liners get for carrying the cargo out. Those who build liners build them with the expectation of getting a return from the passengers, and I fancy most of the Atlantic liners make more out of the passengers than out of the cargo. The extra money you spend on those boats is spent, so to speak, for the sake of passengers.

9054. You have referred to a matter in a not very intimate way—you mentioned it and so brought it to my mind—namely, that there is a Sailingship Conference in operation now; I do not know much about it, but I understand its object is to keep up the rates on sailingships?—I think it has ceased to exist. The fact of the matter is the trade is done now in steamships, and I think the Conference even has ceased to exist, but I am not quite certain.

9055. (*Mr. Sanderson.*) You mentioned just now, I think to Lord Inverclyde, that you could and would provide a steamer to carry cargo to and from America possibly at the rates which are existing and have been ruling for the last two or three years; or did I misunderstand you?—I did not put it that way. Lord Inverclyde referred to the matter of outward freights from this country, and asked if I thought those outward freights would recompense the liners.

9056. (*Lord Inverclyde.*) I do not think I put the outward rates to you?—The same thing applies to the homeward rates. I think I said so far as the outward rates were concerned, we, as tramp shipowners, would be glad to carry the goods at the rates which the liners get.

9057. (*Mr. Sanderson.*) To-day?—To-day.

9058. To the States?—Yes.

9059. Are you aware what these rates are to the States?—I have an idea.

9060. I unfortunately am very well aware of them?—We are carrying goods just now.

9061. To the States?—We tramp shipowners are carrying iron to the States just now for about 6s. or 7s. a ton, and glad to get it.

9062. At a profit to you?—Yes. I do not say that the rates at which the liners bring home cargo from America are profitable, but we can make a living by going out at 7s. per ton to America and having a free market after that. We have the opportunity perhaps of going to the East, the South, or the West, to the River Plate, or down the Gulf of Mexico, and then coming home. But we are very glad indeed to take large contracts at 7s. out to the States.

9063. What about the homeward traffic to direct ports?—I do not know what those rates are homewards.

9064. Do you think that it would be an advantage in other places where there is not that huge volume of traffic from the States—do you think that it would benefit the trade of England as a whole if all these main trades, which are now conducted by what you call the Ring steamers, were free to you?—I think it would be a tremendous advantage to the country.

9065. To the country generally, both outwards and homewards?—Yes, both.

9066. Take the Indian trade, for instance; is it not true that to India it is the custom, or at all events of frequent occurrence, for outside steamers to load cargo for India?—It is practically a thing of the past.

9067. Why is it a thing of the past?—Because of the Rings and the deferred rebate system.

9068. Is it not the fact that prior to the last three years, regularly, outside steamers loaded to India?—It did happen occasionally, but it has become rare and is becoming more rare as time has gone on, until now it is next to an impossibility.

9069. May I ask the reason why this business has been an impossibility in the last two or three years?—Because of the deferred rebate system.

9070. Is that the only reason?—That is the only reason.

9071. Are you aware that there has been an exceptional period of what we call fighting rates in the last three years?—I know that was so with the Hansa Company, I think it was.

9072. And that the rates on iron and steel have been as low as 5s. and 6s. to India?—I believe so.

9073. If these Lines had not been running, and there had been a free freight market, do you suppose that the tramp shipowner—I use the term with all respect—would have maintained his service; or would he have left it?—He would have done just exactly as the man who has the trade now has done. He would have done whatever suited him best. It might have suited the man to continue his Line. What the Lines are doing is to beat off the people who are trying to get into the trade.

9074. I put it to you that the rates which have been ruling from England to India have been a result of an attempt of the German Lines—this is public property, so I do not hesitate to mention it—to restrict the sphere of the business of British Lines in Antwerp, and as a result they put on their steamers from England. Assuming there is a free market, would you run your steamers to India as against the German Company, backed up by this rebate system?—I see no reason why I should not.

9075. Would you be willing to face the loss?—There may be loss or there may be profits. It depends on the trade you happen to get.

9076. Surely you do not suppose for a minute that the trade of India has been conducted at a profit to anybody in the last two or three years?—You are taking an exceptional case.

9077. But I give that case?—It does not seem to me to be a fair comparison, because you do not take the normal circumstances, which are after all the true position. I think it is scarcely fair. To take the case you speak of, a man willingly runs in and does not mind losing money, and the Lines are fighting this new-comer, or you are fighting the new-comer, for your own advantage in the future. You are trying to keep him from getting a portion of the trade.

9078. (*Lord Inverclyde.*) It would also be an advantage to this country to prevent the German from getting it, would it not?—No doubt it would be to the advantage of the country. I have no doubt that low rates from this country for a time help to develop the trade of the country.

9079. That was done to keep the Germans out?—If I understand the position, they wanted to limit our sailings from the Continent.

9080. (*Mr. Sanderson.*) Whatever the cause may be, there was a severe fight, and an attack made on the trade of this country by foreign shipowners, protected by the deferred rebate system, calling at India and taking cargo. If our allied Lines, which are under the deferred rebate system, and are protected to a certain extent undoubtedly by it, and admittedly protected by it, had not in that way had their Indian trade protected, and if the market had been free, do you think that the tramp shipowner in the trade—perhaps plus a certain number of the Lines, but it is debatable whether there would be many who would then remain in it—would have fought this fight to a finish?—It is purely a matter for the individual. If it suited him to do it he would do it.

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9081. The tramp shipowner is in no way bound to maintain his service—he is a free shipowner, and he comes and goes?—He is not in any way more bound to maintain it than any other man; but the liner now maintains his service because it suits him, and he does it for the sake of the commercial advantage.

9082. You mention in one part of your statement that the system of Shipping Rings to a very large extent restricted the tendency to cheaper transit; you are aware, of course, that in the Indian trade, to which I have referred, a very large proportion of the cargo that goes out to India is for the Government, on a contract which is advertised for tender?—Yes.

9083. It has been the case until the last two or three years that outside steamers continually and regularly competed for and took those cargoes against the regular Lines; that is so, is it not?—Yes.

9084. And it would be true again to-day?—If they got the chance; I mean to say that, as tramp shipowners we are quite willing to tender at any time for cargo.

9085. If you have an opportunity of doing so?—Yes. Of course, unless the Government wanted to ship very large quantities, it was practically restricted to the liner who was picking up all the other cargo, because the tramp has no chance of getting the other cargo—being absolutely barred by the deferred rebate system. I say that the Indian Government and the Indian railways are at the mercy of the Rings.

9086. I put it to you that until the Hansa opposition it was a regular proceeding for outside shipowners to run steamers with considerable regularity with Government and railway cargo for India, filling up with general goods, despite the Shipping Ring; is that not true?—I expect it would be. If they got the opportunity they would take the cargo.

9087. Is it not true that they did?—I expect it is.

9088. It was so?—I cannot speak directly about it, but in view of your questions I would like to say that I believe there is no time when the development of our trade is so great as a time of cheap rates. Every time you have a spasm of cheap rates, trade seems to extend wider than ever it did before. It gets into different classes of articles, and brings them in to consumption in more distant places—away up into China, away into Africa, and away elsewhere; and once the peoples of those countries get into touch with our goods and begin to utilise and use exports from this and other countries they never go back on it, and when an improvement in trade comes, you find there has been a great development. I believe every turn of bad trade in the long run acts very much to the interests of the country; and I am speaking, not only of a reduction of freights, because freights are only an item in it, but of a reduction in the price of particular articles.

9089. Do you infer that the so-called Ring Lines to the principal countries, India and South Africa, for example, do not supply sufficient tonnage and sufficiently regular sailings to satisfy the proper requirements of those countries?—My point is this, do away with the deferred rebate system, and the trade of the country would materially increase, because in many cases merchants would be able to do trade which they cannot do now because of the high rates of freight charged by the Conference. The trader has no free market. The trader may come to me and ask my rate for a couple of thousand tons of pipes, say, to South Africa, and I may say, "20s."; then he goes to the Ring and he finds that the Ring rate is 30s., but he says to me, "I cannot operate with you, and must lose the order"; unless he can pay this 10s. per ton extra which is charged by the Conference.

9090. Would you go to South Africa with 2,000 tons of pipes in a 6,000-ton steamer, and nothing else?—Under some circumstances, I would. I am only taking that quantity by way of illustration. It might be 4,000 tons.

9091. With 4,000 tons in a 6,000-ton steamer would you go out to South Africa and take your steamer to India if necessary?—Yes; we do it regularly.

9092. Or to Australia?—Yes; we do it often. We very often go with part cargoes. There is one commodity which we sometimes carry to the Cape, with only about two-thirds of a cargo, and our rates are very much less than the Rings.

9093. In the Indian trade, with which I am somewhat familiar—and that is why I am referring to it—are you aware that the so-called Ring rates of freight on iron and steel are repeatedly the same rates as those taken by tramp steamers, and in two cases that have come before us have been lower than those taken by tramp steamers on public tender to the railways?—I expect that is sometimes so. It applies very much in the same way as what I have tried to indicate to the Commission about Middlesbrough. It sometimes suits Rings to take low rates for a certain class of material for dead weight. They may be getting a great amount of measurement cargo, but they want a certain proportion of dead weight. If he wants to get a certain class of cargo, it may suit a man to take stuff at 7s. per ton, when the ordinary rate may be 10s. or 15s.

9094. Do you really believe if in India or China or wherever the Ring arrangements apply, that with an open freight market there would be the same regularity or greater regularity than now obtains in good times and in bad? Take a bad harvest in India or elsewhere, do you think that the same regularity of service would be maintained by tramp steamers, plus, perhaps, a number of the lines?—My point is, that it is the trade which commands the tonnage and it is not the tonnage which commands the trade. I cannot conceive of Lines keeping up the sailings if they are only getting, say, 2,000 tons instead of 3,000, unless it suits them. It is not done.

9095. Is it not true that Lines do go with 2,000 tons when they ought to have 6,000; but they go because they have made their arrangements permanently?—They do it often, and the tramp steamer does it too. I am getting contracts every day for carrying material, and good or bad I have got to carry those contracts out, and I do it often at a loss. The position is practically identical. The difficulty is with this passenger trade.

9096. Take your own case. You know very well that the markets in America, in the Argentine, say, thanks to a good harvest which we all hope will come again, do from time to time put the freights on a very profitable basis?—Yes.

9097. If you were running to South Africa to-day, and those changes came, would you continue to face the loss by continuing your steamer to South Africa, when you could make a very handsome profit by going elsewhere, you not being bound to run to South Africa?—No. I would consider the future, whether it was my interest in the long run to continue to run to South Africa, just in the same way, I may say, as liners are very often diverted from their trade into other trades because they are much more remunerative, and the Line-owner for the time being can dispense with them on his regular route. That happens very often.

9098. Do you think that the lines, without the protection of the rebate system, would build these fast and fine steamers to the extent they do now, and provide the services they do now—speed far in excess of what the tramp—I mention him again with all respect—gives? Would they continue to go on in a free freight market?—I think you have got the very best reply to that question in the fact that the greatest liners, those which are infinitely the more expensive and infinitely the more costly to run, are to be found in the Atlantic trade where you have no deferred rebate system.

9099. Is it not the fact that the Atlantic trade is run under entirely different conditions to any other trade from England?—I cannot see any difference.

9100. Do you not know that many of the cargo vessels in the Atlantic trade carry large quantities of live cattle, filling their 'tween decks and on deck? What other trades do that?—Other trades do other things; India, for instance, sends classes of cargo that America does not send, and Java sends classes of cargo that America does not send.

9101. Does India send a cargo which can be put in comparison with this live cattle filling the 'tween decks and on deck?—But those large passenger boats do not carry cattle.

9102. Pardon me, I am speaking of the cargo liner now. As to the passenger boats you are quite right, they do not carry this cargo, but I am dealing with the cargo boats now. You mentioned to the Commission just now that America is a free freight market, and I am asking you with what trade to what other country

does the so-called free freight market in America compare?—I think in every other country.

9103. In what other country will you get cargoes of live cattle on deck and filling the 'tween decks?—I do not know what your connection with the shipping trade is, but you are probably aware of the fact that until a few years ago we had the same trade from South America. There was an enormous trade, which I believe will come again, and if it were not for political reasons I fancy it would be in existence now. There is live-stock business being done regularly just now from other countries as well as from North America. Horses are being shipped in large numbers from the River Plate, and live-stock business is being done in a number of directions.

9104. But there is no live-stock trade to England to-day to be compared with the live-stock trade from North America, is there?—I do not agree with that at all; I think the cattle trade with the United States has no great influence on the position to-day; it is not so vast.

9105. Is there anything approaching to a regular service with tramp steamers from America to any English port to-day?—I take the first case that comes to my mind, namely, the liners running between the St. Lawrence and Glasgow. No doubt a number of them carry passengers, but the bulk of them are adapted for cargo. The Allan Line have boats so constituted that they can be adapted for carrying steerage passengers out, and when they get out there they can be adapted for bringing cargo home.

9106. That is hardly an answer to my question. Are we not discussing now the question of the so-called tramp ships?—You are asking me if I can give you any instance of regular cargo boats, I thought.

9107. Do you put liners down as tramp steamers, then, if they carry cargo?—Many of them are tramps. There are also Donaldsons' steamers that I might men-

tion to you. There are one or two which carry passengers.

9108. They do not carry cattle on deck, do they?—Yes.

9109. Take the ordinary tramp steamers running at 10 knots, would they be accepted as cattle-carriers from America? Would the British Government accept them as cattle-carriers?—Certainly.

9110. I put it to you, have you ever asked them?—I have carried the cattle.

9111. On deck to-day?—I have carried them, but not of recent years. I can carry them to-day, and there is nothing to keep me from it. I would be glad to carry them now, and would be able to do it. I have steamers running from the St. Lawrence, and if it paid me to do it, I would put boats into the trade to carry them.

9112. Then why does it not pay you to do so?—Because the form of boat we have running in that trade is not running constantly in the trade, and there is no encouragement in the rates of to-day to book them for that trade; but there they are.

9113. There is no encouragement—exactly?—If the encouragement comes, and if there is any great demand for the steamers, we will do it.

9114. Your steamers are able to carry live stock?—We have carried large quantities of live stock, and we still carry considerable quantities of horses and cattle.

9115. What about refrigerated cargo?—We do not carry refrigerated cargo. We have carried it; we had one steamer for it.

9116. Does not refrigerated cargo, plus cattle, enable a liner in the American trade to run at lower rates than would be possible with ships running to any other country?—Of course, if they did not get the cattle and the refrigerated cargo they would require higher rates for the cargo they did carry.

Mr. J. P.
Maclay.

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Mr. LESLIE COUPER (who was accompanied by Mr. David W. Paterson, Inspector of Branches), called and examined.

9117. (Chairman.) You are the London Manager of the Bank of British West Africa, Ltd., are you not?—Yes.

9118. You have prepared for us a printed memorandum of the evidence you propose to give which bears upon the evidence given before us by Mr. George Miller and Mr. John Holt?—Yes.

(The witness handed in the following statement.)

1. In giving evidence before the Royal Commission in April, 1907, Mr. George Miller and Mr. John Holt both made allegations and assertions relating to the Bank of British West Africa, Ltd., which were incorrect and misleading, and the present statement has been drawn up by the bank to deal with the principal points involved.

2. At the outset it seems desirable that some reliable information should be given to the members of the Commission with respect to the formation and history of the bank.

3. The Bank of British West Africa, Ltd., was formed in 1894—13 years ago—to acquire and carry on the business which was originally commenced at Lagos (now the capital of Southern Nigeria) in 1891 by the African Banking Corporation, Ltd.

4. The African Banking Corporation, Ltd., acted as bankers to the Government of Lagos under an agreement with the Crown Agents for the Colonies, and for the services that bank was called upon to render, the Crown Agents undertook not to issue Mint orders for shipments of silver coin to Lagos to anyone but the African Banking Corporation, Ltd.

5. On the 31st March, 1893, the African Banking Corporation, Ltd., withdrew from Lagos, their business being purchased and continued by Messrs. Elder, Dempster & Co. until the 31st May, 1894—i.e., for 14 months.

6. The conditions governing the importation of silver during those 14 months are described in a letter from the Crown Agents dated 12th June, 1893, of which the following is an extract:—"When a firm desires to place silver coin at Lagos it must instruct its local agent to request the Treasurer to direct us by telegraph if necessary to issue a bill on the Treasurer in favour of the firm for the required amount. If the Governor approves of the remittance being made, the Treasurer will telegraph to us stating at the same time whether any, and if so how much, of the coin required to meet

"the bill, must be shipped. We will then issue a sight bill on the Treasurer to the firm, charging it a premium of 1 per cent. on the amount of the bill and the cost of such telegrams as may have been necessary. The bills will be met in new coins of particular denominations to the extent only that we may find it necessary to ship coins to meet a given bill, the object being to enable the Colonial Government, in the first place, to dispose of such silver, in good circulating condition, as may find its way to the Treasury. In order to ensure a shipment of silver by a particular week's steamer, the telegram of instructions from the Colonial Government must reach us not later than the Tuesday in that week, and firms must arrange with their local agents accordingly." While Messrs. Elder, Dempster & Co. were conducting banking business in Lagos they were called upon to pay, and did actually pay, the premium of 1 per cent. referred to.

7. During this period negotiations were in progress for the establishment of a Public Bank to which the Government were prepared to offer an agreement in succession to and similar to that which had previously been in force with the African Banking Corporation, Ltd., provided that the new institution was absolutely independent, and restricted from engaging in business other than banking business.

8. Eventually, in May, 1894, the Bank of British West Africa, Ltd., was established and an agreement with the Crown Agents for the Colonies was entered into, under which the duty and responsibility of controlling and regulating the silver currency in Lagos was transferred from the Government to the Bank, with the proviso that the charge to be made to the public for the importation of silver coin into the Colony should not exceed 1 per cent., irrespective of the ordinary charges on banking operations.

9. The necessity for exercising a control in regard to the circulation of silver coinage is recognised in England, where the issue of silver coin is solely in the hands of the Bank of England; so in West Africa the extension of commerce decided the Government to delegate the supervision of the currency to a responsible bank which would regulate the supply according to the demand and relieve the Government of the loss and trouble of repatriating any redundant stock.

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10. By the introduction of ordinary banking facilities the old cumbersome methods previously in force have been superseded, and business is now conducted on modern lines to the great benefit of every class of the community.

11. Only those who had actual experience of the conditions prevailing in the Colony prior to the establishment of any bank can fully realise the advantages resulting from the use of cheques instead of silver in settlement of revenue and other payments.

12. It is freely admitted by the Colonial Government that the benefits obtained from the bank are of considerable value, enabling economies in staff to be effected, providing opportunity for the safe and regular remittance of Government funds, and generally tending to accelerate and facilitate the collection of revenue and the course of public business. The Lagos Government Report for 1896 made the following reference to the Bank:—"This Bank has benefited the Colony in many ways and supplies a want which was much felt in the past," while the report for 1897 stated:—"The Bank of British West Africa has a firmly established branch in the Colony, and is of the greatest assistance to the Government."

13. The trading firms and companies, almost without exception, have taken full advantage of the opportunity to open accounts with the Bank wherever a branch is available, and they obtain cash supplies, on credit or otherwise, and dispose of surplus cash on dependable terms and at much more favourable rates than were formerly in vogue, while the native, by the substitution of a silver currency for unstable native currencies and the old barter system is placed in a more independent position in regard to his own purchases, and is encouraged to acquire habits of thrift. So pronounced was the improvement which the Government found to result from the establishment of the Bank of Lagos that, after the agreement with the Crown Agents had been in force for two years, a similar agreement was entered into for the Gold Coast Colony in 1896, this being followed in 1898 by one for Sierra Leone, and in 1902 by an agreement relating to the Gambia.

14. In addition to the Lagos Branch, the Bank of British West Africa, Ltd., has opened six other branches in West Africa as follows:—Accra, Gold Coast, in 1897; Freetown, Sierra Leone, in 1898; Cape Coast Castle, Gold Coast, in 1900; Sekondi, Gold Coast, in 1901; Axim, Gold Coast, in 1901; Bathurst, Gambia, in 1901.

15. Numerous agencies are also in existence and other new branches are contemplated in the immediate future, which will still further increase the usefulness of the bank in assisting to develop trade in West Africa.

16. The foregoing information may be of assistance in considering the charges and allegations made by Mr. Miller and Mr. Holt, which for the sake of convenience may be grouped under three headings:—

- (1) That the Bank engages in trade or employs its funds in assisting certain shipping companies to trade as merchants.
- (2) That the Bank's position is used or employed to influence freight in favour of certain shipping companies.
- (3) With respect to the silver question and the agreement between the bank and the Crown Agents for the Colonies.

17. Firstly. According to the "Minutes of Evidence," Questions 4405, 4406, and 4407, Mr. Miller stated that "the Steamship Companies have entered into competition with the merchants delivering coals, kerosene, cement, and other large freight-paying commodities at various ports direct from their ships," and he declared that they were aided "by a bank founded by them for the purpose through which documents are passed and goods delivered."

18. This is entirely incorrect; the bank has never yet made a single advance to any steamship company against any of the large freight-paying commodities referred to, although this would be perfectly legitimate business for the bank. It might be pointed out that Mr. Holt disagreed with Mr. Miller on this subject (see 5435). Then Mr. Holt alleged that the bank purchases produce through its agent in Lagos (5436), and, further, that it is a "trading concern," also a "shipping concern," and that it has an oil mill in Liverpool (5440). There is absolutely no foundation for any of these statements. The bank does not buy produce or trade in goods, and has never done so, while apart from a purely banking relation, it has never been interested in or owned a single consignment of produce or goods. It is worthy of note that Mr. Miller (4607), in answer to the question as to

whether the bank used its money or resources to purchase produce, said "That is not so—not to my own knowledge." Mr. Holt's assertion that the Bank has an oil mill in Liverpool is a most ridiculous one; the Bank has no more interest in any oil mill than it has in Mr. Holt's business.

19. Secondly. The second heading refers to the charge that the bank's influence is directed in favour of certain shipping companies. Mr. Miller stated (4406) that the bank is "one of those systems by which a shipowner, who is also a banker, can keep to himself a great deal of the freight," and he went on to say (4407), "Supposing I am a poor man and I want an advance of 80 per cent. or 90 per cent. or 100 per cent. on my goods, the bank who owned the ships says, 'all right; I will give you the advance, but you are to ship the goods by my steamers.'" These allegations are misleading and entirely unjustified, and it is interesting to observe that Mr. Holt (5440) could not support Mr. Miller's statement. The Bank does not own or control any ships, and advances are always freely made irrespective of the ownership or nationality of the carrying ships, whether British, German, French, or Spanish. When a customer requires an advance on goods or produce, being shipped, no inquiry whatever is made as to the line the shipment is to be made by, nor is there any suggestion as to the particular line by which the consignment should be forwarded.

20. Thirdly. Both Mr. Miller and Mr. Holt said a great deal about the position occupied by the bank by virtue of an agreement with the Crown Agents for the Colonies, apparently with the desire to indicate that the mercantile interests of the British West African Colonies were prejudiced thereby, and that the bank was misusing its powers. Evidently they were talking particularly of Lagos. Now Mr. Miller's firm has only been established in Lagos for the comparatively short period of three years, and he therefore has no experience of the conditions prevailing prior to 1904, but his allegations are contrary to facts, and cannot be substantiated even for the last three years.

21. It may be of interest to the Commission to know that, prior to the establishment of a bank in Lagos, the premium for spot cash sometimes rose as high as 5 per cent. and even 7½ per cent. during a produce season, and this was at a period when merchants had the privilege of free silver shipments. In 1892 a rate of 3 per cent. was charged by the African Banking Corporation, Ltd., for the supply of spot cash in Lagos, as may be seen by a reference to the report of the evidence given before the West African Currency Committee—presided over by Sir David Barbour—appointed by the Colonial Office at the end of 1899.

22. Mr. Miller said (4555), "It is an extraordinary thing that our Government should grant a monopoly of that kind to a Bank who will not give you silver except at a commission which ensures them a very large profit on the amount of money they import, which the merchants ultimately have to pay for or the natives, after it is charged to the goods."

23. In regard to the question of shipments of silver by the Bank, the transaction from the date of payment to the Royal Mint to the date of maturity of the bill received in exchange for the cash in Lagos requires at the least 50 days to complete and thus actually costs the bank, at 5 per cent. interest, 13s. 8d. per cent. As Mr. Holt mentions (5433) the rate charged by the bank at Lagos is only ½ per cent.—this being the premium actually charged to Mr. Miller's firm for discounting their three days' bills on London—it is not easy to see how "the very large profit on the amount of money they import" is ensured to the Bank. The Bank bears the expense and risk of keeping large stocks of silver coin for the convenience of merchants, and it is clear from the foregoing that firms who enter into yearly contracts, instead of having to ship silver from England in anticipation of their requirements, can go to the Bank in Lagos on the very day the money is required and for the exact amount required, and are yet charged less than it would cost them to import the silver coin even if they were able to get it on equal terms with the Bank.

24. Mr. Holt stated (5435) that his firm was charged 1½ per cent. for silver in Lagos last year and he was correct, as that rate was charged for discounting bills of exchange on England. He did not state, however, that during the previous year, 1905, he only paid ½ per cent., and although he had the opportunity of making similar arrangements for the year 1906 he refused to do so. When he wanted silver therefore last year (at the very time all produce firms were drawing heavily on the bank) he

had to pay the current rate for getting his bills discounted, viz., 1½ per cent., while his competitors were naturally in a better position as they had made contracts with the Bank for the year at lower rates. Mr. Holt and Mr. Miller both made references to the rate of 1 per cent. which is mentioned in the agreement with the Crown Agents as the maximum commission which the Bank is allowed to charge on certain transactions. This relates to shipments of silver made at the special request of firms, for which they have to pay prior to the shipment from England, plus a premium of 1 per cent.—the silver being delivered on arrival at its destination free of any other charge. Mr. Holt and Mr. Miller have each had shipments of this sort made through the Bank on behalf of their respective firms, the former in the years 1895 to 1898, and the latter in 1904.

25. It should be pointed out that no firms now resort to this method of getting supplies of silver for their West African factories in any colony where the Bank is established, as they find it cheaper and more convenient to make arrangements with the Bank for buying money on the spot, as and when required.

26. Mr. Holt was under a misapprehension in saying (4970) that individual traders and shippers got silver on equal terms with the African Banking Corporation, Ltd. while that bank was working under an agreement with the Crown Agents. The silver question was certainly not incorporated in the agreement, but was dealt with in a letter dated 28th January, 1892, addressed to the African Banking Corporation, Ltd., by the Crown Agents.

27. In conclusion, the Bank desires to protest in the most emphatic manner against the introduction of the Bank's name, before a Royal Commission appointed to inquire into a matter quite unconnected with banking. It is perhaps not unnatural that Messrs. Miller and Holt, representing as they do strong and wealthy firms, should regard the introduction of banking facilities into West Africa with disfavour, as assisting less fortunately placed rivals and destroying the barter system, but that men of their position should go out of their way to misrepresent facts in the hope of damaging the Bank is incomprehensible. The Bank is an independent institution with an independent board of directors, who as such are solely interested in adding to the legitimate business of the Bank by affording facilities tending to the increase of trade with and in West Africa.

9119. (*Chairman.*) That statement, which I have read, is very clear indeed; but I wish to ask you two or three questions upon it. Are all the facts which are stated in that document within your own cognisance?—Yes, they are.

9120. You are prepared, I suppose, to affirm that your statements are correct?—Quite so.

9121. It is quite unnecessary for me to read the whole of the document, which will now be upon the records of this Commission. In paragraph 19 you say, "The bank does not own or control any ships, and advances are always freely made irrespective of the ownership or nationality of the carrying ships." Does that mean that it does not favour any particular line of ships in any shape or way?—In no way whatever does it favour any particular line of ships.

9122. And you carry on the business of the bank as bankers generally do, that is, you do not support or favour any line?—We are absolutely independent of any line.

9123. Who is the chairman of the bank?—Sir Alfred Jones.

9124. Sir Alfred Jones is largely connected with shipping?—That is true.

9125. Who are the other directors of the bank?—Mr. Henry Coke, who, I think, has been before Sir David Barbour on another committee; Sir Edward Lawrence, Mr. George W. Noville—

9126. I do not want all the names. As regards Sir Alfred Jones, does he attend much to the affairs of this bank?—Yes, he gives a great deal of attention to the bank.

9127. Are you able to say positively that Sir Alfred Jones does not, directly or indirectly, favour those shipping lines which he controls?—Yes; I can say positively that he makes no use of the bank whatsoever in favouring his own lines.

9128. (*Mr. Taylor.*) May I ask, if it is not impertinent, what your occupation was before you became manager of this bank?—Yes. I was with Elder, Dempster & Co.

9129. Why did the African Banking Corporation, to which you allude in your statement, withdraw from Lagos?—I believe because they found they worked the agency there at a loss.

9130. But the banking business went on?—Yes.

9131. Being purchased by Elder, Dempster & Co.?—Yes.

9132. Were there any provisional arrangements with the Crown Agents made before the banking business was taken over?—Do you mean had the African Banking Corporation any arrangement?

9133. Or Elder, Dempster & Co.?—The African Banking Corporation had an arrangement with the Crown Agents for working the Government account at Lagos. When they left Lagos, the agreement, so far as the Government account was concerned, was extended for a period of some months.

9134. To Elder, Dempster & Co.?—Yes, but entirely and solely in respect of the Government banking account. The African Banking Corporation had certain privileges from the Mint in regard to the shipment of silver, but these were withdrawn as the Crown Agents would not give such an agreement to Elder, Dempster & Co. or to any private firm.

9135. But still they had the Government account?—They kept the Government account.

9136. Was the agent of Elder, Dempster & Co. at that time also agent for two lines of steamers?—Yes.

9137. At the time the banking business was going on?—Yes.

9138. I suppose before any bank in Lagos was thought of, coin was delivered free to merchants by the Mint in Lagos, was it not?—By the Mint in London.

9139. But it was delivered free in Lagos?—Yes, subject, however, to the approval of the Governor of the Colony as to the importation of the silver.

9140. Was that approval ever withheld?—I have no knowledge of any case but the approval of the Governor had undoubtedly to be obtained.

9141. As a matter of fact, did not the merchants who wanted silver coin get it for their trade purposes?—Yes.

9142. And get it quite free in Lagos?—Yes.

9143. Why have they got now to pay 1 per cent.? What is the benefit to the merchant who used to get it free, losing, I suppose, interest for the time?—He lost interest on his money when it was going out, which came to, we call it, 13s. 8d. per cent.; that is, taking 50 days at 5 per cent. We call the value of money there 5 per cent.

9144. Do you see any gain that is to come to the merchant by this charge of 1 per cent.?—Distinctly.

9145. Why?—In the majority of cases at Lagos, or in a great number of the cases at Lagos, the charge is now less. Take Mr. Miller's firm, for instance; he gets cash at ½ per cent.

9146. Under what arrangement does he get it at ½ per cent.?—Under an arrangement with the Bank.

9147. What is the nature of that arrangement?—Merely that he takes all his supplies from the bank.

9148. Is he tied to the bank?—Precisely.

9149. In respect of what is he tied to the bank?—In respect of the silver that he may want he must come to the bank.

9150. Is he tied in nothing else?—In some cases—I do not think in Mr. Miller's case—the merchant is also obliged, under agreement, to give the Bank any surplus silver he may possess.

9151. The arrangement you say is that firms have to remit all their coins from England through the bank and to give all their surplus to it?—Yes.

9152. And they must not do business with each other?—That is so.

9153. So that any man in Lagos who finds another man having silver coins to sell, he wanting to buy silver coins, cannot purchase them from that man direct?—Not if he is under agreement to the bank.

9154. If the buyer went to the seller direct, would it not be a great saving? Supposing the seller of money went direct to the buyer he would save this commission; they might, perhaps, save 1 per cent. each?—How would the money get out there originally?

Mr. L.
Cooper.
18 June 1907.

Mr. J.
Comber.
18 June 1907.

9155. It might be got out from the Mint supposing the bank were not there?—There is no question about it that the 1 per cent. premium now charged by the bank on certain transactions, under its agreement with the Crown Agents for the Colonies, would have been imposed in every West African colony long before now in order to form a repatriation fund for that colony. We have that in Southern Nigeria to-day. If you go to the Crown Agents you can get an order for the delivery of silver in Southern Nigeria, and they charge you 1 per cent. for that. After the African Banking Corporation left Lagos, the Government imposed a premium of 1 per cent. on all silver going to the Lagos merchants.

9156. Do you say that you cannot get silver coin out to Nigeria under 1 per cent.?—In Southern Nigeria you cannot get it from the Mint under 1 per cent. In Lagos, as I say, that charge existed during the period between the African Banking Corporation days and the establishment of our bank.

9157. I understand by the agreement between your bank and the Crown Agents, that you are not to charge more than 1 per cent. for silver coin, irrespective of your ordinary charges for banking operations—I think that is the phrase?—Yes.

9158. What are the ordinary charges?—May I try to make the point a little more clear; I can see from the evidence that it has not been made quite clear. There are two distinct transactions referred to. For instance, Mr. Holt, or any other merchant, may come to our bank—this is one of the transactions—in London or Liverpool and hand us his cheque for £5,000 saying, "I want £5,000 amount shipped out to my Lagos agent." That is the transaction contemplated by the Crown Agents in their agreement with the bank, and upon which a premium of 1 per cent. only may be charged.

9159. That is to say, he hands you a cheque here for £5,000, and then you give him the equivalent in silver coin in Lagos?—He would ask us to ship that amount in silver coin. You must remember there is a great advantage in new silver coin, and that was especially so in the old days. It was a great advantage to merchants, but only capitalists really could avail themselves always of it, because to get it they had to put the money down. The process of the first transaction is then that he hands to us £5,000 plus 1 per cent. commission, and we go to the Mint, get that money, and ship it out to Lagos. In that case Mr. Holt is out of his £5,000 and loses the interest on it, for the time the money is going out to Lagos and while it comes home in the shape of produce, or whatever it may be.

9160. In addition to the 1 per cent.?—In addition to the 1 per cent. That delay means about 50 days, which means about 13s. 8d. per cent. interest.

9161. Plus the 1 per cent.?—Yes; that means that Mr. Holt would have to pay 33s. 8d. per cent. That is what it would cost him if he came to us and required us to fulfil the obligation imposed upon us by the agreement with the Crown Agents. The second transaction, which is covered by these banking facilities—

9162. That is, the ordinary charges?—Yes—that possibly involves credit. Mr. Holt, for instance, says himself that he paid 1½ per cent. in 1906, but that was for money as he wanted it, and when he wanted it, at Lagos, in exchange for which he gave the bank a bill upon England at three days. That involved no loss of interest to Mr. Holt, and the result is that he paid 25s. on that particular transaction as against 33s. 8d. on the other. Further than that, Mr. Holt admits that he only paid 10s. per cent. to us the previous year for discounting a bill on London in Lagos, and I may say that if he had wanted he could still have been paying us that 10s. per cent.

9163. That is if he had entered into an agreement?—Precisely.

9164. Why did he not enter into that agreement? What was his objection?—I could not say, really. He seems to prefer to be absolutely free, though it costs him considerably more than other trading houses. Mr. Miller does not prefer to be free.

9165. Have you ever charged more than 1 per cent. at any time?—Not on outward shipments of silver.

9166. But in Lagos?—We have charged Mr. Holt 1½ per cent., he says, and that is quite true.

9167. In particular periods you probably charge more, do you?—Yes. In old days we did, before this policy of cheap rates came in.

9168. Do you ever go above 1½ per cent. now?—I would not like to say we do not; during the produce season we might.

9169. Do you ever go up to 2½ per cent.?—Never—not for about 10 years, Mr. Paterson says, and he has a knowledge of the question which I do not possess.

9170. Do any of the shipping interests possess a controlling power in your bank?—No.

9171. Mr. Holt seems of opinion that that is so?—It is not so.

9172. I suppose the names of the shareholders are public property?—Yes, I have the list of them here. On 11th June, 1907, there were 161 shareholders.

9173. (Mr. Owen Philipps.) Do you mind my looking at that list?—No (producing same).

9174. (Mr. Taylor.) The suggestion, you know, is that the controlling interest in this Bank is held by the shipping companies, and that the Bank more or less favours those?—I think that is the suggestion, but it is a suggestion which is entirely unsupported by any evidence, and we challenge anybody to prove it.

9175. You give it a flat contradiction?—Absolutely. We could prove that we have made advances on shipments by, I think, every line that has gone to West Africa during our history.

9176. Supposing you had any outside steamer which happened to come in—I suppose they cannot go to Lagos itself because of the bar—but if you had any outside steamer that a man wanted to ship by, would you object to advancing money against his produce?—Not in the least.

9177. Have you ever at any time raised such an objection?—Never.

9178. Have you ever had such a case?—We have made advances, I repeat, by the steamers of every line that has ever gone there, and by individual steamers—what I mean by that is steamers making isolated voyages.

(Chairman.) I should like to ask the members of the Commission, Mr. Owen Philipps and others, whether we need carry this any further? Has there been any evidence produced that this Bank has favoured Conference Lines?

(Mr. Taylor.) Mr. Holt has asserted it.

(Chairman.) Mr. Holt has given certain instances.

9179. (Mr. Owen Philipps.) It was stated that this Bank in the ordinary banking way had financed the Grand Canary Coaling Company. Is that so?—We have never made an advance to the Grand Canary Coaling Company, but we would do so if they wanted it and offered us proper security.

9180. It has been stated that when they were importing into West Africa they used the bank?—No.

9181. That statement was made?—It was absolutely unfounded. But we do not admit that we would not be entitled to make such an advance when it came along. While saying we have never done so, we do not say it is a thing we would be ashamed of having done.

9182. Would you say the same of the Sierra Leone Coaling Company?—Do you ask me if we have advanced against any of their shipments?

9183. Yes?—Never.

9184. The statement was made that these two coaling companies competed with the merchants, and that they were only the firm of shipowners under another name, and that the Bank assisted them, and some of the merchants complained that that was unfair competition?—That again is a statement which is absolutely unfounded.

9185. (Mr. Sanderson.) What freight do you pay the lines for carrying this silver for you?—The freight is paid by the Mint.

9186. Does that 1 per cent. cover the freight as well?—No, the Mint pays the freight.

9187. (Professor Gonner.) Then it is delivered out there free?—Yes; the Mint puts the money down in Lagos.

9188. (Mr. Sanderson.) It charges the merchant 1 per cent., and delivers the silver there?—It does not charge the merchant. The freight is so much off the profit of the Mint on the actual manufacture of the coin.

9189. (*Professor Gonner.*) That 1 per cent., of course technically, is paid under conditions when you bring out silver?—Yes.

9190. That was the idea?—Yes.

9191. Do you charge it when you have the silver out? I suppose you do whether it happens to be there or whether you are bringing it out?—The rate we charge in Lagos for the greater part of the money we sell is $\frac{1}{2}$ per cent.; and for that we give credit, in addition to giving the money as it is wanted, so that there is no occasion for delay in shipping it out. As a matter of fact our stock of cash has always to be very large out there to meet the demands of our customers.

9192. You have a large stock out there always?—We had £239,000 in silver coin in West Africa on March 31, the date of our last balance sheet.

9193. Are you under instructions—I know this really does not concern us—as to the quantity of silver you will take out?—No.

9194. The Mint does not regulate that?—Not at all. The regulation and the control of the coinage in all the colonies we operate in in West Africa has been transferred by the Government to us.

9195. And the Mint now has no power, I suppose, because you have taken the power?—They have no say in it.

9196. You are technically within your rights in making these particular arrangements with particular people, but I suppose you offer the same terms to all?—These terms vary.

9197. You mentioned $\frac{1}{2}$ per cent., I remember?—It varies with the standing of the firm and the nature of the business.

9198. Given equal standing, I suppose you do not differentiate in making those arrangements?—No, certainly not. I suppose you really mean do we differentiate in the case of firms that are perhaps supposed to be interested in the Bank.

9199. I was not thinking of that?—The question of all our credits depends entirely on the standing of the firm, the nature of the business, its volume and so forth.

9200. This is not exactly a banking transaction; this is partly a currency transaction?—Yes.

9201. And you have no differentiation under a currency transaction, but you must offer equivalent terms to all people in an equal position?—In the case of outward shipments. The Crown Agents, no doubt, provided for that or had that in their minds when they told us that we must never charge more than 1 per cent., that charge having been established by themselves in the days before we existed.

9202. So that they do presuppose that every one is treated—I am not speaking as to the banking facilities, you must remember—in exactly an equal way, and that there is no differential treatment so far as the issue of coin is concerned?—That is so.

9203. You consider that you entirely fulfil that instruction?—To the letter.

9204. (*Sir Hugh Bell.*) You mentioned incidentally that there is a great advantage in new coin; why?—Formerly especially that was the case; it does not apply so much now. The native, in the early days, was attracted by its brightness, and he used to convert it into ornaments to a great extent. It is a fact, and I think Mr. Paterson will bear me out, that a better price was obtained for it.

(*Mr. Paterson.*) I myself have bought more with new silver coin than with old.

(*Witness.*) Mr. Paterson has been on the coast.

(*Sir Hugh Bell.*) It has an attraction to have a nice new coin?

(*Mr. Paterson.*) That is so.

9205. (*Sir Hugh Bell.*) I dare say we all of us have given our new half-crowns to the children. (*To the witness.*) I want to ask you another question or two. You say that the control of the quantity of silver in West Africa is now entirely in the hands of yourselves, as the bank?—In those Colonies in which we operate.

9206. It lies with you to say how much that would be?—Yes.

9207. Would it occur to you as possible that the bank might, under some circumstances, restrict the quantity of

silver unduly?—It would hardly pay us to restrict it to such an extent that we could not supply our customers.

9208. Might it not be convenient under certain circumstances to say to a particular customer "I am very sorry, but I have no silver?"—We have never yet done so, and I can hardly conceive that such a position would arise. He would, I think, have some grievance against us with the Colonial Office if we had not the silver. We might on a special occasion be short for a day or so till we could get it from another branch. Sometimes a large demand has arisen and sometimes our stock has come very low, but we have always taken immediate steps to replenish it.

9209. I observe that you are here to-day because, rightly or wrongly, people have been making complaints?—I do not think any one of these people—and a very limited number they are—

9210. Yes, that is so?—I do not think they could ever say we had refused them silver or that we were ever in a position to refuse them silver.

9211. I was rather putting to you a hypothetical case to show that with the control you possess you might possibly put certain persons for certain reasons under inconvenient disabilities; and you do not deny that that would be possible?—We could always ship it out from the Mint; and that was the position they were in before the bank started.

9212. I beg your pardon; you could, or they could?—We could for them. They could always come to us and say "Ship it out for me."

9213. Can they compel you to ship money out?—Under our agreement we are obliged to do so.

9214. Supposing a trader in Lagos came and asked you for an undue quantity of silver?—He would have to offer us security to begin with, would he not?

9215. Assume that he does; could you then not refuse?—If we had it we could not refuse it.

9216. Practically by the assumption you have not got it. Your answer to me is "If we have not got it the trader can compel us to bring it by asking for it?"—He could require us to ship it from England if we had not got it locally.

9217. Then your discretion is only limited by that, is it? He could compel you to bring it, could he?—He could.

9218. Are you quite sure of that?—Yes; and in addition, the Government could always ship it at any time they liked.

9219. I am upon the point of the trader. A great deal of the complaint, it would appear to me, would disappear if the trader had it in his power to over-ride the discretion which you told me a little while ago you possess?—If we refuse silver for any reason whatsoever to a trader he can come to us and oblige us, by prepayment on his part, to ship silver from the Mint.

9220. Which means that he must wait a month?—As he used to have to do.

9221. (*Chairman.*) That is on the supposition that you have not got the silver?—Precisely. It would be obviously to our disadvantage to allow our stocks of silver on the coast to get to such a low ebb that we had to keep anybody waiting for silver.

9222. (*Sir Hugh Bell.*) The suggestion has been made to us that that sort of thing—not that particular thing, but that sort of thing—is being done or might be done with a purpose?—That again is another of those unfounded statements without any proof.

9223. The point that I was upon was how far you possess an absolute discretion in yourselves to limit the quantity of silver. Now, if I have rightly understood you, that discretion is not an absolute one, but you would be bound to produce the silver to a person coming and asking for it in a proper way?—That is so. Our discretion is certainly limited in that way, and we should have to ship silver for any one who came to us and was willing to pay this charge of 1 per cent.

9224. If you did show favouritism it could only be for a short time until the money arrived?—That would be the extent, I think.

9225. (*Chairman.*) You have scarcely any power to show favouritism if you were inclined to do so?—We have not; and I may say we have testimony from various bodies and individuals that they are perfectly satisfied.

Mr. L. Couper.
18 June 1907.

Mr. L.
Couper.
15 June 1907.

9226. (*Sir Hugh Bell.*) Of course it is not the man who is satisfied that we are concerned about; it is the man who is dissatisfied?—Certainly.

9227. (*Sir Alfred Bateman.*) Is silver legal tender in these colonies for more than 40s.?—British silver coin is legal tender to any extent in West Africa.

9228. (*Professor Gonner.*) Is that under an ordinance?—It is under ordinance in each colony or under Orders in Council.

9229. A separate ordinance for each colony?—Yes, I should like to express the thanks of the Bank for your courtesy in allowing us to come here. We thought it important to come to contradict the statements which have been made.

9230. (*Chairman.*) Your evidence has quite satisfied us?—Thank you.

FIFTEENTH DAY.

Tuesday, 25th June, 1907.

PRESENT :

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

The Hon. C. N. LAWRENCE.
Sir HUGH BELL, Bart.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
Captain R. MUIRHEAD COLLINS, C.M.G.
The Hon. W. PEMBER REEVES.
Mr. J. BARRY.

Professor E. C. K. GONNER.
Mr. F. MADISON, M.P.
Mr. W. H. MITCHELL.
Mr. OWEN PHILLIPS, M.P.
Mr. OSWALD SANDERSON.
Mr. AUSTIN TAYLOR, M.P.
Mr. I. H. MATHERS.
Mr. J. A. WEBSTER, *Secretary.*

Mr. FRANCIS HAROLD COLLEY, called and examined.

Mr. F. H.
Colley.
25 June 1907.

9231. (*Chairman.*) You have been good enough to prepare a memorandum of the evidence which you propose to give?—Yes.

(*The witness handed in the following statement.*)

I am the proprietor of the firm of Deakin, Sons, and Co., and a director of the firm of W. A. Colley, Limited, both carrying on business in the City of Sheffield as manufacturers of cutlery, files, and various tools, and general exporters of English manufactures to South America, South Africa, and the Mediterranean ports.

The recent practice of the steamship owners combining in Rings with the system of rebates offered in return for exclusive trading has, we find, operated towards the restriction of the shipments of English manufacturers to countries where they do business.

I am prepared to give evidence on the following points, namely:—

1. As regards shipment of iron to the Mediterranean ports.

If a traveller for an English house sells iron for delivery at certain ports in the Mediterranean, he finds that he is unable to compete with Continental houses. There is a fixed rate from Antwerp to each port for iron. If, however, this iron is shipped from Antwerp by a Belgian manufacturer, he is allowed a rebate, giving him the advantage over the same iron if shipped by an English firm and over English iron shipped by any firm English or foreign. This rebate is about 2s. per ton, treating a ton as being equivalent to 1,000 kilos. This 2s. represents the margin of profit obtainable on shipments of iron. The consequence is the whole of this trade is obliged to be done through Belgian houses in order to obtain the rebate. If an English firm obtain an order on one occasion, the name of the consignee having become known to the Belgian houses, all future business is obtained by the Belgian houses.

2. As regards South Brazil:—

During many years of open competition, all goods except fine and valuable goods were carried at a rate of 15s. per ton English. The rate since the union of shipowners into a Ring with rebates has been gradually raised from a minimum of 30s. to 50s. for the same class of goods, with extra charges on fine and expensive goods. At the present date these rates are so profitable to the Continental members of the Ring that they will fetch goods from Liverpool to Hamburg or Antwerp free of all cost in order to earn

the profit on the freight from Hamburg to South America, which is exactly the same as from Liverpool to the same South American ports. One of the Rings trading in South America has issued a circular that if any firm who ship any goods by sailing vessels, it will be deemed a breach of the Ring's rules, and the rebates are liable to be confiscated. With this one exception, shippers are always supposed to have had a free hand as regards shipment by sailing vessels, and the Ring's rules have only applied to steamships.

3. Up till a very recent date the trade with Havana has been regarded as open, but within the last year the rate on stationery, 15s. per ton, has been advanced to 27s. 6d. per ton. As the stationery trade has been very heavily cut into by American paper, pens, and stationers' goods, this last imposition, which practically doubles the freight, bids fair to kill the English shipments.

4. In England we find that companies in the Rings make a great mystery of what their rates are, and will not supply any schedule of classification, and if you want to know the freight for an assortment of goods we have to apply and specify almost every article. For some reason the Continental firms have no difficulty in obtaining this information, and their travellers can quote the rates to be charged on shipments without having to refer to their European office on every occasion.

5. Speaking generally, the institution of the Ring system has been to lengthen the time in transit, because they fix their time-table on the basis of the slowest line of boats, and we know that certain quick boats are detained in the dock one or two days after loading for fear they should arrive sooner than the other lines in the same Ring. Another grievance of the English exporter is that the firms who are retaining these deferred rebates in their hands from 6 to 18 months are competing with English exporters as merchants and commission agents, so it practically means that we who retain travellers and study the market are finding capital for the shipowners to undersell us.

9232. (*Chairman.*) Your evidence is given on behalf of the Sheffield Chamber of Commerce, I understand?—Yes.

9233. Does the Sheffield Chamber of Commerce comprise, amongst its members, shipowners as well as merchants?—No; there would be no shipowners in the Sheffield Chamber of Commerce, except firms own-

ing such ships as they might use for their own trade—firms like Cammells and Vickers, who have lighters and boats for carrying on their own trade and for bringing their own iron ore from abroad, but they will own no boats for general carrying purposes.

9234. You have no representatives of the great Lines in the Chamber?—I do not think there is anyone in the Sheffield Chamber of Commerce who is a director of the great Lines, or who is largely interested in them.

9235. Has your memorandum been read by the Sheffield Chamber of Commerce?—This memorandum was drafted at a meeting of the Chamber of Commerce.

9236. And sanctioned by them?—And read before the council.

9237. At the commencement you say, "The recent practice of the steamship owners combining in Rings with the system of rebates offered in return for exclusive trading has, we find, operated towards the restriction of the shipments of English manufacturers to countries where they do business." You mean by that, do you not, that the system of Shipping Rings and deferred rebates has had the effect of substituting for English manufactures, foreign manufactures?—The way the rebate system and the Conference system has worked out in recent years has been to the advantage of Continental ports, as against English ports.

9238. Then you proceed to consider certain cases, taking first the case of the shipment of iron to the Mediterranean ports?—Yes. That was a matter which came before my notice about two years ago indirectly, and out of curiosity I investigated it.

9239. I want to ask you one or two questions on your paragraph No. 1, in order to make your meaning clear. You say, "There is a fixed rate from Antwerp to each port for iron"; that is, a fixed rate by what shipowners?—It is under the Belgian Conference. I was unfortunately unable to get at any original or definite documents, but I obtained this copy extracted from a letter, on condition that I suppressed the names. (*Handing copy to the Chairman.*)

9240. Do you say there is a Belgian Conference?—Yes. It is not a Conference with a deferred rebate, but it is a Conference which fixes rates under penalties.

9241. It is a Conference of whom—of shipowners?—Of the Lines trading to the Mediterranean.

9242. Does it include English shipowners?—I am not aware of any boats that are in that particular Conference, except the Continental-owned boats, because it only applies to shipments from Belgian and Dutch ports.

9243. So that you would say there is a Conference of Belgian and other Continental shipowners, who settle the rates of freight from Antwerp to ports on the Mediterranean?—That is so.

9244. Is the constitution of that Conference at all known?—It has not come to my knowledge definitely what the constitution is.

9245. What has this to do with Shipping Rings and deferred rebates? What you complain of is that there is an association of foreign shipowners at Antwerp who prefer Belgian manufacturers to British manufactures; is that not it?—No; it is not a question so much of preferring one manufacturer to another.

9246. I only want to ascertain clearly your meaning. You go on to say, "If an English firm obtain an order on one occasion, the name of the consignee having become known to the Belgian houses, all future business is obtained by the Belgian houses"?—Exactly.

9247. That is to say, this association of Belgian shipowners exacts a higher rate of freight from British manufacturers than it does from Belgian manufacturers?—It does.

9248. How can that be prevented?—The way they work is this: They make an arrangement with the English Conference that if the English boats will not compete with them from Belgium, they will not compete with the English boats from London and the East Coast. They are a different Conference, and as far as I know, there are no English owners in the Belgian Conference, but they have put their heads together, and agreed, "If you won't meddle with us, we won't meddle with you."

9249. It is, therefore, this agreement which you have just now mentioned, or this arrangement, or this understanding between the two Conferences, which really produces the evil you complain of?—The agreement between the two enables the English Conference to get 2s. more than the Belgian iron master has got to pay.

9250. Now I proceed with paragraph No. 2, which deals with South Brazil. Will you kindly explain that paragraph a little to me?—For many years they charged a rate of 15s. from English ports and Continental ports to the southern ports of Brazil, for carrying all sorts of goods, except what you might call fine goods. If they carried electro-plate or silver plate, or embroideries, or fine dress fabrics, giving an average of over £200 to £250 or £300 value per ton, this rate did not apply; but taking all ordinary merchandise they carried these goods at 15s. To-day they have got a schedule of rates which start at about 30s. and run up to 50s. for ordinary merchandise.

9251. Those are rates of freight from what port?—From any port in England, and, I was going to say, the Baltic; but from all ports on the Continent between Hamburg and Havre, and all English ports.

9252. To what ports in South Brazil are you referring?—I should say anything south of Santos.

9253. (*Professor Gonner.*) Including Santos?—I am not sure, speaking from memory, whether Santos came under the 15s. rate or not in the old time.

9254. (*Mr. Taylor.*) Did Rio?—Not Rio Janeiro; south of Santos I am talking about.

9255. South of Santos, in Brazil?—Yes.

9256. You have precious few ports south of Santos of much importance; what ports do you mean?—Desterro, Puerto Alegre, Rio Grande, Santa Catherina, Paranagua, and Pelotas. Those are the ports that are doing nearly the whole or a great part of the coffee trade. There is a great deal of coffee comes from the south, and the boats to handle this trade go to these southern ports. It makes a heavy traffic.

9257. Surely Rio and Santos are the coffee ports?—Rio Janeiro is the market.

9258. (*Professor Gonner.*) But Santos is a great coffee port, and it is, therefore, rather important to know whether Santos is included or not?—I could not tell you, speaking from memory, whether Santos came under the 15s. rate. It is just possible I might have that information amongst my papers.

9259. (*Chairman.*) Is there one and the same rate from all these ports?—They group them. They will take the whole of the ports spread, say, over a couple of hundred miles of coast or 300 miles of coast, and group them all together, and the only difference between the rates of freight to those different ports would be such as would be necessitated by some peculiarity in the dock dues, or by some difference in lighterage or something of that sort, amounting to a shilling or eightpence per ton. Except for that, they are practically the same.

(*Mr. Owen Philipps.*) May I suggest that it might simplify the matter if you will ask the witness whether this rate of 15s. was not charged some years ago when there was a fight on with the Lines, one outside Line trying to get into the Conference?

9260. (*Chairman.*) I should think that is very likely to be the case. (*To the Witness.*) Mr. Owen Philipps wants to know whether, when that rate of 15s. was fixed, that was not a time when some other shipowners were trying to compete with the Ring?—It was in 1890. I do not know that there was any fight on then more than the ordinary open competition. The rate continued for a long time.

9261. (*Sir Alfred Bateman.*) You say "during many years"?—I say it continued for many years. I have got a bill of lading here fixing one date when the rate was charged as in December, 1890.

9262. (*Chairman.*) Is there one rate, and only one rate of freight, from all the ports to any particular port?—All the ports in England and all the ports in the north of Europe between Hamburg and Havre are grouped together under one rate.

9263. You say, "At the present date these rates are so profitable to the Continental members of the Ring that they will fetch goods from Liverpool to Hamburg or Antwerp free of all cost in order to earn the

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"profit on the freight from Hamburg to South America, which is exactly the same as from Liverpool to the same South American ports." Will you kindly explain that?—First of all, I say there "to Hamburg or Antwerp"; it is so to Hamburg, but I am not sure that they will carry them free from Liverpool to Antwerp.

(Chairman.) I do not at present see what they gain, if they fetch goods from Liverpool to Hamburg or Antwerp in order to earn a profit on the freight from Hamburg, which is exactly the same as from Liverpool.

9264. (Sir John Macdonell.) Is not your meaning this—that the Continental members of the Shipping Combination find that the rate from Hamburg to Brazil is so profitable that they can send their vessels over to Liverpool, and take cargo (which otherwise would go from Liverpool by English vessels to Brazil) to Hamburg, and send it from Hamburg to Brazil?—No. They do not send their own boats, but they pay the regular carriers from Liverpool to Hamburg for collecting the stuff, they pay them the freight to Hamburg, and they pay the dock dues—all out of their own pockets—in order to get hold of the traffic.

9265. The sending of their own boats was a mere incident in the suggestion I was putting to you. Do you mean that the rate for goods in an English vessel from Liverpool to a port in Brazil?—We will say from Liverpool to Santos—

9266. Would be the same as the rate for goods carried in a Belgian vessel or a German vessel from Hamburg to Santos?—Yes.

(Professor Gonner.) I think it is quite evident what the argument is, I submit to you, sir. The witness is anxious to point out that, inasmuch as they can bear this extra charge, the rate from Liverpool might perfectly well be less than it is at the present time, because the German people, who carry under the same rate, can afford to pay the cost between Liverpool and Hamburg. I think you will find that is what the witness is suggesting, if you will ask him?

9267. (Chairman.) Just state once more the meaning of this, because, after what I have heard, I really do not quite understand it. The rate of freight from Liverpool to those ports in South Brazil to which you refer is the same as the rate of freight from Hamburg to the same ports in South Brazil, is it?—Yes; that is so.

9268. Then I do not understand how they gain anything by this process?—In order to get the shipping from Hamburg, they go and pay another steamship company 6s., 7s., 8s., or 10s. a ton, and all the Hamburg dock dues, to fetch the stuff from Liverpool to Hamburg, and then they re-ship it from Hamburg.

9269. (Mr. Taylor.) Suppose you have a ton of knives (hardware), which is going to be shipped from Liverpool, coming from Sheffield; the rate on that is 50s. from Liverpool to Santos, is it?—Yes.

9270. And the rate on it from Hamburg to Santos is also 50s., according to your statement?—Yes; the two rates are both the same.

9271. You say a Belgian merchant, is it, or a German merchant?—Yes, or an English merchant for that matter—

9272. Will pay 10s. freight from Liverpool to Hamburg and all the transshipping charges?—No.

9273. (Mr. Maddison.) It is the shipowner who does that?—If I have got a ton of cutlery, or a ton of anything, to send to almost any port in South America, and I send that to Liverpool to the agent for one of the Hamburg Lines, the Hamburg Line-owner, to get hold of that freight, will carry it from Liverpool to Hamburg and from Hamburg to South America, and just charge me the Hamburg freight, the Line-owner paying the freight from Liverpool to Hamburg and all the Hamburg dock dues out of his own pocket.

(Chairman.) Now I understand. You have made your meaning quite clear to me, and I am much obliged to you.

9274. (Mr. Taylor.) The same thing has been done by many English shipowners in my experience?—It is done, and there is no doubt about it; but then it shows what an exorbitant rate it is from Liverpool.

9275. (Chairman.) That, at any rate, shows, in your opinion, that the rate of freight is unnecessarily high?

—The rates of freight to South Brazil are most exorbitant, as compared with other South American rates of freight.

9276. That is what you want to bring out, I think—that it is the result of there being this arrangement between the various associations of shipowners?—Yes. Before they formed this Rebate Ring for South Brazil, as I say, they carried them at 15s., and apparently at a profit.

9277. I want you to bring this out very clearly, if you do not mind my troubling you. You have made out your meaning very clearly indeed, but I still want to put this to you: The state of things which you describe in paragraph No. 2 is the result of there being these Shipping Conferences, is it not?—It is the result of a Shipping Conference with a rebate system.

9278. Why with a rebate system—that is what puzzles me?—Because if they had not got these rebates in hand as a whip over us, we could ship by tramp. The fact of the matter is that at the present moment the Conference Lines have got, it is calculated, something like over a million sterling of deferred rebates in their cash-boxes; and they hold these rebates as a whip over us. We have very foolishly let them get us in, but as they have got this enormous weight of money in hand, the merchant is absolutely at their mercy.

9279. Now go to paragraph 3, where you say, "Up till a very recent date the trade of Havana has been regarded as open"; what do you mean by "as open"?—The different companies carrying to Havana have charged their rates according to the circumstances of the market, according to the supply of freight, and according to the demand for freight; and to different ports the different Lines have slightly varied their rates according to circumstances.

9280. You go on, "But within the last year the rate on stationery, 15s. per ton, has been advanced to 27s. 6d." Has this again been advanced by these Conference Lines?—To one of the agencies—to one of the boats, rather, with whom I used to ship—I grumbled about the rates; and they replied that all the Lines had entered into a Conference and had advanced the rate, and they could not therefore carry any further goods at the old rate.

9281. That must affect shipowners very injuriously, because you say this "bids fair to kill the English shipments." Shipowners cannot wish that result to be brought about?—In that case, I am simply applying the observation to one particular thing—the stationery trade.

9282. If it is the case, as you represent, that what the shipowners are doing now is really destroying the English trade in that article, do you not think that they would lower the rate? It is not to the interest of the shipowner to destroy any trade, is it?—That is a thing we cannot understand. Before they had this Conference, and when they had open competition, the companies seemed to pay better dividends than they do now under the Conferences. Why they carry on this Conference system, we merchants cannot understand; for, as far as I can gather, it does not pay them any more than it does us. They seem to have entered into these agreements, and they either cannot or will not get free from them.

9283. In paragraph 4 you complain that these companies do not publish any schedule of classification, and that in this respect Continental firms have an advantage, because they can obtain this information. How can they obtain this information, which you cannot?—I do not know how it is managed, but on the Continent they get printed lists of the rates of freight. They are supplied to the merchants there, but we cannot obtain these printed lists, except in a very few cases; in fact, I only know of one district—and that is the West Coast of South America, the Chilean coast—where the Line supplies a printed schedule. With that exception, they will not give us these schedules, and they will not let us see them.

9284. I think that seems to us all a matter of some importance. You, at any rate, think it important that the shipowners should be required to publish their rates of freight and their schedules of classification?—If the shipping companies had to publish their classifications and their rates of freight, the same as railway companies have to do, it is the opinion of a

great many of the merchants that it would knock the Ring system on the head altogether; and that whether it did or did not, in the ordinary business way of shipping, we calculate that we should save a very considerable proportion of our shipping charges. Now, we never know what we have to pay till we get the bill of lading, and we are always shipping goods under a higher rate of freight than we have any business to pay, because we can get no information.

9285. In paragraph 5 you say, "The result of the institution of the Ring system has been to lengthen the time in transit, because they fix their timetable on the basis of the slowest Line of boats, and we know that certain quick boats are detained in the dock one or two days after loading, for fear they should arrive sooner than the other Lines in the same Ring." You say they are detained in the dock one or two days after loading, but do you mean after they are fully loaded?—After they are fully loaded, and after the advertised time of sailing.

9286. Then you go on to say, "Another grievance of the English exporter is that the firms who are retaining these deferred rebates in their hands from 6 to 18 months, are competing with English exporters as merchants and commission agents." Do you say that you know that the members of these Shipping Rings carry on business as merchants?—Yes. Some of them do; I will not say they all do.

9287. (Mr. Lawrence.) In all classes of goods?—It is very difficult to say that they do in all classes of goods, but they will execute almost any indent you send them.

9288. (Chairman.) Can you give us an instance?—How do you mean, give an instance?

9289. Can you give me an instance of a member of a Shipping Ring to whom you could give an order?—Yes, I can, I think. I think almost any of them would; in fact, I should be surprised if you sent a shipping order to almost any of them if they declined it.

9290. I do not know what you mean by "them"; to whom would you address the order?—To the steamship company.

9291. Do you know cases in which orders for goods have been addressed to a steamship company?—Yes.

9292. What kind of goods?—Coal, corrugated iron sheets, shipping plates.

9293. (Professor Gonner.) What?—Ships' plates; ½-inch iron sheets for making ships' holds—angle iron.

9294. (Mr. Taylor.) Do they give long credit?—I do not know. They try to get cash against the bill of lading, but I believe they will draw.

9295. (Mr. Lawrence.) In paragraph No. 1 you tell us that the Conference between the Belgian and English shipowners results in the exclusion of the English shipowner, in consequence, as I understand it, of a difference of rate of 2s. per ton; is that so?—That is so.

9296. Why do the English shipowners allow their trade to be killed? They are men of business, and they must see that the trade which ought to go in their ships is going in Belgian bottoms?—What they calculate is, "If we can, by letting the Belgians have this iron trade, keep them clear of our other trade, we can get so much extra a ton out of it, and we can make a bit more money out of it."

9297. That is to say, they will allow one particular trade to go, in order to keep up other trades which the Belgians have not got?—In order to earn a bigger profit on other trades.

9298. They let one go in order to stimulate another trade which the Belgians are not concerned in; is that your point?—I do not quite understand how you put it.

9299. What I want to know is this: Shipowners are men of business, just as the merchants are; why should a shipowner allow the trade that ought to come to him go to a Belgian in consequence of this difference; why should he not lower his rate in order to compete with the Belgian?—The way that the English Mediterranean Conference looks at it is this: "If we let the Belgian alone, and let him make his own arrangements with his own iron-masters, he will not send his boats to load in the Humber or the Thames, and we can get an extra 2s. a ton on our freight."

9300. But on other freight, not on this kind of freight?—On his iron freight he gets the extra 2s. a ton.

9301. He cannot get the same quantity of it, if the Belgian takes it at a lower freight. The trade can only be of a certain volume, and somebody must take it?—That is so. This iron trade is obliged to go to the Belgian houses, because they want this rebate of 2s.

9302. Then the English shipowners lose the trade?—Yes.

9303. Why does a shipowner do it? Where does it pay him?—He gets the 2s. per ton extra on the English traffic, because the Belgian will not come here as he does not go to Antwerp.

9304. But a good deal of the traffic will not go from England, will it?—There are two different traffics—the English traffic and the Belgian traffic; and the Belgian shipowner says, "If you won't compete with me, I won't compete with you."

9305. What is the volume of this trade in iron that you speak of from the United Kingdom and from the Continent to the Mediterranean ports? Is it a large trade?—Yes, I should think it is. I do not know, but I see that the steamers from Belgium are regularly carrying from 300 to 400 tons of this Belgian iron every seven or eight days. I have never had the curiosity to see really how much it was.

9306. Could you tell us at all what the shipments are from Antwerp, as compared with the shipments from United Kingdom ports?—No; I could not.

9307. In paragraph 3 you speak of the great rise, owing to Shipping Rings, in the stationary rate, which has been from 15s. to 27s. 6d.—nearly double; what is the volume of that trade from here to Havana?—I could not tell you.

9308. Is it a large business, or is it a small business?—I do not know what it is at present, because things have been so upset in Cuba. Some 15 or 16 years ago, there was one firm I know used to ship about a thousand pounds worth a month; how it stands at present, I do not know.

9309. You do not know really what the volume is?—I do not, and I have never had the curiosity to look it up. I know it is a very considerable trade.

9310. In paragraph 4 you tell us that the English shipping companies will not give any schedules of classification, but that the foreign companies do so; is that the fact?—With one exception, as far as I know you cannot get a printed definite classification out of any conference. We cannot get these rates, but the German travellers go out equipped with them.

9311. Have the merchants made any serious effort to get these schedules of classification and rates? Have they gone to the English shipowners and said, "This is what the Continental shipowners are prepared to do; this is their classification. Now you are charging me more than in that classification"?—No. I do not say they are charging me more. What I say is that they will not give us the information.

9312. You make it a grievance that they will not give you this information?—Yes, I do; I think it is a grievance.

9313. And you think they are charging you too much?—This particular point is not a question of what they are charging us. It is that we cannot find out beforehand what they are going to charge us. We do not know. If I am sending a traveller out to South America this week, and I want to fit him up with the rates of freight my customers will have to pay on the different classes of goods, but I cannot supply him with the information; I cannot get it, although I have asked for it. I have applied for their classification time after time, and I cannot get it.

9314. What is the answer you get?—That they do not supply it.

9315. Do they give no reason for not supplying it?—"If you want the rate of freight, and will specify what it is, we shall be pleased to quote." But, you see, you send a traveller out, and perhaps he will have to quote for three or four thousand different things, and you cannot write and make a special application for all that.

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9316. In paragraph No. 5 you tell us that the ship-owners take orders for cargo?—Certainly.

9317. I think the Chairman put this question to you, but I should like to ask it again: Can you give us any specific instances, outside coal, where the ship-owners have taken orders? You told us they had taken orders for corrugated iron, angle irons, and stuff of that kind; can you give us any evidence that they have done so, or is that just a sort of vague statement?—It is more than a vague statement made on hearsay, but I could not produce any documentary evidence of it.

9318. Then that is repeating what you believe to be a fact, upon hearsay, really?—I think it is more than that. I believe that we have traced orders which we have shipped to our customers, and the same order has been re-executed by a shipping company.

9319. You cannot produce any evidence of that?—I cannot at the present moment, and I do not know where I could find it.

9320. (Sir John Macdonell.) You stated that the calculation had been made that a sum of one million pounds was in the hands of the members of Shipping Conferences in the shape of deferred rebates; was that a calculation or a surmise?—It was a calculation.

9321. A calculation by whom?—I can tell you the way the calculation was got at. Of course, it was only rough, and we have no means of getting at the figures.

9322. Rough or accurate, how was it made?—They took the Lines to South Africa; they calculated that there were so many thousand tons a week going; they took the boats and the sailings to South Africa; they took the rates of freight, and reckoned their 10 per cent. rebate. There were 10,000 tons a week going—I think at that time it was about 10,000 tons a week they reckoned—with the boats going two-thirds full, and they took the freight at 30s., that is £10,000. Ten per cent. would be £1,000 a week, that is £52,000 a year, which would be carried on for 18 months—and that on the merchandise going to South Africa alone.

9323. That is somewhat of a rough calculation, is it not?—How can you get at it nearer?

9324. I am not suggesting that you can, but at all events it is a somewhat rough calculation. Can you refer me to any document in which this calculation is worked out?—No, I cannot.

9325. By whom was the calculation made? Was it presented to the Sheffield Chamber of Commerce?—The question turned up at a discussion when we were drafting this memorandum, as to what these rebates came to, and somebody said that he had heard it calculated at nearly a million. That was disputed, and the man sat down and jotted down the freights and the sailings for a certain time, and we totted it up that it must be very nearly a million or so that is in their hands. You see it is 10 per cent. on the freights for 18 months that is in their hands.

9326. I will not pursue that point further. Has the subject of deferred rebates been discussed by the Sheffield Chamber of Commerce?—Yes.

9327. Has any resolution on the subject been passed?—I am not a member of the council of the Sheffield Chamber of Commerce; but they sent for me to come to the meeting when they discussed this matter, and when this memorandum was drafted. A report was sent up, and a resolution was passed that if I could not go, somebody else should come up on the subject.

9328. Was any resolution, adverse or favourable to the deferred rebate system, passed?—I cannot tell you. I was not present at the meeting, but as far as I know there was no resolution either favourable or unfavourable to it. There was simply a resolution that a representation should be made on the facts.

9329. Consignments from Sheffield, I suppose, for the most part consist of small consignments?—No.

9330. Would they often run to more than 50 tons?—Yes. Sheffield is in a very peculiar position; indeed, it is in a most awkward position for a Chamber of Commerce, when it is a question of getting or supplying information. Nearly the whole of the Sheffield trade is shipped indirectly; by that I mean that the manufacturer in Sheffield has nothing to do with the shipping. The buyers who take the greater part of

the Sheffield material have their own shipping agents, or do their own shipping, and do their own handling of the goods at the ports. Consequently there are very few of the Sheffield firms who are acquainted with the details of the working of Shipping Rings.

9331. Then they really know nothing about the subject of deferred rebates?—No. The people who do the bulk of the trade know nothing at all about the shipping of it; they do not handle it.

9332. The manufacturer in Sheffield deals with either a merchant or a shipping agent in London, or Liverpool, or some other port?—To a very great extent. Even when he sells direct, the buyer finds his own shipping agent, and does his own shipping in Liverpool or London.

9333. So that the Sheffield manufacturer never handles, or rarely handles, or claims a rebate?—I will not say that he rarely claims a rebate; I will not go so far as that. But I say on the bulk of the trade the Sheffield manufacturer never has anything to do with the shipping.

9334. Dealing with the first of your grievances, that with respect to the shipment of iron to the Mediterranean ports, I gather from your explanation that this arrangement was the result of a combination, of which the deferred rebate was not an incident?—That is so. The deferred rebate does not apply to this traffic at all.

9335. So that if the system of deferred rebates were done away with, you might still have facts similar to those which you have mentioned?—You mean if there was no system of deferred rebates, there still might be this differential rate in favour of some particular trade or district?

9336. Yes?—There might.

9337. You do not propose to take steps to prevent combinations without the deferred rebates?—I do not see why in this country the same steps could not be taken to get this reduction of 2s. per ton as the Belgians take.

9338. What steps do they take?—The way it works out is this: The railway companies and the dock companies go and say to the shipping company, "If you will not grant us and our manufacturers and the people who go over our lines more advantageous terms than you do to the foreign stuff, we shall charge a differential dock rate, or a differential railway rate, against you, and make you pay for it indirectly."

9339. Then what you call the Belgian arrangement is an arrangement to which the railway companies are parties?—I believe in this particular instance it is the dock authority in Antwerp; I believe they are at the back of it.

9340. What exactly is the bearing upon the deferred rebate system of what I may call grievance No. 2? Has it a very close connection?—It has a connection with it. The Conference system is worked on the same basis whether there is a rebate or not, and it does not follow that they are all run on rebates. For instance, the North Pacific mail grants rebates on the West Coast, but there are certain ports to which there is no competition, or only occasional boats, and there is no rebate granted at all—they simply charge you primage and pocket it.

9341. May I draw your attention to what I might call grievance No. 4—the non-supply of information as to classification. Has that any close connection with deferred rebates? It is rather remote, is it not?—It is close and it is remote, because the deferred rebate had really nothing to do with the publication of rates, but then the fact is that, not being able to get hold of the rate, you cannot calculate what your freight is and what your deferred rebate is going to be.

9342. You have made very clear to me the inconvenience which you have experienced, but you have not quite made it clear what connection this has with deferred rebates?—I have not made it clear what connection the fact that they will not publish the freights has got to do with the question whether the rebate is deferred or not?

9343. Whether there is a deferred rebate, or a rebate at all?—It has nothing to do with it, except it represents 10 per cent. on your charges. The connection is just 10 per cent. of the whole.

9344. As regards the grievance in the South Brazil trade, you have explained the procedure on the part of the members of the Antwerp and Hamburg Conference, by which they have found it to their advantage to come to Liverpool and bring over traffic from Liverpool and convey it from Hamburg to Santos. Can you explain to me why the English members of the Shipping Conference permit this, and why they do not retaliate?—Because by agreeing to it, they reduce the competition. It has enabled them to reduce competition, and it has enabled them to put up their rates of freight from 15s. to 30s., and 50s.

9345. Let us see that a little more clearly. As I understand it, the case that you make in paragraph No. 2 is to the effect that the German shipowners and the Belgian shipowners, having a highly remunerative freight, actually carry over goods from Liverpool and send them to Brazil by way of Hamburg?—That is so.

9346. Must that not diminish the quantity of goods sent from Liverpool to Brazil by English vessels?—Yes; it diminishes them by about 800 tons a fortnight, or 1,600 tons a month.

9347. Which represents a considerable loss of revenue to the English shipowners?—Yes; they lose the traffic of 1,600 tons a month.

9348. Why do they permit this continued loss?—The 1,600 tons a month go to Hamburg, but they have two boats a month of 3,000 tons, that is 6,000 tons, on which they get an extra 25s.

9349. Who get an extra 25s.?—The Liverpool shipowners. They get 25s. a ton extra on 6,000 tons, by sacrificing 30s. or 40s. on 1,600 tons.

9350. In paragraph 5 you specify certain other grievances. Can you give some actual instances which you had in your mind when you, or rather when the Chamber, made the statements contained in paragraph 5?—About boats being delayed?

9351. Yes. Could you mention specific instances?—Yes. There are several of the Nelson Line boats laid in Liverpool. They are timed according to the schedule to sail on the Friday, and they stop in Liverpool till the Saturday afternoon or the Sunday morning, for fear they should get in ahead of the others. There are three boats, I think it is, on the line regularly that can do the journey in 36 hours less than the mail boat does, and they keep them in Liverpool till Sunday morning for fear they should get there too soon.

9352. We have been told that one of the advantages of the system of deferred rebates is the perfect, or almost perfect, regularity of sailing; do you say that that is sometimes not true?—If you speak of the advantages of deferred rebates, I grant you that the system on which the Conference people have worked, namely, of absolutely regular sailings, and running cargo boats to time almost like mail boats, is an advantage. Anybody who is in business can understand that so long as you get a regularity about it, however oppressive it is, you can calculate your expenses, and it is probably more beneficial than the most philanthropic competition that is running at sixes and sevens, three or four boats one week and none at all for a month.

9353. Thinking of that virtue, and thinking of the regularity of the Sheffield trade, would you willingly part with a system which gave you those advantages?—Which particular system are you meaning—the Conference system, or the deferred rebate?

9354. The Conference system with the deferred rebate?—I should stamp out the deferred rebate altogether, if possible.

9355. You say "if possible," but do you attach very great importance to regularity of shipping?—Yes, I attach great importance to regularity of shipping.

9356. Are you sure that you could obtain that advantage without a deferred rebate?—We had it for South Brazil before, and we had it to the River Plate before.

9357. It has been told us again and again that under this deferred rebate system the shipper of small consignments fares better than he would in an open and free freight market; what do you say to that point?—I do not quite understand that.

9358. It has been suggested that if there were no deferred rebate system, and if the rates were settled by competition, the larger shipper would get better terms than the smaller shipper?—I have not found it so.

9359. Is your experience at the present time confined, or largely confined, to the trades in which the deferred rebate system exists?—To the ports and to the districts, because it does not apply to trades; this Conference arrangement has nothing to do with trade, but applies to different districts.

9360. I quite follow that. Do you attach much importance to equal rates for all shippers, large and small?—Even with your Conference you do not get equal rates for shipments, large and small.

9361. Is that so? Could you give me some illustrations of the difference made between them?—Yes. The rate to the River Plate for machinery, packed, is, I think, 35s. I applied for a rate—

9362. Applied to what company, may I ask?—It went before the Conference generally; it did not go to any particular company. I said that I had an inquiry for certain machinery, I expected it would come to about 130 tons; should I have any advantage on such a large shipment? The reply was that, against the specification, they would quote me a special rate, which they did.

9363. Have you known of other instances in which better terms have been granted to you on large consignments?—Yes. It is an understood thing that if you have got a big shipment, if you are sending a thousand tons of rails or something of that sort, or a big consignment of machinery, if you give them notice and apply, you can get a proportionately better rate. It stands to reason if they are running an ordinary boat, say 3,000 tons, that is on the berth regularly month after month, and you advise them that you are going on a particular day to give them a thousand tons of extra stuff, that they will probably make arrangements to put on a 4,000-ton boat.

9364. You say that it is not strictly accurate that under the deferred rebate system the small man and the large man are treated alike?—I do not say the large man and the small man are not treated alike; but I say, however small a trader is, if he has got a big shipment, he will get an advantage.

9365. It would be better if I were to put it as between a small shipment and a large shipment?—On a large shipment you get certain advantages, not big ones, but still they are there.

9366. Have you addressed your mind to the question of the remedy of the grievances and the evils which you have described?—We have thought of all sorts of things, and we have discussed all sorts of things amongst ourselves. The great remedy, we think, would be brought about by absolute publicity, the same as in railway rates.

9367. Let me see if I understand that. Do you mean by that, that most of the evils which you describe would, in your judgment, disappear if the members of the Shipping Conference systematically published full classifications of goods and full details as to their rates?—I think it would remove a great part of the grievances, and would remove a great deal of friction—and the friction is worse than the grievances.

9368. You use the term "friction," and I have no doubt you have some facts in your mind which lead you to use that term. What kind of minor grievances have you in your mind when you speak of "friction"?—I will tell you the sort of thing that happens. You have got an assorted lot of stuff to send to some man abroad. He sends you an order, and he wants some angle iron, and he wants some files, and he wants some tools. Then he goes and orders a lot of rope and oakum and paint. Then he will perhaps go and put on a lot of bottled beer and needles and all sorts of things. These come to you, and you have got them to pack. You pack a case, and they charge you on that case, on the whole case, say it is a 4-cwt. case at the rate for the dearest thing you have got in it. If you have got a 4-cwt. case, and you have put in it 25 lbs. weight of electro-plate, or 5 lbs. weight of electro-plate, they will charge you at the electro-plate rate for the whole 4-cwt. Yet they must know what you have got in your case, because you have to make your Customs declaration,

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not only for this country, but you have to give an absolute specification of the contents of every case for the Customs authority abroad. You pack them according to the best of your ability, according to the information that you have had a fortnight or three weeks before, and when you get your stuff into the dock, your bill of lading comes back, and you find that in the case, which you have packed with the intention of getting it through at the 25s. rate, you have pitched some trumpety thing about the size of this ink-bottle, and for that they put you up to the 50s. rate, and you have got to pay 50s. on all that, because they have shifted the classification without telling you anything about it—and all for some trumpety thing. That is what I call friction.

9369. In other words, in your view there is too much autocratic and arbitrary action?—There is too much autocratic and arbitrary action; you do not know what they are doing, and you cannot get it out of them.

9370. Reverting to your first suggestion, namely, the publicity of the rates and of the classification, have you considered whether you would go so far as to make that publication obligatory by statute?—Our idea is that we would compel every ship carrying cargo for hire—I do not mean a ship that is chartered, but every ship carrying cargo for hire—for three days at least before she was on the loading berth, to post outside for everybody who was collecting freight, the classification rates at which she was carrying freight.

9371. Supposing that that remedy failed, have you considered what next step you would suggest? Would you suggest legislation of any kind?—Legislation in what direction?

9372. I am asking you whether you have considered that point. Have you considered whether, in the event of the remedy of publicity failing to do away with the evils which you have described, legislation of some kind should be in your view enacted?—As regards the particular question the point was raised—and this shows the way that people look at it—and was discussed, whether a case should not be got up by the Chambers of Commerce, and a fund raised to fight this deferred rebate system, in the hope of getting a judgment that the rebate could not be retained as being in the opinion of the Courts contrary to public policy. That shows the way they look at it.

9373. May I take it that you really have not considered whether legislation is necessary or not?—They have discussed the matter whether it was necessary or not, and they have decided that in the present state of public opinion they could not formulate anything that was likely to lead to any result.

9374. But I understand that the Chamber of Commerce is of opinion that there should be by statute an obligation to publish rates and classification in the manner that you have described?—That there should be an obligation to publish the rates, and that deferred rebate should be declared illegal.

9375. This is an important addition to your official evidence. Has there been any resolution to that effect?—That I cannot tell you.

9376. I am sorry to trouble you with so many questions?—You are perfectly right, but my position is this—I am not a member of the council of the Chamber of Commerce, and I was not present when the resolutions were passed. The only thing I know was what happened at this particular meeting of the council when I was sent for.

9377. It is contended by various witnesses who have appeared here, that the deferred rebate system practically deprives the shipper of freedom of choice, inasmuch as he is never at any time entirely free, and there is always some rebate held in hand by the shipowners?—That is so.

9378. How would your system of publicity affect that? Would it affect it in the slightest degree?—Would it affect what? I do not quite understand. Do you mean, would it affect his freedom of action?

9379. Yes; would it give him greater freedom than he now has?—No; but it would have this effect, that a certain amount of competition with small chartered steamers would spring up, which they have stamped out in the last five years.

9380. Why would the fixing in a public place of a list of charges and of the nature of the classification bring small steamers in to compete?—It would be exactly in this way—they would advertise it for everybody to see, and then everybody would know what excessive rates they were paying; as soon as ever people began to see what an enormous margin of profit there was on the ships, competition would arise, and carry so much of what you may call the indirect shipments away from the Conference Lines, that the Conference Lines would have to reduce their rates.

9381. (Mr. Sanderson.) With regard to paragraph No. 1, in which you refer to the differential rate or rebate which is being given on the freight to shippers, I arrived rather late, and I did not hear of the particular port or ports in the Mediterranean you referred to as being the places to which that system applies; did you name them, or can you name them?—The particular case was Malta.

9382. Is there much iron goes to Malta? Is it an important importing centre?—Yes. It is a big distributing centre for the whole of northern Africa.

9383. Is it?—There are large shipments of iron and all sorts of things going to Malta. The Maltese merchants receive them at what is practically a free port, and distribute them through small sailing vessels along the whole coast of North Africa. It is becoming more important every year.

9384. Who pays this 2s. per ton rebate in Belgium?—They charge them 2s. less.

9385. Open freight?—Open freight.

9386. Then the English manufacturer, if he chooses to buy Belgian iron, gets some advantage?—No. The trouble is this, from the merchant's point of view—and I am speaking absolutely of the merchants at the present moment: If he goes and buys some iron from some Belgian works and ships it himself, they charge 10s. 6d. or 11s. freight from Antwerp; but if he goes to a Belgian works and buys it c.i.f. Malta, the Conference or carrying company will only charge the Belgian manufacturer 9s.

9387. Why?—Because the dock company or the port authority in Antwerp squeeze them. I cannot get at the back of it. I have handed in a copy of a letter which was the result of, I should think, two months' investigations, as deep as I could get into it.

9388. Of course it really has, as my predecessor said, no direct bearing on this inquiry, but it is very interesting to see how it bears indirectly. In this case, it looks like foreign authorities, other than shipowners, assisting their own exports as against the English?—That, as far as it goes, is perfectly true; but the beginning of the whole thing is the agreement entered into between the English shipowners on the Humber Coast and the Antwerp shipowners—"I won't meddle with you, if you won't meddle with me"; and then they promptly come up and charge us 2s. more.

9389. You mention the Humber Coast, with which I am a little familiar; has a steamer ever left the Humber for Malta with cargo?—I took the Humber just as it came into my mind. There is Newcastle; I mean along the East Coast.

9390. Has a vessel ever left Newcastle for Malta with cargo, do you know?—Yes; they go.

9391. Regularly?—I should think about once a month.

9392. Can you name the Line?—I cannot, but I believe Alexander Weir is the shipping agent for them.

9393. With regard to paragraph No. 2, I take it that the English manufacturer does not ask for preferential terms as against the foreigner, and that he can hold his own on equal terms?—That is as regards the South Brazil trade?

9394. Yes?—If we had the equal terms which we should like much to see, yes; but they can ship from Hamburg to South Brazil so much cheaper than we can.

9395. Not according to your paragraph No. 2?—I will not say "as we can," but from the inland towns. A Solingen manufacturer can send cutlery from Solingen to Santos for less than we can send cutlery from Sheffield to Santos.

9396. That is, from Solingen in Germany?—Yes.

9397. There you are coming to another thing altogether, are you not—you are coming into the question of the German State railways?—I am coming into the question of the through rates which the German State railways squeeze out of the Conference Lines. The German State railways squeeze the Conference Lines, which we cannot do.

9398. You assume that the German State railways make the Hansa Line, or the Woermann Line, or any other Line, carry cargo for German merchants at a lower rate than the English shipowner will agree to?—Yes.

9399. Have you any definite information on that point?—No; you cannot get it.

9400. It is only your idea, then?—We know how it is done.

9401. How is it done?—Supposing there is a big contract out for rails, or something that is manufactured up in the coal district of Germany, the manufacturers or the manufacturing syndicate go to the freight bureau of the railway and ask them to quote them a special rate for this big shipment. Then they go to the steamship company, and tell them they have applied for this rate, and ask them if they will confer with the Railway Department. What the Railway Department does is, they say, "Now we want to get the traffic of this, we will sink half-a-crown a ton on our rate if you can sink half-a-crown a ton on the freight"; and if the steamship company say, "No, we cannot in the Conference," then the Railway Department says, "We are going to do this at a through freight of so much, and if you won't sacrifice your share of it, we will take the lot and take it out in some other way."

9402. That is very interesting to this Commission. I was not aware that the Germans had such power over their shipowners?—They do that.

9403. It is very interesting; can you give us some definite information about it?—How can I give definite information? How can I get at it?

9404. You have made a statement before this Commission that the German railways are in a position to exact from the shipowners a reduction of rates which are agreed to; and also that they make out of their own railway rates further allowances to shippers?—What they do is, they say, "If you will not grant us this, you are using this dock warehouse of ours and we will put up your rent of that dock warehouse £100 a year, and so we will cover ourselves."

9405. Do you know that as a matter of actual knowledge?—I know it from as much knowledge as you will get of it, if you have not got access to official papers and to the bureau.

9406. (*Mr. Barry.*) In reply to some questions which were put to you which arose out of paragraph No. 1 of your memorandum, you spoke of a working arrangement between the British Conference Lines, which work under the deferred rebate system, and the Belgian Conference Line, which does not work under the deferred rebate system; and under that working arrangement you say the Belgian shipowners carry freight at 2s. per ton less than the British Conference Lines carry it?—Yes, that is so.

9407. The effect of it, then, is this—that the British Conference Lines, which have the shippers to a great extent in their hands, through the influence of the deferred rebate system—?—Wait a minute; there is no deferred rebate to Malta.

9408. Not on the part of the British shipowners?—No; I do not know of any rebates at all there.

9409. Or to any Mediterranean port?—I am speaking about Malta in this particular case.

9410. Do you know whether the deferred rebate system applies to any of the Mediterranean ports?—I have never come across any instance of it.

9411. Do you state, as a matter of fact, that the British Conference Lines agree to a permanent arrangement under which the Belgian shipowners ship at 2s. per ton less than the British shipowners will ship at?—No. They have agreed to a permanent arrangement that they should charge the same freight, and then for a particular class of traffic from the iron works they charge 2s. per ton less than the stated rate, for some particular reason.

9412. That is, the Belgian shipowners charge 2s. per ton less?—Yes, for goods consigned from Belgian iron mills to Mediterranean ports.

9413. And the British Conference Lines agree to that, and accept that?—Yes. All the British Conference Lines, or any of them, charge you 10s., and they charge the Belgians 10s., unless it is from a Belgian rolling mill, and then the Belgian rolling mill man gets an allowance of 2s. for some reason.

9414. But it is only in that exceptional case?—It is only in that case.

9415. And it does not apply to general goods?—I only know of that exceptional case; and, as I say, I came across that quite by accident.

9416. You have been asked a great many questions as to your statement in paragraph No. 2 about shipowners from Hamburg carrying freight from Liverpool to Hamburg, paying the rate of freight and other charges, and then re-shipping to South America at the same rate as from Liverpool. Do you know if the British shipowners do the same thing; that is, do they gather freight at Hamburg and bring it to Liverpool?—I do not know. I once had some stuff in Germany, and I tried to get it brought across in the same way, but I did not succeed; so I do not think that applies particularly.

9417. The reason I put the question is this: It seems rather strange to me, if the British and the German Conference Lines are acting together, that the British Conference Lines should agree to this sort of thing being done, unless they were at liberty to act in the same way?—I suppose they would be at liberty to act in the same way, only there is practically nothing to come.

9418. If they offered facilities for shipping with no extra charge, they would have as good an opportunity of securing that traffic as the German shipowner would at Liverpool under exactly similar conditions?—Do you mean that they could get the German stuff in Hamburg and bring it across to Liverpool to ship?

9419. Yes?—They might; and they may do it. But, as I say, I once had some stuff that I wanted to get across from Germany in that way, and I did not succeed; why I did not, I do not know.

9420. There is a statement towards the end of paragraph 2 which is, I think, in conflict with all the evidence that we have had up to this. You say, "One of the Rings trading in South America has issued a circular that if any firm ship any goods by sailing vessels, it will be deemed a breach of the Ring's rules, and the rebates are liable to be confiscated." I think the evidence we have had up to this is that shippers were at liberty to ship freight by sailing vessels without forfeiting their rebates?—I have only come across that one case.

9421. Could you put in for the Commission that circular which has been recently issued?—It would be issued some time since. I cannot find it, and I cannot obtain a copy of it. I have been trying for three months to get a copy of that circular.

9422. (*Chairman.*) When was that circular published—how many years ago?—Two and a half or three, I should think.

9423. (*Mr. Barry.*) Could you give us one specific case where rebates have been forfeited because the freight was shipped by a sailing vessel?—No, I could not.

9424. In paragraph 3 you speak of the effect on the stationary trade of the increase in rates from 15s. to 27s. 6d. per ton; do you happen to know what the rate of freight is from New York to Havana?—No.

9425. Do you know if it is less than 27s. 6d.?—The only thing I know from my own experience is that till the last two years English stationary used to monopolise the Cuban market, so far as the better class of the stationary trade was concerned, and the stationary trade has, to a great extent at any rate, gone to America. I know it in this way: Going back over my letters for four or five years, I find that all the letters I used to get from Cuba were written on English paper, except those written on the commonest class of paper, which was German; but looking through the letters I have received in the last eighteen months, I cannot find a sheet of English writing paper in the lot.

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9426. But you cannot say whether that is the result of fair competition, or whether it is the result of lower freights from New York?—It is a hard fight to hold the market with English writing papers, and the fact that they have gone and doubled our freight is going to handicap us still worse.

9427. In paragraph 4 you state a fact which would appear to handicap shippers pretty considerably, namely, the difficulty of getting information as to rates; and I think you said in answer to a question that the deferred rebate system had nothing to do with the refusal?—Certainly.

9428. Is it not on account of the position of power and authority in which the deferred rebate system has placed the shipowner that he is enabled to refuse that necessary information?—If you have got a Conference, and they all agree amongst themselves, "We will not issue these printed lists to anybody except ourselves"—

9429. As the rates are the same as from Continental ports, would it not be possible for you as a shipper to obtain the Continental list of rates? I think you say they are easily obtainable by Continental merchants?—I did not say they were easily obtainable; I said they were obtainable, and they get them; and the German travellers in South America have them with them. But I have not succeeded in getting them, although I have tried.

9430. Have you tried the German shipowners?—I have tried to get them. I had an agent in Hamburg, and I told him to try and get one of these for me. He said, "No; they can only be obtained through the Chambers of Commerce, who can obtain them and supply them to the people who state they are German merchants"; and that they guarantee. Whether the tale was true or not, I do not know; but that is what he told me.

9431. That a guarantee has to be given that the applicant was a German manufacturer or merchant; otherwise it would not be granted?—Otherwise the rates would not be given. They are supplied to the Chambers of Commerce, who are responsible for their only getting into the hands of German firms.

9432. I take it your grievance is that the British Conference Lines know that the Germans freely grant full particulars as to their freights to the German travellers, but while allowing that to be done there, they will not give the same facilities to the British shipper?—I think some of them do—I know there is the West Coast of South America who supply us, and why cannot the others? The West Coast supply us with that; that is what we want. (*Handing in a list of rates.*)

9433. Is this from one of the Conference Lines?—I suppose it is a Conference Line. They are the only ones that have done that, as far as I know.

9434. You do rest a great deal of importance upon the effect of publicity?—I think publicity would do away with a great deal of the friction, and with many of the evils; but of course we do not know till we get it what it will do. The general impression seems to be that the bulk of the trouble is caused by the mystery.

9435. In regard to competition on the part of shipowners against the merchants in certain classes of merchandise, I think you mentioned coal, corrugated iron, angle iron and something else which I cannot recall for the moment; in your experience do you know of any cases where the competition of the shipowners extended to any other class of merchandise?—I have been trying to think. I have supplied some shipowner with goods to ship for export, but I cannot recall the details to memory.

9436. I think you have stated also in your evidence that it was confined to indents only, that is, indents that come to the shipowners; and that there was no active canvass, and no organised system of canvassing, for that class of business, on the part of shipowners?—There is not, except this—that in one or two instances the local agents of the steamship company are commission agents, carrying on a general commission business; and how they work together we do not know.

9437. It would be perfectly legitimate business for a commission agent, I presume, who was acting as agent for a shipping company, to deal in any class of goods?—Certainly.

9438. You are not making any grievance of that?—I am making no grievance of it. The only thing I say is that that is the only way I can possibly suggest in which they can do any direct canvassing.

9439. Speaking broadly and generally, that class of competition against merchants is confined to the description of goods you mentioned, coal, corrugated iron, and angle iron, is it not?—No, I do not say it is confined to those. I mentioned those as the things that I knew they had a hand in; and I was trying to think of a specific case in which I supplied some Sheffield goods to a shipowner firm to send out.

9440. If that system existed to any great extent, you probably would not have to tax your memory for one specific case?—They keep clear of me, and they would not come to me if they knew it. That came in by accident. They would never come to me as a merchant to supply them; their idea would be to go direct to the manufacturer.

9441. Then you think that on an indent coming in for any class of merchandise the order would be cheerfully executed by any shipping merchants?—I did not say by any; but I will say by many.

9442. (*Chairman.*) German shipowners, I think you say, do not publish their rates or their classification to the world at large?—No, not to the world at large; except the North Pacific Line.

9443. Not generally?—No, not generally.

9444. But they do give that information to German shippers, and only to German shippers?—They supply it to the Chambers of Commerce, who are responsible for the information being kept in proper hands—at least that is what my agent told me.

9445. I want to know what your recommendation is. Is it your recommendation that the British shipowners should furnish that information, say to the Board of Trade?—My contention is that all steamers plying for hire for general cargo should publish a list, the same as the North Pacific does, and then we should know where we were. That is supplied for the West Coast.

9446. Does that comprise items as to classification?—One of these was sent up by my Chamber, at least I handed it to my Chamber to do so, and if it has not come up it ought to have come. They supply the classification there, and the list of freights. They supply me with those regularly every month. It is not perfect—it is only part of it, but still so far as it goes it is extremely useful.

9447. You suggest, therefore, that all British shipowners should be required to publish a list of their rates of freight and their classification in a form somewhat similar to that which you have handed in, and which is published by the North Pacific Line?—I will not say all shipowners, because that would be asking an impossibility; I say, all boats that ply for general cargo.

9448. That is what I mean; all Conference Lines, therefore?—That would naturally apply to all Conference Lines, because the Conference applies only to ships that are plying for general cargo.

9449. So it would apply to all Conference Lines?—It would apply to all Conference Lines, and to a good many non-Conference boats, too.

9450. Therefore, if deferred rebates were sanctioned and allowed, you think it would be very useful for the Legislature to oblige the Conference Lines to publish their rates of freight in the way which you have described?—As far as my experience goes, the saving would be sufficient to represent a very nice income from the merchant's point of view.

9451. (*Mr. Maddison.*) Just one word about paragraph No. 1. I take it that it has really nothing at all to do with deferred rebates?—It has nothing at all to do with deferred rebates. It was a case of Shipping Rings, and I understood this inquiry was, in a way, apart from rebates, deferred or not.

9452. You say that there is an arrangement with the English Conference Lines not to compete with the Belgians?—Yes.

9453. Supposing there was no such arrangement, would not the preference given to Belgian goods still operate?—If there was no Conference, we should have these goods carried to Malta for about 7s. 6d. per ton.

9454. From here?—Yes. They carry the goods to Smyrna for, I believe, less than they charge to Malta.

9455. Then your view is that through there being a Conference system here, they keep up the price from British ports, and it pays them to keep off the Belgian boats?—That is so.

9456. Then in your view there is a real connection between the sort of thing you describe in paragraph 1 and the Conference Lines?—The Conference Lines, yes; but it has nothing to do with the deferred rebate; it is the Conference system there.

9457. That is to say, if there were no deferred rebates, this agreement between the Belgian and the British owners might still be in existence?—If there were no deferred rebates, yes. A Conference Line is one thing, and the deferred rebate system is another thing. That only applies to Conference Liners plying to certain ports.

9458. Do you think the Conference system could keep up without any deferred rebates?—It does keep up without deferred rebates in many places.

9459. Where?—It keeps up at the bulk of the Mediterranean ports; there is no deferred rebate there.

9460. I was on the Mediterranean ports, and it is the case you refer to here; but you do not know any other case, do you, where there is a Ring without deferred rebates?—Take Port Madryn; they have all got one rate of freight, and they will not undercut one another, though there is no deferred rebate there.

9461. In the absence of deferred rebates, would you suggest that Parliament should step in and prevent shipowners from coming to a mutual agreement amongst themselves as to the rates they will charge?—No. As far as I can see, the only thing our Chamber is definite on is that they should prevent them from confiscating rebates.

9462. Exactly; that is my point again. All that there is in your paragraph No. 1 is a grievance which may exist apart from deferred rebates?—Yes.

9463. Now I want to know whether you would suggest that Parliament should interfere or attempt to interfere in any such case as that?—Do you mean to prevent a steamship company from making working agreements?

9464. Yes?—No; I do not see how you can do it, and I do not see how you can enforce it.

9465. I suppose such agreements do exist in other trades besides shipping?—Yes.

9466. With respect to paragraph No. 2, I think you have made very plain what was the motive of the shipowner being willing to fetch goods from Liverpool to Hamburg, and then to take them to South Brazil at the same rate as they are taken from Liverpool to South Brazil. What I do not understand is why, if the rates are exactly the same, a British shipper should bother to give his goods to German vessels. If he gets the same rate from Liverpool, why should he send his goods by the Germans?—Now you are coming to wheels within wheels.

9467. Quite so?—People out there very often dictate to you what Line you shall send them by. Also, all being in one Conference, these people, the North German Brazil Line and the English Line—Lampport and Holt, I think, are the competing Line to South Brazil from Liverpool—agreed not to run their boats on the same date, but to keep a week between; one week Lampport and Holt run from Liverpool and the next week the German South Brazil Line runs from Hamburg.

9468. So that, as a matter of fact, there is again an arrangement between this British firm and the German firm as to sailings?—There is an arrangement as to sailings.

9469. So that the person who wants to get his goods shipped on the date allotted to the German takes this means of sending them to Hamburg?—Yes.

9470. Are the German and British Lines one Conference really?—Yes, the German and British Lines are one Conference. I think I can supply you with the names of most of them.

9471. I think we have already had your evidence on this point as to their being one Conference, so that you need not trouble?—Here is the list.

9472. Do not trouble; I will take it as it stands. That being so, the rates being equal from German and British ports, the merchant, looking at it from that point of view, has no grievance, has he?—The merchant where?

9473. Looking at it from the point of view of the equality of rates from the German and British ports?—No. As regards the merchant it is very much the same.

9474. But your case is that the rates are too high—I imagine, kept up by the Conference Lines?—The rates are kept up to such a point that the least profitable traffic pays.

9475. Is it your general view that the deferred rebate system tends to keep up rates?—It tends to keep up rates, certainly.

9476. You are concerned, I take it, not only with the uniformity of rates, but also with the rate itself—that is, whether it is low or high?—Yes. We want the rate as low as we can get it, because if you get your rates of freight up too high, that immediately enables the native people to do the manufacturing.

9477. So that the height of the rate is really an important thing to you as a manufacturer?—It is an important thing to me; and it means that under the deferred rebate system I have always got 10 per cent. more capital locked up in the freight.

9478. You have been asked a question or two as to whether this 15s. per ton which you quote as being the rate during the years of open competition, was at all a cut rate, or whether it was a rate that prevailed over a fair number of years. You say "many years," but I would like to ask you about that, whether you are quite sure that this rate was what you might call an average rate in fair competition?—It was the rate that was in force when I first went into this business—when I was first interested in this Brazilian trade.

9479. What year was that?—I went into it in the autumn of 1893, and I find a bill of lading here dated the autumn of 1899. How much longer it continued I do not know, but it was in force when I took to the business, and it remained in force for at least 12 months after I had done so.

9480. Have you been able in any sort of way to compare this 15s. rate with the rate in a steamer chartered since that time?—Are you speaking of chartering a whole steamer?

9481. Yes?—I do not know about the 15s. rate. It is very difficult to carry your mind back. They are charging us to-day 36s. a ton, I think it is, on cast iron, and I believe you can charter a boat for about 17s. 6d.

9482. You can charter a boat for about 17s. 6d. now?—I believe that was the last rate I saw quoted.

9483. I cannot quite follow the technicalities of a chartered rate as compared with a liner's rate, as I have not the special knowledge of my honourable friend who sits beside me?—If I charter a whole steamer, I go into the open market.

9484. I follow all that; but what I am trying to find is some basis of comparison, in order to see whether this 15s. that you give us is really a natural competitive rate, or is merely an artificial rate got by a cut or a fight. I gather from the rate you have given us for a chartered steamer that this 15s. is an extremely low rate?—I do not know what the chartered steamer rate was in 1899.

9485. But it is 17s. 6d. now, you say?—I believe it was 17s. 6d. the last I saw quoted.

9486. I will not pursue that. Just a question or two with respect to this grievance of yours about the difficulty of getting a schedule of classification, rates, &c. What motive have the shipowners in not publishing it?—Because they have agreed amongst themselves that they will not.

9487. Do these rates vary at all or much?—The rates do not vary so much, but they are always shifting the classification.

9488. The classification does vary a good deal, does it?—Yes.

9489. That is to say, supposing you got a rate for the carriage of a given article six months ago, should you feel that it was necessary to ask them again to

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quote now?—If I had a big quantity of it, or a mixed package, yes.

9490. Take your ordinary consignments; would you?—There is never a week goes that I do not write to ask if there is any variation in classification.

9491. As all the Conference Lines give the same rates—which is the fact, of course?—Yes.

9492. I cannot just for the moment see what should be the motive of the Conference Lines in keeping this a mystery, as you call it?—And I cannot; but there it is.

9493. You gave one explanation, and that was that if you had these rates before you, you would know whether it would be worth your while to charter a steamer?—Yes.

9494. Is it easy for the ordinary manufacturer to charter a steamer?—In the class of business I do there would be no question of chartering.

9495. Do you mean you could not charter?—A great many of them do.

9496. Speaking broadly, the chartering of a steamer, I take it, is not an easy thing?—It is a very simple matter.

9497. It is a simple matter if you have the stuff to put into it?—If you have the stuff to put into it, and you are used to it.

9498. Is it not the fact that the majority of Sheffield manufacturers would not have sufficient stuff themselves for one firm to fill a steamer?—The Sheffield manufacturers, taking them generally, do not do their own shipping.

9499. And with those who do it for them, it is the same thing, is it not?—The buyer does it, and he very often charters his own steamer—at least, many of them do.

9500. Then your evidence is that there is a great deal of chartering of steamers?—There is a good deal of chartering, and the foreigner does it.

9501. "The foreigner does it"—what do you mean by that?—I mean his foreign customer does the chartering.

9502. So that mere publicity does not seem to be a very strong remedy, does it; inasmuch as all the Lines are in one Conference, they all say one thing, and, if necessary, they could make it a breach of your contract, or of your implied contract, could they not, to charter steamers?—They might, but then the way the chartering is done at present is that the foreigner, who has no rebate to lose, goes and charters.

9503. Leave him out for the moment, and take the British merchant who has a rebate to lose; if they were to make it contrary to the rebate system to take a whole steamer, that would destroy any value that attaches to your remedy, would it not?—Yes; except that the general opinion seems to be that the whole strength of this Conference and of the rebate system lies in the mystery, and that if there were publicity and thorough knowledge which everybody could get at, the Conference would be so weakened that they would have to come down to commercial rates instead of fancy rates.

9504. Even although they rule out all outside competition?—The general impression is that if everything was known and published, and there was open knowledge on the part of everybody who was concerned, the publicity would drive their fancy rates down to commercial rates, simply by the constant pressure of the people from whom they were earning their money.

9505. Have you any experience of this refusal to publish a schedule of classification where deferred rebates do not exist? Take, for instance, the Mediterranean trade, where there is no deferred rebate; is there any difference there in the shipowners' practice with respect to the schedules?—I cannot say, because I do not know very much about Mediterranean shipping. It is not a thing that comes much under my knowledge, except as regards Spain.

9506. This is what I want to get from you—whether this refusal to issue schedules is the result of some dark motive on the part of the Shipping Conferences, or of what I would call the "traditional stupidity" of the British shipowner?—I cannot conceive why they make such a mystery of it.

9507. I place a good deal of importance on this point: If the publication of a schedule of classification is, as I am sure I may take it from you, such a convenience to merchants, enabling them to give to their traveller, the man you spoke of, a schedule, so that when he is quoting prices he would know exactly what the freight would be and all the rest of it—if it is such an enormous advantage to manufacturers and merchants in foreign countries, that ought to be just as plain to the shipowner, who is a business man, as it is to the merchant. Therefore I want to have in my mind pretty clearly whether he keeps the schedules back because he has some motive in it, which he thinks is even of more value than a larger business would be, or whether it is that he has not yet realised the value of publication to you?—I do not know. I think, as far as I can make out, that really his motive is, firstly, the idea of making a mystery of it, and then there is one very evident motive, namely, the saving of the trouble of constantly keeping them up to date.

9508. How far do you think that would operate, because that is coming to what I, perhaps roughly, called the "stupidity" of the shipowner? How far do you think that is really the cause, that it is more trouble to him?—I think it is simply a case of saving trouble. I think if they once get started on publishing the rates, the same as they have in other cases, they would go on regularly and find no trouble over it.

9509. Then it is not motive really that you impute?—I impute no motive.

9510. You said there was a mystery in it?—Yes.

9511. And you said that if that mystery was removed, their high rates would be exposed to the world. Now all that is motive?—Yes, exactly.

9512. You say you rather think that it is because they have not begun it, but if they did they would get in the way of having published rates?—I take it you are talking about classification?

9513. I am talking of the classification that you told me of?—But classification is a totally different thing from rates.

9514. But surely the way things are classified affects rates; indeed, you have given us instances?—It does affect rates, but they are totally different things. What we want to get out of them is the classification. We can get the rates, and it is no trouble to get the rates.

9515. We have been speaking a lot about classification, and if I have followed your evidence, classification is really a question of rate, because if you have the classification then you know how to pack, and that you have told us is the whole thing?—Yes; if we have got the classification we know what we are doing.

9516. Anyhow, you suggest that the mystery is premeditated?—I think that taking individual members of the Conference, individual shipowners, the reason that they will not let you have these things is simply that they are not used to them, and they do not want to be at the trouble of keeping them up to date.

9517. You rather think that is the reason?—Yes; but as regards the original motive which made them agree among themselves that none of them would publish them, I think that was with the idea of keeping quiet what enormous profits they must be making.

9518. You have told us about the advantage of regular sailings; should you have any fear of losing that advantage under open competition?—We have never experienced any trouble with sailings where there has been open competition. When they had open competition we had no trouble. With open competition, I do not think we had any trouble before they formed the South Brazil Conference; I do not think they were as regular, but I think they were satisfactory.

9519. In reply to Sir John Macdonell you said, in rather a casual way, as I thought—and I want to get from you whether you definitely state it—that you are prepared to advocate, and do advocate, making deferred rebates illegal by Act of Parliament?—Yes.

9520. Your object, or your reason for that is, as I gather, that the money in the hands of the shipowner places the merchant or the manufacturer in a helpless position?—They have got such a hold that we are absolutely helpless.

9521. (*Mr. Owen Philipps.*) When speaking of South Brazil, is it the case that you are referring to these six ports:—Paranagua, Santa Catherina, Desterro, Rio Grande do Sul, Pelotas, and Puerto Alegre? Are those the six ports that you are specially referring to?—I mentioned the ports I could happen to think of at the moment, but there are half-a-dozen more.

9522. Those are the six you mentioned?—Those are the principal ones.

9523. Are you aware that there are several large German colonies settled in that part of Brazil?—In Rio Grande do Sul I believe two-thirds of the white population is German. The German populations are so strong, and they are so well drilled and so well organised, that there was a question not so many years ago of them revolting and setting up for themselves. Nearly the whole of my correspondents in Rio Grande do Sul have German names.

9524. Is it not the case that there is a direct Line of German steamers from Hamburg to these ports?—Yes, certainly. They are these very people that I am talking about who fetch the stuff from Liverpool—the same Line.

9525. Is it not the case that there is no Line of English steamers to these ports, because there is not sufficient trade from England to justify a Line being started?—No; but Lamport and Holt carry through cargo.

9526. That is not answering my question. I asked if there was any direct Line; I was not asking you about Lines that carry the cargo via Rio Janeiro. Is it not the case that there is no direct English Line to these six South Brazilian ports that I have named?—I do not know whether Lamport & Holt carry direct or not, but they carry on through bills of lading.

9527. I think we may take it that there is no English Line, and that all the English goods that are carried from England to these ports go via Rio on through bills of lading, or via Hamburg, or via Antwerp; is that not the case?—I know a great many of them go via Rio, because we have had claims for damages in transshipment at Rio, and delay; but whether there are any direct boats or not I do not know.

9528. Therefore, is not the inference that you have been endeavouring to give to this Commission that the English shipowners are keeping these rates up so high that the German shipowners find it to their interest to take the goods from Germany at the same rates and to pay the rate to Germany—is not that inference which you have been drawing entirely misleading?—I do not think so.

9529. I put it to you that it is?—Why?

9530. If there is no direct English Line because there is not enough trade to justify a direct English Line, and if there is a direct Line from Germany, it is just the same expense to the shipowner, is it not, whether the freight includes the freight to Rio and then the cost of the freight on, or whether it includes the cost of the freight to Hamburg and then a direct freight through?—I should not think so.

9531. What difference do you see between the German shipowner carrying the cargo by coasting steamer from Liverpool to Hamburg and then sending it direct from there to its final destination, and the English shipowner carrying it direct through to Rio and then paying out there the coasting rate? It being the case that that is done, are you justified in the position that you take up that the rates are kept unduly high from Liverpool?—The English shipowner includes in his freight the transshipment rate from Rio to wherever it is.

9532. Does he not quote you a through rate—I thought you told me he did?—Exactly; he quotes me a through rate, but his through rate includes the extra charge.

9533. That is the very point I have been putting to you. Therefore, the English shipowner does not get all this rate that you are mentioning as so high; he only gets the net portion of it, after paying the coasting rate from Rio to the various ports; is that not so?—He only gets the net portion of it to Rio Janeiro, after paying the rate from Rio to the several ports?

9534. Yes. Your attention having been drawn to this fact, do you not think some of your previous evi-

dence has been very misleading?—No. I do not see why. Have you got a map of it?

9535. I have got a map. (*Handing Atlas to the Witness.*)—You will see at once that they are on a totally different footing.

9536. Why?—The German boat starts at Hamburg and goes to the south and comes up to the north; and the English boat goes to Rio Janeiro, tranships if you like, and comes down to the south.

9537. The English shipowner has to pay out of the total freight a very heavy coasting rate from Rio to the south, while the German shipowner has enough business to justify him running a direct Line from Germany to these six ports, and, therefore, out of that total freight he can afford to pay the coasting rate from Liverpool to Hamburg. Is that clear to you? I will pass that—

(*Chairman.*) I think that point is clear to the witness.

(*Mr. Taylor.*) That point ought to be clear to the witness.

9538. (*Mr. Owen Philipps.*) You have referred in your evidence-in-chief to one of the Rings trading in South America issuing a circular that if any firm ever ships goods by sailing vessels it would be deemed a breach of the rules, and the rebates would be liable to be confiscated. May I ask you whether you are not referring to a circular issued by one of the German steamship companies?—No.

9539. Is it not the case that such a circular has never been issued by any English Line trading to Brazil?—One has been issued.

9540. Are you quite certain you are not confusing in your mind a circular that was issued about two or three years ago by one of the German shipping companies?—I have not the slightest doubt in my mind that it was an English shipping company.

9541. But you do not know the name?—I would rather not say the name, unless I can absolutely find the circular. It is a matter of memory.

(*Chairman.*) There was one published by a German Line.

9542. (*Mr. Owen Philipps.*) Did you know there was such a circular published by a German firm of shipowners?—I have not seen it.

9543. You do not think that that is the one you are mixing up with this?—No. I am pretty sure I am not doing so.

9544. In paragraph No. 3 you refer to the fact that the Havana rates from England have recently been raised; are you not aware that for some time past the Havana rates from the Continent have been very much lower than the rates from England?—I do not think I have ever shipped any freight to Havana from the Continent.

9545. If it is the case that the Havana rates from the Continent have recently been brought up and put on a parity with the English rates, does that not enable the English manufacturer to compete with a German manufacturer in Havana on even terms?—Yes.

9546. I am leaving the American rates out for the moment?—Yes, that is so. But the particular thing that I was instancing was stationary, and in that it is American competition that we are facing, not Continental competition.

9547. Sometimes half the truth is very misleading; and in this case I want to draw your attention to the fact that if the rates from the Continent have recently been raised to the same rates as from England, it is to the advantage of the English manufacturer. That would be so, would it not?—I should think so.

9548. You would only think so?—It is beyond my knowledge as to that; I know nothing about it.

9549. We have had evidence before us on several occasions, and from several witnesses, that one Liverpool firm of shipowners do compete with merchants in the West African trade. Can you give any other instance at all to any other port? Apart from knowing what firm did it, can you give any other port in the world where a regular Line have competed with their shippers in the shipper's business—excluding coals?—They only asked me about it this morning,

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and I had never thought about it; but I am pretty certain I can turn up and find an order or an inquiry for goods for shipment from an English firm carrying freight to South America that was written to me.

(Mr. Owen Phillips.) It would be very interesting if you could find it.

9550. (Professor Gonner.) With regard to the general point in your first two or three paragraphs, it is very much to this effect, is it not—that there are common rates agreed upon between the English and Continental Lines, and then there are certain reductions made from the Continent, or advantages given from the Continent, which take trade from England?—I have heard of many such things, but the only one I have ever been able to verify was that one contained in this Belgian offer.

9551. You have given one or two examples; for instance, in the relation of railway lines to shipping companies, or the combination between railway lines and shipping companies?—That was speaking generally. As I say, the only one I have been able to verify—and I have been trying at it for three months—was this particular Belgian case. I have heard—oh, I have heard of something wonderful, but one tries to verify them as far as one can.

9552. Putting aside the more general question of Shipping Conferences and deferred rebates, is this one of the chief grievances you find—that, somehow or other, additional advantages are offered on the Continent to Continental manufacturers?—My customers in South America keep on from time to time asking me to ship goods by the German Lines from Hamburg, because the agent makes them a return. I have tried to run this to earth, and I have never succeeded; but the thing remains, and they go on having their goods by the German Lines, at great personal inconvenience.

9553. Then what you complain of seems something like this—that, although there is a common agreement between the foreign Lines and the English Lines, some power external to the German Lines intervenes and affects the German Lines to the advantage of the German manufacturer?—I never came across an agreement yet that some people did not get behind.

9554. Do you feel that in Germany, for instance, or in Belgium, for instance, the Shipping Rings are under a species of control which does not occur in this country?—They are squeezed to an extent by the dock authorities and the railway authorities.

9555. (Mr. Reeves.) In the interests of manufacturers?—I suppose the manufacturers benefit; but, of course, the dock authorities and the railway authorities squeeze them in their own interests, in order to get the freight and turnover and prevent it going to some other country. It is pure selfishness.

9556. (Professor Gonner.) It is, at any rate, to the disadvantage of the English manufacturer and the English merchant?—It is against us.

9557. I believe you have some information, have you not, with regard to the control of Rings in other countries, or the powers that intervene with Rings in other countries?—The German and Belgian State Railway Department Rates Office do undoubtedly put pressure upon the steamship companies in order to secure low rates of freight for a big order, in spite of any Conferences. There was a case (and I think it is on record in a Consular Report) of the German Government, or the Hamburg Dock Company, raising the rent of a goods warehouse because one of the Conference Lines was obstinate. I think I saw it in the "Board of Trade Journal."

9558. Has that happened, do you think, in any other country beside Germany and Belgium?—I do not know. I do not think it has in the same way.

9559. Is it your opinion that that renders the equal rate between Germany and England entirely misleading?—Do you mean the equal rate of freight?

9560. The equal rate of freight from Hamburg and Liverpool to a foreign port?—No; I will not say it would make it entirely misleading.

9561. It invalidates it, does it?—It makes it misleading in cases of competition for large orders.

9562. In the case of large orders, you believe that the Continental manufacturer does obtain an advantage?—In the case of a large railway contract being out,

or something of that sort, something that means a big bulk of regular shipments.

9563. Now, supposing that the deferred rebate were prohibited, would the position of things be bettered?—If the deferred rebate was prohibited, and they could not confiscate our money, the merchant would have a much freer hand.

9564. You think then that what would happen would be that open competition would rectify these operations?—I will tell you the sort of thing that would happen. There used to be a custom that the captain of a coal steamer from Cardiff was allowed to carry 100 tons or 50 tons, or some proportion of the cargo, on his own speculation, as general cargo. When I wanted to ship some tin-plates from Swansea or Cardiff on one of these coal steamers, I could not do it, because I should have lost my rebate on my whole year's things; so, you see, I had to bring all these things up to Liverpool and pay 7s. 6d. per ton for bringing them up by sea to Liverpool, and then pay Conference rates for going across.

9565. You would not fear the operations or apprehend so much injury from the operations of the German Railways, in combination with the Rings, if you were able to go outside the Conference in England; is that the position?—Of course, if we were able to go outside the Conference without having rebates confiscated, when we get large lots, two people could go shares in a steamer and charter it, or it would be worth a tramp's while to take 1,000 tons of railway material and complete with general cargo.

9566. This point I was examining you about, of course, is the underground way, as it were, in which this apparent uniformity in rate between a Continental port and an English port is deviated, to the detriment of the English manufacturer?—As I say, we cannot get behind it. I can only give that one instance that was in the "Board of Trade Journal."

9567. I understand that you cannot give details?—My customers perpetually, at great personal inconvenience, that is to say, having their goods six weeks on the way instead of a month, insist on having their goods sent via Hamburg, because they say they get a return; but I cannot run it to earth.

9568. Turning to paragraph No. 2, I suppose your argument there is really this, that inasmuch as the German Line from Hamburg is able to pay a certain sum for the charges from Liverpool to Hamburg, therefore, the Liverpool charge must be an excessive one?—It sounds like it.

9569. Has that view been at all modified by the point which Mr. Owen Phillips put to you, that if goods go direct from Liverpool they have to be transhipped at Rio?—The Rio Janeiro freight is so much, and they charge us so much extra for shipping down the coast. It is as broad as it is long. The German boat goes to the south and comes up to the north; and the English boat goes to the north and turns down to the south. The German has got the long haul on the north traffic, and the English boat has got the long haul on the south traffic.

9570. But do you think that there is any greater cost in shipping from Liverpool or via Rio than there would be in shipping from Hamburg direct, even allowing for the dock charges of which you have spoken?—When you come to consider that the charge from Liverpool to Hamburg, and dock dues, on general cargo is 7s. 6d.—I believe that is correct—and that they are charging from Rio to the nearest port south of Rio 10s. per ton, it looks rather as though, according to the fixing of the rate, the English steamship company have safeguarded themselves at their end of the Conference.

9571. Although it might be a little cheaper direct from Hamburg, you do not think it amounts to the difference of the freight from Liverpool to Hamburg?—Looking at it without consideration, and without looking up any details, it has not altered my view at all; it seems to me that it is still as broad as it is long. If you set the Hamburg dock charges for transferring against the Rio transfer charges, they neutralise one another.

9572. (Mr. Taylor.) Just on that point, if a manufacturer in Sheffield ships from Liverpool, would it not be the ordinary course for him to ship in a vessel

going direct from Liverpool, rather than to send his goods to Hamburg to be transhipped? You say that the Continental members of the Ring fetch the goods from Liverpool to Hamburg, but of course they only fetch them with the consent of the shipper—is that not so? The shipper has no inducement to send his goods to be knocked about in Hamburg, because the rate of freight is the same; so why does he do it?—There are two things to be considered. First of all, they sail at different dates; then one is going round from the south, and the other is going round from the north. In order to get your shipments delivered at the proper time, sometimes, owing to the absence of sailings from Liverpool, you want to send them round by Hamburg. Also, as I say, our customers sometimes order them to go by Hamburg, even at great personal inconvenience to themselves. Their tale is that they get a benefit out of it, but I cannot find out that they do, and I can never verify it; but they stick to it, and they still go on ordering it to go round via Hamburg.

9573. If a steamer goes direct from Hamburg, say, to Santa Catherina—is that one of the ports?—Yes.

9574. Or Rio Grande do Sul, she goes direct there; whereas if the steamer goes from Liverpool, she goes direct to Rio Janeiro, and then the cargo will have to be transhipped?—Yes.

9575. Is it not a greater drawback to the shipper to have his goods transhipped at Rio, as if he sends them to Hamburg and has them shipped there; is not the one thing the same as the other?—I say if you put

the transhipment in Rio against the transhipment in Hamburg, they must neutralise one another, and there is nothing in it.

9576. Then is there anything in it to the shipowner?—If he is wanting to get goods up, say, north of Santa Catherina, it takes him a tremendous time to get them round by the German boats, and it is much quicker to send them via Liverpool.

9577. From the shipowner's point of view, if he sends a ship from Hamburg to Santa Catherina full, or to those other southern ports full, and then comes up to Rio, he has got all the carriage, and he has not got to turn the goods out into another steamer?—No.

9578. He keeps them all the time?—Yes.

9579. Whereas the English shipowner has to take them to Rio, pay all the expenses of discharging, and then pay another fellow to carry them on?—Of course that question has been raised, but I do not know that he does not take them on in his own steamer.

9580. (Mr. Owen Philipps.) Is there enough water at Rio Grande do Sul to let one of the Rio liners discharge there? Do you think it is possible?—They lighter at Rio Grande do Sul. I believe they lighter to all the ports in the lagoons.

9581. Is it not the case that the Germans have built special steamers with very light draft, which can get into these places, while the English steamers cannot go to them?—They all lighter in the lagoons; they have to do so, because they are great, shallow lagoons.

Mr. ROBERT MACLAREN, called and examined.

9582. (Chairman.) You are the senior partner of the firm of Robert MacLaren & Co., ironfounders and cast-iron pipe manufacturers, the chairman of A. & W. Smith & Co., Limited, sugar machinery manufacturers, and a director of the Glasgow Chamber of Commerce and Manufacturers; and you have been appointed by the Executive Board of the Scottish Employers' Federation of Iron and Steel Founders to give evidence here?—Yes. In addition, I have been appointed by the Scottish Steel Makers' Association and the Scottish Iron Manufacturers Association to give evidence here. These are their notes of appointment. (*Handing in same.*)

9583. You have been appointed to give evidence by these associations, but will your evidence embody the views of these associations?—My evidence is my own evidence, but these iron founding and steel making and iron making associations sympathise with it, as it hits them in the same way. They have, however, provided me with no evidence.

9584. Do they know the evidence which you are going to give?—Yes. They have not seen the memorandum which I have prepared, but they know the strain of the evidence I am going to give.

9585. Have you reason to believe that their views agree with those that you have expressed in your memorandum?—Absolutely.

9586. May we take it that the views expressed in the memorandum are substantially the views taken by those associations?—Absolutely.

The witness handed in the following statement:

1. My view is that deferred rebates are in restraint of trade and thereby injurious to it and the interests of the country. With regard to South America, I would like to mention four contracts in which my own firm was interested.

ANTOFAGASTA. 26,000 tons O.I. Pipes.

2. We were prepared to submit tenders for this important work, cost, freight, and insurance paid to the destination, which would have wrought out about 8s. per ton cheaper than the offers which were accepted, but as we found the buyers were bound to the Conference by heavy rebates on other cargoes shipped during the previous 12 or 18 months, we only submitted an f.o.b. offer. Result, our f.o.b. offer for one-third only was accepted. The offer of another Glasgow firm for one-third also was accepted and the remaining third was lost to Glasgow.

MANAOS. About 12,000 tons C.I. Pipes.

3. We had a rate of freight about 12s. from Glasgow below what the lines quoted from Liverpool, and they demanded an extra 6s. per ton to take the pipes from

Glasgow. We prepared a c.i.f. offer which I took myself to the buyers, who said they could not entertain it unless I undertook to ship by the lines. I knew that was useless and never submitted my offer.

BAHIA BLANCA. 18,000 tons.

4. In this case the buyer was a new subsidiary company made for the purpose of constructing the waterworks. Tenders were asked f.o.b., but when we submitted a c.i.f. tender the buyers at once saw the advantage of that mode of doing the business. They invited all who had submitted an f.o.b. tender to re-tender c.i.f. The Glasgow tender was accepted. The freight quoted by the lines was 30s. per ton. We got them carried under 20s. by steamers A.I. at Lloyds.

5. Tenders were asked for a quantity of between 80,000 and 60,000 tons of pipes delivered at Rio, but the conditions of tender as to payment and reception at Rio were so onerous that it was necessary to act through merchants in Rio and London. We had a rate of freight about 18s. per ton cheaper than the lines quoted, but, unfortunately, the firm of merchants through which we were acting found it necessary to add several thousands of pounds to cover the rebates, which they would lose by using our offer. Result, the order was lost, three-fourths of it going to a Belgian firm. It certainly all would have come to Glasgow, if it had not been for the large sum the merchants added to cover loss of rebates on other work altogether during the previous year.

INDIA.

6. For years back, four or five, the lines have given a preference to the East Coast over the West Coast, the reason being, of course, some disagreement between one of the lines trading on the East Coast and the other lines. And here I would like to point out that, while it is a matter of no importance to the merchant whether the goods come from the East or West Coast, Germany, England, or Scotland, as he just adds his profit, and if he can get a larger profit by selling German goods he unhesitatingly takes it, but the manufacturer is, by the situation of his works, fixed to send the goods from one point, i.e., the nearest shipping port to his works. Further, the manufacturer's capital, or at least a large portion of it, is sunk at his works—he is tied there; whereas the most of the merchant's capital is in a comparatively liquid form. For this and other reasons it is the manufacturer and not the merchant that suffers most severely by the preference given by the lines under the protection of their rebate system to one port over another.

7. It first came under my notice in connection with a contract for Calcutta about August, 1902. I was anxious to get this contract, and asked the lines' representative in Glasgow what the freight was. He told me. I said I

Mr. F. H. Colley.

25 June 1907.

Mr. R. MacLaren.

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Mr. R.
Maclaren.
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thought it was dear, but inquired if it was the same all round Glasgow, Liverpool, and Middlesbrough. He said it was the same. We quoted the London merchants f.o.b. Glasgow. I came to London two days before the offer had to be put in in Calcutta. The merchants told me that, while my offer was right f.o.b., they could not base on it, as they had a cheaper freight from Middlesbrough. I inquired by the lines; they said yes. I said there must be some mistake, but there was no mistake. They showed me the quotations. The gross rate was the same, but they were giving an extra 5 per cent. discount from Middlesbrough—a much worse port than Glasgow. There was no time to lose; the offers had to be in Calcutta the following day. I made up a cost and freight offer in the merchant's office, adding my f.o.b. price to the freight from Middlesbrough. I got the order, and although I wrote the lines, and had interviews with them, they refused to meet the Middlesbrough freight.

8. The Bombay Municipality required tenders for about 4,000 tons of pipes. We had arranged to do the business through London merchants. They were looking after the freight, &c., so we did not trouble with it. I was in London at the time, and was more than surprised when the merchants told me that, although our prices were right, there was no possibility of going in on our tender, as freight from the East Coast was 2s. 6d. per ton cheaper. I said nonsense; promised to give them a c.i.f. offer; wired my brother in Glasgow, who at once went to the lines. They informed him that the best they could do was:—18-inch pipes, 22s. 6d.; 22-inch pipes, 27s. 6d.; 24-inch pipes, 27s. 6d.; and 32-inch pipes, 35s. He then went to some outside brokers, and got an overhead rate of 25s., on which we made up a c.i.f. offer. The merchants immediately asked if we would ship by the lines, and on our replying that we could not be bound to do so they wrote:—"As we are laying out considerable sums which would be forfeited if we were to become interested either directly or indirectly in a shipment by a non-conference steamer, we cannot use your offer." The offers were put in. Two days afterwards the lines wrote that they would reduce the rate of freight to 23s. 9d. net overhead; but the damage was done—the offers were lodged, and the order was lost. In my hand I hold copies I made of quotations given to merchants in October, 1906, shown to me under promise of not revealing the merchant's name. The rates work out from Antwerp 10s. and 8s., and from the West Coast of this country 12s. and 14s. 3d. Of course, the orders are forced to the Continent.

9. Another evil result of the rebate system in connection with the Indian trade is that places like Dundee, which formerly would gather up a cargo and send it direct, are now forced to send their goods to Glasgow, and then by the lines at much increased rates. This also hits us in Glasgow for other places than India. I am chairman of a firm of sugar machinery makers, and in it, for instance, I find that while we used to send machinery to Ylviso at an overhead rate of 40s., now we have to pay a much higher rate, and allow our goods to be transhipped either at Hong Kong or Manila, or sent to Liverpool. In either case, not only paying a much higher rate than formerly, but subjecting the goods to the risk of damage in transhipment, which is a much greater risk than what they are subjected to in the whole voyage.

10. Then the same thing for Java. The rates used to be:—Pieces under 2 tons, 35s.; pieces 2 tons and under 3 tons, 37s. 6d. Whereas now it is:—Under 10 cwt., 50s.; under 40 cwt., 60s.

11. In conclusion, I would say that I am strongly in favour of the lines, and would always give them a preference of 2 or 3 per cent. of freight because of their regular sailings, and the consequential saving of storage, but under the rebate system they force not a preference of 2 or 3 per cent., but nearer 50 per cent., difference. Further, it is idle to say that the rebate system is necessary for them. They were all formed and prospered without it, and all the coasting trade round Great Britain is carried on by lines, but without the deferred rebate system.

9587. (Chairman.) Your view is that deferred rebates are in restraint of trade—you mean undue restraint of trade of course; and, therefore, injurious, to trade and to the interests of the country?—Yes.

9588. In your memorandum you give us some examples, and first you take a case in South America?—Yes. My reason for selecting these examples is that they are

examples which came within my own knowledge within the last eighteen months or so.

9589. In the case of Antofagasta you were asked to tender for 26,000 tons of cast-iron pipes—to be sold on c.i.f. terms, was it?—No, to be sold on f.o.b. terms.

9590. You say, "We were prepared to submit tenders for this important work, cost, freight, and insurance paid to the destination—that is paid by you?—Yes.

9591. And you say that would have wrought out to about 8s. per ton cheaper than the offers which were accepted. Were the offers which were accepted made on the same terms c.i.f.?—No, f.o.b.

9592. What were the terms which you were offered?—The inquiry was, in the first instance, for pipe-delivered f.o.b. Glasgow, Liverpool or London. We prepared an offer, including freight and insurance instead, going to Antofagasta, and we also submitted an f.o.b. offer as requested. Our f.o.b. offer for one-third of the quantity was accepted.

9593. So that you made the tender in two forms, one c.i.f. and the other f.o.b.?—Yes.

9594. In making the offer c.i.f., you had to estimate what the freight would be?—Yes.

9595. I suppose you knew what the freight would be by the Conference Line?—In a way; but we did not ask them, because there could be no advantage to us in going by the Conference Line, as we know that the Antofagasta Railway Company would have the same rate.

9596. You found out, I see, that the buyers were bound to the Conference, and therefore bound to ship by the Conference Lines?—Yes. The argument, of course, is that if they had not been bound by the Conference, we would have got the whole order c.i.f., as they would have saved approximately 8s. per ton; whereas we only got one-third of the order, and that f.o.b.

9597. If there had been no conference ring and no system of deferred rebates, what would you have done?—We would have given a c.i.f. offer only; and then it would have been a question simply with the railway company whether our c.i.f. offer, or the c.i.f. price which they would make up including the cost and the best freight they could get, were the cheaper.

9598. Do you mean that you might have got a lower freight from ships outside the Conference Lines?—Yes.

9599. Am I right in saying what you complain of is that, although you could have got a lower rate by going outside the Conference Lines, you could not do so in this case, because your buyers would have lost their rebates if their goods had been carried by outside steamers?—Yes.

9600. But you know that you could have got a lower freight from outside steamers?—Yes.

9601. You had ascertained that?—Yes.

9602. You had ascertained what the freight would have been?—Yes; I had an offer of freight.

9603. From a tramp?—From freight contractors. I had an offer of freight from ship-broking firms in Glasgow, who were open to make contracts of that sort, to provide me with tonnage as I required it.

9604. That really comes to the same thing. So, if your buyers had accepted a c.i.f. tender, you could have got a much lower freight from outside steamers, and, therefore, you could have tendered at a lower price?—Yes.

9605. But you were precluded from so doing because your buyers were bound to ship their goods by the Conference Lines. It could only be a f.o.b. tender, and your f.o.b. tender was accepted for one-third only, and two other firms got the remainder?—Yes.

9606. Now I go to your second example, which is a case of 12,000 tons of cast iron pipes to Manaois. Here you got a rate of freight from Glasgow about 12s. below what the lines quoted from Liverpool?—Yes.

9607. Was that rate of freight, which was about 12s. lower from Glasgow, a rate of freight by a Conference Line?—No.

9608. Then you got a rate of freight by what I may call an outside steamer from Glasgow, which was about 12s. below what the lines quoted from Liverpool; and, in addition to that, I understand that the lines demanded an extra 5s. per ton—to take the pipes from Glasgow to Liverpool, was it?—No. They said they would bring their boats to Glasgow for an extra 5s. per ton.

9609. In that case you prepared a c.i.f. offer, and the buyers refused it, because they were bound to ship by the Conference Lines?—That is so. You see that offer should have brought it out about £6,000 cheaper, or more

9610. I suppose somebody else made a tender which was accepted?—Not from Glasgow.

9611. Who did supply those merchants with 12,000 tons of cast-iron pipes?—One of the Midland firms.

9612. Were those 12,000 tons shipped on board a steamer belonging to a Conference Line, or on board an outside steamer?—They were shipped on board steamers belonging to a Conference Line.

9613. If it was profitable to one merchant to sell these pipes and to ship them on board an outside steamer, why would it not have been profitable to you to have done the same thing?—I do not quite understand your question. It is not a question of a merchant. It is a question of the construction of the waterworks in Manaus, and the contractors for the construction of the waterworks in Manaus were so bound with the line, that they could not consider the possibility of taking them otherwise than by the line.

9614. Do you know by what firm these 12,000 tons of pipes were supplied?—I believe I do.

9615. I do not want you to mention any name, if you do not wish?—I can tell you at the moment that it was one or other of two firms, and I do not remember which it was. It was either Staunton or Staveley.

9616. Now we will go to your third instance, which was a case of 18,000 tons to Bahia Blanca. In that case the buyer was a company made for the purpose of constructing the waterworks: the tenders, you say, were asked f.o.b., but when you submitted a c.i.f. tender, "the buyers at once saw the advantage of that mode of doing business"—what advantage?—An advantage of several shillings a ton—nearly 10s. a ton.

9617. Then they invited persons to tender on c.i.f. contracts, and the Glasgow tender was accepted, and you succeeded in getting these pipes carried under 20s. by outside steamers?—Yes.

9618. That is a case in which you found that you could profitably employ outside steamers?—I could have profitably employed outside steamers in all the three cases; but in that case I was able to employ an outside steamer, because the buyer was a subsidiary company without previous engagements.

9619. That is to say, they were not persons who had shipped on steamers belonging to the Conference Lines, and therefore, they were not bound and tied down by rates in the hands of the shipowners?—That is so.

9620. You say there were 18,000 tons: do you know what sort of steamer it was that carried them?—It was several steamers.

9621. This was a case in which several steamers were employed then?—Yes; we are loading the last of the steamers just now.

9622. Did some of those steamers carry cargo other than pipes?—No; they could not get it, because of the deferred rebate.

9623. Were those outside steamers employed to carry only your pipes?—Yes, only my pipes.

9624. I daresay you know that in some trades the rebate would not have been forfeited by reason of a ship being chartered to carry a whole cargo?—No; I do not know that.

9625. Now let us go to paragraph 5. There you say, "Tenders were asked for a quantity of between 80,000 and 60,000 tons of pipes delivered at Rio, but the conditions of tender as to payment and reception at Rio were so onerous that it was necessary to act through merchants in Rio and London. We had a rate of freight about 13s. per ton cheaper than the lines quoted"—that is, a rate of freight by outside steamer again?—Yes.

9626. "But unfortunately the firm of merchants through which we were acting found it necessary to add several thousands of pounds to cover the rebates, which they would lose by using our offer." Did they accept your offer?—We lost the order.

9627. They were unwilling to lose their rebates?—They had to add their rebates. The cost of 80,000 tons at £6 per ton, say, would be £480,000, and they would add to that, £10,000 for the rebates that they would lose.

9628. So that you lost the order?—We lost the order; and we had done all the previous work for them.

9629. Passing over a few lines of your Memorandum, I come to this passage (paragraph 6): "For years back, four or five, the lines have given a preference to the east coast over the west coast, the reason being, of course, some disagreement between one of the lines trading on the east coast and the other lines." Then you point out, quite correctly, that the manufacturer, as distinguished from the merchant, is "by the situation of his works fixed to send the goods from one point, namely, the nearest shipping port, to his works"?—Yes, that is so

9630. Then you proceed to give an instance to illustrate this point just mentioned, the illustration being a contract for Calcutta, in August, 1902. I think I had better read this. You say, "I was anxious to get this contract, and asked the line's representative in Glasgow what the freight was. He told me. I said I thought it was dear, but inquired if it was the same all round—Glasgow, Liverpool and Middlesbrough. He said it was the same. We quoted the London merchants f.o.b. Glasgow. I came to London two days before the offer had to be put in in Calcutta. The merchants told me that while my offer was right f.o.b., they could not base on it as they had a cheaper freight from Middlesbrough. I inquired. By the lines, they said yes. I said there must be some mistake, but there was no mistake. They showed me the quotations. The gross rate was the same, but they were giving an extra 5 per cent. discount from Middlesbrough, a much worse port than Glasgow. There was no time to lose, the offers had to be in Calcutta the following day. I made up a cost and freight offer in the merchant's office, adding my f.o.b. price to the freight from Middlesbrough. I got the order, and although I wrote the lines and had interviews with them they refused to meet the Middlesbrough freight." What loss did you sustain by that?—I sustained the loss of the difference in freight.

9631. The difference between the freight from Middlesbrough and the freight from Glasgow?—Yes. As Glasgow is the cheaper port, it ought to have been the reverse way. Always, before there were these rebates, the freight from Glasgow was cheaper than the freight from Middlesbrough, because from Glasgow they could get measurement goods as well as our weight goods, and it suited better.

9632. So that before the rebate system you got a cheaper freight from Glasgow than from Middlesbrough?—Yes.

9633. But since that system has been in existence the freight from Glasgow has been higher than that from Middlesbrough?—Yes.

9634. Then in paragraph 8 you give another example. You say the Bombay municipality required tenders for about 4,000 tons of pipes, and you had arranged to do the business through London merchants. You happened to be in London at the time, and the merchants told you that although your prices were right there was no possibility of going in on your tender as the freight from the east coast was 2s. 6d. per ton cheaper. That illustrates the very same point as was illustrated by your former instance, does it not?—Yes; except that in that case the Memorandum goes on to state that we got a quotation from Glasgow brokers for the freight even cheaper than the freight from Middlesbrough, and we were prevented from using that by the merchants again being tied up to the lines and unable to use it. Then comes a silly thing. After the order was placed, the lines came and said, "We will reduce." But it was no use then. The order was placed and the tender was lost.

9635. The lines were ultimately ready to do that which, if they had been ready to do it before, would have enabled you to get the contract?—Yes; we would then have got the order.

9636. Now go to paragraph 9. There you say, "Another evil result of the rebate system in connection with the Indian trade is that places like Dundee, which formerly would gather up a cargo and send it direct, are now forced to send their goods to Glasgow, and then by the lines, at much increased rates." Is there no Conference line which has ships sailing from Dundee?—No; and they will not allow a tramp to do it, because they force the traffic to a point at which they have Conference lines.

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9637. So that the system of deferred rebates enables the shipowners to prefer one port to another, and in that way injures manufacturers who have their works near one port; that is your point, is it not?—Yes; and further, it raises the finished price, that is, it raises the price delivered at the spot.

9638. Why does it do so; because in any case it would have to be carried from one port to the other?—In this first instance, the Antofagasta contract, it raised the price to the Antofagasta Railway Company about 8s. per ton. Of course it does not matter to the manufacturer what the consumer pays; but it is generally supposed that the cheaper the price the more will be consumed, in a way.

9639. You say, in conclusion, that you are strongly in favour of Conference Lines, and you "would always give them a preference of 2 or 3 per cent. of freight because of their regular sailings and the consequential saving of storage, but under the rebate system they force not a preference of 2 or 3 per cent. but nearer 50 per cent. difference"; that is to say, by reason of the deferred rebate system, you find, or think, that the shipowners assume that they have you in their power?—That is so.

9640. And are thus enabled to demand from you an amount of freight which is excessive, even when you take into account the advantage derived from regular sailings?—Yes. The advantage derived from regular sailings in our business is a pretty easily ascertained quantity. It is simply the cost of storage; that is, if there are fortnightly boats, it is the difference in storage between a fortnight and a month or six weeks, until we make up the cargo.

9641. Then if you will allow me to say so, you are looking at it solely from the manufacturers' point of view. The regular sailings, we have been told by many witnesses, are extremely important to the merchant who makes forward contracts, and are very favourable to trade in general?—Yes; but I can get regular sailings without rebates.

9642. Do you think you can get outside steamers to sail regularly on fixed days?—They did it before the rebate system was invented.

9643. Before the rebate system came into force, had you to pay the steamers which sailed regularly freights somewhat higher than you paid to the steamers which did not sail regularly?—We would get quotations from both; and the chances were that we would then go to the liners and say, "Look here! I can do this business very much cheaper by a tramp." Then the head of the line would say to me, "I do not want you to go past me; what is the difference?"—and he would come down to the tramp's rate and get the business—he might even get the business at 4 or 5 per cent. higher than the tramp.

9644. (Mr. Taylor.) What became of the tramp?—The tramp, of course, got the benefit at other times.

9645. (Chairman.) Then you say the rebate system is not necessary for regular sailings, as the coasting trade round Great Britain is carried on by lines without the deferred rebate system?—Yes.

9646. (Sir Alfred Bateman.) I gather that you do not, as a rule, ship your goods yourself?—I could not say whether we ship our goods in the majority of cases by ourselves or otherwise. It depends on how the contracts come. Sometimes for a year at a stretch we will be shipping goods ourselves, and at other times the contracts are more running f.o.b.

9647. You speak a good deal about the merchants; whom do you mean by the merchants when you say you write to them about freights, and so on. Are they not the people who would ship the goods for you?—Yes.

9648. In most of your cases I think you use the word "merchant"?—In the Indian cases.

9649. Has the merchant generally been bound to the rings?—Yes.

9650. But you are not and never have been?—I am afraid we have always taken the position that we would rather lose our rebates than be tied. We are tied to the rings for places, and we have heavy rebates in respect of those; and there we have got to consider the point.

9651. Do you mean that you reckon up the rebates that you stand to lose when you are making a contract?—Yes.

9652. So that you do occasionally ship by the rings?—Yes.

9653. And it is the case that not only the merchants or yourselves as the consignors, but also the consignees, are bound to the rings?—Yes.

9654. So that there is a double binding?—Yes.

9655. I want to ask you about paragraph 5, where you refer to the tenders for a quantity of between 80,000 and 60,000 tons of pipes for Rio. You say, "the conditions of tender as to payment and reception at Rio were so onerous that it was necessary to act through merchants in Rio and London." Do you refer there to the payment for goods, or do you refer to the payment of the Customs duties?—I refer to the payment for the goods. You see it is a fairly large contract, and the terms of the contract were cash out there after inspection and approving out there, which would probably mean a delay of three months or so before you would get your money, and involved having servants in Rio to look after the inspection and reception there, which of course could be better done by a responsible house.

9656. It has nothing to do with the Customs of the country?—No.

9657. Then in paragraph 8 you refer to the Bombay municipality requiring tenders for pipes, and you refer to the "overhead rate of 25s.;" do you mean an all-round rate?—Yes.

9658. At the end of that paragraph you refer to the quotations given to merchants in October, 1906, and you say, "The rates work out from Antwerp 10s. and 8s. and from the West Coast of this country 19s. and 14s. 3d.;" do you mean to say that the rate from Antwerp is 10s. as compared with our rate of 19s.?—That is it. Here are copies of the rate. These show the way they are brought out. The merchants would not allow their own names to be divulged, and that is all that is taken off. (*Handing in documents.*)

9659. That is more than a 50 per cent. increase on the 10s.?—Yes.

9660. There was some special reason for that, I suppose?—There was the reason that the Hansa Line, I think it was, was at daggers drawn with the P. & O., and was fighting us. What I think is that if there is a fight like that on, then the other lines should drop their rates, or at any rate, they should free the rebates while the fight was on.

9661. That is the question I was coming to: There was a fight at that time?—Yes.

9662. And this was only a special rate?—That fight ran on for years.

9663. Yet you got no benefit as long as you stuck to the ring?—We got no benefit. We were handicapped in Glasgow; it hit Glasgow.

9664. But if you had been able to get outside the ring you would have got a benefit, and you would have sent your goods to Antwerp, I suppose?—If we had been able to have got outside the ring, and if the merchants had been able to have got outside the ring, we would have got the natural freight, the merchant's freight, the freight that we could charter a boat at.

9665. By the "natural freight" do you mean the rate at which you could charter an outside boat?—Yes.

9666. Were you allowed to charter a whole ship?—No.

9667. You could not charter a whole ship while you were getting the benefits of the rebates?—No.

9668. In fact you would forfeit all your rebates if you did?—I would forfeit all my rebates. In the Rio instance I mentioned, that 80,000 tons would all have been sent out in full ships; that would have meant a boat a month or so.

9669. Now about the Java rates to which you refer in paragraph 10. You say there the rates used to be for pieces under 2 tons, 35s., and that they were raised afterwards to, under 40 cwt., 60s. Was that small rate of 35s. the normal rate or what you call the natural rate?—That was the normal rate.

9670. For many years, or while the fight was on?—There was no fight on. That was the rate for years, and I could get it again if it were not for the rings.

9671. Was that in the time before the rebates were granted?—Yes, before the rebates were granted.

9672. I do not recollect whether the chairman asked you whether you had any remedies to suggest or what you would like to do about the rebates; would you like them prohibited by law?—Certainly.

(Chairman.) I thought that was evident.

9673. (Sir Alfred Bateman.) In the view that you take, would it do you any good to have them reduced in amount to 5 per cent. instead of 10 per cent.?—You would be lessening the evil; but unless the rebate is held, it is no use to the lines and as long as the rebate is binding, it is a hindrance to manufacturers and merchants. If you reduce it to such a point that it will not be a tie on us, then it is no use to the lines.

9674. Would you say the same about reducing the time during which the rebate was held by the shipowners—reducing, say, from 12 or 16 months to six months or four months?—I would say the more it is reduced the better, because then the sooner I can get quit of it. If I wanted to get free from the lines, I should only have to lose six months of rebate instead of 18 months as now. But it is better to get quit of it altogether, and to leave absolute freedom.

9675. (Sir Hugh Bell.) Then you would like it to be made illegal altogether. Have you considered why the shipping lines adopt rebates?—It is an ingenious form of greed.

9676. Are shipowners greedier than iron founders?—It is like a fellmonger saying you must take all your goods from him, and he will not allow you to go to another shop.

9677. That is a sort of analogy, but you do not put it forward as a reason for it, do you?—You asked me if one was greedier than the other.

9678. I asked if the shipowners were greedier than the iron founders?—If I could make a contract with my friends or clients that if once I supplied them with one pipe they would take their pipes for ever after from me, I would think it very fine and splendid.

9679. You would not object to it?—I would not object to that at all; but I would think it absurd.

9680. Supposing you can make a contract with the whole of the South American Continent to take pipes from you, on conditions that as long as they continue to take them you would give them back 25 per cent. of the price of the pipes, would you think that was a good thing?—I would think that was a very good thing—I would think that a splendid thing.

9681. Then you are not surprised at the shipowners doing it?—Not at all.

9682. Do you think there is any reason for the shipowner doing it?—His pocket.

9683. May I suggest another reason to you? Is not this to be considered—that the shipowner is binding himself to run on particular days to a particular port?—No; he does not.

9684. Do you, on reflection, adhere to that answer that he does not?—Certainly.

9685. You know, of course, that the shipowner publishes dates of sailing?—And if the cargo does not turn up he will miss the sailing.

9686. Is that at all common?—Yes, quite.

9687. How many instances can you give of that—specific instances, not general instances?—If you want instances, I am quite certain I can supply you with any number, but I have not got them at my fingers' end. The thing is as common as possible. They miss a sailing.

9688. Would you be surprised to hear that a great many gentlemen have stated that in the same terms, but each gentleman has been unable to give us a specific example?—I never thought it was wanted. I will get examples and send them to you.

9689. Will you—an important line of steamers habitually dropping advertised sailings?—Not mail steamers, of course—the mail steamer does not; but other lines of sufficient importance to claim rebates do.

9690. I was coming to the question of mail steamers subsequently. You bar mail steamers?—I should think so.

9691. Do you bar passenger steamers?—I should think so; but these boats may carry passengers, you know. "Passenger steamers" is an elastic term.

9692. "Carrying passengers" we had better say?—Yes.

9693. In the case of vessels habitually advertising to take passengers, would you say it was a common thing to drop a sailing?—Yes.

9694. Habitually advertising to carry passengers?—No, perhaps not habitually advertising to carry passengers; but, for instance, the boats to the East will miss a sailing without hesitation. Of course, these are not the regular passenger lines; there is no question about that. The regular passenger lines to a very great extent do not carry much cargo.

9695. I am pressing you on the point for a reason that you will see directly. I was going to suggest to your mind that since the ships were binding themselves to sail on particular days it would not be surprising, would it, that they should take means to secure to themselves all the cargo that was going to the particular ports to which they were sailing?—The way to secure the cargo is to reduce the rate of freight.

9696. No; that would not be so?—The lines do not make the cargo.

9697. That is so?—But they can always capture the cargo by reducing their freight.

9698. They can only carry the cargo that is required to go, and they can carry no more; that is the point, is it not?—But they can carry more, because they tie you by this rebate, and then they charter tramps, and put the 20s. or 10s., or whatever the difference is, into their pockets, instead of its going into the pockets of the consumers.

9699. What you are now suggesting is that they are charging too heavy rates—that their rates are too heavy?—Of course; that is the whole thing.

9700. That does not depend upon the rebate at all, does it?—The rebate enables them to charge almost any freight they like.

9701. Surely that only applies to cases of full cargo, and not to cases of mixed cargo?—In that Java instance which is lying before me they raised the rate from 37s. 6d. to 60s.

9702. You are on the Java instance, are you?—It is all one to me which instance we are on. They put up the rates enormously. They pretend to give you back 10 per cent., but before they give you back 10 per cent. they add 20 or 30 per cent.

9703. I am very glad to take the Java case. You were shipping machinery to Java?—Yes.

9704. Did you ever ship a full cargo of machinery?—Yes.

9705. You have shipped a full cargo?—Yes.

9706. How many thousand tons?—I cannot tell you that. It does not weigh very much. The way that business is done is, we go to a freight broker and ask him to give us a rate of freight for a steamer; he quotes a rate of freight for these goods, and he will advertise the sailing of the boat and take anything else that offers. That was before this rebate system was in existence.

9707. And that, of course, he can still do?—Yes; but he cannot get it.

9708. You mean he cannot get the cargo?—That is so.

9709. You say that what the advertised liner-sailings have done has been to make it impossible to do that which was done in former years?—Yes.

9710. How long ago is it since that was done which you have just described?—Within the last 10 years, I should think; perhaps eight years, or less, I should think, to Java.

9711. What I am really asking—and I will put the direct question to you—is, how long has the rebate system been in operation?—The rebate system is a thing which has been gradually growing and gradually getting worse. I believe it started in a comparatively small and very inoffensive way. I have heard that it was in the Canadian trade that it started; I do not know, but it did start in a comparatively small and inoffensive way. It has grown up; but it has only been within comparatively recent years that it has been at its worst. It was only last year that I thought that the rebate could not be forced on a port where they had no sailings from. I am thinking of the Mannos contract at the moment. They had no sailings from Glasgow, and I thought we were

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open to send boats from Glasgow. But they brought in the rebate system from Liverpool, and would not allow us in Glasgow to send boats to Manaus.

9712. That is to say, they did not prevent you, but for some other reason somebody else did not choose to send a steamer at your request to Manaus?—No; they were sufficiently powerful to prevent the receivers of the cargo allowing us to send the cargo in that way.

9713. I do not want to take the Manaus case at present; I want to follow the other point we were on. Would you be surprised to hear that the year 1892 has been mentioned as the date at which rebates were very much in vogue, that is, 15 years ago?—"Very much in vogue" is, of course, a relative term; and I would assert that they were not anything like so much in vogue as they are now.

9714. I would like to ask you about the contracts which you have specifically named, and I will take the first of the three. What kind of inquiry was that—I do not want to ask any indiscreet questions, but was it an inquiry from a municipality or a state, or what was it?—The first case was that of a railway company.

9715. For pipes?—Yes.

9716. Two-thirds of that contract was placed in Glasgow?—Yes.

9717. You did not take much harm there, did you—I mean Glasgow did not take much harm?—Why should it have taken any harm?

9718. I am asking you that. Where did the other third go?—The other third went to Middlesbrough.

9719. Were the two-thirds that went to Glasgow shipped in full cargoes?—They were shipped by the liners.

9720. And therefore in small parcels?—No; they were shipped in very large parcels.

9721. They may have been large parcels, but they were not 5,000 or 6,000 tons at a time?—No; but I would not wonder if they were over 1,000 tons at a time.

9722. Were they 1,000 tons at a time?—I should think that is very likely.

9723. Is that a common parcel of pipes, 1,000 tons?—I really do not follow that question, is 1,000 tons a common parcel of pipes? A quantity is required for a waterworks, and if, for instance, that 80,000 ton order had gone through, it would have been divided into lots of 4,000 tons each or so—3,000 to 4,000 tons. In the Bahia Blanca case, they were sent out in lots of 3,000 tons and 4,000 tons.

9724. Was that a full cargo for the ship?—It was a full cargo.

9725. That was a case in which, owing to the buyer having no ties, you were able to charter independently?—Yes.

9726. And that was the only case you have instanced in your evidence?—Yes.

9727. Have you many other similar cases in your trade experience?—Yes.

9728. Where you have chartered full cargoes?—Yes.

9729. The reason why I ask you about the size of the parcels is on the same lines as I was asking the question before. If it is a convenience to you to send relatively small parcels of a few hundred tons, that would be a reason why you should seek not to charter full cargoes, but to go by liners making up a mixed cargo. That is why I asked you about the size of your parcels?—The size of the parcel depends absolutely on the size of the waterworks.

9730. I quite understand that when you get a contract like that for this railway company, where they were wanting 26,000 tons, there was an opportunity to send in full cargoes; and you would have sent in full cargoes, I presume, but that you were prevented?—Yes.

9731. You were prevented because facilities were given to send in smaller parcels. I say "facilities," but perhaps I ought to say a penalty was imposed if they were not sent by a particular line: is that so?—That is so. Of course the penalty was not imposed on us in that case.

9732. No, but it was on somebody. Ultimately the receiver paid the penalty, no doubt?—Yes.

9733. The penalty was a very considerable one, was it not; that is, the amount of the surcharge was a very considerable one?—Yes.

9734. Many thousand pounds?—Yes.

9735. Might I take you now to the case where you mentioned that your merchant had to add several thousand pounds to recover the rebates. I think that was the Rio case. Have you any idea how many thousand pounds it was?—I believe it was a good deal over £10,000.

9736. You have in your mind what the differential freight would have amounted to?—Yes.

9737. It is between £40,000 and £50,000?—Yes.

9738. But yet the £10,000 was sufficient to weigh the other way—to send the contract the other way?—No; the £10,000 lost us the order.

9739. But you see the question that was in dispute was between £40,000 and £50,000?—Yes; and for that reason they made up their minds to lose it.

9740. Why did they add only £10,000 to their contract?—I did not say they only added £10,000 to their contract. You asked me what their loss in deferred rebates would be, and I say I understood it was something like £10,000, and that amount they had to add to our offer. They may have added more, and would add more for other purposes.

9741. But you only know [of that addition. Do you know where that contract ultimately went?—Yes.

9742. Where?—Liège.

9743. It went abroad?—Yes.

9744. (*Mr. Owen Philipps.*) How much of it?—Three-fourths, I think it was.

9745. (*Sir Hugh Bell.*) And the other fourth?—The other fourth is being made by Cochrane in Middlesbrough. It all went abroad, in the first instance.

9746. With regard to the Bahia Blanca contract, you mentioned that there was a difference of "nearly 10s. per ton." Was that a slip of the tongue for "more than 10s. per ton"? You say, "The freight quoted by the lines was 30s. per ton. We got them carried under 20s. by steamers A1 at Lloyd's." Then, in your reply to the Chairman, you said that was a difference of nearly 10s., but of course it works out to more than 10s. per ton, does it not?—It seems so. It was exactly 10s. in that case.

9747. No; under 20s. is more than 10s. less than 30s., is it not?—Yes.

9748. It is, probably, merely a slip. I did not know whether there was something to be added to the 20s.?—No. The 20s. compares with the 30s. absolutely.

9749. The something less than 20s. compares with the 30s.?—Yes.

9750. And there is no commission or charges of any kind to justify your saying 10s.?—I believe the rate was 19s. 6d.

9751. Then the difference would have been half-a-guinea?—Yes.

9752. I just wanted to know whether you had unguardedly said, "nearly 10s.," meaning "about 10s.?"—I think there was something else talked about at the time. I think there was another rate that the Chairman mentioned.

9753. I made a note of it at the time, and it rather struck me as curious, and I wanted to know exactly what was the reason. With regard to the Bombay contract, where did that 4,000 tons go to?—I think it went to Cochrane, Middlesbrough.

9754. Was that during some freight controversy, some freight war?—Yes.

9755. Anything may happen during a freight war?—Yes, but that freight war went on for several years—I do not know how long it went on—and all that time they gave a preference to the east coast. It went on for two or three years.

9756. Yes; but as it was put by one of my colleagues to a recent witness, we must allow for the inherited stupidity of the shipowner in continuing for many years a freight war—

(*Mr. Maddison.*) In my case it was a quotation, and it was not my own opinion. Your quotation is wrong.

(*Sir Hugh Bell.*) I am asking that, as the phrase has been used.

(*Witness.*) It is very hard lines that, because there is a freight war on the east coast, we should be tied up on the west coast to send by the fighting lines, who were absolutely giving our opponents in Middlesbrough the entire Indian trade for these years.

9757. I quite sympathise with you. Of course, every now and then, the shoe is on the other foot. When the freight war is on the other side, then Glasgow gets the advantage which the east coast loses. I do not want to ask an indiscreet question, and you will refuse to answer it if I am indiscreet, but where are you drawing your supplies of pig iron from?—Middlesbrough.

9758. (*Mr. Taylor.*) Do you think that previous witnesses have been right when they have said that this deferred rebate system was inimical to the British manufacturer and to the British export trade?—I do.

9759. Why; what are your reasons for thinking that?—I think I have not only given reasons but given examples.

9760. Do you think that it is a case of freights being too high generally?—It is inimical to the British manufacturer and the British working man and everyone, if he has got to base his tender for delivering his goods on freights of 30s. when he could get them at 20s.

9761. Twenty shillings from where, from the Continent?—Yes.

9762. Or from America?—He might get them at 20s. from here. It is inimical to the manufacturer and the merchant, and the working man too, if he has got to base his tender on a higher rate of freight than what he would require to do otherwise.

9763. I had in my mind at the moment the foreign competitor. Do you think that much trade goes abroad owing to this system? You have given certain instances, I know, of trade going to Belgium and so on, but we have been informed that the deferred rebate system holds on the Continent as it does here, and that rates of freight from Continental ports have been advanced now, whatever they were originally, by the lines to the same level as our rates of freight. Do you think that a very large bulk of orders is lost to England and goes to the Continent, owing to this system?—I do.

9764. Are they freer there to employ tramps?—I beg your pardon?

9765. Are the rates of freight lower there, do you think, or are they more free in their freight arrangements?—Of course, these questions could be very much better answered by a merchant than by a manufacturer. I am a manufacturer, and I am, as it were, tied to Glasgow; and if I asked the rate from Antwerp or elsewhere than from Glasgow, I would be refused it; so that is outside of my knowledge.

9766. But your general impression as a manufacturer is that this country suffers?—My general impression is that in the face of quotations like that which I handed over, it is a wonder the steel works of Scotland have had anything to do at all. It must have taken thousands of tons away from them, because that business is cut to shillings.

9767. I suppose that the bulk of this stuff, pipes and what you are concerned with, is really cargo suitable for tramps, is it not?—Absolutely.

9768. It is all cargoes of one kind; it is not a mixed cargo, it is a cargo with which you could quite well fill a ship?—Yes.

9769. On that do you consider from your experience that there is any great disadvantage to the receivers at the other end in this stuff going out in whole parcels, shiploads at a time?—No, none.

9770. They can take it?—There is just the same difference as there is at our end—that they have got to make arrangements for the reception. At our end I might say that the cost would roughly be a couple of shillings a ton in storing it for six weeks or two months, instead of sending it out every week; and no doubt there would be a corresponding cost at the other end, if it were required to go quicker. There is interest on money and things of that sort.

9771. Have you ever considered laying yourselves out for shipping this stuff by combining to do it and shipping it by a tramp?—I do not follow that question.

9772. If this matter is so vital as you evidently think it, have you ever considered combining to do it for yourselves—or do you just leave this thing to chance and to the merchants—or would it not pay you to make arrangements through freight contractors for a continual shipping at lower rates of freight?—That is what we did. Our business fluctuates from one portion of the

world to another. The largest instance I gave was Rio; the time when we did Rio before was 12 years before, and the time before was about 12 years before that. There are big lapses, and the convenient way is just to charter boats at the time. You do not require anything else.

9773. But the lapses in one direction are compensated by orders in another, are they not? You are always shipping; why do you not charter outside steamers all the time? You could do it, I suppose?—Why should we?

9774. Because you would get lower rates of freight?—Very often.

9775. There is a difference of 8s. to Antofagasta?—Yes, but in that case we could not do it, because the Antofagasta people were tied to the lines.

9776. It is the people at the other end, then?—Yes.

9777. Do you find much difference in the rates of insurance by outside steamers as against the liners?—No; as long as they are A 1 boats—A 1 at Lloyds.

9778. (*Professor Gomer.*) We were told by certain witnesses that when low rates are offered by other routes and by other countries it is the habit of conferences to protect their loyal shippers, by a reduction, that is, of their own rate; have you experienced that?—In the Calcutta case that I have mentioned they gave the reduction, but they gave it too late.

9779. They did not treat the reduction as an ordinary thing?—No.

9780. Have you had other instances where you have applied for a lower rate because there have been opposition rates reduced by a war?—Yes, I have an application in just now for one.

9781. Have you had the reduction given?—No, I have not got the reduction.

9782. Then the protection is not at any rate uniform?—Not at all.

9783. Turning to another point, in paragraph 9 you have commented on the restriction of routes which occurs through the system of conferences; do you think that has gone very far, and that in earlier times, before the rebate and the conference system, it was much easier to ship from a large number of the smaller places?—Yes.

9784. You find now that your routes of shipping, so to speak—I do not use the word "lines," because of course lines means the liners—your points of origin—are much more restricted?—Yes. Before, you had no hesitation whatever in chartering from the nearest shipping port to the point, wherever it was.

9785. And now that is extremely difficult?—Yes.

9786. Is that because the rebate system has developed so as to cover not only the ports from which the Conference Lines trade, but other ports as well?—Yes.

9787. In other words, they tie people to send goods by particular lines trading from particular ports, and even if they wish to ship from other ports they debar them from doing so?—That is so.

9788. And you object to that?—Distinctly.

9789. With reference to the differential rates from the Continent of which you have complained, do you regard the existence of those differential rates as a very recent thing?—In that particular instance they were running for several years; but I repeat, I am a manufacturer, and I do not get the competing rates.

9790. The point has been urged to us that this is rather a transitory defect, and that when the system of conference has been beneficently developed, it will include all the lines, and there will consequently be complete uniformity of charge, even though that charge be high. Now, during the time of transition, there is necessarily a time when there are large differential rates; and the point I am asking is, whether from your experience you find differential rates are rather a permanent feature—you have mentioned the point in all your instances?—I am not quite sure that I clearly follow your question; but there are always differential rates. If you have not the rates fixed by the lines, there are differential rates, and in calculating out what a vessel will carry in the shape of goods, and one thing and another, even if you should arrange at the same freight, there will be differential rates.

9791. I will put it in another way: Do you think we shall ever be able to attain a state in which there really would be uniformly fixed rates governing all ports.

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and governing all countries?—The Government of the country used to fix the rate of wages and the price of bread.

9792. You think it is about as probable as that?—I do.

9793. I suppose it is no consolation to you if you are cut out of a trade, to be assured that it is owing to a state of war on the other side?—None; and my remark is that if they are in a state of war, while they are fighting, why not leave us free?

9794. They ought to protect you during that state of war?—Either that or leave us alone.

9795. In other words, when there is war on the other side, either you ought to get protection, or you ought to be freed from the rebate tie?—Yes.

9796. One or the other?—One or the other.

9797. You were asked with regard to the question of chartering ships, and as I gathered the purport of your answer you complained that in some cases ships are chartered to carry goods, but that the profits of chartering accrue to the lines which charter them instead of accruing to you?—Yes.

9798. And you think that those profits ought to accrue to you?—No; the freight fixes the price, and they would not have gone to us—they would have gone to the consumer.

9799. Between the producer and the consumer?—It would have reduced the price.

9800. Certainly, I quite agree; I ought to have said it would have gone to the reduction of price. Anyhow, you think it should not go to the liners?—That is so.

9801. In your concluding paragraph you say you are strongly in favour of the lines, and you have said that by the lines you do not mean Conference Lines; you mean lines which trade regularly, I suppose?—I mean all lines, as long as they abolish rebates.

9802. You consider that regularity would, so to speak, be its own reward?—I say that the lines do not need rebates, because their regularity gives them a preference in our style of goods of from 5 to 10 per cent., or about 2s. in the freight, and I think that is quite enough for them. If they cannot work on a natural advantage of that sort—

9803. You consider that they have a natural advantage?—They have that natural advantage.

9804. (*Mr. Owen Philipps.*) Have you ever heard of manufacturers combining together to fix prices for special contracts?—Yes.

9805. Have you ever heard of such a thing being done in the pipe trade?—Yes.

9806. I happen to have resided in Glasgow for some seven years. Did not the Glasgow Corporation on one occasion place an order for pipes or tubes abroad on account of a combination to maintain prices against them by certain Glasgow manufacturers?—They may have.

9807. Is it not the case that they did?—Is this pertinent?

9808. Is it not in your memory?—There were no rebates.

9809. But it is a fact, is it not, that on a certain occasion the Glasgow Corporation—

(*Witness.*) Mr. Chairman, am I required to answer these questions?

(*Mr. Owen Philipps.*) I do not wish to press any question that the witness objects to, Mr. Chairman.

(*Witness.*) There were no rebates. I do not object to liners fixing the rates.

(*Chairman.*) What is the objection to the question?

(*Mr. Owen Philipps.*) The question I asked the witness was, Did not the Glasgow Corporation on one occasion place an order for tubes or pipes abroad on account of a combination to maintain prices against them on the part of the Glasgow manufacturers? He is coming from Glasgow to give evidence against shipowners, and this is an interesting thing, and I wanted to know if it was a fact.

(*Witness.*) I believe it was the fact; but there were no rebates.

9810. Have you ever been directly or indirectly concerned in such combinations?—If we had been allowed to tie them up, and to say we would not supply them unless

they continued to get their supplies from us, in the way the shipowners tie us up—

9811. Have you directly or indirectly yourself been concerned in such combinations?—Certainly; yes.

(*Chairman.*) Perhaps if those combinations had become well known and formidable there would have been a Royal Commission upon them.

9812. (*Mr. Owen Philipps.*) If manufacturers are free to combine to maintain prices, what reason is there that shipowners should be prevented from doing the same?—I do not object—

9813. Do you wish to deny to the shipowners the right which you have told the Commission you have exercised yourself?—I do not object to them arranging rates, nor arranging freights either, but the arrangement should begin and end with itself, and they should not tie up one thing because of another.

9814. I am sure we are all very indebted to you for having in your evidence given us definite concrete cases that we can examine into. I would like to turn for a moment to this Antofagasta case. You have mentioned in your memorandum that deferred rebates are in restraint of trade, and then you go on to say, "I would like to mention four contracts in "which my own firm was interested." Is it the case that the 26,000 tons of cast-iron pipes were wanted for the Antofagasta Railway Company?—The Antofagasta and Bolivia Railway Company, I think, is the correct designation.

9815. Is it not the case that no rebates of any kind entered into the question at all? You have given us here a definite case?—Quite right.

9816. And you say you object to deferred rebates?—Yes.

9817. You have given this as an example of your objection to deferred rebates?—Yes.

9818. Is it not a fact that in this particular case of the Antofagasta Railway Company deferred rebates did not enter into the question at all?—If it had not been for the deferred rebates, they would not have given a preference of 8s. per ton.

9819. I put it to you, is it not a fact that the Conference Lines neither held then, nor do they hold now, a penny of deferred rebates belonging to the Antofagasta Railway Company? Is that not a fact?—I do not know it.

9820. You come and give this evidence, but did you take the trouble to inquire before you gave this evidence?—How could I inquire?

9821. Many gentlemen come here with general statements, but you have come here with a concrete statement, and I want to ascertain if it is correct. I put it to you that this contract was made with the Antofagasta Railway Company direct, and that there were no rebates held by the Conference Lines then or at any time since?—Then why do they pay 8s. per ton more?

9822. I do not know why they paid 8s. per ton more, but many other reasons may enter into it. I put it to you that rebates had nothing to do with it. You are a business man, and you know that there are many things that might affect it. Do you always accept the lowest tender for everything, regardless of other considerations—in your own business?—8s. per ton is a big difference on a freight, of—I suppose it would be something like 22s. They would not give a preference of that sort without a good reason.

9823. Naturally there would be a good reason. But may not the reason be that your firm may be unable to compete with other British manufacturers? Your plant may be behind the times?—No, sir; because they accepted our offer f.o.b.

9824. Did not a third of the order go to Middlesbrough?—Yes.

9825. Are you aware that the Middlesbrough makers actually paid 5s. per ton more freight on it, and yet they got a third of the order?—The Middlesbrough makers paid no more freight at all, because the Middlesbrough offer was accepted f.o.b., the same as our own, I have no doubt.

9826. Would you be surprised to hear, then, that the Middlesbrough pipe makers actually paid the lines 5s. per ton more freight?—The Middlesbrough pipe makers did not pay the lines any freight at all.

9827. I quite appreciate your technical point; they were both sold f.o.b. The pipes from Middlesbrough

that went to Antofagasta actually paid 5s. per ton more freight; that is so, is it not?—I believe so.

9828. So in reference to the 8s., if the Middlesbrough pipes could bear 5s. per ton more freight, there may be some equally good reason why the Antofagasta Railway Company preferred to ship for convenience by the lines?—There may be.

9829. Therefore, if it is the case that the Antofagasta Railway Company never had any rebates either then or now from the Conference Lines, it is clear that this example which you give to the Commission is not worth the paper it is written on; is that not so?—No. I think it is very clear that the Antofagasta Railway Company is tied up. If you tell me they had no rebates, then they are tied up in some other way.

9830. I am not giving evidence?—I think it is quite evident that they had them tied up in some way.

9831. (*Chairman.*) I think I would point out to you, in justice to what Mr. Owen Philipps is urging, that you state, perhaps somewhat unguardedly, in your memorandum, "as we found the buyers were bound to the Conference by heavy rebates." You had not ascertained that, but you inferred it, you mean?—We inferred it, certainly, as we found the buyers were bound to the Conference. I think it would be correct if, accepting Mr. Owen Philipps' statement, you struck out the words "by heavy rebates."

9832. (*Mr. Owen Philipps.*) Do you not occasionally sell your pipes direct to users abroad?—Yes.

9833. Has it ever occurred to you that the fact that you sell direct to users abroad, may possibly have some bearing on the British merchants with whom you compete direct, whenever orders for pipes are given? Do you not think they may give a preference to other manufacturers who are content to carry on their business through British merchants?—No. For instance, these contracts were placed through the London offices of the foreign houses or foreign buyers.

9834. Do you never go direct to users abroad?—I do not say that.

9835. Has it not ever occurred to you that the fact that you may occasionally go direct to the users abroad has a very direct influence on merchants who may have orders for pipes to give in this country and who may give a preference to other firms who they know do not sell direct to their clients abroad?—No.

9836. You do not think they would take that into consideration at all?—It is not generally in the same markets. If we are going abroad in one place we are dealing through merchants in another.

9837. With reference to your order for 60,000 to 80,000 tons of pipes for Rio you say, "Result, the order was lost, three-fourths of it going to a Belgian firm"; that is to say, 60,000 tons out of 80,000. I put it to you is that the case?—Yes.

9838. Can you assure the Commission that it is the case?—That is the case.

9839. Is it not the case that out of the whole order only some 30,000 tons went from the Continent?—The reason it is given 60,000 to 80,000 tons there—I almost wonder I was not asked that before—was that the weights were not specified. The weights of the pipes we supply are generally specified by the engineer. In that instance the weights were not specified, but it was left to the manufacturers to determine the weights. The first estimate of weight was 80,000 tons, but latterly I think it was reduced, and I think our lowest offer was 60,000 tons; I think something like 60,000 tons were shipped, and two-thirds of that went. I know the numbers; we got the numbers of the pipes and the thicknesses and the pressures.

9840. Would it surprise you if you heard that more than half was going from Great Britain by other manufacturers? You would be surprised to hear that?—Yes, I would.

(*Mr. Owen Philipps.*) Some manufacturers do get surprises.

9841. (*Mr. Maddison.*) I take it that your objection is not to an agreement about prices, but to a system whereby the merchant or the manufacturer is not able to seek freight elsewhere than the lines?—That is all.

9842. Referring to the case of that little commercial adventure that you were in in Glasgow where you were a party to keeping up prices, I take it that your point is

that the parallel fails, because you had no means of compelling the Glasgow corporation to buy of this ring that you formed?—No. They may buy one time, but they are not bound to come and buy another time.

9843. Is it easy to get a schedule and classification of rates?—Our goods going in such large quantities we universally request a special quotation.

9844. You do not regard it as a grievance that you have to always ask for a special quotation?—No.

9845. Therefore you would not regard the publishing of these schedules as being in any way a remedy?—No. The matter would be of no importance to us whatever.

9846. I know there was a fight, but why was Middlesbrough so much lower than Glasgow? Why did not the fight go on at Glasgow as well?—One of the German lines was fighting, and it could call in at Middlesbrough, Middlesbrough being on the east coast, but it could not call in on the west.

9847. That lasted, I think, you said for two or three years?—Yes.

9848. During which time you were bound up to the old rates of the lines?—To the rates of the lines.

9849. Were they varied a little sometimes in your favour?—They may have been varied, but they did not approach the rates running from Middlesbrough; they were kept higher than the rates running from Middlesbrough.

9850. I take it also that you make the point that by the deferred rebate system it is in the power of the lines to boycott a particular port?—Yes.

9851. For instance, Dundee?—Yes.

9852. What did happen under open competition? Are you quite sure that Dundee was always well served?—What happened under general competition was that when anyone had enough tea-making machinery, or anything of that sort, to send from Dundee they would charter a boat and fill up with general cargo.

9853. Is it the practice in all the lines you know to forbid you to charter a whole ship?—Yes.

9854. It was put to you that you might charter regularly, but you saw some objections to that, some difficulties in the way?—There is the other end; there are the receivers tied up.

9855. You said it did not matter to manufacturers what the consumer paid; you did not quite mean that, did you?—It matters in one sense what the consumer pays, but it does not matter in another, of course; that is to say, as a matter of fact, if we are going to get the contract it does not matter in that instance what the consumer pays; but, on the other hand, the cheaper the price the likelier you are to increase the business.

9856. In your objection to the deferred rebate system and its effect on trade, then you do regard that objection as covering the consumer, that is, your objection does cover the increased cost to the consumer which you believe it means?—Yes.

9857. (*Mr. Barry.*) The ground has been so well covered that I have only one or two questions to ask. I think Mr. Owen Philipps asked you some questions about the Scottish iron pipe manufacturers agreeing amongst themselves to fix prices?—Yes.

9858. In that agreement or understanding your customers were not tied up or bound in any way, or penalised in any way?—Just so.

9859. There was nothing at all akin to the system of deferred rebates penalising your customers?—No.

9860. You have no objection, I take it, to a conference of shipowners to fix their freights under similar conditions to the Glasgow iron pipe manufacturers' combination?—None.

9861. I think you said in reply, to a question of Sir Hugh Bell's, that it is quite a common occurrence for the liners to charter tramp steamers themselves?—Yes.

9862. And to take as a profit the difference between the Conference liner freight and the tramp freight?—Yes.

9863. Your objection to that practice is this, I take it—that you object to the Conference maintaining a certain rate of freight and compelling, under the deferred rebate system, their customers to pay that rate, and then taking advantage themselves of the low freight of tramp steamers?—That is so.

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9864. In regard to the case quoted in paragraph 2 of your memorandum, had Glasgow possessed a free freight market it would have saved the buyer in that case, I take it, some £10,400?—Yes.

9865. And the competitive position of Glasgow would have been strengthened to that extent?—Yes.

9866. That is, strengthened against foreign and any other competition?—Yes.

9867. So in your opinion I may take it that the weakening of Glasgow's competitive position is inimical to general British trading interests?—That is so.

9868. You have given us several cases where, in your opinion, the effect of the deferred rebate system has been to enhance the cost of goods, and in paragraph 4 you have given us one case where by taking advantage of the open freight market you placed the goods in the hands of your customers at 10s. per ton less than under the Conference system?—Yes.

9869. Have you any reason to think that had you been compelled to pay Conference rates that order might have been lost to Glasgow, or lost to Great Britain?—Yes, I should say so.

9870. In your opinion there would have been considerable danger, if you had had to pay 30s. per ton, that the order might have been lost to this country altogether?—Yes, or to Glasgow anyhow.

9871. In the case that you have given of Dundee being compelled to send by Conference Lines and to send their goods round to Glasgow, that of course is a very serious disadvantage to manufacturers on the east coast?—Yes.

9872. Is it your argument that if the Conference Lines insist upon maintaining a certain rate of freight from Dundee, they should send their steamers there to take it at the same rate as they take it from Glasgow?—My argument is that they have no business to bring in Conference terms at ports where they do not give facilities.

9873. Precisely; you regard it as a kind of dog-in-the-manger policy?—Yes. The same thing occurs with us in Java. We have got to tranship either at Hong Kong or at Manila—it is the same also with Ylvalo—whereas we would charter direct.

9874. Are you placed at any further expense by that transhipment?—Yes. The expense of transhipment is covered by the rates, but the rates are very much higher. In addition to that there is a very great liability of breakage, which in some goods would be as serious as the piece rate. In the case of my own cast-iron pipes, transhipment is a very serious thing.

9875. In your concluding paragraph you say you are in favour of lines, but you are strongly against the deferred rebate system; in your judgment do you think anything short of legislation will deal effectively with the deferred rebate system?—No, I do not.

9876. (Mr. Sanderson.) You make some point that the result of the deferred rebate system and Conference Lines has been to shut up the port of Dundee practically so far as direct service is concerned?—For Bombay and Calcutta.

9877. Dealing with Bombay, for instance, do you know, or can you tell this Commission of any steamer or any line that ever has run from Dundee to Bombay?—I do not suppose for one moment there was a line.

9878. Or a number of sailings?—There were sailings.

9879. Have you any particulars with you, by chance?—No.

9880. I was referring to Dundee, and I was unable to see for many years back that there ever had been such sailings to Bombay; and that is why I rather press you to give me some information on that point. It is important if the Conference system has shut up a port?—If I can get such an instance may I send it up?

9881. Please, I should like it very much. You also stated to one of the commissioners that you thought, where there was a war on rates going in some other port of the country from which port you are suffering competition by other manufacturers that the lines running from your port ought to reduce their rates to the same figure. Is that quite fair?—They should either reduce their rates to the same or leave us free—either one or the other. You cannot force them to reduce, but they should either meet the rate or leave us to do the best we can in the open market.

9882. Have not the lines, as a matter of fact, met you?—No.

9883. Have they not met you in this war?—No, they did not, and we have made repeated applications to them. We have not had conferences with them, because we never met them, but we have sent them memorials time and again against the preference which they were giving to the east coast.

9884. But there are no lines, are there, from Glasgow that run from the east coast?—No, but they are in the same Conference.

9885. They are in working agreement, I suppose, with the other lines?—Yes.

9886. You think those lines ought to suffer a financial loss, or to step into the breach and add to their own losses?—Either that or leave us free.

9887. If you had been free what would have happened?—We would have chartered.

9888. At the fighting rates of the Hansa Company?—I give an instance in my memorandum in which we could have chartered. That is the Bombay municipality which required tenders for about 4,000 tons of pipes. In that instance we had an offer of an overhead rate of 25s. and we could have chartered.

9889. Is it not the fact that, as far as Bombay is concerned, outside steamers are regularly running from England to Bombay carrying merchants' cargo—such cargo as yours—and that there are vessels to-day running to Bombay? Why do you not avail yourselves of them? Temperleys, for instance, and Stricks, to mention two names, are sending steamers and have been for the last two years?—Those steamers from England are no use to me. I do not know of any going from Glasgow.

9890. The steamers would have gone to Glasgow if you had offered them cargo, surely?—I have mentioned this instance in which we had the offer of an outside steamer and would have acted on it, but we were prevented acting on it because the merchant was tied.

9891. The merchant was tied?—Yes.

9892. That is, he had other business which made it worth his while to stay with them?—Yes.

9893. (Sir John Macdonell.) When you send consignments by companies belonging to a conference, do their terms vary according as the consignment is a large one or a small one?—Yes, I would say so.

9894. They do make special terms?—Yes.

9895. Then it is not strictly correct to say that under the Conference system the same rates are paid whether the consignment is large or small?—My business is cast-iron pipes that go forward in large quantities, and we naturally ask a quotation every time for these quantities. Then, of course, the rate on cast-iron pipes depends more on the pipe and whether there are two, one inside the other, and that sort of thing, than on the relative size of the parcel—I mean as long as it is a few thousand tons.

9896. But they do give you more favourable terms on large parcels than you get on small ones?—Yes, I should say so.

(Sir Alfred Bateman.) I have no further questions to ask you, but the Chairman, who has had to go, asked me to read out the documents you handed in authorizing you to give evidence on behalf of certain associations, so that they might be put on the notes. The first is an excerpt from the minute of the meeting of the Scottish Steel Makers' Association of 9th, May 1907, and it is in these terms:—"Deferred rebates: The association again had this matter under consideration, and it was unanimously resolved and agreed that the system of deferred rebates is prejudicial to the interests of the Scottish Steel Manufacturers in that it curtails liberty of contract. It was agreed that Mr. Robert Maclaren be asked to lay this resolution before the Royal Commissioners in the absence of Mr. Colville." Then this is from the Scottish Employers' Federation of Iron and Steel Founders:—"Glasgow, 26th March, 1907. Robert Maclaren, Esq.,—Dear Sir, I have pleasure in intimating to you that the Executive Board of this Federation has appointed you to appear, on behalf of this Federation, before the Commission appointed to enquire into the working of 'shipping rings' in support of the abolition of the present system of 'deferred rebates.' Yours truly, William Morison, Secretary." The other is from

the Scottish Iron Manufacturers' Association:—"Glasgow, "22nd May, 1907. Messrs. David Colville & Sons, Ltd., 8, Gordon Street.—Dear Sirs, Scottish Iron Manufacturers' Association, I was instructed at a meeting of the above association held on 20th instant to send you a copy of the following Resolution passed at the meeting:—"Deferred rebates: The Association again had this matter under consideration, and it was unani-

ously resolved and agreed that the system of deferred rebates is prejudicial to the interests of the Scottish iron manufacturers in that it curtails liberty of contract. It was agreed that Mr. Robert Maclaren be asked to lay this resolution before the Royal Commission in the absence of Mr. Colville. Yours truly, R. M. Maclay, Secretary."

Mr. R.
Maclaren.
25 June 1907.

SIXTEENTH DAY.

Tuesday, 2nd July, 1907.

PRESENT :

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

The Hon. C. N. LAWRENCE.
Sir HUGH BELL, Bart.
Sir W. T. LEWIS, Bart.
Sir D. M. BARBOUR, K.C.S.I., K.C.M.G.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.

Captain R. MUIRHEAD COLLINS, C.M.G.
The Hon. W. PEMBER REEVES.
Professor E. C. K. GONNER.
Mr. OWEN PHILLIPS, M.P.
Mr. OSWALD SANDERSON.
Mr. I. H. MATHERS.
Mr. J. A. WEBSTER, *Secretary.*

Mr. EDWIN GRANT BURLS, C.S.I., called, and examined.

9897. (*Sir Alfred Bateman.*) I think you are Director-General of Stores at the India Office?—I am.

9898. I think you have been there for some time?—I have been there for over 40 years.

9899. You have been so good as to send to us short answers to certain questions which have been addressed to you. I propose to take you through those answers, and to ask you for one or two explanations of them, and then the other members of the Commission will also ask you questions. The first thing you were asked was, what is the extent of the shipments made by the India Office?—The extent of the India Office shipments is about 250,000 tons a year.

9900. I suppose that is mainly out to India?—We have nothing back at all, except small parcels.

9901. You mean there is no back traffic?—No, not as regards the India Office.

9902. Of course with the old trading company there was a good deal of back traffic?—Yes.

9903. But with that you have nothing to do?—Nothing whatever.

9904. I believe you are prepared to put in copies of the forms of tender for freight and bill of lading used by the India Office?—Yes. (*Handing in prints.*)

9905. Are the forms of tender and the bill of lading all on one document?—Yes; the conditions of tender and the form of the bill of lading are all on one sheet.

9906. The second question we put to you was as regards the methods by which your business is conducted, and more particularly whether shipments are made by the Conference Lines as a matter of course, or whether tenders are invited in the open market?—Shipments are made by the Conference Lines when the rates tendered by them are lower than those of their competitors, or in case of earlier sailings. Tenders are invited in the open market, as a rule, for all large shipments; but when circumstances so dictate negotiations are entered into without inviting competition. Perhaps I might supplement that by saying that our advertisements are posted at Lloyd's, at the Baltic, and at our shipping agents' offices in London; at the office of Messrs. George Medley & Co., in Liverpool; at the offices of the Salvage Association in Glasgow; and at the offices of the Chamber of Commerce in Hull.

9907. Is that as regards all large shipments?—As regards everything, practically; at any rate, everything of any importance.

9908. You say that when circumstances so dictate, negotiations are entered into without inviting competition?—That is so, if we find rates are going against us, or in conditions of pressure. For example, if we have got 500 tons going on a ship, and we have 250 tons of urgent stores to follow, we do not advertise that 250 tons, but we ask the shipowners if they will take it at the same rate and on the same conditions as the 500 tons.

9909. Do you find that there is a Ring against you sometimes, and that you get, in answer to your tenders, a number of offers all at about the same rather high price?—I think the Ring knows the strength of our position, and I do not think that it attempts to take advantage of the India Office. We can deal with the position as it arises.

9910. Of course, you are well furnished with advice as to the rates of freight in the open market?—Yes.

9911. And you could be so advised every day if you wanted it?—Yes, but practically I am only advised once a week.

9912. Our next question is whether the India Office are bound by the rebate system at all?—We are bound in no way. The India Office gets its rebate first in lower freights.

9913. You do not get any sort of immediate discount then?—There is no discount.

9914. What is quoted to you is net?—It is net, absolutely. The India Office has never in any way concerned itself in the rebate system.

9915. Have you ever been approached and asked to join?—Yes; but such applications have invariably been ignored.

9916. That is mainly because you occupy such a strong position owing to the amount of your business?—Exactly.

9917. As regards your tenders, you have no regular classification, I suppose, for freights, by which on high-class goods you pay a high freight, the goods being divided into Class 1, Class 2, Class 3, and so on?—We have no regular classification; but of course we pay higher rates of freight for heavy lifts, explosives, dangerous deck cargo, and things of that kind.

9918. Have you any statement with you showing the relative proportion of the various classes of goods that you send out, or is it not possible to prepare one?—I am afraid that is impossible.

9919. I suppose you send out a certain amount of coal, and of rougher goods like cement and iron, also

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a certain amount of finer goods ; but you have no classified information of that sort that you could give to the Commission?—I am afraid not. The system of open competition rather militates against any classification of goods. We say what we want to ship, and individual shipowners, or the Lines, as the case may be, tender accordingly.

9920. In fact, every separate shipment is dealt with on its merits?—Absolutely.

9921. And not by any sort of classification?—No. We get a tender at half-a-dozen different rates, and we query one or two of those rates and negotiate on those rates. We frequently try to get a reduction of the rates which we think are too high.

9922. Do you negotiate personally on these matters?—No, not personally. It is done through the broker.

9923. You have your own broker?—Yes.

9924. Is he a broker in the market generally?—Yes, but I believe that practically the main part of his business is ours.

9925. I suppose the great bulk of the ships that take your goods would belong to the Ring?—Yes, the majority would.

9926. Although you take no part in rebates, of course you know what Lines belong to the Ring?—Yes ; we are fully informed.

9927. Our next question is, whether the India Office are accorded, under contract or otherwise, lower rates than those accorded to merchants, and if so, what is the extent of such preference? I think you answered that just now ; you consider you do get, in the open market, lower rates?—I know we do. The rates obtained by the India Office are on the whole lower than those accorded to merchants. The extent of such preference depends entirely on the state of the market at the time.

9928. Would those be lower rates than those in the open market, or lower rates than those given by the Lines that have the rebate system? Are not the rates very often lower in the open market than the rates given by the Lines to those who are bound to them by the rebate system?—I should think probably they are, but that is a matter which does not concern me ; I mean to say I have no absolute knowledge of it.

9929. Do you think that you get lower rates than those in the open market?—I am perfectly certain we do. We have them very carefully watched, and we get rates which are lower by a very considerable percentage than those charged to the merchants.

9930. Then you were asked, whether regular sailings and stable rates are considered to be essential or desirable from the point of view of administration in India?—Frequent sailings are desirable and essential for the Indian service ; but as to the stability of rates, I hardly understand the question. It depends at what point the rates are fixed. I prefer a reduction of rates from time to time.

9931. Of course you are not interested as merchants?—No ; but we are interested in getting the lowest possible rates for our shipments to India.

9932. You are not, as a merchant is, afraid of your competitor shipping to-morrow at a much lower rate than you pay to-day, so that he can undersell you when the goods get out there?—No ; that consideration does not affect us at all.

9933. All that you are interested in is getting the lowest freight at the time?—Yes.

9934. The rate of freight may stop there?—I should like it to do so.

9935. Or now and then you may pay a higher rate, but you get back to the lower one as soon as possible?—Yes.

9936. In fact, you consider that you are in rather a happy position *quâ* shipper?—We are decidedly. We are in a commanding position.

9937. Do you get frequent sailings?—Yes ; and we frequently, if you will allow me to say so, pay higher rates for an early sailing when the requirements are urgent.

9938. Do you consider that you get these frequent sailings through the rebate system?—No. Personally, I do not see what the rebate system has got to do with frequent sailings.

9939. You do not think that it enables the shipowner to have frequent sailings and regular sailings, then?—I do not ; but that is a question rather for a shipowner to answer.

9940. You have had so much experience, that I thought you would know?—I do not think it has anything to do with it.

9941. Then we ask you whether it would be practicable for the India Office to make arrangements for the shipment of their cargo by chartering in the open market?—Certainly. It is perfectly practicable for the India Office, save under very exceptional circumstances, to make arrangements for the shipment of all its cargoes by chartering in the open market.

9942. Do you often do so?—It has not been necessary of late years.

9943. Under what circumstances was it necessary on the last occasion?—It has been necessary whenever the rates ruling were high.

9944. When the rates were too high?—When an excessive rate is demanded by a liner, then it is necessary for the India Office to consider its position.

9945. I suppose, in the circumstances that I asked you about just now, if you thought there was anything like an attempt on the part of the Ring to keep your rates up?—We should fight it.

9946. And you would fight it by chartering your own ships?—We should fight it by chartering, or perhaps by detaching a member of the Ring.

9947. Do you think you could do that?—Yes, I think so.

9948. Can you remember when was the last occasion when you chartered under those circumstances? How long ago was it?—I cannot remember. I am not prepared for that question. It was some years since.

9949. Some few years?—Yes. I must make an exception as regards coals. We always charter for coals, and very frequently for rails because when we have got rails or other railway material, then we have large cargoes, and chartering then becomes a matter of convenience.

9950. So that in what you have said about not chartering, you except coals and rails?—Yes, I except those now ; and I think it is very possible that in the immediate future I shall have to charter for waggons, waggon material, locomotives, and so on, because we are buying such large quantities at the present moment that we cannot rely upon the liners to take them out.

9951. Because the liners cannot give you sufficient space?—They have not got the capacity for carrying the goods that we want.

9952. How do you proceed in chartering ; do you do it through your broker?—We advertise through the broker.

9953. Then we asked, what course has been adopted by the India Office on occasion (if any) when Opposition Lines have been started in the trade to India?—The India Office has adopted no definite course, but has accepted the tenders of Opposition Lines when they have been lowest and otherwise eligible. We advertise, and the lowest tenderer takes the goods, provided that the sailing is early enough for our purposes.

9954. Has the India Office been asked to take a part in this question as regards rebates between the shippers and the shipowners?—No, not as far as I am aware.

9955. You have not been approached by the shippers to try to get the rebate system lessened or the rates lowered or that sort of thing?—No ; I have been approached by nobody.

9956. So that you have simply gone on the tenor of your way trying to get the lowest rates for the shipment of your stuff to India?—Precisely.

9957. Then there is a question suggested by Sir David Barbour, whether or not the India Office effects its shipments at reasonable rates ; I think you have told me that in your opinion that is so?—The rates, I am assured, are perfectly reasonable.

9958. A second question suggested by Sir David Barbour is, whether or not when tenders are invited the sole tenderers are always, or generally, the members of the Shipping Ring, and whether or not they always, or

generally tender at the same rates on each occasion?—The tenderers are frequently, but by no means always, members of the Shipping Ring. The members of the Shipping Ring, as a rule, tender at the same rates on every occasion. I have known exceptions to that rule, and I have taken the lowest tender, and not asked any questions. Whenever tenders are invited, if there is a tramp steamer of high class on the berth, the King rates are generally lowered to compete with the tramp, and it is a fight between them.

9959. Do you take advantage of the tramp steamer being on the berth?—Certainly, if the tramp steamer complies with the conditions of our contract.

9960. (Sir Hugh Bell.) When you speak of your total shipments as being about 250,000 tons a year, are you including in that figure coals and rails, or are they outside it?—It includes rails, but our coals are infinitesimal. I do not think our coal shipments amount to over 5,000 or 6,000 tons a year.

9961. I was going to ask whether you were shipping large quantities of coal?—We are not.

9962. May I ask why you ship any coals?—There are certain ports at which coals are not easily procurable from the trade—for instance, Muscat and Bushire; and there are certain classes of coal which are not found in the Indian market. For the purposes of the Royal Indian Marine, all coal is bought in Bombay or Calcutta, as the case may be, from merchants.

9963. Then the India Office does not concern itself with the providing of suitable coals for naval purposes?—No.

9964. Therefore, I think we may almost strike out from that portion of your evidence which we shall have to consider, the question of coals?—Certainly.

9965. With regard to rails, they are included, I think you said, in the 250,000 tons?—Yes.

9966. And all machinery, in fact everything else but coals?—Everything else.

9967. We may take it as including everything else but coals?—Yes.

9968. Coals, however, is an unimportant item in any case. When you say you charter, do you mean that you charter the entire steamer?—It is the entire steamer whenever we charter.

9969. So you are speaking of full cargoes?—Yes.

9970. When you charter a full cargo, I presume it is a mixed cargo as a rule, is it?—In a sense it would be a mixed cargo; I mean it would have to be both weight and measurement, to a certain extent. We seldom fill a ship with weight entirely.

9971. You have talked about shipping with heavy stuff; would you have a cargo of that?—It is bulky stuff, but it is very big measurement.

9972. Are you thinking of locomotive engines?—All locomotive engines, waggons—I mean the under-frames of waggons—and vehicles of all kinds.

9973. That you call heavy cargo, of course?—It is heavy in a sense, but a good deal of it is measurement.

9974. Do you commonly charter for full cargoes of rails?—No.

9975. Are they, as a rule, parcel cargoes?—As a rule they are parcel cargoes that are sent by the liners; but it depends on the rate of freight entirely.

9976. What do you consider an average weight for a chartered steamer?—Anything between 5,000 and 7,000 tons.

9977. I was going to say that 5,000 tons would be a reasonable weight?—Yes.

9978. Seven thousand tons would not be unreasonable?—No.

9979. But 7,000 would be, I suppose, on the outside?—Yes.

9980. It would be very unusual, would it not, to have a cargo of 7,000 or even 5,000 tons of rails?—We should not send a cargo entirely of rails.

9981. So if you were chartering, it would probably be a mixed cargo?—Yes.

9982. That, I imagine, is for convenience of weight—the ship, is it not?—Yes.

9983. Could you discriminate at all as to the 250,000 tons? How much of it would be rather special goods requiring special treatment and special classification?—I do not take it that any of our goods require any special classification, except scientific instruments, barometers, deck cargo, and goods of that class.

9984. Now Stores, using the word not quite in the sense of the India Office, but in the ordinary commercial sense of Stores; are you not sending rather considerable quantities of those—oils and things of that kind?—Yes; we send large quantities of oils, and, indeed, of all classes of goods. We send very large quantities of cloth goods—all the clothing for the Army we ship, for example. That means a considerable amount of bulk in the course of the year.

9985. I was going to ask you about that; of course that is all measurement cargo?—Yes. We ship very large quantities of measurement goods.

9986. Could you give us any idea what quantity of the 250,000 tons may be taken as heavy goods, of the nature of iron and steel and constructional work?—I could prepare a statement of that for the Commission, but I cannot say off-hand.

9987. (Sir Alfred Bateman.) I think it would be very useful if you would let us have such a statement?—Very well; you shall have a statement to that effect. I shall be very glad to give you that information. I have ascertained that the proportion of weight to measurement goods shipped by the India Office in the years 1905-6 and 1906-7 was as 6 to 1, but a considerable portion of the stores shipped as weight would be charged to merchants as measurement.

9988. (Sir Hugh Bell.) Does structural iron, either already built up or to be built up in India, form a considerable part of your shipments?—We ship very large quantities of rolled joists, for example, and then of course we have large quantities of bridge work and of carriage work.

9989. Carriages, I thought, had already been practically dealt with under the head of rolling stock?—They come under the head of rolling stock, and there is a very large number of them. I have a demand at the present moment, for instance, for 1,350 waggons for one line alone.

9990. In what sort of form are those going out?—The under-frames will be built up, and the wheels, axles, axle-boxes, and buffers will go separately, the wagon being built up in India on the basis of the under-frame.

9991. Are they timber waggons; are the bodies built of wood?—They are built in India of timber and steel.

9992. Then all the rolling stock you are shipping is merely the iron and steel portions?—That is it—all the metal portions, such as the axle-boxes, and so forth.

9993. Everything which is of iron goes out, and then you build the body of the wagon when you get the metal parts out there?—Yes.

9994. In the matter of sheds, are you not shipping a considerable quantity of trusses, and so on, for sheds?—I hardly know what you mean by sheds.

9995. I mean such a thing as a railway station or a carriage shed?—We ship it in the form of corrugated iron for roofing, also trusses and girders.

9996. You do ship the trusses?—Yes, everything.

9997. Trusses are awkward pieces, of course?—Yes, very often. I should say generally that trusses are built up in India from the material which we supply.

9998. You do not send out finished trusses, then?—Not as a rule.

9999. You send out the pieces which have been fitted together in the shop here, and are ready to be fitted together when they get out there?—Yes.

10000. In reply to Sir Alfred Bateman you said that regularity and frequency of shipments was a matter of great importance?—Yes.

10001. And, if one may venture to ask you, I presume you would regard that as being applicable to the whole of the Indian trade, apart from your very important share of it?—I should say so, decidedly.

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10002. Now, I imagine it is a great convenience to be able to get your 250,000 tons per annum sent off week by week, and perhaps almost I might say day by day, throughout the year?—It comes almost to that. It is a convenience.

10003. And what is applicable to you with your very large trade would be still more forcibly applicable to persons in a less important way of business; an ordinary merchant, for instance?—In fact, to the whole trade of the country.

10004. What one is coming to is the enormous advantage that it is to have some arrangement by which daily shipments or very frequent shipments are possible?—Yes.

10005. With your very large trade, as you very clearly put it to us, you can command the market. Supposing all the liners were to disappear, your 5,000 tons a week of shipments would command a line of itself?—I think so, almost.

10006. Therefore it is quite clear that you are largely outside of any consideration such as causes the existence of Conferences, and the proof of that is that you do not either suffer or largely benefit by them?—That is so.

10007. But it would be quite conceivable that the whole of the trade from India is much larger than your 250,000 tons?—It is very much larger.

10008. Though none of it would aggregate to anything like such a single heap as your 250,000 tons?—That is so.

10009. Therefore it would be conceivable that it would be a great advantage to the rest of the trade that there should exist an arrangement by which it is perfectly certain that there should be these frequent shipments?—I think so.

10010. You have expressed a doubt, I think I rightly gathered, as to the necessity or advantage of a Ring; did I rightly understand you so?—I did not mean to express any opinion on the subject.

10011. Then I am sorry that I have imported it into your answers, which I do not wish at all to do?—I may have said something that I did not intend.

10012. What I do want is to have the opinion of a person with the complete knowledge that you possess, and with your entire independence, which is not a common thing to get on this subject?—I admit the independence, but I cannot quite admit your compliment as to the complete knowledge, because I have not studied the question, except as it concerns myself or my Department.

10013. I think you may perhaps allow my colleagues and myself to judge upon the special point to which you demur. What I was really wanting to be at was this: The suggestion that appears to be made in defence of a Ring is that it is a matter of very great importance to the trade of a country that the persons dealing with that country should have fixed and certain opportunities of shipping, in parcels of their own choosing, of their own dimensions, and without any let or hindrance as to the times and quantities of shipment. That is the suggested defence, as far as I can understand it?—I think it would be immensely advantageous, but I think it is rather Utopian to hope for anything of the kind.

10014. I thought it existed?—I do not think so. If you have got a weekly sailing, and a man comes down with 10,000 tons, and you have only 1,000 tons of space to spare on the steamer, some of it will have to go over to the next week or the next fortnight.

10015. Of course, but I think you have gone outside our postulate. Our postulate was that there are very few cases where a man has anything like such large quantities?—Any one man, yes.

10016. But then we are only concerned with one man?—All I can tell you is that I frequently have to wait six weeks before I can get my stuff off, with all the regular sailings, and with, at the India Office at any rate, a complete willingness to pay the freights demanded. We have a great difficulty with Karachi at times.

10017. Does that mean that there are gluts of traffic coming in at a particular moment?—Probably that is the reason.

10018. Assuming the existence of a number of steamers sailing under some convention among one another for a particular port, the interest of those steamers is always to have a ship ready to take the cargo that is going, provided that she can always go full, is it not?—It may be the interest of the liners, but if they have not got the ships, I have to wait.

10019. That, of course, will happen when there is a glut of traffic. I may take a specific example from another trade. It is difficult to carry all the persons who want to go to Doncaster in the St. Leger week. The railway company does its best to do that, but there is a glut of traffic. I wanted to know whether those circumstances that you are referring to were due to such a glut of traffic, either seasonal or from other reasons?—Of course, I cannot say what the reasons are, but I know that very frequently we have to wait, not only a week, but a month for the complete shipment of cargoes we have ready for India.

10020. Are you speaking now of very large parcels?—Not of particularly large parcels—not what I should call excessively large parcels. For instance, the liners tender to us to take a certain quantity of heavy goods—some thousands of tons—as ready; but when it is ready they are not in a position to take it. They shut it out, and we have to wait for the next sailing a fortnight or a month hence.

10021. Might I probe that example a little more? May I assume that such a shipment would be, say, a mixed cargo of rails, and so on?—No; it is probably a cargo of a certain class of goods alone, probably railway material of some kind.

10022. And it may form a quantity, say, of 10,000 tons, which would be a very large amount?—That would be spread over some months. They cannot take 2,500 tons very often.

10023. Who cannot?—The liner cannot; 2,500 tons, after all, is a very large quantity to send down to one ship apart from its other engagements.

10024. I have asked many of the trading witnesses about their parcels, and I have come to the conclusion that I may fairly say that 500 tons is an unusually large parcel for an ordinary trader?—Yes, it is.

10025. So that it would not be surprising if you, giving that 2,500 tons, should be told, "We are very sorry, but unfortunately we are full up, and we can only take 500 tons of it"?—No; it would not.

10026. However, the point I wanted to have from you is rather this: The defence, as I say, of Conferences is regular shipments at certain specified dates; in order to make it sure that these will be forthcoming, there must be some method of securing the offer of all cargo—that is the next point; and the third point is, the best way of doing that is to make it the interests of the traders to ship by us. Does that sound to you plausible?—It is purely a question for the shipowner, and it has nothing to do with me. I am sorry that I cannot answer you more precisely.

10027. I am very much obliged for the answers you are giving me, and I have no doubt you quite understand why I press my questions?—I understand thoroughly.

10028. I think I gathered that when you charter, you charter full cargoes?—Yes, invariably. I suppose it is a matter of no particular importance, but occasionally when we charter for a certain number of rails, we have allowed a shipowner to fill up with coals if he has room for them—I mean, outside bunker coal.

10029. That is rather an important point. You do not put any condition upon him, and it may be his own or a merchant's coal, or not?—As a rule, I believe it is his own—to fill up.

10030. Then he is shipping coals on ship's account?—I think that is it.

10031. And you make no objection to it?—We must give permission.

10032. You have chartered the ship for 5,000 tons of material of all sorts, and he asks if he may ship 1,000 tons of coal with it, and as a matter of course you accede?—If the ship can take it safely.

10033. (Sir Alfred Bateman.) Is that when you charter a ship?—Yes. It is by no means an invari-

able rule; it is only when there happens to be room, after the ship has taken all the cargo available.

10034. (*Sir Hugh Bell*.) That is an important point?—It is quite an exceptional case.

10035. But you see no objection to it?—No.

10036. If I might ask you to imagine yourself outside the India Office for a moment—on general principles you see no objection to such a transaction?—I can see none.

(*Sir Hugh Bell*.) I am sure there will be many of my colleagues who will be delighted to have that answer of yours on the notes of evidence.

10037. (*Sir Alfred Bateman*.) Might I ask about the 250,000 tons, which your business practically amounts to, whether those are tons weight or artificial measurement tons?—Both.

10038. (*Mr. Owen Philipps*.) You mean freight tons?—Yes.

10039. (*Sir Alfred Bateman*.) So that it would not be anything like 250,000 tons dead weight?—No.

10040. (*Sir David Barbour*.) There is a very large shipping trade between this country and India, is there not?—Very large.

10041. And in order to carry the goods that are sent, one way or the other, there must be very frequent sailings of steamers in any case?—Yes, and there are.

10042. Do the ships always go on fixed dates and regular dates like the 2nd of the month or the 3rd of the month?—The P. & O. do.

10043. The P. & O. is a mail boat?—I do not know any other line which you can rely on as to dates.

10044. Do they fix their dates from time to time?—They fix their dates, and they put them off.

10045. They put them off occasionally?—Frequently. I have a case at the present time where I have got some stores which are most urgent, but the date of the sailing has been deferred for a fortnight.

10046. (*Mr. Lawrence*.) Where are they going to?—India.

10047. To what port?—I am afraid I cannot answer at the present moment. It is one of the West Coast ports.

10048. (*Sir David Barbour*.) When you call for tenders, have you any idea what proportion of the tenders are Conference Lines?—We know when the tenders come in.

10049. I wish to know if you can give me a general idea of the proportion? Do you get tenders from outsiders?—Frequently.

10050. Do you think the majority of your tenders come from ships outside the Conference?—No; the reverse.

10051. The majority come from Conference Lines, then?—Yes.

10052. Do you sometimes have tenders only from Conference Lines?—Yes; frequently.

10053. Is that generally the case?—No.

10054. It is not generally the case; but it is frequently?—I should think it is about half-and-half.

10055. The Conference Lines generally all tender at the same rates?—Yes.

10056. And the rates they tender at you, on the whole, consider not unreasonable?—They are not unreasonable.

10057. Do you find a difference in the rates that are offered to you between the East Coast and the West Coast?—Yes.

10058. Are the rates rather high on the West Coast?—No, I do not think so.

10059. You do not think they are any higher?—No; Madras is higher.

10060. I mean the East and West Coasts of this country?—I beg your pardon. I think they are very much the same.

10061. Are you quite sure of that?—No.

10062. Would you mind looking that up and putting it in your answer when you are revising your proof?—I will.

(*Witness*.) Practically rates whether from the East or West coast are equal (Glasgow excepted).

10063. (*Captain Collins*.) Do you ever ship by any foreign vessels?—Never from this country. I could not do so without the express permission of the Secretary of State.

10064. (*Professor Gonner*.) Are you quite clear about the frequent postponement of the sailings after the tender has been accepted?—Yes; it is constantly occurring—every week.

10065. Not with passenger boats, I suppose?—Yes, they are most of them passenger boats; I mean such boats as the Hall, and the City, and the Anchor Lines; we are constantly getting them deferred. But I cannot speak as to any individual Line.

10066. But it is a matter of considerable frequency?—Very frequently the date of sailing is postponed for days, and even more.

10067. *Sir Hugh Bell* suggests this question to me: Do you mean that they put off the sailing of the ship, or that they decline to take your cargo?—They put off the sailing of the ship. We have a date tendered this week, another next week, and perhaps another the following week.

10068. In other words, they do not sail to their advertised dates?—A great many of them do not sail to their advertised dates.

10069. When you take tenders from boats which are not in the Ring, do you find that those boats are satisfactory on the whole?—In what way?

10070. Are they generally satisfactory for your purposes—for instance, as regular as the others?—No, they are worse than the others.

10071. Is the accommodation as good?—As to passenger accommodation, they have none.

10072. I do not refer to passenger accommodation?—We only take first-class ships.

10073. And you do find first-class ships outside the Lines that are in the Rings?—Yes.

10074. You give no preference, I imagine, to boats, whether they are in the Ring or whether they are outside the Ring?—The only preference we give to boats inside the Ring is when they sail earlier than a competitor at a lower rate.

10075. Then you might give preference to boats outside the Ring if they sailed earlier?—Certainly, I should.

10076. You do not give preference to a boat because it is in the Ring, or because it is outside the ring?—No.

10077. So there is no question of preference?—We are absolutely impartial.

10078. Before the system of deferred rebates was introduced into India, was there less regularity, or was it more difficult to get regularity?—I do not think so.

10079. Taking it on the whole, your experience of shipping to India has been that the system of the Ring has not improved your service then?—I do not think it has affected it in any way whatever.

10080. That may be due, I suppose, to your rather peculiar position—because you are speaking as to your own experience?—Yes.

10081. You hold, of course, an exceptional position?—Yes.

10082. (*Mr. Owen Philipps*.) Have you received any complaints from ordinary shippers that the India Office has taken advantage of their strong position to obtain more favourable terms of shipment from the liners than are given to the ordinary merchants?—No.

10083. You mentioned, I think, that you could see no objection to giving a shipowner the right of filling up his vessel with coals?—Yes.

10084. In making that statement, did you intend to include allowing coals to be mixed up with fine goods?—No, because I do not charter for fine goods. If I have got any fine goods on board, I am very careful as to the stowage of the cargo.

10085. (*Mr. Sanderson*.) You mentioned in reply to one of the questions that you find occasionally you have been as long as six weeks in getting a steamer to carry your goods?—I think I can prove my statement.

10086. Does that not rather indicate the scarcity of suitable outside tonnage?—Outside the Rings?

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10087. Yes?—There was a scarcity of tonnage in the Ring as well.

10088. But outside the Ring?—It was not a case where I could charter; I had not sufficient.

10089. How many years is it, do you remember, since you last chartered outside the Ring?—Do you mean as against the Ring?

10090. Yes?—I do not think we have chartered for many years as against the Ring. We charter frequently for whole cargoes apart from the Ring altogether, but that is because we get a slightly lower rate of freight—we may get 2s. a ton less by chartering, sometimes more; but then it has not been a question of fighting the Ring.

10091. You have found the Ring, I take it, reasonable in their demands?—I have always found the Ring thoroughly reasonable in their dealings with me. There have been, of course, a few occasional unpleasantnesses, but as a rule I have no complaint whatever to make against the Rings, East or West.

10092. (*Sir John Macdonell.*) I see in the form of tender which you send out, there is a proviso as to when the vessel would be ready to sail?—Yes.

10093. Is the form filled up with a particular date?—Yes.

10094. I suppose that date is always observed?—Never—well, very seldom.

10095. Is it never observed?—The P. & O. sail to date; the British India very often does, but I am sorry to say that very few tenderers keep their time of sailing.

10096. As I understand, you say that very frequently you have to wait something like a month before your stuff is shipped?—No, I do not say very frequently.

10097. I took down that phrase, but perhaps you would qualify it?—I mean that we have to do so occasionally; I do not think it is very frequent.

10098. Occasionally you have to do it?—Occasionally we have to wait, but a month is about the outside time.

10099. It comes to this, that notwithstanding the tenderer has signed a tender, according to which he has to sail on a specified day, occasionally you have to wait something like a month?—No, not when the tenderer has signed. When a man has tendered his ship, we do not have to wait a month.

10100. That is what I put to you?—Then I did not understand your question. I apologise.

10101. I rather thought you did not?—No, I did not understand it at all. A ship does not delay a month when she has tendered a sailing date; then it is only a question of days.

10102. You mentioned in answer to one question that was put to you that the rates which were given to you under the tender were considerably lower than the rates which you believed were charged to the ordinary merchant and shipper?—They are lower.

10103. Could you put that into figures approximately?—I am afraid it would not be in the public interest.

10104. (*Sir Alfred Bateman.*) Could you not in correcting your proof put in a figure or two?—It would be absolutely useless, because it varies with the market and it varies with the fact. Liners will tender at a much lower rate when there is an opposition ship on the berth, and if there are two, the rate goes lower still.

10105. (*Sir John Macdonell.*) I do not want to press you with regard to that point, but could you give me one or two examples of the difference?—I do not think it would be in the public interest. I should have to ask the authority of the Secretary of State to answer that question.

(*Sir David Barbour.*) Perhaps you could give the figures of one or two cases, and say, "Here are the freights which private persons paid in such a month, and here are the freights we paid."—not mentioning the names of the firms.

10106. (*Sir John Macdonnell.*) I do not wish to press you, but would you object to putting down on paper some examples that you have in your mind and showing them to *Sir Alfred Bateman*?—I have got nothing

in my mind. I cannot keep the mass of figures of our tenders all through the year in my mind; that is impossible. We have about thirty-five tenders a week.

10107. (*Sir Alfred Bateman.*) Could you not put down two or three instances, without, as *Sir David Barbour* suggests, mentioning the names? (*Sir David Barbour.*) Or the exact dates even? (*Sir Alfred Bateman.*) So that they could not be identified?—In any question of comparison I should have to get the merchant's rate of the day from the City, and I do not know that; I mean I cannot speak with authority on the subject.

10108. (*Sir David Barbour.*) You can say, "This is the rate we paid, and these are the quoted rates of that day"?—Very well, that I can do.

10109. (*Sir Alfred Bateman.*) You have no doubt that has been the case frequently?—The rates are watched from week to week—I do not do it myself, but that is what I have been informed.

10110. It would be very convenient for our purposes if you could give us one or two concrete instances?—Very well, I will. The Secretary of State is not prepared to consent to the publication of any rates tendered to the India Office.

10111. (*Sir John Macdonell.*) You mentioned cases in which you have to wait something like a month; could you specify the particular Lines to which that was due?—There, again, I very much doubt whether it would be in the public interest to answer.

10112. Would you specify the ports for which this took place?—The ports would be Karachi, Chittagong, and Madras.

10113. (*Sir Alfred Bateman.*) Why Karachi?—I do not know; but there are delays in sailing from the West Coast, certainly.

10114. (*Sir David Barbour.*) The Karachi trade is done mostly at particular seasons, I imagine?—It is a season trade homeward.

10115. And Chittagong is a small place?—Yes, but Chittagong is coming to the front very largely.

10116. (*Sir John Macdonell.*) I hesitate to put this further question to you, but you said that certain Lines fix their dates, and then put them off for a fortnight; would you mention what those Lines are?—I do not think I said a liner put off its date for a fortnight.

10117. Could you mention any ships which fixed their dates and put them off?—I think you rather misapprehend what I said, or at any rate what I meant to say; that was that when a liner is full, I have often to wait a fortnight or a month before I can ship my goods. I say the Anchor, the City, and Lines on the West Coast, do delay their sailings.

10118. I think you did speak of dates having been fixed and of those dates having been put off?—That is so; a date is fixed, and the date is put off.

10119. Fixed by whom?—By the tenderers—the shipowners or the brokers.

10120. (*Professor Gonner.*) I do not think, in answer to me, that you stated that they were put off for a fortnight or a month; you said they were frequently departed from, and that the boats did not sail to the advertised dates?—That is all.

10121. (*Captain Collins.*) Is the penalty enforced?—No. We enforced the penalty once against the British India in a very bad case, but it was about seven years ago.

10122. (*Sir John Macdonell.*) Do you ever ship goods from foreign countries?—Yes, small quantities.

10123. From the United States?—Yes, from the United States, and from France and Germany.

10124. In the case of those shipments, do you make use of foreign or British ships?—Of foreign ships from Continental ports as a rule, as we cannot get British ships; but when we take a foreign ship we always insure.

10125. (*Mr. Lawrence.*) In reply to the question whether the India Office are accorded (under contract or otherwise) lower rates than those accorded to merchants, and, if so, what is the extent of such preference, you told us that the India Office chartered at lower rates than other shippers, or got lower rates accorded to them?—Not by charter.

10126. But you get them?—We get them in the open market. Anybody could charter at the same rate as we charter, as far as I know.

10127. I was going to put a question to you on that. In what way does your position differ from that of any ordinary merchant?—In no way.

10128. That is to say, he can do as well as you can?—Exactly, when chartering a whole vessel.

10129. In your proof you say, "Frequent sailings are desirable and essential, and stability of rates is by no means desirable from an economical point of view." I do not quite understand what that means, because we have heard a great deal here from various witnesses about the stability of rates and the great advantages which they give?—I can see no advantage to the shipper in the stability of a rate, unless it is a very low one.

10130. You infer that the stability of rates means a high ratio of rates?—There are varying rates, and rates must vary, as I understand it. Take the rates to India. We get low rates outward when the homeward rates are high, but we have to pay very much higher rates outward when there is no return freight. I do not see how you can get stable rates in those conditions.

10131. Not on an economical basis?—Not on an economical basis.

10132. You add in your proof, "In fact it is doubtful whether, except under external pressure, any stability of rates could be assured." What external pressure—the pressure of a shipowner, the pressure of a charterer, or what?—It may be legislation following on a Report of this Royal Commission; that is all I meant by that.

10133. That is dealing with the future, not with the past?—Yes, it is dealing with the future.

10134. You stated, also, that in your judgment the India Office were in command of the position as far as they were concerned; that, I presume, is in consequence of your having this absolute freedom of going where you like and of chartering for yourselves?—Yes.

10135. (Sir Alfred Bateman.) You say that you could not accept any tender from a foreign ship without getting the special leave of the Secretary of State; how long has that regulation been in force?—I should say about 45 years.

10136. As long as that?—It is beyond my recollection, and I have been 44 years in the Office now.

10137. The exception is when you are getting goods from a foreign country?—Yes. Then I require no sanction, because there is no other means of shipping.

10138. You spoke about the Hansa Line, I think, as having tendered?—They have never tendered as far as I recollect. They tried to get us to allow them to tender when they were fighting the P. & O. and British India, but we never shipped a ton of stores by the Hansa Line.

10139. They would have taken your goods at a very cheap rate, I suppose?—I think they would have taken them for nothing at the time.

10140. But it was not thought desirable by the Secretary of State that a departure of that sort should be made?—No.

10141. (Sir Hugh Bell.) Stability of rates in that form you would entirely approve of?—Entirely.

10142. (Sir David Barbour.) If they have got permission, and you had shipped at a cheap rate, that would have been to the advantage of India, would it not?—It would have been to the advantage of India for the time.

10143. But in the long run you think not?—I am perfectly certain it would not. Mr. F. G. Burt.

10144. (Mr. Reeves.) They would make you pay for it afterwards?—They would, and very dearly. 2 July 1907.

10145. (Sir Alfred Bateman.) Is there anything you can tell us that you have not been asked by my colleagues in which your opinion would be useful to us in our inquiry?—I think not, because the question of Shipping Rings, as I think I have more or less explained, is outside my ken. I have not studied it; I am content to stay where I am.

10146. In fact, you do not wish to give your personal views on Shipping Rings generally?—I do not think that they would be of any value.

10147. You must have had a good deal of experience in your 40 years' service?—Yes.

10148. What is the effect of different Rings—of course, we will not press you?—I think I would rather not say anything on the subject. Personally I have found no harm from Rings.

10149. (Sir David Barbour.) You mean as regards the India Office?—As regards the India Office, and as regards India, and the rates of freight we pay.

10150. (Sir Alfred Bateman.) There is only one question with which we are not directly concerned, but still it is an interesting point to us. In the statistics of the trade of India, which we get from your Office, I think the Government shipments to India are all excluded except bullion and specie. (Sir David Barbour.) The Government stores are given separately in one place, are they not?—Yes.

10151. (Sir Alfred Bateman.) I think you said there is practically nothing in the way of return shipments?—If you have got the Indian returns before you, there is nothing additional that I can give you; everything is there.

10152. I have gathered from you that there are practically no shipments of Government goods from India?—Practically none.

10153. I suppose there are occasionally returned stores?—Nothing of any importance at all. The only things that come from India are mails, printed documents, cloth cuttings, &c.

10154. (Mr. Reeves.) Do they sell up everything there that they want to get rid of, if they have old stores or odds and ends that they want to sell?—I should think so.

10155. (Sir David Barbour.) They would not as a rule send them back to this country?—It would not pay the freight.

10156. (Mr. Reeves.) It pays us, for example, in New Zealand, which is much further away, to send old iron here in order to sell it—it is a curious thing, but it does?—It is sent home as ballast, I expect.

10157. Yes. I presume that you have seen a considerable difference, generally speaking, in freights during your 40 years' experience?—Yes.

10158. I suppose the tendency has been to fall?—Decidedly.

10159. Has that tendency been at all varied or interrupted during the last 10 or 12 years, or has it gone on as it did before?—Speaking generally, I think rates were fairly steady at a higher figure till the German competition intervened.

10160. What would that date be, about?—It is quite recently, when the Hansa Line had their fight with the P. & O. and the British India Lines.

10161. And that brought things permanently low?—It brought them lower slightly, but they have been on the rise, naturally, ever since the companies came to terms.

Mr. DOUGLAS OWEN, called, and examined.

10162. (Sir Alfred Bateman.) You have had a great deal of experience connected with shipping, I believe?—Yes.

10163. In what capacity?—The greater part of my business life I have been associated with shipping in one form or another, and I have written a good deal on various aspects of it, and so on.

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10164. We know that. I think you have prepared a statement for us, which we may take as your evidence-in-chief?—Yes.

(The witness handed in the following statement.)

1. In the summer of 1904 I was requested by the Colonial Office to proceed to Johannesburg to assist, as an impartial expert, at a Conference called by

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Mr. D. Owen. Lord Milner, at the instance of the trading communities of South Africa, to consider the then relations between the traders and the shipowners. A South African Shipping "Ring" was in operation, and certain of the merchants had long been complaining bitterly of its methods and oppressions. The complaints were:—

- (1) That the rates of freight were inequitable and oppressive;
- (2) That the shipowners unfairly granted secret concessions to certain large companies or firms, to the prejudice of other traders;
- (3) That the shipowners carried goods from America to South Africa at lower rates than from England to South Africa;
- (4) That the German Lines belonging to the Ring carried certain goods from Germany at lower rates than the British Lines in the Ring would carry similar goods from England to South Africa; and
- (5) That the shipowners had used their privileged position as an instrument of oppression against shippers who had shipped goods by competing Lines.

These, I think, were the grievances, or the principal of them.

2. To my mind, the most serious of these complaints was No. 3—that of giving an unfair preference to American shippers. The complaint was well founded. It is, however, necessary to analyse it, more especially as the traders were primarily championing the cause of the consumer, who was understood to be the principal victim of the Ring. But if the rates charged on the goods from England were on their own merits reasonable, it is not evident in what way the consumers, as such, were injured by a system which enabled them to buy American manufactures cheaper than English. That the system was highly prejudicial to British manufacturers is evident enough; but this did not hurt the South African consumers, as such. It was, however, a serious charge from an Imperial point of view, and the shipowners were only able to plead in their own defence (a) that it was forced on them by a freight war; (b) that they themselves were heavy losers by it; and (c) that it was only a temporary occurrence. In my opinion this explanation was correct and *bonâ fide*; but this did not get rid of the fact complained of.

3. Complaint No. 4 was somewhat of the same nature, viz., that German goods were brought in German steamers belonging to the Ring, at much lower rates than similar English goods were brought in British steamers. Here again, if the British rates were reasonable, the consumers, as such, would appear to have had no real grievance, though from an Imperial point of view the complaint was serious.

4. The answer of the shipowners to this charge was an explanation that (a) it was the outcome of a peculiar combination between the German rails and the German ships; and (b) that the British shipowners, whilst in sympathy with the complaint, were powerless to remedy it.

5. I believe the history of the complaint is that the German Lines, on agreeing to join the Ring, retained for themselves the option to calculate the tariff or schedule rates of freight on either the ton measurement or the ton weight. The German co-operating rails charged on weight and the German shipowners adopted the railway method, the result being that goods of large measurement and little weight were carried from the interior of Germany to South Africa by weight, cheaply; whereas similar goods were carried from England by measurement at high rates. I was under the impression at the time that the British members of the Ring, in conceding this option to the German Lines, did not grasp the true inwardness of what they were conceding, and that having once entered into the agreement they found it inexpedient to raise questions of interpretation. This was my idea, but I may have been wrong about it.

6. But so far as the Ring is concerned, it would seem that the alliance existing between the German State Railways and the (more or less State-subsidised) German Lines will always enable goods to be carried from inland Germany to the Cape more cheaply than they can be carried from inland British cities to the Cape, Ring or no Ring, as there is no corresponding alliance between the English railways and the English ships.

7. I have already observed that South African consumers, as such, had no ground of complaint against the Ring for carrying foreign goods at lower rates than British goods, always provided that the rates charged on the British goods were in themselves reasonable. This brings me to complaint (1)—That the rates of freight generally were inequitable and oppressive. Whether this charge was well founded, I do not know. It was on all hands accepted as a cardinal article of faith by the traders, and my request, at the opening of the Johannesburg Conference, for some sort of evidence on the subject was regarded as frivolous, or even worse. To this day I do not know whether the complaint was well founded or not.

8. Then there was the further complaint (2)—that some of the large importers were secretly put on a favoured footing. Of this, again, there was no proof; but proof could only have been got from the shipowners themselves, or from the parties benefited. The general impression I received was that probably the complaint was well founded.

9. Finally, complaint (5)—that the shipowners had abused the position in which their agreement with the traders placed them, to act oppressively towards traders who had gone back on them and had supported opposition shipowners, owners not in the Ring. I believe, myself, from what I heard in England and in South Africa, that the Ring did in fact punish backsliders with great severity, with the result of a very bitter feeling on the part of shippers and consignees, some of which latter were made to suffer severely, being themselves innocent and ignorant of any offence on the part of the shippers employed by them.

10. An impartial review of the facts makes it abundantly clear that the disadvantages of the Ring system, as well as its advantages, are very notable. But whereas the advantages mainly accrue to the South African traders and to the shipowners in the Ring, the disadvantages fall largely on those British manufacturers whose goods have to pay a higher freight than those of their American competitors. It is or may be true that the shipowners sometimes charge unduly high rates, to the disadvantage of the consumers; but the consumers, or their allies the traders, are parties to the arrangement which makes this possible, while the manufacturers are overlooked in it altogether.

11. But if the system is objectionable, who are they who should be blamed for it? Clearly, the traders themselves. They lend themselves to it solely for the advantages which they expect to get, and ordinarily do get, by it. These advantages are:—

- (1) Settled or stable rates of freight;
- (2) Regular sailings to and from South Africa;
- (3) Alternative ports of shipment and of discharge;
- (4) Steamers of high class and speed.
- (5) Disclaimer of shipowners' right to trade.

12. These advantages, they declare, are necessary for their trade. But for shipowners to provide costly ships, which are to sail whether full or empty, and to call at a variety of ports in fixed order and at regular intervals, means great outlay and great working expense. To undertake such responsibilities as these, only to find that the traders were giving preference to the first ship which would offer half-a-crown lower freight, would be in the highest degree improvident. Therefore the shipowners make a bargain with the traders. They must have an understanding as regards their right to fix rates of freight, after consultation with the traders, and they must have some machinery which will make them sure that the traders, collectively and individually, will loyally stick to their bargain and support the Ring against outside competition. The result is the Rebate System.

13. Now there is nothing new about this system. It is understood and practised all the world over. If the South African traders did not understand its working when they first entered into it, this was not the fault of the shipowners. And if, in fact, they did not then understand it, they have had plenty of opportunities to withdraw from it since. And no doubt they would have done so, but for its advantages. As to its disadvantages, they have been exemplified in different parts of the world over and over again. They are inevitable to the system, and the system cannot in my opinion, be carried on without them. If the traders are opposed to it, the remedy is in their own hands; they can say they will have no more of it. But instead of doing this they load the shipowners with

complaints, and cry to the Government to help them out of a difficulty which they have created for themselves, and which they themselves are in a position to solve effectually. Why should they cry to the Government? The shipowners, first and last, have lost probably millions by freight wars forced on them more or less by the want of loyalty of those with whom they bargained. The shipowners might just as reasonably cry to the Government for protection.

14. The traders may reply that they cannot help themselves; that they require the advantages which the Conference gives them. I do not admit it. Let them agree amongst themselves that they will have no more Rings. They would then, all of them, be on the same footing, whether a footing of the present advantages or not. They might be exposed to freight wars, possibly, but there would be no Ring to bring about such wars, at all events. And why should South African traders expect to be more immune from freight wars than are traders of other countries, who have shipping freight and railway freight wars to contend with? Let them charge an extra profit on their goods as an insurance fund against such inconveniences or losses. All these things settle down and find their level, and the ablest man comes out top. The South African traders are justly solicitous for the interests of the consumers. Let them, then, abolish Rings, and so enable the consumers to get the lowest freights which healthy competition will secure for them. They are also justly solicitous for the British manufacturers, whom their agreement with the shipowners is injuring. Let them, then, abolish Rings, and give the British manufacturer fair play. As it is, the traders want, personally, the advantages which the Ring gives them, and want the Government to protect them against the disadvantages inevitable to the system, and which they must well know to be inevitable if the shipowners are not to be made fools of. If they all agreed, they could render the system impossible. They may reply, some of them, that they would like to do so, but that they cannot agree amongst themselves. If this be so, is the Government then to be appealed to to save them from their own want of common purpose?

15. The shipowners are greatly blamed by the traders, and indeed a course of action which lightly makes sport of the rights and interests of British manufacturers is rightly to be blamed. But are the shipowners more to blame than the traders? The traders know, as well as the shipowners, what are likely some time or another to be the consequences of a Ring. In my view there is little or nothing to choose as regards the merits, between the two parties to such agreements. Both are equally entitled to sympathy or to blame, according to the point of view.

16. Complaint No. 3—the American competition—may be further referred to. The complaint is well founded, but its gravity consists largely in its comprehensive vagueness. The grievance is that goods are carried from America to South Africa at, let us say for illustration, 20s. a ton less than from the United Kingdom. But what is the value of the ton so carried? It varies, of course, but let us, for illustration, call it £20. Adopting these figures as a convenient basis, it follows that the South African consumer will be able to buy certain American goods at 5 per cent. less cost than similar British goods. This is very annoying to the British manufacturer, no doubt. But he may quite possibly have to face a similar result owing to the ability of a foreign rival to manufacture at 5 per cent. lower cost, or to the willingness of such rival to accept 5 per cent. less profit, or to a foreign rail-and-ship combination which carried the goods at 5 per cent. less cost than in the case of goods from the United Kingdom. The lower freight charged to the American manufacturer, we are told, is driving British trade out of the Colony. Is it, then, driven out by the other instances referred to? Surely not. A British manufacturer worth his salt is not going to be driven away from his market by any such means. He will rather sacrifice 5 per cent. of his accustomed profit in order to hold his ground. He no more expects to be free from vexatious competition than the shipowner expects to be free from freight wars. And there is this fact to be borne in mind: a large part, perhaps the larger part, of this favoured American trade is in goods which are not shipped from England at all. Others are goods which, owing to peculiarities of design or make, are largely preferred by Colonial users. All such goods must be struck out of

the wholesale allegation of grievous injury to British manufacturers. The remainder calls for analysis and classification into ton value in order to arrive at a conclusion as to the real prejudice to our manufacturers. In my opinion the question calls for careful examination from this point of view. Say that the value of a ton of British goods is £20, which is also the value of a ton of similar American goods; and that the American freight is 20s., that is 5 per cent. lower, on the £20. To meet an emergency competition arising out of a temporary freight war, what is there to prevent the British manufacturer from deducting from his invoice price an additional or special 5 per cent. discount so as to restore the equal balance? If he wants to keep his trade he will do so by foregoing, temporarily, this amount of his profit. The percentage may be more or may be less, but the figures adopted are convenient for illustration and probably are not very wide of the mark, at any rate as an average.

17. And this method of dealing with the situation seems to suggest a further solution. For as the charge against the shipowners, that in their own selfish interests they lightly and unpatriotically sacrifice the interests of British manufacturers, is a very grave and injurious charge, the shipowners have now an opportunity to relieve themselves of it. And it seems not impossible that if it were placed before them they might see the wisdom and justice of doing so. Namely, in the following manner:—Let them declare that in the event of a freight war rendering it necessary for them, in their own interests, to carry American goods at lower rates than British goods, they will share with the British manufacturers injured any extra discount specially granted by the manufacturers in order to neutralise the saving in freight accorded to the Americans. This would be evidence of a desire of the Ring not to utterly disregard the rights and the well-being of British manufacturers, and would also be a security that the Ring would do their utmost to avoid a freight war, which would visit them with a share of a loss which their action would force upon the manufacturers. My own opinion is that the loss really suffered by the manufacturers is by no means so heavy as individual instances might lead it to be supposed, and that the burden on shipowners would in consequence not be heavy. As to the ton values in the case of the various goods, in order preliminarily to test the proposition, there should be no difficulty in getting at them, and the percentage relation which a freight-difference of 10s., 20s., or 30s. a ton bears to them would at once appear. The shipowners may refuse to consider it, in which case the public will know what to think of the position. Should they, however, accept the proposition, my own opinion is that as regards the other questions, the traders and the shipowners may well be left to settle their differences in South Africa as similar differences have been settled elsewhere.

10165. (Sir Alfred Bateman.) I see from that statement that you went to South Africa in 1904 at the request of the Colonial Office?—Yes.

10166. You say a South African Shipping Ring was in operation, and you cite complaints which had been made of its methods and oppressions. Complaint No. 3, you say, was the most serious, that being "that the shipowners carried goods from America to South Africa at lower rates than from England to South Africa." Do you mean to say that they were the same class of goods?—Some of them were of the same class and some were different, because there were classes of goods that were not made in England at all; but whatever it was they were carried per ton cheaper than similar goods could be carried from England per ton.

10167. What was the grievance of South Africa on that point; because they got their American goods cheaper than their English goods, I suppose, and they did not mind that, did they?—It is a complaint that it is necessary to analyse, as I say, "more especially" as the traders were primarily championing the cause "of the consumer, who was understood to be the principal victim of the Ring. But if the rates charged on the goods from England were on their own merits reasonable, it is not evident in what way the consumers, as such, were injured by a system which enabled them to buy American manufactures cheaper than English. That the system was highly

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Mr. D. Owen. "prejudicial to British manufacturers is evident
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"consumers, as such."

10168. What is your impression of the reason for this complaint No. 3, namely, that in South Africa they got their American goods brought cheaper than those from England?—I think it was not that the consumers or their representatives, the traders, complained that they got American goods cheaper; it was rather that they complained that it was unpatriotic conduct of the Ring to bring American goods cheaper than they would bring English goods. That was the complaint; and as I say it did not hurt the consumer, but it was a stick to use.

10169. It was not a question of pocket, but it was a question of patriotism?—It was a question of patriotism, and I think especially a question of the big stick with which to belabour the shipowners.

10170. You think, then, it was a question of a stick, and not a question of the merits of the case?—I do not think it was a question of the merits of the case. I think it was on the principle that any stick would do to beat a dog with, and this was undoubtedly a stick that could do as against the shipowners; it was thrown in with the rest. The consumers certainly were not hurt. If the complaint had come solely from British manufacturers, I should have said, "Yes, that is a perfectly reasonable complaint."

10171. You are probably aware that in the London Conferences one of the last proposals that Sir Donald Currie and the shipowners made was that the merchants here should agree not to take advantage of those American rates and not to ship goods from America to Africa?—I do not know that, but it seems to me that an agreement in that sense would be unworkable.

10172. You may take it from the Chairman of that Conference that it did not seem to be welcomed by the London Committee of South African Merchants, nor was it welcomed by the South African Premiers?—It would not work. Nobody would act on such a suggestion as that. The people out in South Africa are like the people in the rest of the world; they are going to get their goods as cheaply as ever they can, wherever they come from.

10173. Do you say that in this particular instance that feeling does not prevail, and that the question of patriotism comes in?—No, I do not think I quite mean that. So far as the question of patriotism was concerned, the consumers complained that the rights of British manufacturers were being hurt, but as consumers they were not being hurt, and yet they were complaining as consumers. They were mixing up two things.

10174. There is one expression in paragraph 2 I should like to ask you about. You say, "if the rates charged on the goods from England were on their own merits reasonable"; do you think that you can determine whether rates are "on their own merits reasonable"?—I do not know any test except examining the shipowners' books and seeing what profit they have made. There is no other test that I know of.

10175. Should you be satisfied with that test?—If it went far enough back, and if it covered a sufficient number of years. A test of one or two, or even three years would not satisfy me. I should want to see what the shipowners engaged in that business had been making over a term of years, and what it really cost to run their ships.

10176. The South African Premiers or the South African Government representatives were offered by Sir Donald Currie the accounts to look at?—Yes, I believe they were, and they would not.

10177. They were not satisfied with that, because they said there was a great deal you could not find out from the published accounts of, say, the Union-Castle Line?—That is perfectly true, but I should imagine that Sir Donald Currie's offer was really that their books should be inspected, and not merely the printed forms of accounts, because I do not think the printed forms of accounts tell us much—they are not meant to.

10178. You are quite right; the books were offered?—Then I think that was a very fair and reasonable

offer. The fact is the South African Colonists went at it like a bull at a fence. They went and made up their minds that the rates were excessive, and they did not want to discuss the evidence.

10179. Is it not very difficult for outsiders, even accountants, to find out from books whether rates are reasonable?—No; I do not think I should admit that. I think if accountants had access to a shipowner's books they would be able to find out perfectly well what profits had been made on certain rates. As I said, it must not be of one year, it must be over a term of years. At any rate I do not know of any other test.

10180. (Sir David Barbour.) If the company was badly managed then the books would show a small profit when there ought to be a large profit?—Yes; that is perfectly true.

10181. So that there is a difficulty?—There is not much bad management with Sir Donald Currie, I think.

10182. (Mr. Owen Philipps.) Still, the examination of the books would show if the company was fairly managed, would it not?—I think so, certainly. I think you could start with the assumption that even with such a firm as Sir Donald Currie's—and I am not referring particularly to Sir Donald Currie alone—who have been engaged in the business for years and who know their business thoroughly—that their business would be well and economically managed, and therefore reference to their books would show what their profit was and whether that profit was excessive.

10183. (Sir Alfred Bateman.) Would you prefer that test to another test, that is, what rates are charged by outside ships?—The latter would be no test.

10184. That is, what are the rates in the open market?—I do not think that would be a test because outsiders come in and quote low rates, rates at which they are prepared to lose money for the sake of breaking down the Ring or being admitted into the Ring; so that would not be a test.

10185. But that would be so sometimes?—Sometimes.

10186. Do you not think by taking a longish period you could get at it in that way?—No, I do not think you could; at any rate, not where a Ring was running. If there is a strong Ring in force, either outsiders will not come there at all or else they will come at rates intended to be fighting rates. So I do not think that would do.

10187. The point is made that in many cases they could have got their goods carried cheaper by ships outside the Ring and they say that shows that the freights charged by the people inside the Ring were not reasonable. You seem to think that the only way of determining the reasonableness of the rate is by an examination of the books?—I cannot see any other way. I do not think it would be a test to take the rates that a fighting company would charge in order to break down the Ring or to be admitted into the Ring. I do not think that would be any fair test at all of the rates, nor would it be any test of the rates: a man chartered a whole ship. A man who could charter a whole ship might get his cargo carried at half the rates that would be charged to him if he were shipping in parcels, particularly if it were a whole cargo of coal or iron or something of that sort and did not want much stovedoring. The difficulty is to get the Colonists to see that the things stand on different bases. They deal with them together, as if they were all on one and the same basis; but you have got to subdivide them and compare like with like, not like with unlike.

10188. Really what I want to get from you is this: Why is it that the feeling out there is, as you must have seen, stronger than the feeling of the South African merchants here?—I cannot tell you, because I do not know. I know that the feeling was strong, and feelings are generally strong, if they are felt at all in the Colonies; they make up their minds, they are absolutely agreed, and so they are very strong. I cannot give any explanation.

10189. You cannot suggest any other reason?—No, I cannot. I think that the interests of the merchants in South Africa and of the merchants shipping here are not, perhaps, quite identical. It might be that a system of shipping which would suit the merchants

here in England, acting as agents for the people on the other side, might still be open to objection by the people at the other side. They view the thing from different aspects, rather.

10190. I suppose you do not know exactly what the feeling is at the present time?—No, I do not. I have been out of touch with it, as I have been abroad for a good many months.

10191. You do not know whether the feeling is as strong now as it was when you were over there?—I should think it is sure to be just the same at both ends.

10192. I thought rather from what one reads that it is not so strong?—From what you read in my notes?

10193. No; I was not referring to your notes then?—I have not followed the evidence, but I do not believe there would be any difference.

10194. Now we will go to the German question. In paragraph 3 you say the complaint was "that German goods were brought in German steamers belonging to the Ring at much lower rates than similar English goods were brought in British steamers. Here, again, if the English rates were reasonable, the consumers, as such, would appear to have had no real grievance, though from an Imperial point of view the complaint was serious." I suppose at the present time the rates are the same from ports of Germany as from here, are they not?—I believe the rates from the ports are the same, but not if you get an inland transit added on to them.

10195. Then you get into the very difficult question of the railways?—Yes.

10196. Have you had any special acquaintance with the working of the railway rates system in Germany?—No, I have not; but I have read about it.

10197. You say in paragraph 6, "The alliance existing between the German State Railways and the (more or less State-subsidised) German Lines will always enable goods to be carried from inland Germany to the Cape more cheaply than they can be carried from inland British cities to the Cape, Ring or no Ring, as there is no corresponding alliance between the English railways and the English ships." Do you think any such alliance would be practicable?—No, I do not. I do not see how it is to be done. In Germany the railways are, I think, almost entirely State-owned, and here they are not at all, but are independent trading concerns who have got to make money for their shareholders without regard to other considerations.

10198. But there is a certain amount of interference even in this country with railway rates?—You can limit and control, but that is about all.

10199. You do not think it would be possible to have such control as there is in Germany?—No; not unless the State took over the railways, which it seems is out of the question.

10200. That is a very big question; but without that would it be possible?—I do not think so; I do not see how it is to be done.

10201. State-ownership of railways, you think is out of the question?—Yes; State-ownership is quite out of the question.

10202. In paragraph 7 you say, "This brings me to complaint No. 1, that the rates of freight generally were inequitable and oppressive. Whether this charge was well founded, I do not know. It was on all hands accepted as a cardinal article of faith by the traders, and my request at the opening of the Johannesburg Conference for some sort of evidence on the subject was regarded as frivolous, or even worse." Surely that was not so, was it? Your asking for evidence was not frivolous; for there was a certain amount of evidence, was there not?—There was no evidence at all. Perhaps I should substitute another word for "frivolous"; but evidently I was regarded as quite the wrong man in the right place or the right man in the wrong place; I was of no use to them at all; unless I went out with the conviction that everything they thought was correct, then I was no good at all.

10203. But there was no dispute about the amount of the rates, was there?—There was no dispute because they all agreed the rates were excessive, and it was impious or blasphemous to suggest any idea to the contrary.

10204. They did not compare the rates with the rates in other trades, I suppose?—I do not know that they did.

10205. The trade to the East or the trade to Australia, and so on?—There was talk about that, but there was no comparison, because, as I have, I think, already said, ships have had to come out to the Cape empty, or half full, and to go back quite empty.

10206. You say you do not know now to this day "whether the complaint was well-founded or not"; that is, whether the rates are inequitable?—Yes. I have not the least idea, and I do not know at all.

10207. Then you go on to say in paragraph 8, "Then there was the further complaint (2), that some of the large importers were secretly put on a favoured footing. Of this, again, there was no proof"—That is so; but I think it was right.

10208. You think that is very likely right?—I made private inquiries and things were told me confidentially that could not be repeated, and my belief was that it was correct.

10209. You are probably aware that in the proposals before the London Conference the shipowners were ready to do away with preferences?—Their being ready to do away with them is an admission that they existed, I suppose.

10210. I do not know that you can always take that. The Governments were prepared not to claim lower rates than were given to the small importer?—It was not the Governments though; it was some of the big mining people. I think the mining companies got out their machinery under specially cheap conditions.

10211. Then in paragraph 9 you say, "Finally, complaint (5), that the shipowner had abused the position in which their agreement with the traders placed them to act oppressively towards traders who had gone back on them and had supported opposition shipowners—owners not in the Ring." Do you think that they did punish those who shipped by other boats?—Yes, they did. There was very great feeling about that. Some of the people in Central Africa were very aggrieved indeed, and I should have been aggrieved if I had been they. A man in Orange Free State would write to the agents he knew in England to ship him some goods, and those particular agents whom he had employed before, and against whom there was nothing at all, had incurred the enmity of the shipowners in respect of some other interest altogether, the result being that the goods intended for the man in the Free State could not be shipped, and the innocent man in the Free State suffered bitterly through the misdeeds of the agents in England. That was felt as a very great grievance.

10212. (Mr. Lawrence.) The agents were acting in a double capacity?—They were acting in a quadruple or quintuple capacity; they would act for anybody.

10213. (Sir Alfred Bateman.) Was the feeling strong about the length of time during which the rebates were exposed to being lost?—I think they objected to the rebate system *in toto*. I never heard it said it was too long, but that it was wrong altogether.

10214. You appear to think it is inevitable, do you not?—I do not see how a Shipping Ring is to be run without some constraint, some control over the shippers, of that nature. If it is not a rebate system it must be something which will bind just as hard and fast.

10215. But is not 15 months or even more a very long time for anybody to be bound?—Yes, I think it is. But then the traders agreed to it; it is a bargain between them and the shipowners. It may be a very improvident one, and I am rather inclined to think it is; but still, they made it.

10216. Should they not at some time or other be able to get free?—Yes; unquestionably. I do not remember the agreement now, but if there is no provision enabling them to determine the agreement, say, on December 31st, and that the commission coming to them should be theirs absolutely on December 31st or nine months later, whatever they may do as regards other ships, it is a most improvident and stupid arrangement. But I am not aware that the traders ever raised that point with the shipowners, or ever asked for a termination of that kind to be put to that agreement. I do not know whether they did or whether they did not, but I never heard of it.

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Mr. D. Owen, 10217. You speak of the British manufacturers as being the people who have suffered the disadvantages most?—Yes, certainly, they are the people. The consumers were complaining about the way British manufacturers were treated; and I think really the consumers wanted a stick to beat the shipowners with, and that was a very good one. But it certainly did not hurt the consumers, though it did hurt the British manufacturers—there is no doubt about that.

10218. Do the importers and the consumers get these rebates eventually in South Africa, or do they complain that they do not get them?—I think a good many of the little people do not get them. The people at the Cape stick to them, and the little people inland do not know anything about them at all.

10219. But you think they get them as far as Cape Town is concerned?—I do not know that they always do. I am not at all sure that they do—in dealing with the small people. Of course if they are dealing with a big business firm who knows everything, that is another thing.

10220. Did it strike you that that was one of the reasons why there was more feeling there than there is here?—No; I do not think so a bit.

10221. You do not think that was one of the reasons?—No, I do not really think so, because the people who stick to the commission were satisfied, and those who did not get it did not know anything about it.

10222. (Professor Gonner.) So they were satisfied?—Yes.

10223. (Sir Alfred Bateman.) Then in paragraph 11, you go on to quote the advantages which we have mentioned before of settled or stable rates of freight, of regular sailings, of alternative ports of shipment and of discharge, of steamers of high class and speed, and of a disclaimer of shipowners' right to trade; and you are a good deal impressed, I gather, by those advantages?—Yes, certainly, having travelled a good deal.

10224. You go on to say in paragraph 13, "There is nothing new about this system"—that is, the rebate system; surely it is new? It is not old, is it?—It is not new, in a sense, in South Africa. It may be new to South Africa, or at any rate it was once new to South Africa, but it is going on all over the world, and it is not peculiar to South Africa.

10225. That is true—it is not peculiar to South Africa?—That is what I meant.

10226. When did you first hear of it? How many years ago?—I do not know, but it was a good many years ago.

10227. (Mr. Reeves.) A dozen?—I should think so.

10228. (Sir Alfred Bateman.) Do you think it is quite correct to say that there is nothing new about it?—What I meant was that there is nothing peculiar about it as regards South Africa, and I should have said "peculiar."

10229. You say, "If the South African traders did not understand its working when they first entered into it, this was not the fault of the shipowners. And if, in fact, they did not then understand it they have had plenty of opportunities to withdraw from it since." What would those opportunities be?—In writing that I think I rather left out of sight the fact, if it be a fact, as I gather it is from what you say, that there is no provision in the contract enabling the traders to terminate it at six months' date without sacrificing commission. Of course if there is no provision of that kind, then, in a way, they would not be able to terminate it at any time; but it seems to me inconceivable that business men should enter into such an arrangement at all. If they did, they surely have got themselves to thank for the mistake.

10230. Without making any arrangement if they ship by these Lines and afterwards want their rebates, they must be under the rules or they will not get their rebates back?—Still an agreement of this kind cannot be absolutely unending; one must suppose that an end is to be contemplated even if it is not fixed. We are now in 1907; they could make an agreement with the shipowners—an indefinite agreement, if you like—with this clause in it, that if six months before December 31st, 1910, the merchants gave notice of their intention not to renew it, any rebates earned by them up to December 31st, 1910, should thereupon be paid to them.

10231. Do you think that would be fair? Is that the kind of thing you would like to see?—It ought to be done unquestionably.

10232. But you do not know of any agreement of that kind?—No; but I cannot imagine any business man making an agreement that had not got some provision for its termination.

10233. I think we are told that as a rule there is no regular agreement in these things, but that a man ships his goods by one of the Ring liners and gradually he accumulates the rebates which will be due to him, and he never has an opportunity of getting out?—I think there were, were there not, one of two meetings in London between the shippers on the one part and the shipowners on the other, in which certain terms were agreed to? There really was an understanding, and I think there was a regular agreement.

10234. (Professor Gonner.) I think you are referring to the compact of 1898 and the agreement of 1898?—Yes, I think so.

10235. (Sir David Barbour.) Was it not the case that the rebate system had been already introduced, and that all that took place in these conferences was that they got certain concessions from the shipowners?—That I do not know, and I cannot say.

10236. (Sir Alfred Bateman.) I think we have had it independently of South Africa that in these other Rings there are not, as a rule, agreements, but a man ships his goods, and he gets gradually bound deeper and deeper?—Of course, that is simply silly, if it is so. Take the case I gave just now: We are in 1907; if before 1910 comes the merchants say, "We have had enough of this one-sided agreement, and we are going to give you notice that we will terminate it on December 31st, 1910," then is the shipowner to be in a position to say, "Very well, if you terminate it on December 31st, 1910, you will forfeit six months' discounts"—if so, you can never terminate it. That is simply silly, and it is not business. Before they entered into an agreement of that kind, they ought to have provided for terminating it.

10237. (Sir John Macdonell.) If the arrangement is what we know it to be, namely, that there is no possibility of terminating the agreement without sacrificing the rebate, what would be your opinion of that arrangement? Would it be fair, do you consider?—No. You do not ask me what would be my opinion of the people who made the agreement, but what would be my opinion of the position as it stands?

10238. Yes?—I think that would be quite a case where the Government should protect the people.

10239. (Sir Alfred Bateman.) That we should make recommendations, that is, to the Government?—Certainly I think so; otherwise you have got an un-stamped and interminable agreement.

10240. (Mr. Owen Philipps.) Do you think if your suggestion were adopted it would meet all the reasonable objections of the merchants?—I do not know about all the reasonable objections. It would meet that particular point, which is a very material point.

10241. (Sir David Barbour.) May I put this case to you: Suppose that the Conference steamers have secured a monopoly and driven off all competitors, and that this is to be put an end to at a particular date; what are the shippers to do when there is nobody competing with the Conference steamers?—Wait for the other steamers to come in; it would be known.

10242. Suppose the Conference steamer lower their rates to prevent the others coming in?—That is all right—that would be the very thing; the merchants would have got what they want.

10243. Then the others will not come in?—But they will. It will be known all over the world, and if the merchants in South Africa give notice that in six months' time they would terminate their arrangement with the existing Conference, then steamers all over the world would be getting ready to run in opposition to the existing Lines.

10244. Certain steamers did come in and run in opposition, and were driven off or bought off or amalgamated with the Conference steamers?—But the rebate system existed then.

10245. Still they got a considerable amount of the traffic?—Yes, but then they had got the merchants—to

use an American expression—by the wool, and the merchants could not afford to sacrifice their rebates.

10246. A certain number of them did sacrifice them?—A certain number, perhaps, but the majority would not.

10247. The Conference lowered their rates, and the competing steamers found it to their advantage to come into the Ring, so the opposition broke down?—They wanted to come into the Ring; that is what they fought for. When they came into the Ring they got their way.

10248. (*Sir Alfred Bateman.*) In paragraph 13, you say, "Why should they cry to the Government?" That is rather written with the idea that they have the opportunity of terminating the agreement, is it not?—Yes; when I wrote that I had in my mind that there would be certainly a stipulation in the agreement—I took that for granted without thinking about it.

10249. So that as it does not appear, certainly in most of the Rings, you do not quite agree with that argument?—No. If I had had the facts in my mind when I was writing this paragraph, I should not have written it—not in that way anyhow.

10250. Not so strongly?—No.

10251. You say in paragraph 14, "Let them agree amongst themselves that they will have no more "Rings"; and then you point out how they can help themselves in the case of freight wars by charging "an extra profit on their goods as an insurance fund against such inconveniences or losses." Is it not rather a difficult thing to do to charge an extra profit when there is competition?—All I mean is this: These South African merchants want to have everything on velvet, and they do not want to run any risks. They want to have a certainty of regular Lines of steamers sailing at regular dates, and all the conveniences connected with a system; and they do not want to pay for it. Really that is what it amounts to. Supposing they had not got all these facilities, supposing there were no Rings, they would be exposed to high freights and low freights from time to time; they would have to take that into consideration in carrying on their business, and if from time to time they made a loss over it they would know it, and they would have to charge a larger profit to insure against it. A merchant has got to look ahead.

10252. (*Sir David Barbour.*) If they made a loss by these fluctuations of freight at times, would they not also make a gain at other times by the fluctuations?—Certainly they would.

10253. One would go against the other?—Certainly.

10254. (*Sir Alfred Bateman.*) In paragraph 16, referring to the American competition, you say, "The grievance is that goods are carried from America to South Africa at, let us say for illustration, 20s. a ton less than from the United Kingdom. But what is the value of the ton so carried?"—and then you give an illustration. Do you refer to the goods that are taken via the United Kingdom to South Africa or to the goods that are taken direct?—I was dealing there with the complaint that the goods are carried from America cheaper than similar goods are carried from England.

10255. And you treat that as a certain grievance to the British manufacturer?—Yes. When I was out there they said—it was in the papers—that British trade was being driven out of the country.

10256. (*Mr. Sanderson.*) How would you deal with a case like that?—That is what I have got here. First of all, I want to find out what the complaint really boils down to, and what there is in it. They say British trade is being driven out of the country; I say it is nonsense, and it is not being driven out of the country.

10257. (*Sir Alfred Bateman.*) Do you mean that, going to the statistics, you do not find that the American imports into the Cape have increased materially?—No, I should not say that. I should think they would increase the same as they have increased to England. Certain people want American goods.

10258. (*Mr. Lawrence.*) The Americans can supply a different class of goods to what the Englishman can?—Certainly. The American, above all others, understands what Colonists want. He understands rough country wants, and so on; and he supplies that class

of article much better than our Birmingham people can do. *Mr. D. Owen.*

10259. (*Sir Alfred Bateman.*) The difference in the freight from America is not nearly so much as it was?—I believe it is not now; but I think it was something like 20s. and 30s. a ton. *2 July 1907.*

10260. I suppose when you were there for the 1904 Conference, that was a time when the American rate was very low?—It was just about that. I think it was 20s., and possibly even 30s. per ton in some cases.

10261. (*Mr. Sanderson.*) Do you suggest that the British shipowner should, in cases of that kind, bring his rates here down to the point to which they had been forced by competition from whatever country?—No; certainly not.

10262. You do not agree with that?—No.

10263. Then how are you going to deal with the question?—I do not think I quite follow which is the particular point you have in your mind.

10264. My point is this, that complaints have been made against the British Lines repeatedly that when American competition stepped into South Africa the British Lines did not lower their rates to a parity with the American competition; and I ask why should they?—I agree. Why should they? I should not, if I were a shipowner.

10265. Is it just that he should?—No. I do not think the question of justice comes into it at all. The shipowners have got to do the best they can for themselves in a case of that kind, and because they are having to charge too little in America I do not know why they should also be forced to charge too little from English ports. It is bad enough to be forced to charge too little from an American port.

10266. (*Sir Alfred Bateman.*) It seems to me that your last paragraph, No. 17, is a very important one. You say, "As the charge against the shipowners that in their own selfish interests they lightly and unpatriotically sacrifice the interests of British manufacturers is a very grave and injurious charge, the shipowners have now an opportunity to relieve themselves of it." Then you suggest, "Let them declare that in the event of a freight war rendering it necessary for them in their own interests to carry American goods at lower rates than British goods, they will share with the British manufacturers injured any extra discount specially granted by the manufacturers in order to neutralise the saving in freight accorded to the Americans." Would that mean that they would reduce the rates on British goods?—I tried to make that clear in my notes. Would it trouble you if I read what I have written here?

10267. No; read it?—I say in paragraph 16, "The American competition may be further referred to. The complaint is well founded, but its gravely consists largely in its comprehensive vagueness. The grievance is that goods are carried from America to South Africa at, let us say, for illustration, 20s. a ton less than from the United Kingdom. But what is the value of the ton so carried? It varies, of course, but let us for illustration call it £20. Adopting these figures as a convenient basis, it follows that the South African consumer will be able to buy certain American goods at 5 per cent. less cost than similar British goods." Clearly, if the value of the goods is £20, and the freight is 20s. less, then there is a saving of 5 per cent. "This is very annoying to the British manufacturer, no doubt. But he may quite possibly have to face a similar result, owing to the ability of a foreign rival to manufacture at a 5 per cent. lower cost, or to the willingness of such rival to accept 5 per cent. less profit; or to a foreign ship-and-rail combination which carries the goods at 5 per cent. less cost than in the case of goods from the United Kingdom." I am aiming there at the charge that the shipowners have driven the trade of the British manufacturers from the Colony.

10268. That is rather the previous point; the one which I was asking you about is the shipowner?—Yes, I know, but if you will be kind enough to allow me to finish this, I think it leads up to it. "The lower freight charged to the American manufacturer, we are told, is driving British trade out of the Colony. Is it, then, driven out by the other instances referred to. Surely not. A British manufacturer worth his salt is not going to be driven away from

Mr. D. Owen. "his market by any such means. He will rather sacrifice 5 per cent. of his accustomed profit in order to hold his ground. He no more expects to be free from vexatious competition than the shipowner expects to be free from freight wars. And there is this fact to be borne in mind: a large part, perhaps the larger part, of this favoured American trade is in goods which are not shipped from England at all. Others are goods which, owing to peculiarities of design or make, are largely preferred by Colonial users. All such goods must be struck out of the wholesale allegation of grievous injury to British manufacturers. The remainder calls for analysis and classification into ton value in order to arrive at a conclusion as to the real prejudice to our manufacturers. In my opinion the question calls for careful examination from this point of view. Say that the value of a ton of British goods is £20, which is also the value of a ton of similar American goods; and that the American freight is 20s., that is, 5 per cent. lower, on the £20. To meet an emergency competition arising out of a temporary freight war, what is there to prevent the British manufacturer deducting from his invoice price an additional or special 5 per cent. discount so as to restore the equal balance? If he wants to keep his trade, he will do so by foregoing, temporarily, this amount of his profit—he will not allow himself to be driven out of the country. "The percentage may be more or may be less, but the figures adopted are convenient for illustration, and probably are not very wide of the mark, at any rate as an average."

10269. Then you go on to what the shipowner ought to do to help him?—Yes, if he is in earnest in his expression of sympathy.

10270. I want to ask you how you would work this—the shipowner, you say, is to carry the British manufactures that are injured by this American competition and to give them an extra discount; would they have to prove that they were injured before he would give them these lower rates?—No. Supposing you have got, let us say, boots—it does not matter whatever it is, but let us take boots going from Northampton and boots going from America. I do not know what the freight from England is on boots, and I am only guessing at a figure, but supposing the freight on boots from England is 30s. per ton, and the shipowners are carrying boots from America at 15s. per ton, there will be, you will see at once, a premium of 15s. per ton against the British manufacturer. If, for example, you suppose that a ton of boots are worth £15—of course they are worth a good deal more than that—and there is a difference of 15s. in the freights, that is, a difference of 5 per cent on £15, the value of the boots; and you can see at once what the real prejudice is to the British merchant in that case.

10271. It would be very difficult, would it not, to compare the freights?—Not in the least. I do not think there would be any difficulty about that, because the freights from England are all on a scale. You turn up A, for whatever it may be, and B for boots, and C for carpets, and find out what the rate of freight is.

10272. That is supposing the classification from America is the same classification that you have got from England?—I think the classification from America is a very simple one; they will probably have one, two, or three rates, whereas the English rates divide themselves more.

10273. They are very complicated?—Yes, they are. All you have got to do is to get the English rate and the American rate, and then you can see at a glance what the difference is.

10274. (*Sir David Barbour.*) You propose that the shipowner should share the loss?—Yes.

10275. Is that not very hard on the shipowner? He is forced by circumstances to reduce his rate on boots from America to an unremunerative figure, and if then in addition to that loss he has got to pay something to the British merchant to counterbalance his supposed loss of profit, the shipowner loses at both ends?—I admit that that is so, but then there are hardships all round, and one wants to see if one cannot manage to adjust them together. At any rate the shipowner is fighting for his own hand and the British manufacturer is simply left out, his in-

terests being sacrificed altogether. The shipowner and the shipping trade do not care a bit about him.

10276. And he does not care about them?—No, not a bit.

10277. (*Sir Alfred Bateman.*) I gather that on the whole you do not think there is very much grievance in South Africa?—Nothing like so much as they make out, but what the grievance is I am not able to measure because I do not know how much of this shipment of goods that comes from America to Africa is really in competition with English goods.

10278. The Chairman, I am sorry to say, cannot get here yet, and he has asked me to put two questions to you. The first is: Do you not think that the agreement between the shipper and the shipowner under the rebate system, if this system should be upheld, ought to embody the terms of the compact—do you know what the compact is?—I do not remember what your Chairman has got in his mind—

10279. "So that the shipper should in all cases be entitled to the rebate if the Shipping Ring has not substantially complied with the terms of the compact, and that any dispute on this matter should be settled by arbitration?"—Of course, if it is a bargain there are two sides to a bargain.

10280. And it ought to be reciprocal?—Yes, certainly.

10281. The Chairman's second question is: "Ought not the shipping companies to be obliged to publish a list of the rates of freight and the classifications, or to furnish such a list to some authority, such as the Board of Trade, and to be obliged to give some notice, say, a three months' notice, of any alteration of such list?"—I do not see any advantage in it.

10282. We have been told by one or two witnesses that there is a difficulty in knowing the rates; that they are not published, and that they have to write as regards the shipping of any particular goods?—If that is so I think they ought to know; there ought to be a published list of rates.

10283. That might mean a great many continual alterations, might it not?—Yes, but I think a man ought to be able to find out without a lot of correspondence what his freight would be.

10284. You have no particular suggestions to make besides?—No. I should certainly like the Government to find out what the damage to the British merchant is. I think that is rather a serious complaint, but I think it is very much exaggerated, speaking for myself at any rate; at present everything is so vague and obscure.

10285. In South Africa you did not hear much evidence as to the damage, did you?—No, there was no evidence about anything—there was plenty of talk, but no evidence.

10286. (*Mr. Lawrence.*) I gather from your replies that the person who is interested in the rates of freight in this business is really the manufacturer?—Yes, that is so.

10287. Not the merchant or the shipowner, but the manufacturer?—No; the manufacturer.

10288. Because he is the man who may be excluded by some rebate system?—Yes, and he did not make the bargain.

10289. That is to say he generally has nothing to do with the freight himself?—I should think never.

10290. He simply sells his goods?—Yes.

10291. Therefore he has no power of approaching the shipowner?—None at all.

10292. And he is precluded from doing business in consequence of this vicious arrangement between the shipper and the shipowner, that is to say, the volume of his trade is affected by it?—It is affected to the extent of the difference in the freight, no doubt.

10293. Can you give us any figures in regard to the volume of trade as between America and South Africa, as compared with England and South Africa?—No, I have not got them, but I know they can be obtained. I think the Board of Trade has all those figures.

10294. (*Sir John Macdonell.*) Have you considered whether or not the effect of the rebate system is to raise rates?—I should think it was, inasmuch as it enables the shipowners to stand shoulder to shoulder

and practically within certain reasonable limits, I suppose, to charge what they like. No doubt it would have the effect of stiffening rates, and it is intended to do so, I suppose.

10295. Can you think of any other important object than increasing the rates?—The object, of course, is to prevent the merchants from breaking away from the Ring; that is the object.

10296. If the tendency of the rebate system is to raise the rates, I suppose the consumer in the long run must pay an increased price?—No doubt.

10297. The customer would have some grievance against this system, if the effect of it was to enhance the price of the article?—Certainly he would.

10298. Did you, in the course of your inquiries, endeavour to ascertain whether there were any commodities the price of which was considerably enhanced by the rates?—That is a very large question. I think it was dealt with by Mr. Birchenough in his book.

10299. Did you consider it?—Yes, I read Mr. Birchenough's report, and a very able report it was. There are certain commodities affected, but what they are I do not know.

10300. Did you make independent inquiries on this point?—Yes, I think I did, but only casually. The fact is that you cannot deal with the subject generally. You have got to find out the charge in the case of particular goods, and then run it to earth, and see whether the charge in any of those cases is excessive. Take, for instance, stoves. I remember Mr. Birchenough, in his report, said American stoves were being sold at ls. 6d. less than English stoves. I think I went into that. I am speaking now entirely from memory, but my impression is that those stoves cost about £2 each, and that the American stove was made specially for the use of Colonists. The American knows exactly what a man who lives on the land wants, and no doubt his stoves had special attractions which appealed to the agricultural consumer, and I do not think the ls. 6d. would have anything to do with it one way or the other.

10301. It is right to say that I have your report before me, and that you give that instance?—I did not remember whether I gave it.

10302. Have you in your mind any other instances which you examined into?—Take American boots.

10303. That instance is also given in your report. Have you any other instances?—I do not remember.

10304. Did you examine, as far as you recollect, any other cases?—Soap, I remember I had in my mind, but when one comes to look into it and asks what is 20s. or 10s. on a ton of soap, and then finds out what the value of a ton of soap is, one sees that it is absolutely infinitesimal when the soap is cut up into short lengths, and that there is nothing in it at all. It sounds a great deal when you are speaking of a ton, but when you come to measure it by a cake of soap, it is inappreciable.

10305. Then your point is that any increase of the rates by reason of the rebate system would not appreciably affect the price paid by the consumer?—No, it would not appreciably affect it, but there is no doubt, whatever the increase may be, that the consumer has got to pay it.

10306. (Sir David Barbour.) It might appreciably affect the profits of the trader, might it not?—Yes.

10307. It might materially affect his profits?—Yes, to the extent of the freight, the 5 per cent. or the 10 per cent., or whatever it was, but no more. It always comes back to this—if you say there is a difference of freight of 20s. per ton, very well, find out what the value of the article is, and then find out what is the percentage of that 20s. per ton.

10308. It would be worth the trader's while to get that?—Certainly.

10309. But he might or might not pass on any of it to the consumer?—Certainly he would not pass it all; I agree.

10310. He might have to pass on something?—He would not pass on more than he could help.

10311. (Sir Alfred Bateman.) I notice that you fall back always on the percentage of profit, but that cannot be the rule always, can it?—I do not know any other standard that you can measure it by.

10312. You only adopt it as a measure?—It is merely to have something by which to measure.

10313. (Sir John Macdonell.) And you cannot think of any better criterion?—No, I cannot.

10314. May I take it that in all the observations which are contained in your statement with respect to the rebate system you have assumed that at certain intervals the shipper could break away from this system?—I think that is so. I think I had in my mind—I do not know about certain intervals—but that at any time by giving proper notice the thing could be terminated. That is wrong, I see.

10315. May I also take it that if you had present in your mind the fact that the shipper cannot break away from that system, without incurring the loss of his rebates which are being retained by the shipowner, your opinion would have been entirely altered?—I will not say it would have been entirely altered.

10316. That it would have been greatly altered?—It would be a ridiculous position.

10317. May I take it from that expression that you think it would be an objectionable system?—Yes. If it is a necessary part of the system—I say it is not—that a man when he terminates his agreement is going to sacrifice all his rebates, then it is silly and unbusinesslike, and ought to be altered.

10318. If such be the effect, then you are prepared to advocate legislative interference with that system?—If it is necessary to alter the existing system, but I cannot help thinking that if the merchants and shipowners came together on that point the thing would do itself.

10319. In the event of their coming together and failing to alter that system, would your advice be that Parliament should somehow interfere to stop it?—Yes, it would.

10320. Why with the real system present to you did you not advocate in your report legislative interference?—That is a point. It never suggested itself to me, and I never heard it discussed. It has never been urged as a grievance, as far as I know, and I have never heard anybody raise this point until this day, or until yesterday, when I was talking to a friend of mine.

10321. May I assume that in all South Africa during your inquiries there no one suggested that it was a hardship that the rebates in the hands of the shipowner might be sacrificed if the shipper who could claim those rebates chose to go to an outsider?—I have not made myself clear. What I mean to convey is that I have never heard it suggested that it was a hardship that the traders, as a whole, could not terminate their agreement absolutely with the shipowners without involving forfeiture of the rebates to the whole body of them.

10322. (Mr. Owen Philipps.) Do you mean by giving six months' or twelve months' notice?—That is what I mean. I hope I have made myself clear about that.

10323. (Sir John Macdonell.) Yes; but I would refer you to the observation in paragraph 13 of your statement, to the effect that if the South African traders did not understand the system "they have had plenty of opportunities to withdraw from it since"?—In writing that statement I was always under the same assumption that they could, by giving, say, six months' notice, terminate it without forfeiting their rebate. That is what I had in my mind throughout. Until now, I never had any reason to suppose that the agreement once entered into, carried with it the confiscation of rebates due under it, if and when it was terminated. I had no idea that what was nominally a temporary agreement carried implied in it a penalty on its termination, whenever this might be.

10324. About this difference in the rates from New York and other American ports to South Africa, as compared with the rates to South Africa from this country, you seem to think that that might be an advantage to the consumer?—Certainly, anything that enables him to get his goods cheaper is an advantage to him.

10325. But looking at this difference from the point of view of merchants, is there not something to be urged against it?—Which merchants—in England or in South Africa? Do you mean the manufacturer?

Mr. D. Owen. 10326. Yes?—The manufacturer certainly has every right to feel aggrieved because his rival in America is able to land his goods in South Africa at 20s. a ton less.

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10327. What I am leading up to is this: The shipowner says to the shipper of goods, "If you be loyal to me, I will allow you a certain rebate"; do you not think it would be a natural thing for the shipowner to promise to be loyal to the merchant and not to ship goods at lower terms for others from elsewhere?—No, he cannot do that because he has got to fight for his existence wherever it may be threatened. Half-a-dozen shipowners, perhaps form a Conference or Trust, or whatever you please to call it, and certain outsiders want to come in that happy hunting ground. In order to get in, if you like to take the rate as being 40s. a ton, the opposition will charge 20s. a ton—you know the history of it quite well—so as to force the hand of the shipowner. Say the shipowner brings half his goods from England and half of his goods from America: it would be doubly hard on him if he had to come down to 20s. on the other half of his goods from England as well.

10328. Does that not throw some light on the question whether or not the freight from England is an excessive freight?—I do not think it does. It is purely the result of a temporary fighting condition. I can quite conceive that a shipowner, wanting to get into the Ring, might carry goods for nothing at all, or even give a premium for the carriage of them.

10329. No doubt he might do so, as you say, temporarily, but does not the permanent existence of a large difference between these two rates of freight raise some presumption that the freight from England is excessive?—I think if it were really a permanent position it would raise a very strong presumption, but it is a question of the permanence.

10330. You, as I understand, would be prepared to advocate legislative action in the event of a failure to alter the system on the part of the merchants and shipowners after conferring?—No, not to alter the system. What I say is that the agreement, as I understand it now, is an unbusinesslike and improvident one, inasmuch as it contains no stipulation, as I understand, enabling either party to terminate by six months' notice, without in the case of the traders sacrificing six months' rebate. That is a ridiculous position. If that really is the position under the agreement, then I think the attention of the shipowners and of the traders should be called to it, not that they do not know it, because I should think they both know it perfectly well—and that they should meet and find some way out of that. Probably in drawing up the agreement they never thought of that contingency at all.

10331. And if they fail between themselves to find a way out?—Then, if I were the Government, I would find a way out for them.

10332. Now you have come to the point to which I wished to bring you. Could you suggest, if you have thought over the matter, what precise shape that remedy should take? Would it be simply declaring the deferred rebates illegal?—No, I do not think I should do that.

10333. Would you be prepared to advocate some system under which the question, whether or not the terms of this agreement were reasonable, should be referred to arbitration?—No, I do not know that I would. I think that the shipowners and merchants are both quite able to take care of themselves, but I do think that if the present condition is a trouble, inasmuch as the traders cannot terminate the agreement at any time now, or in 10 or in 50 or 100 or 1,000 years hence without being struck with a loss of six months' rebate at 10 per cent., then I think that is absurd, and if the thing cannot be altered without Government interference, then I should interfere if I were the Government.

10334. Interfere in what way?—I would say that there is to be read into such an agreement a clause enabling either party to terminate it on six months' notice, and in the case of a trader on terminating by six months' notice, provided he has fulfilled the terms of the agreement during that final six months, he shall be entitled then and there, or nine months later, I do not care which, to the whole amount of the rebate he has earned during that six months.

10335. And any agreement to the contrary shall be null and void?—Yes, I should say that. Only I must say I think the traders ought to be able to protect themselves.

10336. (*Mr. Sanderson.*) I take it that that clause should cut both ways, and that the shipowner should be able to avail himself of it too?—Certainly.

10337. I see you have studied this matter very carefully, and I would like to ask you one or two questions on a point which has puzzled me a good deal through all the evidence before this Commission. We have heard a great deal from the merchants about their helpless position, and I have put several questions to them on the point, because it seems to me very extraordinary that an able British manufacturer—or merchant, as I consider would probably be the better term—should be in this position, whereas others, for instance, the Manchester Piece-goods Association, and other trades, combine and confer with shipowners and effect contracts which are satisfactory to both sides. In your opinion, are the merchants as a body really at the mercy of the shipowners as they make out, if they use their full powers?—When you say merchants, you are not speaking now of manufacturers?

10338. I think it better to say exporters?—The shipowners are a solid phalanx, they are a well-drilled body, and their phalanx is never so solid as when their interests are in any way threatened. The merchants are just as keen in their own interests, but there is not any cohesion amongst them. They are torn aside with conflicting interests, and a general indisposition to take trouble in the general interest. There is no cohesion amongst the merchants really, and it is certainly true there is a very strong cohesion amongst the shipowners.

10339. May I put it to you that but for the necessity that has brought about this solid phalanx of shipowners—the necessity of severe losses—you would never have got a solid phalanx, because when it is all profits people always like to go on their own. If the merchants were in the same position, and felt this keen competition, would they not be able to combine?—Yes, of course they would.

10340. That brings me up to a point which has puzzled me a good deal. Take the Australian trade. Recently at a port with which I am very familiar, Hull, one of the Conference Lines started to call in at the request of a number of shippers and without any material success; because although a very large proportion of goods can come from the West Riding of Yorkshire to a place like Hull at 17s. 6d., they pay 3s. and 3s. to take the same goods to London, and the steamer at Hull is unable to get the cargo. If that is the case, does that not indicate that the British manufacturer is not materially affected by a difference of half-a-crown or 5s. in the freight?—Would that be a whole cargo or parcels?

10341. Parcels?—Yes.

10342. Is there not a great deal made, perhaps unnecessarily, of the slight difference in freight between England and America, in your opinion?—Yes, I think there is. I do not think there would have been anything like so much heard about it had not the South African traders wanted—and they do want—a stick to beat the shipowners with. That was one ready to hand, and a very heavy one too. Their complaint about carrying American goods cheaper than English is a perfectly well-founded complaint, but the shipowners do not enter into it voluntarily and they are themselves losers by it. I do not believe that the South African consumers are really complaining about that at all, but it is a good grievance against the shipowners. Mind, I think it is a grievance—a grievance, that is, to the British manufacturers—I am not denying that at all—but I think the South African traders are simply using it for their own purposes. It does not hurt them.

10343. The British shipowners, I take it, in your opinion are entitled to combine to protect themselves against what they choose to call unwise competition?—Yes, I think they must do it.

10344. The shipowners in foreign countries, such as Germany, France and Russia are, as I believe you are aware, also working in conference together?—So long as you have got different classes of ships you must have these combinations, because, as soon as a ship is better than other ships, being built for a certain trade at great cost, it must have some security that the trade for which it is built will remain with it. Therefore, you must have conferences as far as I can see. I do not say that they are desirable, or that I like them, but I do not see how it is to be helped. I quite recognise that the shipowners

must protect themselves. It stands to reason that if a shipowner goes and puts on, as in the case of South Africa, magnificent steamers, built at great cost, running full or empty, and running at fixed dates, he cannot put himself into such a position as that, only to find that the first steamer that comes along offering half-a-crown less freight the merchants will flock to and give their goods to it. The shipowners must protect themselves.

10345. Assuming there was no market and there was no grievance, do you think that the so-called tramp-shipowner, or non-conference shipowner, who at present sends his steamers seeking for cargo where he can make most money, would continue to run to South Africa or India if the freights in his opinion were not remunerative?—It is quite certain a tramp is not going to run at unremunerative freights if he can help it; but whether they are remunerative or not would depend on the rate you fix. I cannot focus it.

10346. (*Mr. Owen Philipps*.) In answer to Sir John Macdonell just now you suggested, I understood, that the shipper should have the right of terminating his agreement at six months' notice?—On a notice, and I should suggest six months as being a fair time, but the point is a notice.

10347. Do you consider that the owner of a regular line would have reasonable security for putting on expensive boats in the trade if the merchants as a body could terminate the rebate circular every six months? Do you not think that once in three or five years would be often enough to secure them?—Yes, I do. I did not mean every six months, although of course that would be the effect of what I said. I think if an agreement is made, we will assume that it should be made for three or five years, and that there should be a six months' notice at the end of that three or five years. I did not mean that it could always be broken up at any time.

10348. (*Professor Gonner*.) With regard to the point which was pressed upon you before, you do not think that in return for a monopoly-claim upon the shippers, the shipowners ought to undertake some reciprocal obligation towards the shippers?—I think they do.

10349. What?—They undertake that their steamers shall call at certain alternative ports, that they shall sail whether they are full or empty, that they shall sail at fixed dates, that they shall be of a certain class, and that the shipowners will not exercise their own rights to trade, and so on.

10350. Do you think those advantages are always guaranteed?—Are they guaranteed, or are they sufficient, do you mean?

10351. Are they always given?—In this African case I think they are, unquestionably.

10352. In South Africa?—Certainly they are.

10353. Do you limit yourself to that?—I am only speaking quite generally, but it seems to me the shipowners do give a great deal when they offer these conditions.

10354. You do not think that those particular advantages, or a large number of them, would naturally ensue in the ordinary course?—No, I do not think so, because the chief of the advantages I consider is that you have fine, powerful and comfortable steamers put on, and shipowners are not going to run first-class and highly costly steamers on a fixed line without some guarantee that they are going to have the trade and the passengers when the steamers are provided.

10355. You are dealing now with steamers for both passengers and also cargo?—Yes, I have a passenger and cargo line in my mind.

10356. So far as cargo is concerned?—So far as cargo is concerned, that is all part of a system and part of a ring, and it is difficult to draw the line. But there is a great advantage in these cargo steamers. They call at alternative ports at fixed dates and so on, which they certainly would not do otherwise unless they were in a ring.

10357. We had some interesting evidence this morning as to the extent to which fixed dates are sometimes observed?—Of course it is a poetical expression, but there is a certain amount of truth in it.

10358. Do you think that before the rings were introduced, or prior to the deferred rebate system, the condition was very unsatisfactory, and everything was

very irregular?—No, I should not say that, because I think before an actual agreement was made there may have been some tacit agreement that was pretty nearly as good. It is the evolution of a gradual process, probably.

10359. Of course there was not the deferred rebate system?—No, there was not the deferred rebate system, that is a late invention, that is to say, comparatively late.

10360. Prior to that, in many trades at any rate, there was considerable regularity. I daresay you have read some of our evidence?—I have not read much of it.

10361. Some of our witnesses have said that there has been no perceptible, or at any rate no great difference, but other witnesses have said that there has been a great difference?—No doubt it varies. The system has gone on all over the world for a long time, and you will get differences of opinion.

10362. So you think the convenience of the public—which, after all, I suppose, is the real end of an inquiry like this?—Yes.

10363. The convenience of the public, you think, is served to some extent by the introduction of rings?—I think it is very greatly served.

10364. Putting aside the question of the convenience of the traders?—I am afraid I was thinking rather of the traders than of the public. If one thinks of the public, one thinks of ourselves here, and of the people in the street. I do not know that it matters much to the majority of the people. After all, it is the traders and the people who are running backwards and forwards to South Africa who are most interested.

10365. Do you not think the two great interests of the public in this question are those of the producers or manufacturers and the consumers?—Yes.

10366. You have distinguished in your evidence between the interest of the traders or shippers, and the interests of manufacturers and consumers?—Yes.

10367. Do you think it is to the interest of those parties who are manufacturers, and also of those who are consumers?—Yes. It is a great thing to have regularity of service always, there is no doubt about that.

10368. And it is your conviction that there would not be such adequate regularity but for a conference?—I do not think there would, but I should go further than that, and I should say if the traders and consumers do not like the Conference system—if they want to have all the advantages and none of the disadvantages—let them abolish it and let them try the other thing.

10369. The manufacturers and the consumers do not come very much in contact with the shipowners, do they?—No.

10370. So it is difficult for them to abolish anything, is it not?—I do not think it matters to the manufacturers whether there is a ring or not; except, of course, when it acts prejudicially, and then it matters very much.

10371. We will come to that, because that, I think, is a very interesting point. You have pointed out that it may act very prejudicially to the manufacturer if there is a differential rate in favour of foreign countries?—That is so.

10372. But you say in your statement, I think, that that is not necessarily to the disadvantage of the consumer, and may be to his advantage?—Yes.

10373. That depends, does it not, on whether the difference is due to a rise in price on the part of the vessels in the ring, or to a fall in price on the part of the United States vessels, we will say?—I do not quite follow.

10374. I will put it in another way: There is a difference between the American rate and the English rate, we will say?—Yes, we will say the English rate is 40s. and the American rate is 20s.

10375. That may be produced in two ways, either by the English ring having raised its rate here, or by the American rate having been lowered?—Yes. As a matter of fact, in practice, I think it is always the second alternative.

10376. If it was due to the first, of course it would not be to the advantage of the consumer at all?—No, certainly not, but I think, as a matter of fact, it is not, and the increase would be very slight, and would be a gradual one.

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Mr. D. Owen. 10377. Still, of course, that is an argument on the part of the traders that it is largely due to an increase through a monopoly, is it not?—They say so, but of that I say we have got no evidence. It may be so, and if the rate is largely and unfairly increased, then undoubtedly the consumers are prejudiced. Whether it is so or not, I have no idea.

10378. However, that is quite clear, and you, I think, have safeguarded yourself by saying, "if the rates charged on the goods from England were on their own merits reasonable;" but, from the point of view of the manufacturer, the manufacturer is undoubtedly prejudiced by that low rate, is he not?—He is prejudiced.

10379. I suppose the difficulty you have felt—I should say throughout your argument—is how you are to relieve the manufacturer from that difficulty without abolishing the deferred rebate system, or some similar system, we will say, which has certain advantages?—Yes. I recognise the hardship to the manufacturer, but I do not think it is as serious as it is made out to be; and I think none of us know actually what the measure is. There has been no attempt made to measure it as far as I know, and we are all more or less in the dark about it. Assuming that there is a grievance—which I do assume, in fact I know there is a grievance, but whether it is serious I cannot say; then whatever the grievance is, it is caused by the shipowners, and the shipowners express great sympathy and great regret and so on, which they feel, no doubt. But if they really feel it as they ought to feel it, then I think it should be possible to them to adopt some working arrangement, such as I have sketched out, by which they can share the loss which their action forces upon the innocent manufacturer.

10380. But I do not quite gather why you do not think it is such a great grievance. It was put to you by one or two Commissioners. After all, what would a small difference in freight matter to the manufacturer; but it does matter to him, does it not?—I answered by saying, supposing you have a ton of goods which is worth £20, and there is a 20s. cheaper freight, that is a difference of 5 per cent. It boils itself down to 5 per cent. What is 5 per cent? Is that a serious thing for the manufacturer or not? Is 2½ per cent. serious? Is 7½ per cent. serious? What is serious?

10381. I will put it in this way: The great advantage which the ring offers to the manufacturer or to the exporter is that it offers the same rates within his own country to him as to his rivals?—Yes.

10382. And you attach great importance to that?—To him and his rivals in this country, yes, it naturally would be so.

10383. Surely it is as prejudicial to him if you offer an advantage to his rivals outside the country as if you offer it to his rivals within the country?—*Pro tanto*; it is a question of the *tantum*.

10384. You say *pro tanto* it is prejudicial, but is it not more prejudicial?—Why more so?

10385. If there are differences within the country, and he is an able man, he may get them in his favour?—Yes, he may.

10386. But if it is outside the country in the United States, and he is an English manufacturer, he cannot?—No, he cannot.

10387. Therefore, differences in favour of a foreign competitor are more prejudicial to the able English manufacturer than differences within the country?—Yes.

10388. Do you think it is really a serious grievance?—It is a question of the amount of the seriousness. In principle certainly it is serious that a British manufacturer should be under-sold by a foreign manufacturer, whether it is 2½ per cent. or 5 per cent. or 7½ per cent. or possibly 10 per cent.; but it is not so serious if it is 2½ per cent. as if it is 7½ per cent.

10389. Of course, certainly not, but do you think that the existence of rings has tended to a constant recurrence of these differential rates between country and country?—From time to time one always is reading of these shipping wars, and that is the form they take.

10390. You do not think that the extension of the ring system will tend to minimize these differences, or to abrogate them, do you?—No, I do not think so at all, as far as I understand the question.

10391. They are things that one must always expect?—Yes; so long as you have got the rebate system, you will have these freight wars.

10392. And, therefore, so long you will have differential rates?—As between America and England for example—always, I think.

10393. That is to be expected as a sort of permanent risk?—I think so.

10394. It is an element of disadvantage in the system?—Yes, it is.

10395. And your suggestion is that a certain degree of protection should be given by the shipowner when that occurs?—Yes; I think it would be a fair thing that he should do that.

10396. How would it be done? That is what I do not quite understand in connection with your scheme. I heard you just now with great interest, but the difficulty I have is in seeing how you would introduce it into working order?—There is no doubt at all that if the two parties wanted to introduce it they would find no difficulty, and everything would be as smooth as could be; but if either of them did not want to do it, the thing would be impracticable and unworkable.

10397. Then it would have to depend upon mutual agreement, really?—Precisely; but if the mutual agreement were in favour of my scheme, I believe it would work with perfect simplicity.

10398. Of course, quite naturally; but I should not think the shipowners would want to introduce it?—No, they will not hanker after it.

10399. So if it is to depend on their desire, it is not very likely to come off?—No; only now it seems to be a very fine opportunity for the shipowners. They are always full of sympathy—"We are exceedingly sorry for you, we are awfully sorry for you, and we should be so glad to help you if we could." Now, here is a chance for them to come forward and help.

10400. Still it is hardly likely, as one Commissioner said at an earlier stage, that they would want to charge a lower rate from England because they have to charge a lower rate from the United States?—I quite agree there, and I am not in favour of that at all. That is not my proposition.

10401. (Sir Alfred Bateman.) Is it not?—No, it is not my proposition.

10402. (Sir David Barbour.) It comes to the same thing. You propose that they should give back something to the British manufacturer?—Not a lower rate.

(Sir David Barbour.) They would have either to make a direct payment, or lower the rate, or give a discount?

10403. (Sir Alfred Bateman.) You say in your statement, paragraph 17, "They will share with the British manufacturers injured any extra discount specially granted by the manufacturers in order to neutralise the saving in freight accorded to the Americans." Surely that means they will have to give back something?—I have for the moment forgotten the original question that was put to me.

10404. (Professor Gomer.) Your answer to me was that this protection could only be guaranteed by a mutual agreement between the shipowner and the merchant?—Yes.

10405. By their common desire?—Yes.

10406. Then I said that although we take a very high view of the character of shipowners, we could hardly anticipate that they would have a burning desire to reduce their profits in England, because they have to reduce them in America?—It was the word "profits," I think, that I misunderstood. I thought you were speaking of freights.

10407. The question was about reducing their rates?—I think I got mixed over that.

10408. By your scheme they would in effect be charging a lower rate from the United Kingdom, would they not?—No.

10409. They would be reducing their rates, would they not?—No.

(Captain Collins.) They would be giving money back?

10410. (Sir David Barbour.) If they charge you the same figure and give you back something it would come to the same thing as giving you a reduced rate?—Say the American rate is 20s. and the English rate is 40s., there is a difference of 20s. between the two, quite obviously; and if that 20s. difference is on a ton of goods which are worth £20, that means 5 per cent. If the British manufacturer allows an extra 5 per cent.

discount on those goods, they will arrive in South Africa at exactly the same figure as the American goods which are getting the discount in the nature of freight. Is that clear?

10411. (*Professor Gonner.*) Yes?—Then I say 'if the shipowners are so full of sympathy with the manufacturers—as they no doubt are—they should be able to come to the manufacturer and say, "We are very sorry to hurt you in this way; it is necessary, we cannot help ourselves, but we are quite willing to share your loss. You have to allow an extra 5 per cent. in order that your goods may be placed in the markets at the same rate as the American goods; we will share that 5 per cent. with you."

10412. Surely that would be a reduction in the rate. It comes to the same thing, for they will have carried the goods at 40s. minus something—minus the percentage?—No. The American rate being 20s. and the English rate 40s., it would be then as if the rate from England were 30s. Say that the rate on a ton of boots from England is 40s. and from America 20s., that is, say 5 per cent. on the value of the boots, then my proposal is that if the British manufacturer grants an extra discount of 5 per cent. to neutralise the reduced freight paid by the American manufacturer, the shipowner should contribute $\frac{2}{3}$ per cent. towards the 5 per cent. which his action has forced the manufacturer to forego. If in fact no boots were carried from America, or if the manufacturer did not concede the 5 per cent. to the purchaser, the shipowner would pay nothing.

10413. That would be less than 40s., would it not?—Yes, but still 10s. above the American rate.

10414. I did not mean that it would be less than the American rate?—Probably I misunderstood you; but I think we understand it now.

10415. My only point is this, that you can hardly anticipate that people, out of the overflowing bounty of their hearts, will desire to do that; yet you say it can only be done if they really are anxious to do it. That is my difficulty?—It is a great hardship for the manufacturer.

10416. I quite agree?—And it is being used as a serious complaint against the shipowners that they adopt this system with an unpatriotic want of regard, shall I say, for the British manufacturer. They say they are very sorry, and they cannot help it as they are forced into it. Well, I say, if they are so sorry as all that, let them discharge themselves of the blame attaching to that, and let them share the loss with the manufacturer.

10417. (*Chairman.*) In what manner do you propose that your suggestion shall be carried out—by legislation?—No. I thought that the shipowners and the traders might agree on it.

10418. Do you think the shipowners would agree to it?—I have not gone quite so far as that. It is, however, a possible way out of a serious difficulty which is created by the rebate system; to my mind, the worst offence of the system.

10419. If the parties do not agree, what would you suggest, because, after all, if they can agree upon any course, there would be no difficulty, would there?—None.

10420. But supposing they do not, would you fold your hands and do nothing?—The shipowners would remain under the present injurious imputation of an unpatriotic regard for the rights of British manufacturers. That is all.

10421. They do not seem to be so very uncomfortable?—No, they bear it bravely.

10422. Seriously, this is a matter of importance, and what I should very much like to know from you is this: You admit there are certain evils flowing from the deferred rebate system; those evils you have very clearly explained, and you would like to abolish or to mitigate them if you could, because they are evils; but supposing those evils cannot be remedied by negotiation between the shippers and the shipowners, would you suggest any legislation?—I do not think I could.

10423. You do not see your way to any legislation?—No; but I must say I am greatly exercised at this preference given to American trade over British trade.

10424. (*Sir John Macdonell.*) I think, in answer to me you said you were in favour of legislation?—That is for another purpose, and it related to a clause in the agreement, I think. I have not been asked this question before.

10425. (*Professor Gonner.*) You see, one is confronted by this difficulty—that this would be entirely an act of grace; and one can hardly expect that people who, after all, are trading for the sake of profit, should deliberately say, "We should like to sacrifice," or "We should be willing to sacrifice our profit in order to escape an imputation which we say is undeserved now"?—Exactly.

10426. You would not press it any further than that, would you?—I really do not know.

10427. Perhaps we had better leave that particular point?—It is a very grave question. I do not know whether I would recommend legislation or not. I do not know enough about it. There is not enough before us to enable me to measure the damage which is really caused to the manufacturers. This charge is in principle the most serious of any against the rebate system, but we have no real knowledge of its practical gravity or extent. It is a question of degree. If the damage, actual or potential, to the British manufacturing trade is really serious—on which, I repeat, there is no adequate evidence—then I think that failing some agreement in the sense that I have ventured to propose, the rebate system should in the national interest, be declared illegal.

10428. There is another point that I want to ask you about in connection with the agreement, which is practically the contract between the shipowners and the shippers. Do you think it is a hardship that not only should the shippers or the manufacturers or the merchants be bound to give exclusive trade to the lines, but that the shipping agents as well, and sometimes the consignees, should also be bound? You know, I have no doubt that in many of the forms of deferred rebate, not only the shipper and the merchants, but the shipping agent has to sign, and, in some cases, we even find it extends to the consignee?—Yes.

10429. So that a great many parties are bound to exclusive trade by one and the same circular in respect of one and the same parcel of goods. Do you not think that is rather strong?—It is a very far-reaching argument. Did the traders object to it when it was put forward?

10430. In most trades, do you think there has been a conference before the deferred rebate system has been introduced?—I do not know.

10431. In the South African trade we agree it was so, because there were two conferences?—I should think there was not a conference in most of the other cases. It has evolved itself somehow. But the merchants have always had the right and power, if they liked to agree amongst themselves, to put their foot down, and say, "We will not have it."

10432. As a matter of fact, as the case stands now, we must look on that as you, I think, agreed with regard to the question put to you by Sir John Macdonell, as now withdrawn from their power?—Yes.

10433. They stand under an interminable penalty?—Yes.

10434. And you say now you have to face the fact as it exists. Here is a system which binds not only one party, but several parties, and which binds them permanently, not merely temporarily. What remedy do you suggest? Do you think it should be limited to one party, and that only the shipper of the goods should be bound?—I should not interfere. I should let them make what agreement they like, only I would have a reasonable limit to it.

10435. And you do not think you should restrict the number of people who should be bound?—No, I do not think so. I would not tinker with the terms of the agreement at all, but I would have a limitation to it—a power to terminate without forfeiture.

10436. Then what your suggestions come to is, firstly, that the compact should clearly and definitely express what each party agrees to do?—Yes; I think that is a reasonable thing. I do not know whether that is done generally or not; I should think not.

10437. Secondly, that there should be a power of terminating the agreement without penalty at some period?—Yes.

10438. A period undetermined?—At a reasonable period to be fixed.

10439. You think that if those changes were made, the two parties would be placed on some equality?—Yes, I

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Mr. D. Owen. think so. This of course leaves untouched the grievance of the manufacturers, but on this I have just expressed myself.
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10440. (*Captain Collins.*) Is not one of the alleged advantages of the rebate system that the big shipper and the small shipper are placed on equal terms?—The little man calls it an advantage, the big man says it is not. That is the history of the secret concessions.

10441. In regard to secret concessions, it is the large shipper that is favoured, I assume?—Yes.

10442. Do you consider that would be quite right as a business transaction?—I do not say that. I say whatever the bargain is it ought to be stuck to. It is the secrecy I object to

10443. If it is a secret rebate, you are objecting to it?—Certainly, I should object to that.

10444. But not to any differential treatment between a large shipper and a small shipper?—Not at all. I do not see why there should not be differential treatment.

10445. Might not the differences between the rates of freight, say, from a country like America and from England exist even if there were no rebate system?—Yes, they might, but there would not be the same inducement for them. These freight wars arise out of an intention or a desire on the part of the tramp lines, if you like to call them so, to get admitted into the sacred ring, which is held together by the rebate; and if you abolish the rebate, there cannot be the same inducement to get in, and the freights probably will be lower. There will be those wars, but I should think they would be nothing like so long or so serious.

10446. (*Sir David Barbour.*) You attended the Conference of 1904 at Johannesburg at the request of the Colonial Office, I think?—Yes.

10447. As an expert on shipping questions?—Yes, and as being a barrister as well.

10448. I understand you watched the proceedings on behalf of British trade generally?—No. I do not exactly know what my *métier* was. I thought I was to be a sort of—

10449. *Amicus curiae*?—Impartial advisory expert or something of that kind, without a vote.

10450. Had you had previous experience of the class of questions likely to come up?—Yes.

10451. In what way had you acquired that experience?—I have been mixed up with shipping more or less all my life. I have studied its various aspects, and I have written a good deal on it.

10452. Have you been in the actual business of shipping?—No. At one time I had practical experience with a merchant; then I have been engaged in the business of marine insurance for a great many years.

10453. Then your experience was more from study and reading than from actual practice?—Yes. But being in constant contact with the men who deal with these things and having had a legal training, and having always made something of a study of the various aspects of shipping, I took rather more interest in it than most people perhaps.

10454. You say that if a company puts on a number of fine ships and runs them at stated intervals, it is reasonable that there should be some means by which they could always have freights?—Yes.

10455. Supposing I was engaged in business and produced a very good article at considerable cost, do you think it would be reasonable that I should claim a monopoly of that article, or that I should be content to produce the article, put it on the market and leave those who wish to have it to buy it?—If you had gone to great expense to produce that article, and would not have incurred that expense except under certain promises, then I think you would be entitled to see that the promises were kept.

10456. Certainly, but do you think that when the liners were first started anybody made promises to them which induced them to start these fine ships?—Perhaps it was not necessary; perhaps there was not the competition, or they could hold their own. But as soon as competition came in, and they were asked to put on, or the exigencies of the trade required that they should put on, finer steamers, then they found it necessary to protect themselves,

10457. If the exigencies of trade required finer steamers then no special protection was necessary; because if the exigencies of the trade demanded these steamers, people would be willing to pay for them?—I do not know about that. They might up to a certain point, and then some attractive meretricious steamer is put on, and for some reason or another, gets all the traffic, and these steamers which have been bearing the burden and the heat of the day at great cost for some years, get left out in the cold.

10458. Is that not the case in all businesses that you embark in, that you may be prosperous for a time, and then somebody comes in and does the business better in the opinion of the public than you do, and you suffer?—Yes, and you take your chance when you do that, but the shipowners are not prepared to take their chance. They say, "If we put on all these steamers at your request and under certain conditions, then we want to know that the conditions will be fulfilled."

10459. Are you not assuming that it is done at the request of the shipper and on his promise. I admit that if a shipowner puts on a fine ship at the request of the shippers, and on their promise that they will support him, then he is entitled to that support; but supposing that he puts on the ship simply because he thinks it would pay him, and he has not been requested to do it and has not got any promise, is he then entitled to force other people to make use of that ship?—No, certainly not.

10460. (*Mr. Owen Philippe.*) Do you know of any case of any shipowner forcing any merchant to use his ship?—No. I was imagining the hypothetical case put to me.

10461. (*Sir David Barbour.*) Have you not heard of the system of deferred rebates by which the shippers are bound to use certain ships, and have you not stated in your evidence that in certain cases you know men have been very severely punished because they have used other ships?—Yes.

10462. Is that not forcing a man to use the ship?—I am afraid I cannot quite focus all this together.

10463. (*Sir Hugh Bell.*) I want to see if I quite clearly understood you when you suggested that the present method of retaining the rebate should be modified. I gathered, if I may take a specific case, that a particular shipper might, in the July of some year, give notice of his intention to terminate the arrangement?—No, I was not contemplating the case of an individual shipper. I was imagining an agreement entered into between the shippers collectively and the shipowners; and I say it should be a condition of that agreement that at an interval of three years or five years, whatever it may be, there should be an option to terminate on six months' notice without fining you the amount of the last six months' rebate.

10464. But you are making a very large assumption which your evidence almost disposes of, because you are assuming that the shippers will all combine. That is a very difficult assumption to make, is it not?—No. There are enough of them to combine at the present moment to make an agreement with the shipowners.

10465. But they do not make any agreement at present?—It is called a conference. The shippers in London on the one part, and the shipowners on the other part, entered into a conference; I do not know how many merchants entered into that conference, but there was enough of them to justify the shipowners in going ahead.

10466. Supposing a new merchant appears on the scene, he makes no agreement with the shipowner, does he?—None of them make any individual agreements, so far as I know.

10467. He intimates a desire to ship by a particular ship, and he is informed that the rate is so and so, with the 10 per cent. primage added; is that not so?—I think so.

10468. He is further informed that if he ships by no other line for the next year, or whatever the period may be, he will have returned to him the 10 per cent. primage which has been added?—Yes.

10469. (*Chairman.*) That is to say, he is informed of that by a circular addressed to shippers in general?—Yes.

10470. (*Sir Hugh Bell.*) So you, I do not think, were justified in suggesting that that was compulsion put upon him; he was offered these terms if he liked to ship upon them?—Yes.

10471. And if he did not, he might leave it alone?—
Yes.

10472. That was his position?—Yes.

10473. Supposing only 20 per cent. of the shippers would agree to such an arrangement as you are suggesting, could you go on with it?—That seems to be a question whether it would be such as to warrant the shipowners going on with it. The trouble is that the merchants do not agree among themselves.

10474. I am suggesting to you that they very rarely agree among themselves?—Then they are coming to the Government to help them to agree or to help them out of their mess.

10475. I am perfectly agreed with the evidence you have given on that matter, but I wanted to see if I could get clearly into my mind how the remedies you were proposing were going to operate. I will try to take it with you in another way?—I see your point. I have in my mind the case of an agreement made by a certain body of traders; you say there is a single trader outside that body and why should he be bound by the action of the others? That is what it amounts to, is it not?

10476. Yes?—I cannot answer you why he should be. They will not agree among themselves. It is an absurd position. They ought to settle it and to put their own house in order.

10477. Then if your remedy were adopted, it would be reasonable to adopt it not only for the shippers in conference, but also for any individual shipper?—It would apply to all, because, as I take it, these people who make the agreement profess to speak for everybody, at any rate everybody is practically bound by what they agree.

10478. Which people?—The shippers in London, the traders' committee, or whatever they call themselves.

10479. But they are not a very large body as, of course, you are aware?—No; they are a pretty powerful one though.

10480. But they do not succeed in making terms with the shipowners—because that is what we are deliberating on?—They made terms with the shipowners lasting for some years now, and now they have got dissatisfied, or rather, I think they are satisfied still, but—

10481. Forgive me, the difficulty is that it is exactly that point which they are upon: the shippers have put upon them a form of agreement which they must either accept or leave alone?—Yes.

10482. They accept it and they dislike it?—Yes.

10483. You suggest a remedy?—Yes.

10484. I am trying to ask you exactly how that remedy would apply?—All I can answer is that the remedy, so far as it be a remedy, which I suggest is that there should be a clause in any such agreement enabling the parties who made the agreement—either side—after a certain period to terminate it by giving six months' notice. If the traders, one of the parties to the agreement, wanted to terminate it, then they could terminate it by giving six months' notice, and they would not sacrifice their six months' rebates. How it would apply in the case of an individual I cannot say; they do not agree amongst themselves, and I do not know.

10485. Then you see it would only mean that the shipowners would require to persuade one person to stand out in order to prevent your plan being made operative?—No; I do not think that. There must be some body or party empowered to sign that agreement or enter into it—I do not know whether it was signed—on behalf of the traders, who must act through a committee or something of that kind—say, through the secretary of the committee.

10486. Why should it not be competent for me, if I were an African merchant, to say, "I have done with your rebates, and I give you notice to terminate the agreement which you forced upon me." Do you see any objection to that?—No; but the shipowner would say, "All right; if you do that, then we shall charge you the 10 per cent. primage, and it will not be returned to you." Will he not say that?

10487. Yes. We are going to assume that either by agreement at a conference, or, as you put it to Sir John Macdonell, by legislative enactment, it is impossible to have a continually running rebate agreement?—Yes.

10488. I only want to be quite clear—I think you have incidentally made it clear, but I want to be certain that I

understand you—how that is going to work in July. I, as an African merchant, give notice of my intention to terminate my rebate agreement?—I had not thought that you, as an individual merchant, could do that. You would go to the body representing you, which had made the agreement with the shipowners, and say, "Look here! I am dissatisfied with this agreement; you must alter it." Until you could convince the people who spoke for you and represented the traders generally, I do not think you could act as an individual.

10489. But you see your remedy is rather illusory?—I do not think so, with submission.

10490. If you will allow me, I will put it to you that it is. I am going to put it to you in the form of questions. You have told us that there is great dissatisfaction in South Africa?—Yes.

10491. You have told us that there is not such great dissatisfaction in London?—Yes.

10492. And, therefore, all that would need to happen would be that the South Africans should desire to terminate the agreement—which you think they do?—Yes.

10493. And that the London people should not desire to terminate it—which you think they do not?—Yes. I see the difficulty.

10494. Then I think we come back, if you will allow me, to my individual?—Yes.

10495. I do not hold to my individual, and I am only pointing out to you that in the ultimate recourse we have got back to the only way of dealing with the question being the individual I, who says, "I am going to terminate my agreement." Will you admit that?—Yes.

10496. Now, in July I give notice to terminate my rebate agreement?—You being a merchant in Africa?

10497. I being a merchant either in Africa or in London—it does not matter, but say in Africa, because that will meet your case better?—Does it not matter?

10498. No, it does not matter. I give notice to terminate my rebate agreement; in January it comes to an end; then, of course, I am free, but when I ship I know that I shall have to pay the rate and the primage, and that I shall not get the primage back?—Yes.

10499. But all the accumulated primages which have accrued to me from July to January will be returned?—They will be due to you.

10500. That is your plan?—Yes.

10501. The rebate plan has been adopted for a specific purpose, which, I think, you among others have put to us, namely, to attach the trade to a particular group of ships?—Yes.

10502. Anything you do to weaken that is a disadvantage to the rebate plan, is it not?—Yes.

10503. But is there any reason why the shipowner, who finds the rebate plan working so much to his satisfaction, although it is discontenting the other side, should forego all those rebates?—I am not quite sure whether I follow your question. My point is that the agreement is to be that the parties who made the agreement with the shipowners, by giving notice could terminate it, and should have, on its termination, say on December 31, the six months' rebate attaching to them up to that date. You and I are agreed up to that point.

10504. Quite; I wanted to be clear on that, and you have made me quite clear?—That is my proposition. Now, you are asking how it will work in the case of yourself, an individual merchant, are you not?

10505. Yes?—You say it does not matter whether you are in England or at the Cape; so let us imagine you to be in England. I had not contemplated that you would have any power yourself at all, except as one of the contracting or agreeing community. You would have to express your dissatisfaction to the body of which you were a member, so as to get the Committee to go to the shipowner and say "We give you notice—we who entered into this agreement with you—that the agreement is to come to an end in six months' time." That is all you can do in London as an individual. You would have no power as an individual, and you could only act through the committee or corporation as representing you.

10506. I thought I had succeeded in showing you how very illusory that remedy would be?—I am dealing with you as being in England now; I am simply imagining you to be in England.

Mr. D. Owen 10507. I said I was indifferent whether it was in England or in Africa?—I thought at any rate that I would rather consider the two things separately. Dealing with England as it stands, that is all you would be able to do; you would have no power of your own.

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10508. I thought I had succeeded in showing you that your remedy was illusory in that case, because it was very improbable that I should get all the persons to agree with me in putting a term to the arrangement of the rebates?—Then I could not help you, unless you were in the majority; unless the dissentients were in a majority I could not help you.

10509. You know that if the persons who are very difficult to get to combine do not combine, it would be impossible under your plan to put an end to the arrangement?—You would have to have a majority.

10510. I quite follow. Now looking for a moment at a question on which you have given a great deal of evidence, namely, as to the differential rate from America as compared with the rate from this country, the important trade, I think I am right in saying in South Africa, is the British trade, is it not?—Yes.

10511. It is much the most important?—Yes.

10512. Does it occur to you that possibly the differential rate from America is, so to speak, accidental?—No, I do not think so; at any rate I had imagined a case where it is not accidental, but where it is deliberately adopted for a purpose.

10513. That purpose being?—To break down the ring or to get into the ring.

10514. Then you are suggesting that the low rate from America is a fighting rate, are you?—Yes.

10515. Do you believe that to be commonly the case?—Yes. That crops up here and there in different parts of the country from time to time.

10516. But you are speaking generally with regard to South Africa?—I am speaking now of South Africa. It has happened in America—it may be happening now for all I know, but how often it happens there I do not know. I know it did notably happen there some two or three years ago simply as a fighting proposition.

10517. Would you be surprised to be told that we have had it in evidence that it is not an uncommon thing in certain circumstances for shipowners to bring goods from America, say, and take them on to South Africa?—I should not believe it to be done, to any great extent; here and there it may be done.

10518. I am not suggesting that it is done to any large extent?—I daresay it is done.

10519. Would you think it is a reasonable explanation of that, that they desired to prevent the risk of the establishment of direct lines from the United States to South Africa?

(*Mr. Owen Phillips.*) To West Africa it was.

10520. (*Sir Hugh Bell.*) Yes, but the same thing applies, of course, to South Africa?—I do not know, but I should not think so. There are all kinds of reasons which apply in different cases.

10521. It would be equally applicable to South Africa, would it not?—I should view the whole story with great scepticism. I should think that probably instances do happen for a particular reason, but that there is nothing to be built on them.

10522. Do you believe that the competition with America is of a permanent character?—No, I do not; I believe it is purely a fighting competition—a temporary one. Did you say competition from America?

10523. I was referring to these low rates?—The fighting rates?

10524. Yes?—That is a temporary thing, I should imagine; but "temporary" may be pretty long, and is sometimes.

10525. You have suggested that in order to meet the disability under which the British shipper is put, the shipowner should contribute something by way of discount or rebate to equalise the rates from this country?—Yes, to meet him half-way.

10526. Is that not rather suggesting that the British shipowner who is interested in combating the fighting line is going to punish his own shareholders in order to fight the competing ships?—It is a part of the cost of fighting.

10527. It would make his war so much the more expensive?—It might make the war a bit more expensive; I do not think myself it would be so much more expensive, but that is a thing I do not know.

10528. Do you think he would very rapidly break down the competition and put an end to the competition?—No, I do not think that. I think it would remove the grave allegation or complaint which is made against the shipowners that they are damaging British trade. If the British shipowners would consent to share some of the loss which they inflict upon British trade—a loss which I believe to be very much exaggerated—they would remove from themselves the odium of a very serious charge.

10529. Your acquaintance with the whole business is rather of a theoretic kind, is it not?—I have never been either a shipowner or an African merchant.

10530. You are looking at it as a person who has studied the question?—As a person who has studied the question with absolutely no interest one way or the other, but I have studied it.

10531. (*Chairman.*) You have the advantage of being impartial, therefore?—Absolutely—a rare advantage nowadays.

10532. (*Sir Hugh Bell.*) I noticed that in answer to some questions you said one of the grounds, one of the defences, of the Conference was, that it put on better ships, and you especially said comfortable ships?—Did I say "comfortable?" I do not know. If I did, I accept it. I accept the word, anyhow.

10533. If it was only an accidental epithet, I will not found upon it?—I accept the epithet; I believe they are. I have travelled a great deal, but I have never travelled in better steamers than the Castle steamers; to my idea they are the most comfortable steamers in the world as far as I have ever travelled on them.

10534. Of course, that does not affect at all the question of freight?—No, but it all goes into the cost of putting the steamers on the berth to load.

10535. Do you think that the cargo ought to be made to pay for your comfort?—It is not the cargo—the cargo is an inanimate object—it is the owner of the cargo who himself travels, or who is mixed up with the people who do travel. He has to consider the *pros* and *cons* all round, and to consider whether it is worth his while to enter into an agreement of this kind. He must take the advantages with the disadvantages.

10536. As though he entered into an agreement with this company voluntarily and without protest. Is that what he did?—Yes, I suppose so.

10537. As a matter of fact, was not a notice hurled at his head?—The South African merchant is not a baby. He ought to be able to protect himself. If he and his partners in business, his colleagues and his friends, all thought alike about it, they would be as strong as the shipowners are; but they do not agree among themselves, and they want, some one thing and some another.

10538. Yet you suggest as a remedy that these persons, who will not come together to agree about matters of vital interest in their trade, should come together to agree about the method of remedy?—Which method of remedy are you speaking of now?

10539. That of putting a term to the agreement?—I should ignore the individual altogether. The shipowners made a bargain with some body—the Shippers' Trading Committee; the shipowners and that committee were the two parties to the bargain, and I cannot deal with any outsiders to it. The outsider has got no rights as such. He has a vote as a member of the body that made the agreement, and if those who think with him are sufficiently important, their vote will operate as giving the notice required under the agreement. You must have a majority in all these things. If they are equally divided—well, whose fault is that?

10540. You suggest a remedy, and you take away the probability of its being made efficacious almost in the same breath?—It does not present itself so to me, with respect. I do not view it so.

10541. Is your acquaintance with the trade, such as it is—and you have very frankly explained exactly what it is—derived in any way from your knowledge of the South African Association in London?—No. I have met individual members of the association as I have met individual members of other associations, but I do not know any of them.

10542. You do not know what right the London South African Association has to speak for the South African trade, as a whole, do you?—I do not know what right they have got, but I believe they do it.

10543. (*Chairman.*) I will put to you a few questions, but if you have answered them before, pray stop me. I was obliged to be elsewhere during the earlier part of your evidence. Your knowledge on these matters is so great that I should like to know exactly your views. The rebate system has, I think you admit, certain considerable advantages, has it not?—The conference system has very great advantages, and I do not see that the conference system can be maintained without the rebate system.

10544. I mean in that sense and in that way?—Yes, we are agreed.

10545. The conference system coupled with the rebate system has, in your opinion undoubtedly, very great advantages?—Yes, very great advantages.

10546. You have enumerated five advantages in paragraph 11, and I am not going through your statement again?—I am very much at your service.

10547. On the other hand, you have stated to-day certain disadvantages which are consequent upon that system?—Yes.

10548. I suppose you agree that a contract is made by means of a circular between the shipowner and the

shipper, and that *prima facie* the contract ought to be binding?—Yes. *Mr D Owen.*

10549. A great principle of public policy is, if the persons are *sui juris* they should be bound by their contracts, but, on the other hand, if a contract is injurious to the interests of the country, and contrary to what is called public policy, then the contract should be held void. The question might arise in this case whether the advantages of the rebate system if not modified in the way in which you propose, or in other ways, are, or are not, counterbalanced by the evils. That is the real question, is it not?—Yes, that is what it amounts to.

10550. If the advantages are counterbalanced by the evils, and if no other remedy can be obtained, then the legislature ought to interfere, I suppose, as in other cases?—Yes.

10551. You have to-day suggested some alterations in the contract which is constituted by the rebate system, and you think those modifications or alterations are necessary in order to make the system equitable and conducive to the public interests?—Yes. As regards the limitation of the contract, that seems to me to be an obvious necessity.

10552. Still, if that important alteration cannot, in fact, be brought about by agreement, it must be brought about by legislation?—Yes.

2 July 1907.

SEVENTEENTH DAY.

Tuesday, 9th July, 1907.

PRESENT :

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

The Hon. C. N. LAWRENCE.
Sir D. M. BARROUR, K.C.S.I., K.O.M.G.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
Mr. J. BARRY.
Professor E. C. K. GONNER.

Mr. F. MADDISON, M.P.
Mr. W. H. MITCHELL.
Mr. OWEN PHILIPPS, M.P.
Mr. OSWALD SANDERSON.
Mr. AUSTIN TAYLOR, M.P.
Mr. I. H. MATHERS.
Mr. J. A. WEBSTER, *Secretary.*

Sir ERNEST EDWARD BLAKE, K.C.M.G., called, and examined.

10553. (*Chairman.*) You propose to give evidence on behalf of the Crown Agents of the Colonies, do you not?—Yes.

10554. Certain questions have been submitted to you by us, and to those questions you have been good enough, I think, to prepare certain answers?—Yes.

The witness handed in the following:—

LIST OF QUESTIONS ON WHICH SIR ERNEST BLAKE, K.C.M.G., HAS BEEN ASKED TO GIVE INFORMATION.

- (a) The extent of the shipments made by the Crown Agents, specifying the shipments in each trade.
- (b) The methods by which their shipping business is conducted, and more particularly:—
 - (1) Whether shipments are made by the Conference Lines as a matter of course or whether tenders are invited in the open market.
 - (2) Whether the Crown Agents are bound by the rebate system in the various trades in which they ship, and, if so, whether any of the shipowners making use of the system are in receipt of subsidies from the Government, other than subsidies for postal services.

- (8) Whether the Crown Agents are accorded (under contract or otherwise) lower rates than those accorded to merchants, and, if so, what is the extent of such preference.
- (c) Whether regular sailings and stable rates are regarded as essential or desirable by the Administrations on behalf of which the Crown Agents ship and, if so, whether such regular sailings and maintained rates are in the opinion of the Crown Agents only obtainable under the rebate system.
- (d) Whether it would be practicable for the Crown Agents to make arrangements for the shipment of their goods by chartering steamers in the open market.
- (e) What course has been adopted by the Crown Agents when Opposition Lines have been started in the various trades.
- (f) The relation between the Crown Agents and the Bank of British West Africa.
- (g) The arrangements by which, according to Mr. Holt's evidence (a copy of which is enclosed), Messrs. Elder, Dempster and Company obtained a monopoly of the carriage of Burham cement.

The Commission would be glad to receive information on any other points on which you may be willing

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Blake.
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to give evidence, more particularly as to the effect which, in the opinion of the Crown Agents, Shipping Rings and Conferences may have had upon the trade or development of the Colonies or Protectorates whose shipments are made by the Crown Agents.

STATEMENT BY SIR ERNEST BLAKE, K.C.M.G.,
ON BEHALF OF THE CROWN AGENTS
FOR THE COLONIES.

1. Before proceeding to deal with the questions enumerated in your letter, it is perhaps desirable that I should define the position and functions of the Crown Agents, as a good deal of misapprehension frequently exists on this point.

The Crown Agents are not principals, but agents, and their business is confined to the work entrusted to them by the Colonial Governments or by the Secretary of State for the Colonies.

2. A wide amount of discretion is necessarily imposed in the Crown Agents in carrying out the details of their business, but when any important question of principle arises they always, if time permits, consult the particular Colonial Government concerned before involving it in the consequences of their action. Where the Colonies generally, or a group of Colonies whose interests may be dissimilar, are concerned, the Crown Agents seek the ruling of the Secretary of State.

When the Crown Agents have submitted a question to a Colonial Government or to the Secretary of State with such an expression of their own views as they may consider necessary or desirable, their responsibility is at an end, as the decision arrived at is that of the Colonial Government or of the Secretary of State, not that of the Crown Agents.

3. As regards the questions on which the Commission chiefly desires to be informed, I beg to say that to furnish particulars of (a), the extent of the shipments made by the Crown Agents, specifying the shipments in each trade, would involve a great amount of labour, which we should be glad to be spared. Sufficient particulars for the purpose of the Commission as to our shipments are, however, probably contained in the Parliamentary Papers H.C. 264 of 1904 and H.C. 181 of 1907—copies herewith.

4. As to (b), the methods by which the Crown Agents' shipping business is conducted, all contracts for goods requiring to be shipped are notified by the Crown Agents to their shipping agents as the contracts are made, and it is the duty of the shipping agents to arrange for the necessary freight on the best terms procurable, and to seek the instructions of the Crown Agents in case of any question arising. The practice of the Shipping Agents is to post in their office particulars of the freight required when there is sufficient cargo to charter a steamer. The shipbrokers' clerks call daily at the shipping agents' office, and the freight required is known within a few hours to all shipowners interested.

5. *Question (b) (1).*—This is answered to a certain extent by the previous paragraph. Shipments by the Conference Lines are not made as a matter of course, but every shipment is dealt with on its merits. The quantities of goods to be shipped are not, however, as a rule of large amount, and they are frequently urgently required. It is therefore usually necessary to ship by the regular Lines of steamers.

6. *Question (b) (2).*—The Crown Agents receive rebates from Conference Lines, and have always considered themselves liable to forfeiture of rebates on the same terms as other shippers.

The Crown Agents are not aware of any case in which shipping Lines making use of the rebate system are in receipt of subsidies from the Government other than subsidies for postal services.

7. *Question (b) (3).*—The Crown Agents regret that they do not feel at liberty, in the interests of the Colonial Governments, to give any information on the subject.

In the case of the South African trade the Crown Agents were shipping on very much better terms than merchants until attention was called to the matter by the publication in South Africa of the special terms obtained by them.

An agitation ensued, with the result that the Government rates have in many cases been levelled up to the rates paid by the merchants. The result of the publication of the Government rates has therefore been very detrimental to the interests of the Governments, i.e., to the community as a whole.

8. *Question (2) (c).*—Regular sailings are very desirable, if not absolutely essential, in the interests of the Colonial Governments, as their demands for supplies are usually of an urgent nature, and delays in effecting shipments would be a constant source of complaint. Stable rates are not, however, of importance to Colonial Governments, as the fluctuating value of stocks in hand is of no importance to a Colonial Government, except perhaps from a storekeeping point of view. The interests of the Colonial Governments are that their goods should always reach them on the cheapest possible terms.

9. The opinion of the Crown Agents as to the rebate system has already been expressed in the 3rd paragraph of their letter of the 27th of March, viz.:—"As a matter of principle, we strongly object to rebates, but we are of opinion that the regular services given by the Lines, which are practically all in Conference, are of great importance to the Colonies, and we are disposed to doubt if the same regular services could be maintained without some Conference system. We are not, however, in a position to say to what extent the present regular services are dependent upon the rebate system."

10. *Question (d).*—The supplies sent to Colonial Governments fluctuate greatly in quantity, and as a rule are not large enough for the Crown Agents to charter steamers in the open market for the shipment of their goods. Great inconvenience would be caused to the Colonial Governments by the delays in supply which would occur if goods were kept back to make up a cargo, and complaints would arise that the interests of some particular Colony had been disregarded in order to secure the interests of some other Colony. In the case of the construction of the Uganda Railway, the supplies required were of such magnitude and could be shipped at such regular intervals that the chartering of steamers became practicable, and the bulk of the supplies were sent by such steamers—57 in number, extending over a period of about six years.

11. *Question (e).*—When Opposition Lines have been started, it has been the practice of the Crown Agents to consider each case according to the special circumstances of the time, and where necessary to submit recommendations for the consideration of the Secretary of State and of the Colonial Governments concerned.

In the case of the Houston opposition, some years since, in the South African trade, the Crown Agents arrived at the conclusion that the opposition was set on foot with the view of forcing entry into the South African Shipping Ring. The Crown Agents reported in this sense, and expressed the opinion that two courses were open—(1) to continue to support the Conference Lines as long as they would quote advantageous rates; (2) to give the business to the Houston Lines under a contract which should bind that company for a considerable period of time to maintain its competition, under severe penalties if it broke the contract.

In the result the anticipation of the Crown Agents proved to be correct. The Houston Line became a member of the South African Shipping Ring, and the competition came to an end.

In the most recent case of competition, that of the Sun Line to West Africa, which commenced its sailings last autumn, the Crown Agents submitted their views to the Secretary of State, and expressed the opinion that as the interests of the Governments of the West African Colonies were not identical, it appeared to us desirable to consult those Governments before action was taken. This advice was adopted, and the opinions of the Colonial Governments, which differ in several respects, have been received and are now under the consideration of the Secretary of State.

12. *Question (f).*—The relations between the Crown Agents and the Bank of British West Africa are regulated by the agreements which have been made between the various West African Governments and the Bank. A copy of the earliest agreement made—that in the case of the Government of Lagos—is annexed. The other agreements are substantially the same. The suggestion made in Mr. Miller's evidence that the Crown Agents are interested in the Bank apart from their official relations, is devoid of foundation.

13. *Question (g).*—The statements made by Mr. Holt in his evidence as to a monopoly in connection with the Burrell brand of cement having been established

by the Crown Agents are without any foundation. The statements refer apparently to some business arrangements between Messrs. Elder, Dempster and Company and the Buiham Company, of which the Crown Agents have no official knowledge.

The Crown Agents have never in their contracts for cement specified any particular brand, but have always required the supply to conform to the requirements of their standard specification—copy herewith. The annexed copies of some recent correspondence with the West African Trade Association explains the position.

The Crown Agents pointed out to the Government of Lagos, as far back as 1897, that the result of buying cement locally would be to establish a monopoly.

14. As regards the last question asked in your letter, as to the effect which Shipping Rings and Conferences may have had upon the trade or development of the Colonies, the Crown Agents do not possess sufficient information to justify them in expressing any opinion upon the subject.

15. As to our general opinion of Shipping Rings or Conferences, we are disposed to think that they, like all other Rings, are usually the result of excessive competition or of a state of affairs in which a trade would not pay without some form of self-protection. So far as we can see, there is no remedy against such Rings but the somewhat heroic course of establishing subsidised lines, which can of course be bound down to any conditions thought desirable as the price for receiving a subsidy.

10555. (*Chairman.*) Would you be good enough to tell us how many Crown Agents there are?—There are three Crown Agents.

10556. Those are Crown Agents for the Crown Colonies?—Yes. We are really the Agents-General for the Crown Colonies.

10557. From whom do you receive your appointment?—The Crown Agents themselves are appointed by the Secretary of State, but their staff are their own appointments. The Secretary of State has nothing whatever to do with the internal organisation of the office.

10558. There is, I believe, no written document in which your duties are defined?—Except the Parliamentary papers that have been published on the subject. In 1881 there was a paper published; that was the first.

10559. I have that before me. Will you tell us, generally, what your duties are?—Anything and everything.

10560. For instance, where there are railway undertakings, they are carried out by the Crown Agents, are they not?—The business part of them is. When a railway project is started, it is usual to take the advice of some consulting engineer; we are the medium of getting his advice, and then we pass it on to the Secretary of State, with any remarks we may think necessary. If ultimately it is decided upon, we have to carry out the business in connection with it.

10561. (*Sir David Barbour.*) You mean the business in this country, do you not?—Yes.

10562. The business in the Colony would be under the Colonial Government, I suppose?—Yes; but of course it depends whether it is built under what is called the Departmental system, that is, by officers of the Government, or whether it is built by means of a contract. In either case, there is a representative who is a technical man and who is called the resident engineer; and he is practically in charge of the work.

10563. You have nothing to do with it, except the provision of stores in this country?—There is a good deal more than that. There are a great many questions that arise in connection with it. We are the medium of communication between the consulting engineers and the Government.

10564. (*Chairman.*) The document to which you have just referred, which is a Memorandum on the Origin and Functions of the Department of the Crown Agents of the Colonies by Sir Penrose Julian, which was presented to both Houses of Parliament in August, 1881, and is marked Cd. 8075, states: "To the services performed by the old Agencies, have now been added

"others, which cause the duties of the new establishment to be of the most varied and responsible character. . . . The Colonial Department loans are negotiated on a more extensive scale than by any other agency in London. . . . Railway undertakings of considerable magnitude are also carried out by the Crown Agents." Is that so?—Yes.

10565. "From time to time they are called upon to find responsible contractors for the construction of railways in distant Colonies; on other occasions they have to negotiate for the purchase of railways already in existence, which the Colonial Government may find it desirable to acquire." In fact, it appears that the Crown Agents are the agents of the Crown Colonies for the purpose of carrying on that business which has to be done in England for the Colonies?—Yes, that is so. We are the business people of the Colonial Office.

10566. The business people carrying on business in England?—In England.

10567. (*Mr. Lawrence.*) And under the Colonial Office?—Yes. We also do a certain amount for the Foreign Office.

10568. But your office is under the Colonial Office in London?—We are responsible to the Secretary of State.

10569. (*Chairman.*) You state in your memorandum that a wide amount of discretion is imposed in the Crown Agents in carrying out the details of their business, but that "when any important question of principle arises, they always, if time permits, consult the particular Colonial Government concerned before involving it in the consequences of their action. Where the Colonies generally, or a group of Colonies whose interests may be dissimilar, are concerned"—by Colonies there, you mean Crown Colonies, do you?—Yes.

10570. Where they are concerned, "the Crown Agents seek the ruling of the Secretary of State"?—Yes.

10571. The first question we put to you was: What is the extent of the shipments made by the Crown Agents, and in reply to that you state that "the extent of the shipments made by the Crown Agents specifying the shipments in each trade, would involve a great amount of labour, which we should be glad to be spared. Sufficient particulars for the purpose of the Commission as to our shipments are, however, probably contained in the Parliamentary Papers H.C. 264 of 1904 and H.C. 181 of 1907"; and you have sent us copies of those?—Yes.

10572. The next question was "whether shipments are made by the Conference Lines as a matter of course or whether tenders are invited in the open market"; and generally as to the methods by which shipping business is conducted. You state in your answer, "As to the methods by which the Crown Agents' shipping business is conducted, all contracts for goods requiring to be shipped are notified by the Crown Agents to their shipping agents as the contracts are made, and it is the duty of the shipping agents to arrange for the necessary freight"—by that you mean the ships, I suppose?—Yes, to provide the shipping—

10573. "On the best terms possible, and to seek the instructions of the Crown Agents in case of any question arising. The practice of the shipping agents is to post in their office particulars of the freight required when there is sufficient cargo to charter a steamer." Do they charter the whole of a steamer?—They charter the whole of the steamer. Our requirements, as a rule, are not sufficient to make up a cargo.

10574. Then I do not quite understand what you mean by saying this—"The practice of the shipping agents is to post in their office particulars of the freight required when there is sufficient cargo"—does that refer to your cargo?—Yes, our cargo. When there is a sufficient amount of cargo to be worth considering whether we will charter, then the particulars of this cargo are posted up in the shipping agent's office. But, as a general rule, ours is a kind of daily business; things are being sent off directly they are ready, and, therefore, the articles must go by the opportunities which are

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available. We cannot accumulate our stores, as a rule.

10575. That is exactly what I mean ; so you do not generally charter the whole of the steamer?—We generally have to go to the established Lines. The bulk of our cargo goes by the established Lines, simply because we have not got enough cargo to be worth considering chartering.

10576. Then you say, "Shipments by the Conference Lines are not made as a matter of course, but every shipment is dealt with on its merits. The quantities of goods to be shipped are not, however, as a rule of large amount, and they are frequently urgently required. It is therefore usually necessary to ship by the regular Lines of steamers." So that you do not often employ tramps?—No ; not often ; not where there are established Lines.

10577. You go on : "The Crown Agents receive rebates from Conference Lines, and have always considered themselves liable to forfeiture of rebates on the same terms as other shippers" ; I suppose that is another reason why you do not employ tramps?—Undoubtedly.

10578. If you employ tramps, you would lose your rebates?—We should lose our rebates—at least we have been threatened that we should lose them.

10579. I should like very much to know from you whether there have been occasions on which you have had your goods carried by outside steamers. Have there been any occasion?—In the case of the Uganda Railway we chartered practically for almost everything. That was a great cause of offence to the British India Company.

10580. Then you chartered steamers?—We chartered steamers then, and we had ample means of providing cargoes, because we could always fill up our ships with coal ; so that if our other things ran short, we could always provide the tonnage necessary.

10581. That did not cause you to lose your rebates on other shipments, did it?—I do not know whether at that time there was anything of the kind. The East African trade was a comparatively small trade, but the British India Company were very much offended, and said in effect that they thought the Government ought to support the British Line and to ship everything by them. Our answer was, "That is a question of policy with which we have nothing whatever to do. Our business is to get these goods out on the cheapest terms possible, and we can do that by chartering. If you have any grievance, you must go to the Government about it." That was the line we took with them.

10582. Then comes this question, which you do not desire to answer, but I will put you a few questions with reference to it : "Whether the Crown Agents are accorded (under contract or otherwise) lower rates than those accorded to merchants, and, if so, what is the extent of such preference." You say you do not think yourself at liberty to give any information on the subject ; but perhaps, without knowing it, you have done so, because you go on to state, "In the case of the South African trade, the Crown Agents were shipping on very much better terms than merchants," and so on. Therefore, for some considerable time you were shipping on more favourable terms?—Yes, undoubtedly.

10583. Then an agitation arose, the result of which was that the Government rates have, in many cases, been levelled up to the rates paid by the merchants?—Yes.

10584. You observe that "the result of the publication of the Government rates has therefore been very detrimental to the interests of the Governments, namely, to the community as a whole." But it is that which the merchants desire, is it not?—I quite understand that, but I do not think the interests of the Government and of the merchants are the same.

10585. Now I come to question (c), "Whether regular sailings and stable rates are regarded as essential or desirable by the Administrations on behalf of which the Crown Agents ship, and, if so, whether such regular sailings and maintained rates are in the opinion of the Crown Agents only obtainable under the rebate system. In your answer

you draw a distinction between the advantages of the regular sailings and the advantages of stable rates ; you say, as regards regular sailings, it is very desirable in the interests of the Colonial Governments that there should be regular sailings?—Yes, and I ought to have added another thing ; for the passengers it is very important. The Government are always sending out people, and it is very essential that we should have regular services for them.

10586. As regards passengers, they would generally go, would they not, by the steamers which carry the mails?—Yes ; but in some cases, unless they had the trade there would be no passenger steamers.

10587. As regards the rates being stable, you say that although it may be an advantage to the speculating merchant?—I do not say "speculating."

10588. No, I say that. Your point is that although it might be an advantage to the merchant—that is, a merchant who makes forward contracts?—Yes.

10589. It is of no importance to the Colonial Government?—I think none whatever.

10590. Now comes the answer which, as far as the purposes of this Commission is concerned, is the most important answer, namely, as to the rebate system in general. You say, "As a matter of principle, we strongly object to rebates, but we are of opinion that the regular services given by the Lines, which are practically all in Conference, are of great importance to the Colonies, and we are disposed to doubt if the same regular services could be maintained without some Conference system. We are not, however, in a position to say to what extent the present regular services are dependent upon the rebate system." If the regular services could be obtained by means other than those of a rebate system, you would be entirely opposed to the rebate system, would you not?—Yes, undoubtedly.

10591. Why?—Simply because I think it is very undesirable that one should be bound to ship by any particular Line. There is no possibility of competition under the rebate system.

10592. Because outside steamers cannot be employed without forfeiture of rebates?—Yes.

10593. Do you think that, generally, the rebates are so considerable as to oblige the merchants not to employ outside steamers?—The rebates are very considerable. When they are treated in the aggregate, they amount to very large sums.

10594. On the question whether the present regular services are dependent upon the rebate system, you do not wish to express any decided opinion?—I would rather not. I do not think I am competent to express an opinion on that.

10595. It rather follows from that, that you are not disposed to express, and you do not consider yourself competent to express any decided opinion on the rebate system?—I think not.

10596. Is it only for that reason that you are not in a position to say to what extent the regular services are dependent on a rebate system?—Yes, that is so.

10597. Our next question was, "Whether it would be practicable for the Crown Agents to make arrangements for the shipment of their goods by chartering steamers in the open market" ; and you answer, "The supplies sent to Colonial Governments fluctuate greatly in quantity, and as a rule are not large enough for the Crown Agents to charter steamers in the open market for the shipment of their goods." You have told us there was an exceptional case, namely, that connected with the Uganda Railway?—Yes.

10598. You go on, "Great inconvenience would be caused to the Colonial Governments by the delays in supply which would occur if goods were kept back to make up a cargo, and complaints would arise that the interests of some particular Colony had been disregarded in order to secure the interests of some other Colony" ; and then you mention the case of the Uganda Railway?—That is so.

10599. Then you were asked, "What course has been adopted by the Crown Agents when Opposition Lines have been started in the various trades?" You state that in those cases the Crown Agents consider each case on its own merits, and when necessary

you submit recommendations for the consideration of the Secretary of State, and the Colonial Governments concerned?—Yes.

10600. Then you refer to the Houston opposition; do you recollect in what year that occurred?—That occurred about 1902. It was just after the war.

10601. What did you do in that case?—We did exactly what I say in my statement, that is to say, we expressed the opinion there stated.

10602. What action did you take?—We continued to ship by the Conference Lines, because they gave us most excellent terms.

10603. (*Sir David Barbour.*) Did they give you the same rates as the Opposition Line was giving?—I think they were better, if I remember aright.

10604. Even better?—Even better.

10605. Lower than they were before?—Enormously. They declared, of course, that they were losing heavily on them.

10606. (*Chairman.*) They could not go on doing that indefinitely, and the consequence was that they admitted the Houston Line?—Yes; that is the usual result of these things.

10607. The last case of the kind occurred, you say, in connection with the Sun Line to West Africa?—Yes.

10608. In that case, because you thought the interests of the Governments of the West African Colonies did not coincide, you thought it desirable to consult those Governments before action was taken?—Yes.

10609. And the matter is now under the consideration of the Secretary of State?—Yes.

10610. Our last question refers to the relations between the Crown Agents and the Bank of British West Africa. Who is the chairman of the Bank?—Sir Alfred Jones.

10611. Sir Alfred Jones is a gentleman of very great influence and power in affairs relating to West Africa, is he not?—Yes. He is the predominant power in West Africa, by a very long way.

10612. Have you formed any opinion as to the desirability, or the effect, of Sir Alfred Jones being at the head of one of these Shipping Rings and also being at the head of that Bank?—I think it is a very regrettable thing that he is at the head of the Bank.

10613. Why do you think it is regrettable?—Because it lays him and the Bank open to charges of favouritism.

10614. We have heard very strong evidence to the effect that there is no favouritism; but you think a situation is undesirable which gives rise, and naturally gives rise, to suspicions of that kind?—Yes, I think it is very undesirable.

10615. You have sent in a copy of the earliest agreement made in the case of the Government of Lagos. Mr. Miller said in his evidence that the Crown Agents are interested in the Bank, apart from their official relations; I want to know whether the Crown Agents have any interest in the Bank at all?—None whatever.

10616. They are not directors of the Bank?—No; they are neither directors nor shareholders, nor have they any relations whatever with it.

10617. They do not communicate confidently to the Bank at all?—The Bank very often come and consult us on questions, and, I think, very properly so. They are bankers to the Government, and questions arise as to the interpretation of the agreements, also questions of currency, questions of exchange, and things of that kind. We are on very friendly terms with the Bank, as I am glad to say we are with most of the people with whom we deal; but they are purely official relations.

10618. Is there any way—I am sure you will tell us quite frankly—in which the Crown Agents obtain better terms from the Bank than the public at large obtain?—Yes. The agreement shows that we have slightly better terms; but that is part of the agreement.

10619. So that you do not get better terms other than those defined in the agreement?—If any business

question arises, we always make the best terms we can, as a matter of course. Under that agreement, we are to get an eighth better terms than anybody else.

10620. I pass from that for the moment, and go to the next point. Mr. Holt made certain statements as to a monopoly in connection with the Burham brand of cement having been established by the Crown Agents. Can you tell us whether that gentleman is correct?—It is absolutely incorrect. There is not an atom of truth in it.

10621. I suppose you, as representing the Crown Colonies, would try naturally to obtain the best terms that you could?—We always do. That is the rule, and the reason for our existence.

10622. That is your duty?—That is our duty.

10623. Upon the effect which Shipping Rings and Conferences may have had upon the trade or general development of the Colonies, you say you do not possess sufficient information to justify you in expressing any opinion upon the subject?—That is so.

10624. Am I right in saying, as regards the rebate system, that the opinion you wish to express is, on the whole, this—that if the rebate system has secured, and is necessary in order to secure, regular sailings, it confers a great benefit?—I do not see how the business of the Governments of the Crown Colonies could be carried on without a regular service.

10625. On the question whether the rebate system is necessary in order to secure regular sailings, you do not express any opinion?—I do not feel competent to express an opinion upon that subject.

10626. I think I may say we have had conflicting evidence upon that point; but you do not wish to give us any opinion?—I do not think I am competent to give you any useful opinion on the subject.

10627. Finally, if the rebate system is not necessary in order to procure regular sailings, then you seem clearly to be of opinion that the rebate system is injurious to the public interests?—I should be very glad indeed to find that it was possible to do without the rebate system.

10628. (*Mr. Lawrence.*) I think you told the Chairman that there were three Crown Agents, who were appointed by the Secretary of State?—Yes.

10629. I take it, therefore, that they are responsible to him and him only?—We have a kind of dual responsibility. We are responsible to the Colonial Governments and to the Secretary of State; he is a kind of Court of Appeal. Of course, a great deal of our business is done direct with the Colonial Governments; but if any question arises, and the Colonial Governments are not satisfied with our conduct of the business, or anything, they appeal to the Secretary of State, and he judges us *ex post facto*.

10630. I suppose the Crown Agents are paid under the Colonial vote; are they?—No. We are absolutely independent of Parliament, and Parliament has nothing whatever to do with us.

10631. Who pays you?—The Colonies. We are paid entirely by an authorised scale of commissions. We are an absolutely self-supporting institution.

10632. Are these commissions paid by the various Colonies, according to the work done?—Yes. We have varying scales, but they are all authorised.

10633. In paragraph 4, you say, "As to the methods by which the Crown Agents' shipping business is conducted, all contracts for goods requiring to be shipped are notified by the Crown Agents to their shipping agents"; do they have more than one shipping agent?—We have a firm.

10634. Who are they?—Messrs. Freeland.

10635. Do they do all the business?—They do all our business.

10636. And whenever you want anything done, you apply to that firm?—We simply notify it to them.

10637. Do you find that a better arrangement than being free to deal with any shipping firm?—I think it is very much better, because they accumulate a vast amount of information and experience, as our business is an extremely varied one. You must remember that we are shipping to somewhere about 50 different Colonies, and a great many more different

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places. It is essential that our agents should be able to know everything, and should be accustomed to deal with the work. They are very little more than a branch of our office, only with the advantage that they are in the City and that they are experienced shipping people.

10638. They do not confine their business to you, I suppose?—They are at liberty to take other business.

10639. And do, I suppose?—Yes, they take other business.

10640. In paragraph 6 you say, "The Crown Agents receive rebates from Conference Lines, and have always considered themselves liable to forfeiture of rebates"; who gets those rebates?—They are credited to the Colonies.

10641. To the particular Colony?—Quite so.

10642. In paragraph 8 you say, "Stable rates are not, however, of importance to Colonial Governments, as the fluctuating value of stocks in hand is of no importance to a Colonial Government, except perhaps from a storekeeping point of view. The interests of the Colonial Government are that their goods should always reach them on the cheapest possible terms." Do you consider that they get them on the cheapest possible terms under the rebate system, that is to say, under the existing system?—That, of course, opens out very much the same question as the Chairman raised. It is a question of opinion. I do not think, without entering upon the whole question, I could express any opinion on that point.

10643. You could not express any opinion?—I think not.

10644. (*Sir John Macdonell.*) Are the commissions payable to the Crown Agents in any way dependent upon freights?—No; for instance, in connection with our stores work, we get 1 per cent. on the cost of the stores.

10645. What is the "cost" of the stores?—That includes prime cost, freight, and insurance.

10646. So that only to a minute degree is the commission dependent upon the freight?—Only to a very minute degree; and it does not enter into consideration for a moment, of course.

10647. In paragraph 9 of your memorandum, you state that the Crown Agents strongly object to rebates; I take it that that is the considered opinion of all the Crown Agents?—Yes, as a matter of principle.

10648. Speaking for yourself, and also for your colleagues, I understand that you are not certain whether, in the absence of a rebate system, regularity of sailings could be obtained?—No, I am not sure of that.

10649. Your experience goes a long way back, does it not?—Yes; since 1881.

10650. And, therefore goes back to a time before the rebate system existed?—Yes.

10651. Going back some little time, had you or other Crown Agents any difficulty in obtaining regular sailings?—From time to time, of course, we have had difficulties, but those have been, I think, generally when there has been an extreme time of prosperity and when there has been more cargo going than we could get opportunities for. I do not think that there has ever been any very great difficulty.

10652. May I take it that during the whole of your experience there has been practically no difficulty in the way of obtaining regular sailings?—None.

10653. And so far as your experience goes, the establishment of the rebate system has made practically no difference?—No, I have not said that.

10654. I am asking you the question: Do you think, looking to your experience, that there has been any great difference in the way of obtaining regular sailings since the rebate system was established?—I think that that is a question on which our shipping agents would be far more competent than I am to express an opinion. Our duties are so excessively multifarious, that I cannot judge these sort of things as closely as such a question as yours requires in order to answer it.

10655. I should be glad to have your opinion upon that point, if you would kindly give it to me. What strikes me is this: In principle you are strongly, as

I understand, opposed to the rebate system, but you have doubts whether this regularity of service, which is so desirable, would be obtained without it?—Yes, that is so. Our shipping agents say that the services have been distinctly better since the rebate system has been established.

10656. If I were drawing, not upon the shipping agents' experience, but yours, and yours only, is there anything that you know which leads you to think that there has been an appreciable difference?—I think that if you would deal with a particular group like West Africa, or South Africa, I might answer more definitely.

10657. Take the route to West Africa, in the first instance?—That is a particularly difficult service. There are a great many ports, or rather there are a great many stopping places, because one of the difficulties of the West Coast is that there are so few ports; and I think, therefore, that if West Africa were dependent upon tramp steamers, its service would be most indifferent. I think that the only chance of the West Coast being served is by a regular line—I am sorry to say so.

10658. You are hardly answering my question, which is, perhaps, less important than that which you are answering. My question is whether, in point of fact, there has been any great difference in the West African service since the establishment of the rebate system?—The service has been steadily improved.

10659. (*Sir David Barbour.*) The trade has been largely increasing?—It is increasing.

10660. (*Sir John Macdonell.*) Whether that improvement is due to the rebate system, you cannot say?—Of course that gives away the whole question. I am not prepared to answer that.

10661. Again drawing upon your experience before the rebate system was established, was there any great difficulty in obtaining ships by which to send out officers and other persons in the service of the Government?—Since I have been connected with the Colonies, there always have been regular services; the services have been improved, but they always have been regular.

10662. You have told the Chairman that from time to time, and in the case of the Uganda Railway on a large scale, you have chartered whole vessels?—Yes.

10663. Do you ever send small parcels by vessels not in Conference Lines?—If there is no rebate system, we always send by the first favourable opportunity.

10664. Take the West Coast of Africa service, do you, in point of fact, send consignments by vessels not in the Conference?—No; because the rebate system there is very restrictive, and, in fact, the opportunities of sending to the West Coast are so extremely small, outside the Conference.

10665. Then, take the East Coast of Africa; do you ever send there by outside boats?—There is no Conference, I think, on the East Coast of Africa at present.

10666. Do you ever send to Natal, say, by outside vessels?—There, of course, the Houston controversy raised the whole question. The Houston Line tried to force themselves into the Ring, and we had to consider whether we would support the Conference Lines or the Houston Line. Ultimately, the Houston Line were taken into the Conference.

10667. With that exception, and excluding that episode, do you ever, in point of fact, send anything to Natal except by vessels belonging to these Conference Lines?—The Conference has been in existence for a considerable time. Our connection with South Africa, I ought to explain, has been rather spasmodic. When I was first appointed Crown Agent, we were Agents for the Cape, and for Natal; then they got responsible Government, and that business went away from us. Then when the war broke out, we were appointed Agents for the Transvaal, and again we came into the business; but when we came in, of course the Conference was an established system.

10668. While the Conference system has been in existence, have you ever sent any goods to South Africa or Natal except by Conference steamers?—No, I think not.

10669. You send, I see, very various kinds of goods, which you describe generally as "stores purchased"?—Yes.

10670. Take first the case of West Africa; what sort of goods do you send—railway materials and what?—Everything. You cannot think of anything that we do not send.

10671. Then, in point of fact, you do send certain articles which might be purchased—I will not say at the same price—in the Colonies themselves?—Undoubtedly.

10672. I think you said that in one case you got very much lower rates than the merchant?—Yes.

10673. Where that is the case, does not that work to the disadvantage of the merchant?—I do not think we are called upon to consider the interests of the merchant. We consider the interests of the Government, and of the community at large as represented by the Government.

10674. May I take it that not merely as regards West Africa, but as regards all the Crown Colonies, it is the case that the articles which you send out are so varied that they may include articles which might be purchased in the Colonies?—Undoubtedly so; but perhaps I ought to tell you that the Secretary of State's regulations require that the Colonial Governments should buy through us everything that is imported.

10675. In paragraph 7 you say, "An agitation ensued, with the result that the Government rates have in many cases been levelled up to the rates paid by the merchants." I am not going to ask you about the figures, but when, in point of time, did this change take place?—The agitation?

10676. No. When were the rates levelled up to the rates paid by the merchants?—There has been an arrangement by which we have only been authorised to make freight arrangements for six months, and almost every six months we have lost something.

10677. What date or dates have you in your mind when you speak of rates having been in many cases levelled up to the rates paid by the merchants?—I think it was about 1904 that it first began. The very advantageous terms on which we were shipping were unfortunately published in South Africa, and immediately an agitation ensued. There have been, as you know, various conferences on the subject. As a result, each six months, as we had to negotiate with the Conference Lines, we have got worse terms. We are in exactly the same position as the Agents-General for the Cape and Natal; we have worked in conjunction with them, and we have always found that the Conference Lines ask more.

10678. May I take it that in each six months in 1905 and 1906, there has been a change in the rates, to your disadvantage?—Not absolutely, but on almost every occasion. We ought to have made a fresh arrangement on this last 30th of June; but it is still unsettled, and the Conference Lines are asking more disadvantageous terms.

10679. (Mr. Taylor.) Is that a special arrangement between you and the Conference Lines?—Yes; between the Agents-General and ourselves and the Conference Lines. We have a special arrangement.

10680. Which is revised every six months?—Yes. I ought to tell you that I shall cease to have anything to do with this directly, because the Agent-General for the Transvaal will take over those duties.

10681. (Mr. Owen Phillips.) The higher rates which are being demanded by the Conference Lines on cargo shipped by the Crown Agents are, I understand from your evidence, the direct result of an agitation of the merchants in South Africa grumbling at your having had in the past such favourable terms?—I have not a doubt that the unfavourable terms that we now get are the result of that agitation.

10682. (Sir David Barbour.) Who appoints your shipping agents?—We do.

10683. Not the Colonial Office?—No.

10684. I suppose you supervise their work, and examine the rates which they obtain for you?—That is constantly done, of course. They have been our shipping agents for more than forty years.

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10685. Do the shipping agents ordinarily call for tenders?—No. I think I have explained before that we are almost forced to ship as a rule by the established Lines—we have such small quantities of goods going, and they are generally urgently required. There would be a great outcry if they did not go as soon as possible.

10686. Then the rebate system comes in to prevent your calling for tenders?—Exactly. I may tell you of an instance at the present moment in South Africa. We have been unable to make any arrangement, although we have a lot of stuff wanting to go forward. We have telegraphed to the Transvaal, "What are we to do?"—and we can get no answer.

10687. Have you ever tried to get rid of the rebate system?—It hardly falls within our province to do that. We are using other people's money, and we are in the position, to a certain extent, of trustees; so we cannot.

10688. But if it was a benefit to those people for whom you are trustees to get rid of the rebate system, you would be bound to get rid of it, would you not?—If we were authorised to do it; but that rests with a higher authority.

10689. It is your business to carry out the shipping business in the most economical manner?—Undoubtedly.

10690. And if you thought you could carry it out in a more economical manner by getting rid of the rebate system, I presume you would have tried to do so?—If we saw any way in which we could do it, undoubtedly we should try.

10691. Now as regards the Burham cement, I understand that when you called for tenders you did not say that only Burham cement would be received?—We never specify a brand.

10692. Did the local Governments in West Africa buy any cement themselves?—They bought largely.

10693. With the sanction of the Colonial Office?—No. They did not consult the Colonial Office. They have simply taken the matter into their own hands and bought.

10694. I understand from you that all imported stores have to be purchased in this country?—They ought to be purchased here.

10695. In this case the local Government disobeyed the Secretary of State?—Yes.

10696. When they purchased, did they purchase Burham cement?—Apparently so. I know nothing more than has appeared in Mr. Holt's evidence.

10697. If they said they would only buy Burham cement, and somebody secured the entire supply of Burham cement from the Burham Cement Company, then that person would secure a monopoly?—The position really is this: Sir Alfred Jones, or rather Messrs. Eldor, Dempster & Co., have the monopoly of freight to West Africa; they ship things like coal and cement on ship's account, and obviously they can undercut everybody. They import Burham cement, and that is the secret of the whole position.

10698. But the local Government disobeyed the orders of the Secretary of State, and purchased Burham cement out there?—They purchased cement.

10699. Which apparently was only Burham cement?—Apparently.

10700. That practically gave a monopoly to the Burham Cement Company?—Yes—or put it into the shippers hands.

10701. (Mr. Mitchell.) I should like to ask you a question in regard to your paragraph 7, but I would like to read what you say first: "In the case of the South African trade, the Crown Agents were shipping on very much better terms than merchants, until attention was called to the matter by the publication in South Africa of the special terms obtained by them. An agitation ensued, with the result that the Government rates have in many cases been levelled up to the rates paid by the merchants. The result of the publication of the Government rates has, therefore, been very detrimental to the interests of the Governments, i.e., to the community as a whole." You seem to think that it was a very good

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thing that you were getting so very much lower rates than the merchants were getting?—Yes.

10702. But does that not imply, either that the rates you were paying were remunerative to the shipowners, in which case they were charging the merchants too much, or that they were unremunerative, in which case the merchants were paying for the losses sustained upon your shipments?—I have not a doubt that is the argument of the merchant, but I think there is another way of looking at it. Shipowners like Government cargo. It suits them; it is considerable in amount; and they are willing to give good terms for it.

10703. Do you think that is sufficient to account for the difference? You will not dispute what I said just now, but you say that was not the case, because the difference was caused entirely by the fact that they liked your particular freights better than they liked the merchants' freights?—They like our cargo, and I think they take it simply because it suits them.

10704. Would that account for the very large difference that you speak of?—I cannot, of course, say. They know their own business best.

10705. I suppose you will admit that in the long run the interest of the community is that both the shipowners should be able to earn a fair return on their capital, and the merchants should be able to do a trade which is not hampered by excessive rates?—I think it is essential that the shipowner should be able to earn sufficient.

10706. Is it not rather a narrow view of the case to take that it is in the interests of the community to buy at the lowest possible price, even at the risk of injury to trade?—I do not think it does injure trade, because the Government are not in competition with the merchants.

10707. But if you are really getting rates which are not remunerative and the merchants are practically paying for them, it is injuring trade, is it not?—I do not think so. The Government shipments are not sufficiently large to influence the price.

10708. You think not?—No; I do not think they are sufficiently large for that.

10709. Then you do not think you were really getting an unfair price?—I do not think so. During the time of the Houston opposition I think we were getting unfair terms, but that was owing simply to the competition. It was ruinous.

10710. Of course you cannot take into account what happens in exceptional times like that?—No.

10711. But on the whole, you do not think you were getting an unfair preference?—I do not think we have got an unfair preference. The materials which are really valuable are railway materials, which are either very heavy or very bulky; and I think it is quite right that the Government should get a preference for things like rolling stock. It is very bulky cargo, and therefore very costly.

10712. You will see, perhaps, what I am driving at. In the first instance it is your business, naturally, to get the best terms you can?—Yes.

10713. You have not got to consider questions of public policy, or anything of that sort?—No.

10714. You have to make the best bargain you can, just as the merchant or anybody else has?—Yes.

10715. But when we have to consider questions of public policy, we have to consider also the wider interests of the trade of the country, have we not?—Yes.

10716. It certainly cannot be to the interest of the trade of the country that either the shipowner or the merchant should be penalised in any way in the matter of rates, can it?—I think the merchant will look after himself; he will put it on the price of his goods.

(Mr. Mitchell.) That is a very simple matter when we are talking about it, but it may not be quite so easy to do it in practice. I am afraid it is a very easy thing to put something on the price of your goods, but the question is whether you can get it.

10717. (Mr. Barry.) During the period of the Houston opposition, I think you said you succeeded

in getting excellent terms from the Conference Lines?—Yes.

10718. Those excellent terms were lower, of course, than the special terms you had been getting before?—Yes; they were in competition, and therefore they gave anything to keep the freight.

10719. Since the agitation on the question of the Government getting lower freights, your freights have been gradually levelled up, I think you said?—Yes; they have been going up.

10720. And they are still going up?—Yes.

10721. Even as late as June 30?—Yes. They are proposing to put a higher rate on rails, which, of course, is a very important thing in South Africa.

10722. The presumption is that when they were giving the Government special terms, they were giving much higher terms to the ordinary trader?—During the competition they were giving everybody very favourable terms.

10723. During the ordinary times, and until this agitation in South Africa, the Conference Lines were giving the Government special rates?—Yes.

10724. Since the freights to the Government have been levelled up, has there been any general reduction in freights?—No. The tendency has all been upwards decidedly. Of course the amount of goods going out to South Africa has fallen off most frightfully, and there is nothing like the trade there was. During the war there was an enormous amount of business, and that has gradually died away.

10725. I take it that the enhanced freights which they are now exacting from the Government are going entirely into the pockets of the shipowners?—I suppose so.

10726. I have only a single question to ask about the Burham brand of cement. I think you stated that it has never been specified by the Crown Agents that the Burham brand only must be supplied?—That is so.

10727. Do you know, as a matter of fact, whether the Crown Agents have ever purchased any other kind than the Burham brand?—Yes, we have purchased every brand that is in existence, probably. We ask for tenders, and provided a cement complies with the specification, we do not go into the question of the brand.

10728. As the shipowners ship cement and one or two other things as ship's cargo, they can inevitably quote lower rates than the ordinary merchants?—Undoubtedly so.

10729. And they can quote to the Crown Agents lower rates for cement than any other body can?—We had nothing to do with that cement. That Burham cement was bought in the Colony.

10730. But the effect of shipping it as ship's cargo is that Burham cement becomes a monopoly in that country, naturally?—Any cement that the shipowner might ship would become a monopoly.

10731. As a matter of fact, the Elder-Dempster Line, we understand, have the agency for the Burham cement?—They have some connection with it.

10732. I notice that the Sun Shipping Line has come into the competition within the last few months; are they quoting lower rates than the Conference rates at present?—Yes, they are, slightly lower.

10733. And the subject is at present under consideration by the Crown Agents, I think you said?—By the Secretary of State.

10734. (Mr. Maddison.) You have told us that your duty, your primary duty, so to speak, is to get the best terms possible for the various things you send across to the Crown Colonies?—Yes.

10735. With respect to this cement, you make it plain that you have not confined your specifications to the Burham brand; but I do not think you have been quite clear yet whether in actual practice you buy anything else but the Burham brand?—Yes, we do. I intended my letter to be absolutely clear on that, but I thought I would bring something that would convince you. This question of our system of tendering has been raised from time to time, and in the Session of 1904 a Member moved for a return of

the number of firms invited by us to tender for a variety of articles. If you will look at the return, which I have here, you will see what appears in regard to cement.

10736. Thank you; if you think there is a number, that is quite sufficient?—The information desired was the number of firms invited by the Crown Agents to tender for the supply of certain articles on the latest occasion within the last three years on which an order for considerable quantities of such articles was given by the Crown Agents. The return shows in regard to cement that the order was for a total value of £4,512, and ten firms were invited to tender. That answers your question, I think.

10737. Is it true that at any time quotations have been sent in to you for cement which complied with your specification and were at a lower rate, but because it was not the Burham brand you refused?—That is absolutely untrue. The Burham Cement Company is now a member of the Associated Portland Cement Makers. They absorbed about six or eight firms, and the Burham is one of their members now.

10738. You have made it clear that in principle, at any rate, you are against rebates; I think that is correct?—Yes.

10739. But your difficulty is as to the regularity of the sailings?—Yes.

10740. Whether regularity of sailings could be maintained without the rebate system, is a question on which, I understand, you are not prepared to give any opinion. That is a great loss to us, if I may say so, because it seems so important. Would you say if the rebate system were abolished that the rates would be lower?—I do not think I am competent to express an opinion. It is such an extremely intricate question is the shipping question.

10741. To whom can we go for opinions on this question?—I think the shipping gentlemen are the people who could tell you.

10742. But then, you know all about them; you supervise their rates and you follow them?—We simply get the best rates we can, but they know whether it pays them or not, and we do not know whether the rates pay them.

10743. Now on the question of the payment of these shipping agents; do they get a commission?—They are paid in accordance with a tariff varying with the duties they perform.

10744. Are they paid by the Colonies?—Yes.

10745. Through you, I suppose?—Through us.

10746. There is another form of commission that we have mentioned in the House of Commons return—the Crown Agent's commission, the Inspectors' fees, and so on; by whom is that paid?—That is paid by the Colonies also. Of course, many articles have to be inspected to secure that they are up to the standard, and the inspectors have to be paid for their services.

10747. The inspectors are not paid on commission, are they?—No.

10748. (*Mr. Owen Philipps.*) Do the inspectors get fees?—It varies. Some of them are paid salaries, and some of them get fees.

10749. (*Mr. Maddison.*) I find on going through this return that in eight years in inspectors' fees and commissions there is an amount of £328,000, averaging about £42,000 a year?—That would be so.

10750. Where does that money go to?—That goes to the support of the Crown Agents' office. The office of the Crown Agents is absolutely self-supporting, and someone must pay for it. Some one who was very ingenious imposed the payment for this business upon the Colonies instead of upon this country; but someone must do the business in this country.

10751. What would be the total strength of your staff?—We employ more than 200 people.

10752. In the main, I suppose, they are paid salaries?—Yes, they are paid salaries.

10753. There will be a fairly big balance of that left, will there not?—No. We only just about pay our way; and the Secretary of State looks after that very carefully.

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10754. You told us, I think—I did not quite follow it, and that is why I trouble you with the question again—that you were paid 1 per cent. on the cost, which includes the freight?—Yes.

10755. Is that a usual method in these things?—We are paid in a variety of ways. The business fluctuates so enormously that commission is on the whole the most desirable way of doing it. It is impossible to pay us at a fixed rate, because sometimes a Colony's work is absolutely nothing, and another year it may be giving us a great deal of work. So the commission fluctuates with the amount of work. It is always on a fixed scale, but it fluctuates, and so, it is a rough and ready way of paying for the business.

10756. The remuneration seems to depend upon a high cost, does it not?—I suppose that is undoubtedly the fact; but still it is a very small percentage.

10757. Would you call that an incentive to economy?—I can only say that the question has never entered the mind of any Crown Agent, and never does. For instance, if we deduct a penalty from a firm, we always take our commission on the net amount, not on the gross; we always give it in favour of the Colony.

10758. Now with regard to the rates; do you from time to time take some means of comparing them with tramp rates and outside rates?—Yes; they are always being compared.

10759. In view of those comparisons, do you say that the rates in the Conference Lines are fair?—That is a question that I really am not competent to express an opinion upon.

10760. But if you have all the material for expressing an opinion, I should have thought you could have done so?—I do not know, of course, the cost at which these Lines are being run.

10761. I do not think you have anything to do with that, have you, as far as my question is concerned? It is a question of comparison, and we are not concerned whether the Lines do well or not?—What I do see is this, that if, for instance, we or anyone were to ship regardless of these Conference Lines, the freights would go all to pieces. When we had got a good amount of cargo, we could undoubtedly ship by tramps; but then when we had a small amount going, I imagine the Conference people would probably retaliate on us and say, "Oh, yes; you have to come to us now, and we will take our portion out of you."

10762. I suppose you still do not feel prepared to answer the question?—I do not; I am not competent.

10763. Just one question with respect to the merchant paying higher rates than the Government; would you say, if it could be proved that you got low rates because the merchants got high rates, and therefore the merchants paid for your rates, that that would be consistent with public policy?—I do not know that I have anything to do with that. My duty is to ship at the lowest rate that I can get. That is a question of policy.

10764. Your policy is restricted by the effect of the rebate system?—Undoubtedly we have to consider what would be the effect of losing the rebates.

10765. If you could have your own way, what would it be—the rebate system or an open freight market?—An open freight market.

10766. (*Mr. Owen Philipps.*) Sir John Macdonell asked you a question as to the regularity of sailings before the existence of the deferred rebate system; is it not the case that since the regular Lines have obtained reasonable security by this deferred rebate system, the British Lines have put much more expensive steamers on to their various services?—I think there is no doubt that the services have been steadily improving.

10767. Is that not a great advantage to the Colonies which you represent?—I think a regular service is very important to the Colonies; there is no doubt of it.

10768. Is it not specially important to the small outlying Colonies which would not in ordinary circumstances get such a good service as the more important Colonies; I mean, relatively, is it not of most importance to the smaller Colonies who are more de-

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pendent?—I think the smaller the trade, necessarily the more one is dependent on a regular service.

10769. (*Professor Gonner.*) Where the trade becomes large, do you think that a regular service will naturally develop?—I think that where the trade develops the opportunities for shipping will develop, but what the ultimate result will be is another matter. I think that there will be competition. Wherever there is a big trade, we shall see competition established, but what will be the result of that competition is another matter.

10770. Still, it leads to a more frequent service if there is competition in a large trade?—Undoubtedly.

10771. So that taking those routes on which there is a considerable trade, the rebate system, in your opinion, might be practically dispensed with, might it not—so far as you are concerned, of course, I mean?—That, again, is open to the question whether a trade could exist without some regularity. The tramp looks simply at his particular cargo, and provided he gets a remunerative cargo he is satisfied; but, of course, a regular service is a different matter altogether.

10772. But Lines have existed, have they not, before the deferred rebate system was introduced, and they exist in some cases now without the deferred rebate system?—Yes, they have existed; but they have been very spasmodic. Take the case of the East Coast of Africa, the service there has been very spasmodic.

10773. But they were built up and had existed previous to the deferred rebate system?—They have not been really satisfactory, and they have not been regular.

10774. When was the deferred rebate system introduced?—I do not think I know.

10775. In the South African trade it was between 1893 and 1898. There were Lines in the South African trade before 1893, were there not?—Yes.

10776. So one is justified, I think, in assuming when you speak of regularity of service and regular Lines, that they are not necessarily coincident—and that is my point—with the deferred rebate system?—If there is a sufficient trade there will always be a regular Line; it is a question whether there is a sufficiency.

10777. I gather you do not find yourself in the happy position of the India Office, who are able to ignore the rebate system?—The India Office ship to a few ports, and they have only to deal with a few Lines; we are shipping all over the world, and very often our shipments are absolutely negligible.

10778. Would you like to be able to adopt their attitude and to ignore the rebate system?—As a matter of principle, I should. As a matter of business, it is another thing.

10779. As a matter of business, you would like to get, as has been explained to us, the rebates in the price, would you not?—I should be very glad indeed if there were no rebates.

10780. Because you think that the rebate system is open to certain abuses?—I think the rebate system is objectionable in principle, but I do not know that I can say anything beyond that.

10781. I do not quite know what you mean by objectionable in principle, or as a matter of principle?—I think all restraints in trade are in the abstract objectionable.

10782. When we say they are in the abstract objectionable, do we not mean that they are objectionable because you think they lead to bad results?—I do not think I am competent to express an opinion on that.

10783. There is no moral right or moral wrong in a restraint of trade, is there; it is a practical right, or a practical wrong?—I do not see how the business can be carried on without some regularity. Take the case of the West Coast of Africa. From time to time we could undoubtedly charter and take up a ship for railway material, but for all our other requirements we should be absolutely at the mercy of the established Lines.

10784. And you are not strong enough to be independent of them?—We are not strong enough to disregard the established Lines; our shipments are not sufficiently big.

10785. Then why have you the objection, as a matter of principle?—I do not like being compelled to go to anybody, as a matter of principle.

10786. Because you are afraid that you are injured by having to act under that compulsion?—Yes. Of course I should like to have independence.

10787. Then you really do apprehend from the rebate system, we might say, disadvantages in the matter of rates, and that is the objection?—I do not know that I get the best rates; that is all.

10788. Exactly—you do not know?—I do not know it.

10789. You feel if there was an open market that competition would present you with what we might take to be the best rates obtainable?—Yes, that would undoubtedly be the case.

10790. With regard to that point relating to cement, did I understand you to say that it is your attitude, and the attitude of the Secretary of State, that the tender should not be invited locally?—It is one of the Colonial Regulations of the Secretary of State that everything which has to be imported should be ordered through us. I do not think, perhaps, it is necessary for me to explain why, but there are obvious reasons why it is not desirable that imported goods should be bought on the spot.

10791. Is that a general rule?—It is a rule of the Colonial Service.

10792. And that has been violated in certain cases?—Yes; it is frequently violated.

10793. In the case of buying coal as well in West Africa?—In the case of coal it was different. We found that we could not import coal on good terms, and we applied to Elder, Dempster & Co. to allow us to ship outside the rebate, in other words, to charter ships. Elder, Dempster & Co. would not agree to this. We then suggested to the Colonial Governments that they should see what would be the result of putting up tenders locally. The result was that Messrs. Elder, Dempster & Co. took the contract locally.

10794. Subsequently, were tenders invited from this country?—No, they have never been invited from this country.

10795. We have had it in evidence that shippers from England were invited to tender for coal?—The Government of Lagos published an invitation for tenders, and that was published in this country, but the tenders were received locally.

10796. They did not go through you then?—No, we had nothing to do with it.

10797. They went direct between the Government of Lagos and the tenderers?—Yes.

10798. Was the result of publication in this country to obtain a considerable reduction?—A slight reduction, not a very considerable reduction. I do not know whether the Commission would be interested in a correspondence I have had with Sir Alfred Jones on the subject. His last contract has turned out for him disastrously.

10799. His last contract for coal, do you mean?—Yes. You see the price of coal has gone up very much, and he is very much disgusted with it.

10800. And the Government, I understand, were disgusted, or were annoyed, by the previous price?—No doubt.

10801. I think anything that you would like to tell us would be valuable?—I merely had a sort of friendly correspondence with Sir Alfred Jones on the subject, and if the Commission like I will read what he says. It simply amounts to this, that instead of being a good contract for him it has turned out to be a very bad contract.

10802. That was the 32s. 6d. contract?—Yes.

10803. But at the same time it was a considerable reduction, owing to the publication in this country?—Yes.

10804. And you yourself upheld the idea?—We advocated it.

10805. You were speaking about the responsibility for the Crown Agents' Office; technically, I suppose the Secretary of State for the Colonies is responsible

in Parliament, is he not, for the Crown Agents?—I do not think that Parliament has anything to do with the Crown Agents. The Crown Agents are officers of the Colonial Governments and of the Secretary of State. Parliament, of course, can ask the Secretary of State anything they like about the Crown Agents, but the Crown Agents are officers of the Colonial Governments.

10806. When they are not officers of the Secretary of State?—The Secretary of State can speak on behalf of the Colonial Governments, but the pecuniary responsibility is that of the Colonial Governments.

10807. Under what audit do your accounts go?—We are audited either by the Comptroller and Auditor-General, or by the Colonial Auditors. It varies.

10808. Then your accounts at the Crown Agents' Office are not necessarily audited in whole by the same person?—No. The position is this: We render our accounts to the Colonial Governments, and while the bigger Colonies have their own system of audit, the smaller Colonies are all audited by the Comptroller and Auditor-General, and send their accounts, in which our accounts are incorporated, back to London, and any explanations the Comptroller and Auditor-General requires are furnished by us. Our own accounts—the accounts of our office as distinguished from the accounts of the Colonies—are audited by the Comptroller and Auditor-General. The system is most complete, I can assure you.

10809. I can see that it evidently gives you a great deal of trouble?—It is a most complete system; there is no loophole.

10810. So you are responsible for some things to the Colonies, and for other things you are responsible to the Secretary of State?—The Secretary of State is a kind of court of appeal.

10811. (*Mr. Lawrence.*) The Secretary of State actually makes the appointment, does he not?—He appoints the Crown Agents.

10812. He has the moral responsibility for the appointment?—Undoubtedly.

10813. (*Professor Gonner.*) Otherwise, it is almost an independent firm of agents, acting sometimes for one Colony and sometimes for another Colony?—Yes.

10814. (*Mr. Taylor.*) I take it from your replies to Professor Gonner that you really regard yourselves as not only self-supporting, but as having nothing whatever to do with Parliament, or rather that Parliament has nothing to do with you, or should have nothing to do with us. We are in the same position practically to Parliament that the Agents-General for the Colonies are.

10815. Then it is really almost an impertinence?—No, not at all. Parliament is always so very curious and so very anxious about us, and it really is, I think, because they do not understand our position; that is all.

10816. Do you not think that is very natural?—I think plenty of information has been published about the Crown Agents.

10817. The last information published in regard to the Crown Agents was published in 1881, was it not?—No, pardon me.

10818. The Chairman referred to a paper published 26 years ago—in 1881—upon the origin and history of Crown Agents?—Then there was a further paper in 1904. It was very much in continuation of that paper of 1881, and contained the same kind of information as to the organisation of the office. It is numbered Cd. 1944 (1904). (*Handing in print.*)

10819. You commence your memorandum by a statement as to the position and functions of the Crown Agents, with a view, I take it, of getting rid of misapprehension?—Yes.

10820. May I follow that up a little; without unduly encroaching on your time? Does the whole remuneration of the Crown Agents come from the Colonies?—Yes.

10821. The sum handled by the Crown Agents comes to an average of about 25 millions sterling for the last three years, does it not?—Yes.

10822. And that amount is under no control—or is it under the control of anyone besides the Crown Agents?—It is under very severe control indeed. We can only take what we are authorised to take. Everything that is above our authorised payment goes to our reserve fund.

10823. What becomes of the reserve fund?—That will have to provide for the future of the office—the pensions, and so on.

10824. Your own pension?—My own pension; and there are others to be paid some day or other. May I bring it home to you? We were called upon three or four years ago at a moment's notice to take up the agency of the Transvaal, which was a very heavy business; and that business is now leaving us. We were not asked whether we would like to take the business, and we are not asked whether we would like to lose it; but we have a large number of clerks that we shall have to dispense with and to compensate.

10825. Who asked you to take that business?—The Secretary of State simply told us to do the business.

10826. The business of the Transvaal?—Yes.

10827. Treating it for the time being as a Crown Colony?—Yes. The Agency is required to take up any work at a moment's notice. We are not asked whether we should like to take it, or whether we have got the staff for taking it; we are simply told that there is the work to do, and we must have an organisation which enables us to cope with such business.

10828. You do the work and handle the whole of the sums of money which the Crown Colonies and Protectorates require, both for financial business and for commercial business?—Yes.

10829. And, in fact, the whole of the business of the Governments of these Colonies and Protectorates?—In this country.

10830. Is that money ever touched by anyone but you?—I do not know what you mean by "touched."

10831. Is it not under your absolute control?—I do not quite understand your question. It is in trust with us, but it is most thoroughly controlled.

10832. Are you not the sole trustees?—We are audited.

10833. But except for the audit, are you not sole trustees, and are you not in sole control of this money?—You must trust somebody.

10834. I do not dispute that at all; I am only asking as to the position?—The business has to be done, and someone must be entrusted with it. This business is entrusted to us, and the organisation is such that the control is perfect.

10835. The system of check?—The system of check and control is perfect.

10836. Who is the supreme authority? I understand that the system is complicated in this way—you have the Governments of the Colonies and Protectorates, who have something to say, I suppose?—Undoubtedly—a very great deal to say.

10837. Then there are the Crown Agents in London, who have also something to say?—Yes.

10838. And then you have the Secretary of State?—The Secretary of State is a kind of court of appeal. If you could give me a specific case, probably I should be able to deal with it better.

10839. Take the case of freights. Does a case of freights ever come before the Secretary of State?—Yes. If, for instance, a Colony were dissatisfied with the freights, it might ask for explanations, and if it did not think our explanation satisfactory, they would certainly represent it to the Secretary of State. Then he would call upon us for our report, and he would arrive at his own conclusions.

10840. Do you often receive complaints from Colonies as to the rates of freight?—No, but we do occasionally.

10841. But not often?—Not often.

10842. Do the rates of freight go thorough automatically?—No, not automatically. From time to time the Colonies say that they think they have been charged a very high rate of freight, and then we give

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them such explanations as we are able; and if they are not satisfied, it is open to them to represent the matter to the Secretary of State.

10843. You state in your memorandum that particulars of shipment are posted, and I think I understood you to say that you occasionally ask for tenders for shipment. How long is it since you posted up particulars of any shipment inviting outside steamers to compete?—It is some considerable time since there has been occasion for it.

10844. Is it five years?—No, it is not five years; it is much less than that.

10845. Is it two years?—It is less than that, I believe.

10846. Since you asked for tenders for freights?—Yes; less than that.

10847. Eighteen months?—Somewhere about 18 months, I think.

10848. How is it that for 18 months you have not had occasion to ask for tenders for freight?—We have not had the opportunity or the requirement. I do not think any of you gentlemen understand how very distributed our freight is, and that it comes forward in such infinitesimal quantities that there is no possibility of making a cargo.

10849. Let us take a concrete case—the Central South African Railways. I see that in the three years ending 1906 the amount of your shipments totalled £1,781,000?—Yes.

10850. Does that not represent a considerable volume of tonnage?—The South African freight question has been a most burning question. Sir Alfred Bateman and Mr. Birchenough, who have served on the Committees, would, I think, be capable of giving you a better opinion on the subject than I can. All I can say is that all our South African freight has been shipped according to contracts which have been of six months' duration, and those contracts have been made under the instructions of the several Governments.

10851. Here is a concrete case. For the Central South African Railways you have shinned nearly two million pounds worth of stuff in three years, and at the same time you say that your freights have been revised every six months against you?—They have been steadily going up.

10852. That, I believe, is owing to a very considerable agitation on behalf of the merchants in South Africa, who considered themselves prejudiced by your having low rates?—Yes, they did.

10853. Be the cause what it may, your rates have gone up?—Yes.

10854. With all this stuff to handle for the Central South African Railways, had you no lever? Was that not a lever which you could use to get a lower rate?—I think that was a question for the Governments. They have agitated, there have been conferences on the subject, and the Governments have arrived at the conclusion that they would simply go on extending the system for another six months, and another six months; and so on; it has been drifting on.

10855. By "Governments" I suppose you mean the Government of Cape Colony?—I mean the Cape, Natal, and the Transvaal.

10856. Are they all interested in these railways?—They are all in the same arrangement.

10857. These Colonies are, either through their Governments or at any rate through local bodies, protesting vigorously, and have been doing so against the system of rebates in South Africa?—Yes, and yet at the same time they have gone on with the arrangement.

10858. At the same time they have had all this stuff which they could have used, and they have not used it, that is to say, they have not in any way done what you did in the case of the Uganda Railway, for instance?—They have not; but they have continued the same arrangement as existed before.

10859. Has that come before the Secretary of State here?—The Secretary of State has been in rather a peculiar position towards this matter. He has recognised that the condition of the Transvaal was very temporary, and his instructions were that we should

confer with the Agents-General for the Cape and Natal, and we have done so. The arrangements have always been made in accordance with the general instructions of the local Governments.

10860. Did you feel called upon to put any considerations forward?—All the considerations have been put forward by the various conferences that have taken place both locally and here.

10861. Take another case—I am still looking at your shipments; take Hong Kong, Ceylon, and the Malay States. During the last three years you have shipped there nearly two million pounds worth of stuff, which must have represented a considerable amount of freight; have you at all considered the possibility of either chartering or shipping on tramp boats to those ports?—Yes, we have undoubtedly.

10862. But you came to the conclusion that it was not good policy to do it?—We have made very good arrangements, I may say.

10863. With goods for the Far East?—In various ways we have made quite good arrangements for shipments.

10864. Arrangements that are satisfactory to you?—Quite satisfactory.

10865. Which dispenses with any necessity from your point of view of chartering outside?—We consider that they are quite satisfactory.

10866. You were able to make these arrangements coupled with the rebate system; did not these companies know that you were tied to them?—That, of course, is opening up that question of the rebates. I really do not think that you ought to press me to answer those sort of questions. What it amounts to is that if I give any information which would lead to a further agitation, the Governments would suffer for it.

10867. I do not think that I am pressing you upon a question of policy; I am pressing you upon a question of fact?—I say that we have made very excellent arrangements for shipping to the East.

10868. You say you have made arrangements with Companies under which the rebate system holds, and to whom you were tied by the rebate system. I ask you how it is that these companies, knowing that you were tied to them by rebates, permitted you to make so excellent a bargain that, notwithstanding your having all this stuff to ship, you were not disposed to go outside?—I think that is a question for the companies to answer.

10869. Human nature being what it is, the companies must have thought you must have had a reserve power in the shape of all this stuff, and that you might have shipped that?—Yes.

10870. Do you think that is possible?—The circumstances in the East have been peculiar; in the case of Ceylon they have been very peculiar, owing to the controversy between the established Lines and the Hansa Line, and of course the terms there have been extraordinary.

10871. (Mr. Owen Phillips.) Is it not the case that during the last three years the position of the Eastern trade is not a fair criterion of the normal position?—I would say undoubtedly that it is not. The trade has been in a very peculiar position.

10872. (Mr. Taylor.) May I ask you what your freight account comes to per annum?—We have not got it in the aggregate, but I can give you the particulars for West Africa.

10873. I am asking really with a view to a further question, namely, what do your rebates come to in the aggregate?—I can give you the rebates for West Africa.

10874. But West Africa is a very small thing; can you not give me your total rebates?—Ours are spread so enormously. We ship for about 60 different Colonies; sometimes the places are large and sometimes they are absolutely insignificant. I can give you a return of the freights and rebates to West Africa from 1903 to June 30th of this year, if you would like to have it. (Handing in same.)

10875. There was a question in the House of Commons on the subject of the rebates to West Africa, when it was stated that the rebates for the years

1903-05 averaged over £4,500 a year; does that seem a very large amount—I mean to say, do you consider yourself very much tied by that?—It would bear a very large proportion. It is an important sum; but, as I have said several times before, the shipments fluctuate so much. The great bulk of our shipments go in small quantities, and unquestionably the Conference Lines to the West Coast could punish us very severely if we broke with them on our big shipments.

10876. That is, they would punish you on your other shipments?—They would punish us, at least they threatened they would punish us, on all the other shipments.

10877. I suppose in West Africa, as elsewhere, you really have not seriously considered the question of going outside the Conference Lines?—We have never considered that we have got a sufficient amount of cargo to take up a dominating position.

10878. In any direction?—Not in any direction.

10879. Not even in South Africa?—I think you must put South Africa outside; because, of course, there there has been almost constitutional Government. If you want any evidence on this subject you must have some one who can speak from the responsible Government point of view.

10880. The Further East you have already dealt with; I mean Hong Kong?—Yes; the circumstances there have been exceptional.

10881. Elsewhere, what do you say?—The shipments are negligible.

10882. That is, not sufficient?—In the West Indies they are quite negligible.

10883. So that you do not think that you are called on to treat the rebate system as a factor in your business, as a whole?—I think that the effect of our forfeiting the rebates would be distinctly disadvantageous to the Colonies.

10884. Supposing you took this attitude—supposing you said, as the India Office does, "We will not accept rebates at all"; what would happen?—I think we should simply pay higher rates; that is all.

10885. And you would lose your rebates?—We should lose our rebates, and pay the tariff rates.

10886. And get no corresponding advantage?—We should get no corresponding advantage, I am afraid.

10887. You would not do more than lose your rebates?—No; I do not think we should do more than that.

10888. You do not think you would get a lower net freight?—No, I think not.

10889. And you think your freedom would not do you any good?—No. Sir Alfred Jones has always taken up this position—

10890. I was not thinking of West Africa; however, you can deal with it?—Sir Alfred Jones has always taken up this position with regard to the West African trade—that he must look at it as a whole. A great deal of it is carried on undoubtedly at a loss, while other places pay; and so he says, "I must look at it as a whole." When we have argued that we ought to get better terms at certain places, his answer has always been, "I must look at it as a whole; I cannot deal with you as regards particular places." As you know, there are no proper ports on the West Coast, and the landing facilities are simply abominable.

10891. Do you consider that the rebate system, which, as you say, is a restraint of trade, has in any direction hindered the development of commerce?—I am not competent to express an opinion on that point.

10892. Do you consider that monopolies hinder the development of commerce?—I object to monopolies in principle, undoubtedly, very strongly. That is a thing that we are constantly meeting with in trade; there are Rings in all kinds of trade, but how one is to deal with them is a totally different matter.

10893. In practice do you find that the Colonies develop better with monopolies or without monopolies, whether in shipping or in anything else?—I think all monopolies are objectionable in principle. I should like unrestricted competition if we could get it.

10894. As far as the rates of freight are concerned, you do not see that you can do anything to assist in getting free trade?—I do not think we have got a sufficient command of freight.

10895. Not if you put your heads together with the India Office, and worked with them?—The India Office ship only to India, but our business is frittered away over so many different places. It is not as though we could throw the whole of our business into a particular Line; then we should have a commanding position.

10896. You were at the Crown Agents' Office before the rebate system came on; did you then charter outside steamers?—Our business as a whole has increased. When I first joined the Agency, with few exceptions, the business was very small indeed. Since railways have begun to be built, there has been a very much larger amount of freight going forward.

10897. Do you mean that before the rebate system came in your business was not large enough to charter?—Our business was certainly not large enough to charter.

10898. But you had, had you not, boats loading on the berth, as it is called?—Yes, and we used to ship by those boats.

10899. Did you then get lower rates of freight?—When first I joined, we used to ship even by sailing vessels; but gradually the established Lines have become a great convenience, and they have taken the whole of the business.

10900. They have got rid of other inconveniences?—They have got rid of many other inconveniences.

10901. In the shape of sailing vessels, for instance?—You can hardly realise the amount of pressure which is brought to bear upon us to get things off by the first opportunity. It is the perpetual cry of telegrams pouring in—"Send by the first opportunity."

10902. Telegrams from the different Colonies?—Yes. It is a perpetual pressure.

10903. So that really you have to consider not so much how you ship, but how quickly you can ship?—Yes, it is so.

10904. That is really the pressure?—It is really so.

10905. These rebates that you receive are credited, you say to some one?—To each Colony.

10906. (Sir Alfred Bateman.) In regard to the amount of shipments which you have, I think you say it is very inconvenient to furnish particulars of the extent of your shipping in each trade?—Yes, it would mean an immense deal of compilation, as we have not got it available. It would mean searching through an immense quantity of documents in order to compile it.

10907. Could you give me any idea of what proportion is done by Conferences and what proportion is done by tramps and by your own chartering? Take the last Parliamentary Return 181 (1907), in the first column you give the total cost of stores purchased and shipped to all the places named for the year 1906 as amounting to over two million pounds; cannot you give me any idea whether half of that, or a quarter, or a third of that is done by non-Conference Lines?—Decidedly the greater portion of it goes by Conference Lines.

10908. Much the greater portion?—Much the greater portion of it goes by Conference Lines.

10909. And the greater number of these places, I suppose, are served by Conference Lines?—Undoubtedly.

10910. Which you use?—Yes.

10911. You cannot give any general idea, can you, as to how the freights compare between those places which are served by Conference Lines and those which are not?—Nearly all the important Colonies are on the great trade routes.

10912. Coming to South Africa, you were good enough to say that you would sooner I gave evidence on that point than you; but I think I will ask you a few questions?—I think you know a great deal more about it than I do.

10913. Your relations with South Africa, I suppose, will soon be a matter of history?—They are coming to an end very soon.

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10914. How as regards Rhodesia?—Rhodesia is under the Chartered Company. We shall still remain Agents for Bechuanaland, Basutoland and Swaziland, under the High Commissioner, but it will be a mere bagatelle.

10915. For railway materials, or anything wanted?—Rhodesia is under the Chartered Company, and so our trade in South Africa will be absolutely insignificant.

10916. Do you not assist at all in sending out goods for the Chartered Company?—No, they have their own organisation.

10917. Then you will only have to do with such places as Bechuanaland?—Merely for these little Protectorates under the High Commissioner.

10918. As regards the question of your shipping on better terms than the merchants before the agitation, you are aware, of course, that the Governments of the various Colonies were quite ready, and indeed were anxious, to give up that preference?—I am aware that there is such a thing as political influence.

10919. I am not speaking of political influence; but I ask you whether you are aware that about two years ago the representatives of those Colonies made certain proposals under which that preference was to be given up?—Yes.

10920. I suppose you had been consulted before that?—We were consulted by our Governments.

10921. And naturally you expressed the views you have expressed to-day. You attach importance to keeping the preference for Government shipments?—I do, undoubtedly. I think the result of doing away with those preferences will be that practically the whole trade of the country will go into local hands. I have noticed, for instance, on reading the Minutes of the Municipality of Johannesburg, a great number of foreign firms and names who do the trade there; they have a system of local tendering there.

10922. Do you object to the trade being done locally?—I think it is a very great mistake. I think it throws it into the hands of the world at large, and I think it deprives this country of a great deal of trade.

10923. You think the goods will not be supplied so much from this country if the trade is done locally?—I think so, undoubtedly.

10924. Does that follow?—I think it certainly does. I think that when you have a man tendering on the spot, his great object will be to put in the article which is cheapest, regardless of the country of origin.

10925. (Mr. Taylor.) I thought you were against all restraints on trade?—I am.

10926. (Sir Alfred Bateman.) Up to now has it been the case that the rates which you have been paying in South Africa are competitive much with the rates which the merchants are paying? Would they not rather be on different articles?—The result of the levelling has been, first of all, to take away the things in which the merchants were interested. During this last agitation, I think I saw in one of the papers that the South African Merchants' Committee were saying that they think they ought to have the same rate for rails as the Government have. The first effect was to take away the favourable rates that the Government had on the same articles as the merchants shipped, and gradually the Conference is now taking them away from the special articles that the Government ships.

10927. You are not much interested in the higher classes, are you—Classes 1, 2, and 3?—No; but we had a special rate for paper, I think, and for railway running stores—things like paints, oils, greases, and things of that kind.

10928. You are not interested in textiles, I suppose?—No; or only to quite a negligible amount.

10929. So a great deal of the normal trade would be quite outside your business?—Quite so. Of course there is a certain amount of made-up clothing, uniforms, and things of that kind, which goes out.

10930. You spoke of the rates having been raised each six months in the last two years, I think?—Not invariably; but almost every six months we have lost something.

10931. Was that the result of negotiation?—Yes. It has been a very one-sided negotiation.

10932. We were told at the Conference by the ship-owners that by altering the system of classification the result had been the other way, and that there had been a tendency to lower the rates in the last two years?—That may have been so in favour of the merchants, but of course we look at it simply from the Government point of view.

10933. You did not care at all what the general trade paid?—Not in the least.

10934. You only cared as regards those goods for which you were responsible?—Quite so.

10935. So that your interest in the question is quite partial?—Perfectly so.

10936. I am afraid I cannot induce you to give your opinion as to the effects of the rebate system?—I do not think I am competent to give you any advice on that subject.

10937. (Mr. Taylor.) You have said something about the banking in West Africa. Have you considered whether it would be desirable to give the same facilities as regards importing silver to the Bank of Nigeria as are given to the Bank of British West Africa?—I may say that the Secretary of State has urged that the Bank of Nigeria and the Bank of British West Africa should amalgamate. He has thrown out that suggestion, but from mutual jealousies, I am sorry to say they have not entertained the suggestion.

10938. Why should one bank have a monopoly of importing silver coin and not the other? It is rather puzzling to an outsider to have two banks?—There is a good deal of secret history about the Bank of Nigeria.

10939. There seems a good deal of secret history about the whole matter?—There is a good deal of secret history about the Bank of Nigeria. There is no doubt that there is an opening for one bank, and that bank should be encouraged in every possible way to extend its operations.

10940. Which bank you do not say?—A bank. There ought to be an absolutely independent bank on the West Coast of Africa, and it ought to be encouraged to push its operations.

10941. A bank other than the banks already existing?—I would say, an absolutely independent bank.

10942. Does that exclude the banks already existing?—I think they are both under an influence that they ought not to be.

10943. That they really are not, in the sense you mean, absolutely independent?—No, they are not absolutely independent.

10944. It is only to such a bank that you would recommend the extension of privileges?—I should like to see an absolutely independent bank on the West Coast of Africa.

10945. There is one other question, if it is not impertinent: You spoke of referring questions of policy to the Secretary of State, I think?—Yes.

10946. As a matter of practice, how often do you see the Secretary of State in a year?—I see him on paper a great many times.

10947. Do you ever see him personally?—Occasionally, but he is a very busy man.

10948. Or the Under Secretary?—Yes, whenever it is necessary.

10949. Have you seen either of them this year?—Yes.

10950. Personally?—Yes, personally.

10951. And talked over matters of policy?—I mean individually personally, not generally. They are both of them very busy men, and I am a very busy man, but there is a great deal passes on paper.

10952. (Mr. Barry.) I think, in reply to a question put to you by Mr. Owen Philipps, you said that since the introduction of the rebate system the class of steamer in the Conference Lines had greatly improved?—Undoubtedly that is the case.

10953. Is it not true that within the same period the class of tramp steamer, in regard to tonnage and general equipment, has also greatly improved?—I sup-

pose the class of ships throughout the world has enormously improved. What I know is this, that the passengers appear to be better satisfied than they used to be with the class of accommodation that they get on these liners. You see we have got not merely articles to ship, but we have a lot of passengers to send. In the olden days the complaints of the accommodation on these passenger ships used to be very frequent indeed; now, of course, the passengers are extremely well served.

10954. The general improvement of cargo-carrying steamers is not entirely due to the rebate system, is it?—I beg your pardon.

10955. I think Mr. Owen Philipps's question was meant to demonstrate that the improvement in the class of steamer supplied by the Conference Lines was due to the introduction of the rebate system?—I suppose he means that they must have sufficient to pay their way.

10956. (*Mr. Owen Philipps.*) What I was putting to you was that the steamers now being provided by the regular Lines are becoming relatively more and more costly than tramp steamers?—Undoubtedly. Of course, the question arises whether they are not too good for the purpose.

10957. (*Sir John Macdonell.*) Has the cargo to pay for the passengers?—That is another question.

10958. You would not like to answer that question?—No; I would rather not answer that question.

(*Mr. Barry.*) The point I was anxious to bring out was that, from the cargo-carrying point of view, the improvement in the tramp steamers is equal to the improvement in the steamers in the Conference Lines.

10959. (*Chairman.*) Who is your principal shipping agent?—It is the firm of Messrs. J. & A. B. Freeland. They have been connected with the Office since its establishment, more than 40 years ago—about 50 years ago. That firm has always done our business.

10960. Do you think that they would give us useful information about the rebate system?—I doubt whether they would give you anything more than I have done already. I think they could give you the actual figures, but I do not think that they would express any opinion.

10961. Now as regards the banks, you say you would like to see an independent bank established; what do you mean by an independent bank?—I mean there have been imputations made of favouritism on the part of these banks, and I think it is essential that a bank should be absolutely independent of any such allegations.

10962. How would you secure that? Would not Sir Alfred Jones put his finger in the pie wherever the pie was?—Personally, I shall be very glad to see the time when his connection with the bank comes to an end.

10963. The rates of freight are altered from time to time, you say?—Yes.

10964. Are they altered with the assent of the merchants, or do the shipowners who are in the Conference Lines announce that the freights will be altered from a certain date?—I think as a rule it is merely an arbitrary announcement.

10965. (*Sir John Macdonell.*) Can you tell me to what Colonies, if any, in the list given in the Parliamentary Paper, you ship solely or mainly by non-Conference Lines?—That was a question that Sir Alfred Bateman asked me.

10966. Could you name any one Colony?—That we ship to, outside the Conference?

10967. Yes; could you name any one of these Colonies?—We are shipping to East Africa and Uganda outside the Conference.

10968. Could you give me another instance?—I think the West Indies are outside the Conference; I do not think there is any Conference there.

10969. Taking these two examples—in which, as I understand, you ship solely by non-Conference Lines?—We ship by the best opportunity, and the most suitable opportunity, whatever it may be.

10970. Taking these two examples, do you find any difficulty there in regard to regularity of shipments?—Yes. Of course the West Indies is served by a variety of opportunities, but in the case of East Africa there has been a great difficulty.

10971. (*Professor Gonner.*) There is no difficulty about the West Indies, is there?—No, because there is a variety—there is the Royal Mail and the various tramp Lines.

10972. (*Mr. Taylor.*) Is not Malta outside the Conference?—There is no Conference there.

10973. Do you find any difficulty there?—Our shipments to Malta are very small.

10974. Still, you get the ships?—Yes; but almost all their contracts are made c.i.f., and we ship hardly anything to Malta.

10975. (*Mr. Sanderson.*) I infer from your evidence to-day that the rates of freight to South Africa have been raised, and that you regard that as due to the publicity that was given to them some short time ago?—Yes.

10976. Is that necessarily the only cause, in your opinion?—I think so. I think that it was the publicity which caused it.

10977. Are you aware that the price of coal has gone up three or four shillings a ton in the last few years?—I am painfully aware of it.

10978. Having in mind the enormous consumption of a South African liner out and home, surely that must be one of the governing factors in fixing rates of freight?—That may be so. I am speaking, of course, over a considerable period of time. In the present negotiations they are asking for higher rates than they ever had before.

10979. The additional cost of coal must amount to many thousands a year, must it not?—Yes.

*Sir E. E.
Blake.*
9 July 1907.

EIGHTEENTH DAY.

Tuesday, 16th July, 1907.

PRESENT :

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

The Hon. C. N. LAWRENCE.
 Sir HUGH BELL, Bart.
 Sir W. T. LEWIS, Bart., K.C.V.O.
 Sir D. M. BARBOUR, K.C.S.I., K.C.M.G.
 Sir A. E. BATEMAN, K.C.M.G.
 Sir JOHN MACDONELL, C.B.

The Hon. W. PEMBER REEVES.
 Mr. J. BARRY.
 Professor E. C. K. GONNER.
 Mr. OWEN PHILLIPS, M.P.
 Mr. AUGUST TAYLOR, M.P.
 Mr. T. H. MATHERS.
 Mr. J. A. WEBSTER, *Secretary.*

Mr. FENWICK SHADFORTH WATTS, called and examined.

Mr. F. S.
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10980. (*Chairman.*) You are the senior partner in the firm Watts, Watts & Co., of London, Liverpool and Glasgow, I understand?—Yes.

10981. You have under your management 32 steamers ranging from 3,000 to 3,400 tons all told, which are engaged in general trades all over the world?—Yes.

10982. I believe the Executive Council of the Chamber of Shipping of the United Kingdom have put forward your name as one who, in their opinion, could give evidence on behalf of tramp shipowners?—So I understand.

10983. You wish it to be understood that you come here to state your own opinions, and you do not profess to represent the opinions of the members of the Chamber?—That is so.

10984. Their opinions are very divergent on this question, are they not?—Certainly.

(*The witness handed in the following statement.*)

1. I am now senior partner in the firm Watts, Watts & Co., London, Liverpool, Glasgow, &c., and have been a partner in the firm and its predecessor (Watts, Ward & Co.) since 1863. We have to-day under our management 32 steamers, ranging from 3,000 to 3,400 tons all told, and engaged in general trades all over the world.

2. I have no strong prejudice against shipping rings, and had no desire to give evidence before the Commission. I understand, however, that the Executive Council of the Chamber of Shipping of the United Kingdom has put forward my name as one who, in their opinion, could give evidence on behalf of "Tramp" shipowners; and having been consequently invited by the Commission, I have felt it only courteous to come before you.

I wish to have it distinctly understood that I appear as a private individual, and in no sense representing the opinions of the members of the Chamber, which are naturally very divergent, the Chamber embracing all classes of shipowners, liners, "Tramps," &c., and no doubt some of the members have very extreme views on the questions before you.

3. I do not consider that there is anything in the constitution of shipping "Rings" or "Conferences" which need necessarily cause injury to British or Colonial trade, though undoubtedly when fortified with the system of "deferred rebates" the power for evil is there, and no doubt occasionally it has so operated. As to whether this has been to a sufficient extent to warrant legislation is a question which can be much better answered by chambers of commerce than by shipowners. It is fair to assume that those who are chiefly interested in the control of steamship lines sailing from the United Kingdom and the Colonies are not so short-sighted as to inflict serious injury on the trades for which they are catering, and so long as the "Tramp" has free access to the carrying trade of other countries there appears no reason why he should not be equally well off financially as if he were carrying the same class of goods from the United Kingdom.

4. There is no doubt that the conferences do curtail the operations of the "Tramp" to a very large extent. Abolish the rebate system and there would at once be many opportunities for "Tramp" owners successfully tendering for large blocks of rough cargo and using same as a basis for loading on the berth against the organised

lines. There would also be frequent occasions on which whole vessels would be chartered outright to large shippers. This would operate to the advantage of the "Tramps," for the time being at any rate; but the question is, would or would it not be advantageous to the trade of the Empire at large? Surely the shippers in the various trades are the best judges as to this. The small shippers, who I understand receive the same treatment from the conferences as the large shippers, would hardly be likely to benefit by the change; and I cannot but think that if any important section of a trade desired to break away from the Conference they would make the necessary sacrifices in order to do so.

5. I consider that the conferences are justified in taking all legitimate means to protect their particular trades against attack, but there is no doubt that some of them carry their operations considerably beyond what is necessary for this. "Tramp" shipowners naturally resent the liner assuming the position of freight contractor for the purpose, not of providing for his own tonnage, but of squeezing a middle-man's profit out of business which the "Tramp" can fairly look upon as his own. Doing this behind the shield of "deferred rebates" naturally causes the "Tramp" to look upon the "rebate" as a weapon of offence rather than of defence, and it appears sometimes to be used as such.

6. Even without the protection of "rebates," the tendency is for most of the thoroughly developed trades to go more and more into the hands of the liners, and the "tramp" has to "move on" and endeavour to develop fresh trades. Legislation as between one class of shipowner and another hardly appears either desirable or practicable. Shipowners have always expressed the desire to be allowed to manage their own affairs with as little interference from the Government as possible.

10985. (*Chairman.*) Are there many shipowners who are members of the Chamber?—All the members are shipowners.

10986. Some shipowners belonging, I suppose, to the Conference Lines and others not?—That is so.

10987. And for that reason, there is a very considerable difference of opinion amongst the members?—Naturally.

10988. Of course, there can be conferences without a system of deferred rebates, and conferences with a system of deferred rebates. We should like to know your own opinion as to the effect of a system of conferences with deferred rebates; do you approve of such a system?—I do not see why a trade should not protect itself. My idea of the deferred rebate system simply amounts to this—that if shippers will not keep faith without some means of making them do so, the rebate system comes in and operates in that way.

10989. Your view then is that the object of a rebate system is to ensure that the shippers should keep their promise not to employ outside steamers?—Yes.

10990. No doubt the object of the system of deferred rebates is to ensure that shippers do not employ outside steamers; do you think that object a good object?—I think that if I were in a conference I should consider it so.

* The Witness, in the course of his evidence, substituted "the United Kingdom" for "the Empire."

10991. The system of deferred rebates does in fact give the shipowners considerable power over the shippers, does it not?—That is so.

10992. Because there can be no effectual competition?—There can be no effectual competition unless the shippers have had enough of the Conference and want to support some other competition.

10993. And are prepared to forfeit their rebates?—Yes.

10994. Are you of opinion that if the system of deferred rebates were a serious grievance the shippers would probably forfeit their rebates, and, in that way, do away with the deferred rebate system?—I think so. I think that the natural independence of the subject would assert itself, even to the facing of sacrifices.

10995. How do you account for the fact that the shippers have not, to any considerable extent, combined to resist and attack this system of deferred rebates?—I do not pretend to speak with authority on this subject, but I imagine it is because they have found, on the whole, that the services furnished by the conferences have been reasonably satisfactory.

10996. On the whole, you are of opinion that it is for the advantage of trade generally that these arrangements come to between shippers and shipowners should not be disturbed by legislation; that is your opinion, is it not?—My opinion is that business matters are best left to the people who are dealing with them, and the less interference we have from Government, the better.

10997. (*Mr. Lawrence.*) Do your steamers trade all over the world?—Yes.

10998. And from your experience of all the trades that you are interested in, you consider that shippers are capable, if they choose, of protecting their own interests without outside interference?—Quite as well as the shipowners.

10999. (*Sir William Lewis.*) Do you think it possible, by reason of these arrangements, that there is any disadvantage to manufacturers in their competing with foreign countries?—I have no doubt there are occasions on which this Conference system may operate against this country.

11000. Assuming that, do you not consider that it is a matter which might be dealt with by the Government?—I think it would be a very difficult question to deal with. I am admitting that they may be occasions, and we have heard statements that there have been those occasions, when the Conference system may operate against this country; but, on the whole, I rather base my views on what the various trades say through the men who are in them all day and every day. I have rather gathered from some of the evidence I have read, which has been given before this Commission, that it is only in a very few cases that the trades are seriously opposed to this system.

11001. Do you think these occasions very exceptional, then?—I do not think there is any very serious damage done.

11002. (*Sir John Macdonell.*) Do you think that your opinion about the deferred rebate and the Conference system is, on the whole, the opinion of other owners of tramps?—I would hardly like to say that. I know that some of them have very strong views on this question.

11003. Strong views favourable to the system, or unfavourable?—Unfavourable.

11004. But you think that they are mistaken?—I look at it from this point of view: The tramp does what he likes; he goes where he can and he does the best for himself, while the liner is presumably supposed to stick to his particular business. I would myself very often like to slip in and pick up a freight at the expense of a conference, but I try to look at things from a fair all-round point of view. I know that if I were in a conference, I would want to fight for that conference for all that I was worth.

11005. The question I was asking you just now was whether the majority or the great majority of owners of tramp vessels are much of the same opinion as you about the Conference system?—I should hardly like to answer that question, because I am here as an individual, and I am not representing any particular body.

11006. In your statement, paragraph 3, you speak of "the power for evil," and in paragraph 5, you say, "There is no doubt that some of them carry their

"operations considerably beyond what is necessary." What had you in your mind when using those expressions?—What I meant was this: There are a good many cases in which the Conference—or, as far as I know, it may be a branch of the Conference, but I will suppose it is the Conference—takes a contract far and away beyond the capacity or the scope of the Conference itself—I mean beyond what is necessary to protect itself.

11007. Could you give us an example so as to make it quite clear?—I will not quote any names, if you will excuse me.

11008. Quite so; do not identify the case by mentioning names?—From South America, for instance, a conference contracts for the carriage of iron ore which is essentially what might be called tramp business, and having that business, uses it for chartering vessels out and home which otherwise they would only need for the outward voyage for their own conference cargo. It enables them to make a more profitable transaction of it than if they had left the other business alone.

11009. Is it a solitary instance that you have in your mind, or are there several?—There have been more than one instance; there have been a good many instances of that kind of thing.

11010. What is your objection to it?—I have no objection to it from the point of view that I say they have a perfect right to do what they like. I only quoted that as one of the things which the tramp considers hardships.

11011. Is that what you meant by the words, "the power for evil"?—No. By the words "power for evil" I meant that they could—and I think that Mr. Lawrence asked me the question—by the power they have through these rebates, prejudicially affect a manufacturer in this country for business abroad. In other words, they might turn it into the hands of the Germans, or of the natives of some other country.

11012. Have you any instance of that in your mind?—No, I have not. I have seen such statements made, but I am not prepared to give you evidence on any of them.

11013. In the last paragraph of your memorandum you speak of the growing tendency of thoroughly developed trades to go more and more into the hands of the liners; I suppose, in your view, that happens, not by reason of the Conference system, but merely by reason of the development of trade?—Exactly; it has nothing whatever to do with the Conferences. As the trades grow, the tendency is for shipments to be made in smaller parcels and more regularly. If you take the whole of the United States' trade practically to-day, it is entirely in the hands of the liners.

11014. So that whenever there is a considerable volume of trade, we might expect, Conference or no Conference, rebate or no rebate, something like regular sailings?—Yes.

11015. From your experience you have no doubt about that?—Not the slightest doubt. It not only comes about because the trade requires regular sailings, but as the vessels get larger, the power of the merchant to charter a vessel out and out is less frequent; I mean to say, when you get these large ships, the amount of capital involved in buying a cargo for them and filling them up is so great that there are very few merchants who can do it, and, naturally, the vessel is filled with a combination of merchants shipping parcels.

11016. So that, in your view, the growth of lines and that of regular sailings are a consequence, not of the Conference system, but of the development of trade?—That is my opinion.

11017. There is another point on which I should like your view. Suppose a state of things such as this: Suppose you had in England the deferred rebate system prohibited by legislation, and that in Germany such a system existed. What do you think would be the effect upon English trade? Have you considered that question?—I have not considered that question. That is, supposing the rebate system were abolished in England, and it still existed in Germany?

11018. Yes; if you would rather not express an opinion, please do not?—I think that takes some thinking.

11019. I value your opinion much, so if you do not mind I should like to have it?—At first blush, it occurs

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to me that if the rebate system were abolished in England, it would have to go by the board in Germany too. That is my opinion, without having previously considered the question.

11020. You think that a strong Conference, supported by the rebate system, would not long hold together if it was broken up in England?—No, I do not think it would, and I do not think it could; I think it would go.

11021. (*Mr. Barry.*) I gather from your evidence that whilst you have no objection whatever to the Conference system or the Ring system, when it is attended by the system of rebates, you consider that evil may be worked under that system of rebates?—I may be wrong, but the way I look at the rebate is simply this—that a Conference, or a coterie of shipowners, say "We will furnish a certain trade with the facilities for its business, on the understanding that that trade supports us; we will give regular sailings, but we shall stipulate that the people who are shipping by us do not ship by anybody else." That is what you may call an agreement of good faith, which is perhaps very difficult to carry out. On the top of that they say, "We are not going to take your word for it exactly, but we are going to put your word penalties." That is what I understand to be the rebate system.

11022. I think we quite understand what is the effect of the rebate system and how it works. Could you tell me, from your experience as the owner of a very considerable fleet of independent steamers, whether you would be prepared to quote lower rates of freight than you know have been quoted by Conference steamers?—Yes. There are many occasions on which a tramp would jump in and be very glad to get a good deal less than the Conference are getting; but that is on occasions, as I say. As to whether or not he would care to do it all the year round and take his chance of how many ports he would have to go to, and so on, is a different matter.

11023. (*Chairman.*) Would you mind repeating that?—I should like to say that there are many occasions on which a tramp, for his own purposes, might go in. For instance, he might want to get his vessel out in a certain direction, and then he might cut in and take a freight that would entirely upset the apple-cart of the liner for months perhaps, in other words, he would cut the rates. That is one of the reasons why, I take it, these conferences are so iron-bound.

11024. (*Mr. Barry.*) It is quite possible, is it not, in the circumstances you have indicated just now, that whilst it might be highly inconvenient for a Conference owner, it might be a considerable advantage to the trade of the country, looking at it from the manufacturer's point of view?—As I have hinted in my statement, I think that is more a question for the trade than for the shipowner. To the tramp shipowner it does not matter whether he carries the cargo from Glasgow, from Liverpool, or from Rotterdam; possibly there may be a little difference in expense here and there, but that regulates itself in the freight. That is from the shipping point of view. From the other point of view, I would prefer to leave the merchants to express their own opinion.

11025. But it is fairly obvious, is it not, that if I as a manufacturer can ship my goods at 20s. a ton by your steamers, whilst the Conference Lines are exacting 30s. a ton, my competitive position as a manufacturer would be considerably strengthened?—If you are in a position to furnish me with 6,000 or 7,000 tons of cargo, so as to be able to charter a whole steamer instead of sticking to the Conference, I suppose you would do it, because you would think it is the best thing for you.

11026. Precisely?—There is no doubt it may shut you out from getting an order here and there abroad; but you cannot have it both ways.

11027. Then there is another aspect of the case that I would like very much to have your opinion upon. Under the Conference system, in some of the foreign countries whose position as shipowning countries cannot compare in extent or value with the position of British shipowners, is it possible that the foreign shipowner is placed at a considerable advantage? Let me take a specific case. The German shipowners who are in the Conference represent a much smaller body of tonnage than the British shipowners. Supposing they secure all the advantages which the Conference system gives them, does that not place the German shipowners in a position of influence and strength which they never would have reached under a system of open competition?—I have

understood that the German shipowners have had an advantage in railroad rates from the Government, and there is no doubt the German mercantile marine is very largely encouraged from the very highest quarter. No doubt there is every possible encouragement given to its mercantile marine in Germany. I have understood, rightly or wrongly, that lower railroad, that is inland, rates are made for goods which are going by the German shipping lines. I do not make that as a positive statement, because I do not know it to be a fact, but I have heard it several times, and I think there is a good deal of truth in it. I do not see that the rebate system on the top of that is giving them any special advantage. If that preference is given on the inland rates that will give the business to the German shipping lines.

11028. The point I am trying to get at is this: British shipping has reached its paramount position through this system of open and free competition, and I would like to know whether, in your opinion, that position is not somewhat threatened by the Conference system, which places the smaller shipowning countries in exactly the same position that British shipowners should be in?—I cannot say that I see that. I have not looked at it from that point of view, and I cannot say that I see that it would operate in that way. As to how we have attained our position and how we are going to keep it, raises a good many issues.

11029. Is the Executive Council of the Chamber of Shipping formed partly of shipowners in the conference rings, and partly of tramp shipowners?—The Chamber of Shipping represents practically the whole of the shipping trade of the United Kingdom, with the exception of the Liverpool Steamship Owners' Association, which is, I think, practically composed of liners.

(*Professor Gonner.*) It is mainly liners.

(*Mr. T aylor.*) Or it is dominated by liners.

(*The Witness.*) Outside the Liverpool Steamship Owners' Association, the Chamber of Shipping represents the whole of the shipping of the United Kingdom, tramps, coasters, and everything else.

11030. (*Mr. Barry.*) Do you happen to know, as a matter of fact, whether the tramp owners who are on the executive council of the Chamber of Shipping hold, as a body, a strong view against the rebate system?—Such a thing has never been discussed in the Chamber. It would be one of those controversial points that could not be brought up in the Chamber.

11031. Are you at liberty to state, from your personal knowledge of the members and their opinions, whether strong opinions are held by the tramp owners against the rebate system?—I have not heard very much said about it. I know, of course, that there are a few who hold very strong views.

11032. But they have not put it forward within the Chamber as a serious grievance affecting your trade?—They could not. Such a thing would not be discussed in the Chamber. It would be one class against another, so to speak; so it could not be discussed in the Chamber.

11033. Is there a general understanding in the Chamber that controversial subjects of that kind shall not be introduced?—Yes.

11034. (*Mr. Owen Philipps.*) The 32 steamers under your management will go into any trade, is that not so?—They go anywhere.

11035. Do you generally stay in a trade when you find that the profit to be made in that trade is less than the profit to be made in another trade?—I generally look out for something else if I can find it.

11036. That is the usual habit of tramp owners, is it not?—Some of them get into a groove and stay there.

11037. But most of the live ones?—Most of them, if they have any enterprise, look round.

11038. That is the policy of successful tramp-shipowners, is it not?—Yes.

11039. You informed Sir John Macdonell that if deferred rebates were made illegal in England, you think they would probably or possibly cease to exist in Germany. Suppose they did not cease to exist in Germany; is it not the case that the Germans by being able to load their ships at German ports and not being open to competition by English owners, whether tramps or liners, being protected by the deferred rebate, would be in an exceptionally strong position to compete with British owners in

British ports who had no protection?—I rather gather from the question you have put that they would be confined to the German trade, would they not? They would have all the German trade to themselves and they would not compete with us.

11040. You are aware that the Germans do compete very severely in English ports already, are you not?—Yes, all over the world.

11041. Do you not think that competition would become more dangerous if the German was protected by a system of deferred rebates in his own ports, while the British line-owner had not a similar protection here?—I do not know. If this rebate system, by increasing the rates, is bad for the trade of the country, and we had free competition here, the probability is that Germany would not have so much to do.

11042. That would only apply to the manufacturers. I was asking you to confine yourself for a moment to the question of the position of the British lines?—To go back to what I said before, I think that the result of it would be that the rebate system would break down in Germany.

11043. I gathered that, but what I wanted to get was this—if it did not cease in Germany, would not the English liner be handicapped in the competition which you admit is already very severe?—Perhaps I ought to say that if such a state of affairs did exist, the liners taking these rebates at present are in an unfair position to compete with tramps. It is pretty well the same idea, I think. But I think these things work themselves out.

11044. Would you personally be prepared to invest a quarter of a million or half a million in one steamer to go into a trade (when it was only suitable practically for one trade) without any protection?—I do not think I have said anything to lead you to the conclusion that I would.

11045. I have not stated any conclusions; I was only asking it as a question in order to ascertain your views?—I think the liner is entitled to protect himself by any legitimate means. Personally, I would not advocate any Government interference with the state of affairs existing at the present.

11046. (*Professor Gønner.*) You do not like the idea of Government interference, do you?—No, I do not.

11047. Whether in this case or in other cases?—In any private business I object to it.

11048. You object to legislative interference generally?—I do.

11049. You speak of the free access of tramps to the carrying-trade of other countries. Do tramps take a large part in the carrying-trade of other countries?—Yes.

11050. The English tramps?—Yes.

11051. And is that a very valuable asset to the tramps?—Decidedly.

11052. Do you feel that it is important to the tramp that he should have that free access?—That remark which I made in paragraph 3 had special reference, but merely from a shipowner's point of view, to the fact that it did not matter much to the shipowner whether England or Holland or Germany got the contract, as long as we had free access to the freight.

11053. I suppose that, to a certain degree, the tramp shipowner is crowded out from certain branches of trade from the United Kingdom?—Yes, that is practically so.

11054. And, therefore, he has to transfer his activities to other quarters where there is not such a rigorous tie?—Yes. There are hundreds of tramp steamers trading abroad in foreign countries that never practically (except for coming home for an overhaul) touch a British port.

11055. I suppose England is the country which owns the largest proportion of tramp steamships?—Yes.

11056. We have a very marked superiority in tramp tonnage over other countries, have we not?—As a matter of fact, it is difficult to exactly draw the line of demarcation between the tramp and the liner; but, as you are aware, we have more than 50 per cent. of the steam tonnage of the world.

11057. Whilst there has been the development of the large German lines of which we have heard, has there been a corresponding development of the tramp steamship in that country?—No, I think not. There has been a considerable development, but I should say that in Germany the liner element is going ahead faster than the tramp.

11058. So that our superiority is even more marked in tramp steamers, I suppose, than in liners, or at any rate quite as marked?—Quite so; without quoting figures I should give that as my opinion, certainly.

11059. I suppose it is an advantage to the carrying trade that where the tramp steamship enters it tends to secure a frequency of carriage and a cheapness of rate which otherwise it would not possess?—As a matter of fact, it is generally the tramp that starts, and it is the liner that comes in afterwards. The tramp generally begins the development of the trade and the liner comes in when the trade has got sufficiently developed to require more regular sailings.

11060. I was quite sure you would consider that tramp steamers are a marked advantage to the general trade of the country?—Undoubtedly they are.

11061. Then does it not appear as if we are, by the system of rings and conferences with deferred rebates, conferring a great benefit on the development of the trade of other countries, because our tramp steamships are less employed in our own trade now and are forced into foreign trades, as you have said?—I would hardly use the word "forced."

11062. "Diverted"—I will not say forced?—I take it that they go there because they can do better there than they can at home.

11063. I did not mean anything invidious by the word forced; but I mean they go there more?—As I said before, the tendency is for the developed trades to fall into the hands of the liners. These liners may be tramps that have taken to running in a regular trade—not necessarily passenger vessels of any particular speed, but they call them liners. A good many vessels in the conferences and taking deferred rebates are not as good as a good many of the actual tramps.

11064. Our tramp tonnage is now operating to a considerable extent in foreign countries, that is, is carrying foreign trade and is developing foreign trade and does not come home to England?—That is so.

11065. So that the Conference system secures this incidental advantage to other countries that a certain portion, the most fluid portion, of our steam tonnage is really diverted to their carrying trade?—Given that we have over 50 per cent. of the steam tonnage of the world, we cannot very well employ it all in our own country.

11066. That is true, we cannot employ it all, but we are sending the tramps a good deal into foreign markets to which you have said they have free access?—Yes, that is so.

11067. And that is an advantage to the foreign markets, because they get a lower rate than they would otherwise get?—It may be developing foreign trade, but that foreign trade is to a very large extent also furnishing income tax to this country.

11068. No doubt in that sense it is a great advantage to us that they should develop trade wherever it be; but the point was a simple one—that the diversion of tramps has been to some degree an advantage to foreign countries instead of being to the direct advantage of our own shippers?—If we were not doing it somebody else would do it.

11069. We have the best ships, especially the best tramp ships, have we not?—I do not know; I do not think you can lay down any general rule.

11070. Well we have the numerical superiority?—Numerically, yes.

11071. I suppose you will agree that low rates are of advantage to the trade of the country?—I am inclined to think that low rates, if they are going to be spasmodically low, may do a great deal more harm than good.

11072. (*Chairman.*) What do you mean by spasmodically low?—I mean irregular—up and down.

11073. (*Professor Gønner.*) Still, on the whole a range of low rates, I suppose, is more beneficial than a range of high rates?—I do not know. I have heard a good many people—I am speaking now of merchants and shippers—say that the only chance of their making money is when freights are high.

11074. Do you think the manufacturers will take that view?—As long as the manufacturer is getting equal terms with his competitor I do not see that it matters to him whether the freights are high or low.

11075. Does not the quantity of goods which he sells matter to the manufacturer?—I do not think the quotation of a few shillings extra in the freight would make very much difference there.

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11076. It depends on the goods, does it not?—Of course it does depend on the goods.

11077. A rise in price, I suppose, is disadvantageous to the output of the manufacturer?—You are getting me rather out of my own particular business just now; but I should say that any sudden change, either up or down, would not be good for the manufacturers of the country as a whole.

11078. You would say, would you not, that a rate differential to him—I mean which may be raised to him as against his competitors—would be a bad thing?—Yes.

11079. Do you think that he is secured against that by the Conference Lines?—I do not know the inner working of all the conferences, but I am under the impression that they treat people equally and that everybody has the same treatment.

11080. Taking the shippers generally—and, of course, that covers the manufacturers in this instance—do they all get the same rate from the same Conference?—Yes.

11081. But supposing a foreign country in which he also has rivals has a lower rate, then of course he is subject to competition from that foreign country?—You mean, as for instance, which country?

11082. We will say from the United States of America to any country, or from Germany to any country?—Yes, that is so, undoubtedly.

11083. And however able he is the English manufacturer cannot take advantage of that lower rate, can he?—No.

11084. So that he is rather more severely injured by a system of rates which may be preferential to a foreign country than by a system which is preferential to his rivals in his own country. Supposing you were a manufacturer and your rivals were getting lower rates or that there might be lower rates going, I take it that you would rather that those lower rates were going in your own country, because you might get a chance if you were more capable than others of taking advantage of them, than that they should be going in another country from which you were precluded?—Yes; but I do not think that that obtains to any great extent.

11085. If it did obtain would you think it a very serious disadvantage in the Conference systems?—I do not know that necessarily it would not obtain in spite of a Conference.

11086. And you do not think it would obtain more? You see tramps might equalise the rate by slipping in, but they cannot slip in in England now?—And they cannot slip in in the United States either; they do not, as a matter of fact. If they slip in they bring about a fight; if a tramp tries to slip in here there is a fight and rates are cut.

11087. If the rates are cut that sometimes tends to a general reduction, does it not?—You cannot tell what will happen when people get fighting. I think I remember the time when they were carrying rough cargo from New York to the Cape at about 10s. or 7s. 6d. a ton; that is not business, and it can only go on while people are fighting. I think, perhaps not to that extent, but a similar state of affairs existed in the Cape trade when Houston went in.

11088. It was very much like that; rates were cut down certainly?—I do not think we ought to take those periods into consideration as a guide to general business.

11089. Certainly not. In one part of your evidence you were speaking of the possibility of shippers breaking away from the Conference system, and the Chairman asked you how it was that we had found that they did not break away. You said that you thought that must be due to the fact that their grievances had not been sufficiently great?—Yes, that is so.

11090. Might it not be due to the fact that the penalty of breaking away appears very severe to them?—That may be so in some cases, but I am inclined to think that a strong business man who felt that he was under a grievance would make a very big sacrifice rather than remain permanently in that position.

11091. Still, there is a penalty attached, and a penalty which he cannot escape?—That is so.

11092. It is transferred from period to period, is it not?—Yes.

11093. And he would have to overcome the dislike which he would naturally feel to losing money?—Of course.

11094. That might be very serious, might it not?—I suppose he will have considered that when he went into the business.

11095. Do you mean when he agreed to ship?—When he agreed to join the Conference.

11096. You speak of his "joining the Conference"; what action does that imply?—I suppose there may be a variation in some of them, but I understand that the shipper when he makes his first shipment by the Conference Lines, signs an agreement that he will be bound by certain conditions. If he agrees to that he gets a commission or a rebate from the quoted rate of freight, and he gets it at intervals which are set forth in that agreement. Naturally, if he ships very largely, as time goes on there is a good deal of money to collect.

11097. What is his alternative to accepting the terms which are offered to him—not to do any business at all, is it not?—Presumably, when he starts into the business he is not big enough to charter a whole steamer; but profiting by the opportunities given by the lines he very soon becomes a big man, and is in a position to charter a whole steamer. But then he has to face the fact that it will cost him a lot of money in the sacrifice of rebates to do it.

11098. I want to keep to that point of his joining the system, or the Conference. What I want to know is what is his alternative to joining the Conference? I would ask is not his alternative to abstain from business? He cannot charter a steamer, you say, and he does not wish to join the Conference—what is his alternative when there are no other steamers?—Is this the case of somebody who is starting into a new business?

11099. It is a case either where some one starts in a new business, or where the steamship owners have suddenly announced that they are going to have a deferred rebate. What has usually happened, you know, is that they have stated, "We shall introduce the "deferred rebate system"?—Yes.

11100. What is the alternative to what you call joining the Conference?—I do not see what the alternative is unless you are able, either single-handed or by gathering together some other equally choice spirits, to charter a vessel of your own.

11101. Then the alternative is not really a very practical one; so joining the Conference is hardly a voluntary act, is it?—That is so.

11102. In answer to Sir John Macdonell, you were speaking of the development of the regular lines. I suppose regular lines have certain natural advantages; they do offer natural advantages, and those natural advantages to the shippers would exist whether there were conferences or no conferences?—That is so. The only substantial natural advantage is that you can come along, and you can book 10 tons or 100 tons.

11103. Then the tendency would be for shippers or merchants, I suppose, to give a preference to regular lines, save under very exceptional circumstances?—It ought to be so. I have known cases in which a merchant will give a preference to anybody else just because he thinks that he is possibly putting up competition. It is not quite fair of him, but it is done.

11104. They have natural advantages and they offer natural advantages, and the people who are shipping regularly show a natural preference in the ordinary rule?—Yes, there is no doubt about that. The tendency is to bring people together, and they would give the preference in most cases to those who are running regular lines.

11105. But what you think, I gather from your evidence, is that it is a hardship to the liners, when, at a profitable season, tramp steamships enter into the trade sporadically and temporarily?—My experience is that it is not in the profitable season that the tramps interfere. In good times the tramp is a tramp, but when things get tight he wants to have a slice of the other fellow's business.

11106. But still you feel that that sporadic interference is a hardship to the liners?—I think it is hard that a man who happens for his own particular convenience to want to get a vessel out to the Colonies, perhaps to take up a time charter on the coast, should come in and bang the berth rates from London to Australia just to get that one steamer out.

11107. But do you not think it happens more in good times than in bad times; indeed, you think it is rather the reverse?—I think it is the other way on.

11108. (*Mr. Taylor.*) Do the liners ever hesitate to take business from tramps if they can manage it, in your experience?—Not a bit.

11109. Do you think that hard on tramps?—Well, it may be hard on tramp.

11110. I put the question because you said just now you thought it hard on liners when tramps took their business. Now I suggest to you that occasionally liners take the business of the tramps, and you being a tramp shipowner, I was wondering whether you thought it equally hard?—It is not quite the same thing. The tramp has not a trade which the liner disorganises so easily as the tramp can disorganise the liner's trade.

11111. The trade of the tramp is a more precarious trade; it is not, I understand, so organised?—That is so.

11112. It is not so settled and it is more precarious—here to-day and gone to-morrow?—Yes.

11113. Is it not equally hard that that lean trade, which he has to go all over the world to get, should be ruthlessly captured by the lines whenever they can?—I believe I have already said that I think the liners are inclined to go a bit too far.

11114. Within your knowledge do you know of any liners that have adopted what you might call a tramp policy, that is, the policy of building tramps for the express purpose of keeping tramps out?—Yes; that is so, both in this country and in Germany.

11115. In order to prevent the tramps getting any footing anywhere near them at all, they will build tramp steamers of malice prepense, not with the idea of making a profit, but in order to keep the tramp out?—Well?

11116. Have you known of such cases?—I know of one fleet of tramps that was built for the especial purpose of fighting anybody who might make competition for the liners.

11117. (*Mr. Owen Philipps.*) Was it a German company?—It was not an English company.

11118. (*Mr. Taylor.*) May I suggest that the term hardship as applied to the interference of tramps with liners is misapplied unless you are prepared to apply it equally to the interference of liners with tramps? It is said to be hard in the one case, but I am inclined to think that you as a business man will be disposed to agree with me that there is no hardship about it; it is a matter of business, is it not?—Well?

11119. If there is no Conference system existing every one is left to do the best he can for himself?—I think I used the word "hardship" in regard to an individual case.

11120. Not generally?—Not generally. I think the tramp is perfectly entitled to start in and tackle the liner trade if he can.

11121. As a matter of fact, I suppose liners have been built up out of tramps?—Yes.

11122. If you examine into the origin of all business you will find, will you not, that the origin of a liner business has probably been tramps, and that a line has not settled down from the first in the majority of cases?—That is so.

11123. Now I want to ask you something about a phrase in your statement which has been already alluded to by one or two of my fellow-commissioners. In paragraph 3 you say, "so long as the tramp has free access to the carrying trade of other countries, there appears no reason why he should not be equally well off financially as if he were carrying the same class of goods from the United Kingdom." Professor Gonner asked you whether tramps had been "diverted" from the United Kingdom trade, and you rather hesitated at that word, I thought; is that so?—The word "diverted," the way I took it, rather suggested that they had been kicked out. I say that is not quite the view I take, because the tramp would get out just as soon as he saw something better somewhere else.

11124. Yes; but, of course, something better somewhere else might be the result of something else being something worse in England?—Yes.

11125. If the system of liners has been so perfected in the United Kingdom that there is nothing left for the tramp, it does not follow that that something else becomes something better?—That is one way of looking at it.

11126. To follow that up for a minute, is it not a fact that the shipping trade of this country is now, at any

rate, more of an international trade than ever?—Yes, that is so.

11127. That it is really built up at the present moment and rests on the trade between foreign countries almost as much as on the trade from England and the Colonies?—Yes, that is so.

11128. Therefore it is very vital, is it not, that the tramp should have free access to the carrying trade between one part of the country and another?—Yes.

11129. Perhaps more important than it ever was?—Yes, that is so.

11130. In putting these questions I really want to get what your ideas are on this position; the tendency, as you have already said, apart from deferred rebates, is for a business to crystallize into lines?—Yes, decidedly so.

11131. Is not that as true between one foreign country and another as it is between England and a foreign country?—Yes, decidedly so.

11132. Therefore the tramp is being pushed not only out of English business by liners, but as the trade of the world develops, he is being hustled off trade routes between foreign countries?—Only as a tramp. He drops the name of tramp, but to a very large extent he is the same vessel.

11133. That is interesting. He is the same vessel, is he?—What I mean by that is that, as these trades fall into the hands of lines, or, rather, as now lines become established, these lines are carried on in many instances by vessels which previously were known as tramps.

11134. Can you give the Commission a concrete instance of that?—Take practically the whole of the Southern States business.

11135. From the Southern States of America, to where?—To Europe. You will remember a time when there were practically no lines at all; now there are lines from every port to almost every port in Europe. Many of them carry on, it is true, a season business—for instance, vessels go into the trade during the cotton season (in the winter months); then they carry on probably a decreased number of sailings through the summer; but they are supposed to be lines, and they are called lines, though they are really absorbing, to a very large extent, tramp tonnage.

11136. And they are mostly British lines, are they not?—Yes; they are mostly British.

11137. (*Chairman.*) Do they belong to a ring?—No; these are free ships.

11138. (*Mr. Taylor.*) And they have no deferred rebates?—They have no deferred rebates whatever.

11139. If lines have become established in that way without deferred rebates, would you suggest that it would be now justifiable for those steamers to put on deferred rebates?—I do not see why not.

11140. Having got the shippers fairly accustomed to regular sailings without deferred rebates, do you think they should now proceed to get them round the neck by a system of deferred rebates?—I do not see why they should not do it if they can; but, as a matter of fact, they could not—the trade would not stand it.

11141. (*Chairman.*) What trade would not stand it?—What I mean by that is that the chance of competition in that trade is so great that it would be impracticable with the rebate system. You are dealing there with large blocks of goods—cotton, grain, and so on—which would go into the hands of a chartered vessel at once, if you tried to do it.

11142. (*Mr. Taylor.*) Do you not think that those trades are fully catered for by these lines now?—Are you talking still about the American trade?

11143. Still the American trade?—Yes.

11144. All that has been done without the deferred rebate system?—Yes.

11145. Therefore, do you think it is at all necessary to have a deferred rebate system for the purpose of maintaining lines?—I am not prepared to say that it is, and I am not prepared to say that it is not. I have never been in a trade in which there has been a deferred rebate.

11146. It is something that you would get, if you could, as an additional security were you in a conference yourself?—I take it that when anybody goes for a share of the trade they go with the idea that they are going to get some of the deferred rebates—at least, some of the benefits of the deferred rebate system.

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11147. But you, yourself, are not prepared to say that it is a necessary instrument for regular sailings and stable rates?—No, I am not prepared to say that.

11148. Have you known personally many instances of lines being efficiently maintained without it?—Certainly. I forget exactly when it was started, but it is not a very ancient institution.

11149. From here to the United States there are no deferred rebates, are there?—There are no deferred rebates at all, and never have been.

11150. (*Mr. Owen Philipps.*) Is there much cargo going out from here to the United States?—At times.

11151. (*Mr. Taylor.*) And there are no deferred rebates to Canada, are there?—No.

11152. But there is plenty of cargo going to Canada?—Yes.

11153. To go back for a minute to the international position of British trade, which I think is important. If the tendency in England is to strengthen the rebate system in such a way that there is really no room left for tramps outward except in regard to coals, and if the tendency were as between one foreign country and another to establish lines, there would be really less and less room left for the tramp at all unless those lines are formed of British tramps?—If the trade of the world can be carried on without tramps there will be no use for tramps.

11154. Do you think that it is desirable to artificially hasten the day when the humble, but useful and ubiquitous tramp is no longer in the service of the mercantile community?—I do not want to see that day.

11155. I presume you do not until you have established yourself somewhere as a liner on better terms?—I suppose that is probably what we will come to.

(*Mr. Owen Philipps.*) Is it not the case that the result of your steamers trading as tramps during the last 20 years has been much more satisfactory than the result of the trading of the majority of British lines which run regular services to fixed ports?

11156. (*Mr. Taylor.*) I speak of artificially making the existence of the tramp impossible in this country, and I am going to suggest this to you. Take the smaller ports around this country, like Leith and other places. I understand that the merchants in those ports originally were free to charter steamers when they had a cargo, but in a place like Leith they have no regular service to anywhere. Whenever they had a cargo, say for the East, or I do not know where, they were in the habit of chartering and giving employment to a tramp which otherwise the tramp would not get. Do you know—I suppose you do know—that one of the effects of the deferred rebate system is that the merchants in Leith if they do that now forfeit their rebates, or that they have now to send all their goods to certain collecting ports, like Glasgow, at considerable expense, and to entirely forego the opportunity of the shipping tonnage that they would have regard to otherwise?—I understand that is so.

11157. I suggest to you that that is carrying matters a little far from the deferred rebate point of view. In the first place, is it not checking the natural development which some of these ports might otherwise get?—That is so, but you have a somewhat similar state of affairs existing in the homeward trade without the rebate system. You find that instead of cargo going direct to Ipswich and Harwich and such places, the big Atlantic liners bring the cargo into London and distribute it round the coast.

11158. But Ipswich is up the river; it is not a coasting place?—Ipswich is a port.

11159. Could you get a deep-drafted boat up to Ipswich?—You can get up to Ipswich according to the tides with a draft of about 20 feet, I think.

11160. However, I take it that to any port in the United Kingdom a cargo from the Southern States of America could be brought; I mean to say, there is no deferred rebate system to stop it?—That is so.

11161. And if it paid they would do it, whereas this outward business from these small ports like Leith is absolutely prohibited by the liners?—Yes.

11162. Do you not think that is hard on the port, as well as perhaps prejudicial to the employment of tramps?—Yes.

11163. However, I understand that you remain of the opinion that nothing should be done by Government to interfere with business?—That is my opinion.

11164. Would you call a subsidy to shipping an interference with business?—A subsidy to shipping?

11165. Yes—taking a subsidy out of the pockets of the taxpayers of the country and handing it over to a shipping line in return for services rendered?—Yes; with the exception, of course, of mail and special services, which cannot stand on their own bottom, so to speak, I am averse to subsidies of any kind.

11166. What about reserving the inter-Imperial trade for the British flag; have you considered that?—Yes; I have very strong views on that subject.

11167. Will you express them for the benefit of the Commission—I think this is germane to our inquiry, Mr. Chairman.

(*Chairman.*) The question of reserving trade to the British flag?

(*Mr. Taylor.*) The question of reserving the inter-Imperial trade to the British flag. Mr. Watts talks about the free access to the carrying trade of other countries as being so vital to the interests of tramps, and then he says in his statement that if certain measures were adopted here, no doubt tramps might benefit, "but the question is, would or would it not be advantageous to the trade of the Empire at large." I do not quite know what he means by that; but this question of reserving the trade of the Empire to the British flag really hinges on that to a certain extent. What is your opinion of it, Mr. Watts?

(*Chairman.*) Do you mean whether it is wise by legislation to get that?

(*Mr. Taylor.*) Yes.

(*Witness.*) Well, sir, you are opening up a very big question. I am perfectly willing to give my views to the Commission, if they so desire.

(*Chairman.*) This appears to me a little outside of our reference; and I think that is the general opinion.

11168. (*Mr. Taylor.*) Very well, sir. (*To the Witness.*) Would you go back to that sentence in paragraph 4. "would or would it not be advantageous to the trade of the Empire at large;" what do you mean by that?—What I mean by that is, would or would not these occasional cut rates given by tramps to secure a particular contract be an advantage to the trade of the country as a whole.

11169. Then you do not mean "of the Empire," although you say, "of the Empire" there?—I meant the country really.

11170. Then you had better correct that to the "United Kingdom"?—Yes, I meant the United Kingdom.

11171. What do you mean by this, "would or would not be advantageous to the trade of the United Kingdom"?—As I said before, I think the Chambers of Commerce and the gentlemen giving evidence on behalf of the Chambers of Commerce are far better able to judge than I, as an individual, or than the Chamber of Shipping even, as to what is good for the trade in which they are dealing. Therefore, I say that I do not wish to express an opinion on that.

11172. Now I will refer to a point on which I think two of the Commissioners have already touched, and which I think Mr. Owen Philipps dealt with at some length, namely, the question of the possible abolition of deferred rebates in this country and their retention in Germany. Mr. Owen Philipps, I understood, suggested to you that the effect of that would be that the German shipowner, having his shippers well bound up by the rebate system, would come here on a poaching expedition into the territory of the British shipowner whose shippers were all *ex hypothesi* freed of this rebate system, and that that would be objectionable and prejudicial to the British shipowner. I did not quite follow your replies, but I think you suggested that it might be advantageous to the British manufacturer, because he would get lower rates?—Yes.

11173. How do you reconcile that with your admiration, I was going to call it, of our system of stable rates and rebates? Would it be advantageous to the British manufacturer, on rebates being abolished in this country, that the German flag should show itself at all our ports,

and put down the rates?—I think I said that I should consider that if the rebate system were abolished here, it would also disappear in Germany. There might temporarily be a state of affairs such as you have described, but it would not be permanent.

11174. What would be the permanent state? What would be the ultimate effect on German trade of the abolition of the rebate system here?—Supposing the rates were held up in Germany to a sufficient extent to damage the trade of the country, they would not get the orders there, and they would have to come here, where the business was, in order to keep their vessels running.

11175. So, really, you anticipate that the abolition of the rebate system here would mean a tendency to lower rates?—Yes.

11176. And that the result of that would be one of two things as regards Germany—either that the German shipowners would have to forego the benefit of the pull they have got in rebates, and lower their rates to a parity; or, if they did not, the German manufacturer would not get the orders?—One would naturally suppose that would be the case.

11177. If that really is what you think would happen, why should it not happen, and why would it not be a good thing for the British manufacturer?—I have not expressed any opinion on that subject.

11178. I am asking you to do so?—I say I prefer to leave that to the merchants to say what would be good.

11179. This Commission has got to make up its mind whether anything should be done or not, and you meet it with a general statement which, on the whole, I think, is very largely shared, at any rate I am sure it is shared by a majority of the present House of Commons, that the less Government interferes with business matters the better. But then you see Government does interfere with business matters, and we have got to the point where it is no use saying "Hands off" to the Government, because if it does not interfere by regulation in one direction it will in another. You cannot deny that. So what we have got really to ask ourselves as a Commission, assuming we recommend that the rebate system is in restraint of trade and against public policy, is whether the effect of its abolition would be good or bad as regards the British manufacturer. What I put to you is that what you have now admitted seems to suggest that the effect of the abolition here of the rebate system would be a tendency to lower rates as against Continental rates, with a consequent benefit to the British manufacturer, who, unless the German shipowner equally came down, would get orders which his German competitor now gets?—Just temporarily.

11180. Supposing that the German shipowner did come down and said, "Well, if your rebate system is at an end, I see no use in my trying to compete with you by maintaining the higher scale of tariff which my rebate system gives me in Germany; I will forego it." I think, as a practical business man, you will agree with me that the effect would be not that the German would come here, as Mr. Commissioner Owen Philipps suggests, to plunder the British ports, but what would really happen would be that the British shipowner would say, "Well, I have got nothing to fear now. My Government has done its worst against me, and I am going to break you down in your ports, free-trade system or not." Now I suggest that to you. What do you say to it?—That is the way it occurs to me.

11181. Is that not, as a business man, what you think would really happen?—That is the result.

11182. And that would be the result both in England and in Germany?—If the trade were in Germany.

(*Sir Alfred Bateman.*) Are you not putting leading questions? You are almost a witness.

(*Mr. Taylor.*) I am only giving to the witness what is a series of misconceptions. He has got a sub-conscious self which I am trying to elicit.

11183. (*Chairman.*) I rather gather from you, if you will allow me to say so, that you are not desirous of expressing any opinion except as to matters on which you are well able to judge?—Yes.

11184. You do not come here for the purpose of stating what would be an advantage to the English manufacturer?—I wish to avoid that, because I think you have got a great deal of evidence in regard to that which is much more likely to be correct than anything I could say.

11185. Of course, Mr. Taylor is quite right in saying that the Commission must judge from all points of view, and, therefore, must take into account the interests of manufacturers; but you do not wish to speak as regards that branch of the subject which relates to the interests of manufacturers?—I prefer not to express an opinion.

11186. (*Mr. Taylor.*) What is your experience as a tramp shipowner in regard to the Government departments? I am alluding now to the India Office, the Crown Agents for the Colonies, and the Agents-General for the self-governing colonies. Have you ever found them of the slightest assistance in giving cargoes to tramp steamers? What is your experience with them? Do they patronise liners, or do they use the stuff they have to ship for the various Crown Colonies and India and the self-governing colonies like South Africa and Australia, by giving that out to tender regularly, and so encouraging tramp shipowners; or do they make arrangements with the Conference lines and ignore the tramps?—I would like to answer that question under the very greatest reserve, because I have only got a general idea. It is a long time, I think, since we put in a tender for any of that business, and I do not think that we have been asked for some considerable time. I wish to say that under all reserve, because it is quite possible that it may have come to my office without coming before me personally, though I do not think so. I remember, going back 20 years ago, we used to do a good deal of that business.

11187. At any rate, it has not been brought under your notice that these Government Departments of late are extremely active in getting up outside tonnage to take their goods to the various colonies?—I do not think they are.

11188. In fact, you never hear of them in that direction, or do you ever hear of them in that direction at all?—I would not like to say that it has not come to my office, but it is a long time since last a case came before me personally.

11189. (*Mr. Owen Philipps.*) Have you not heard of cases—many cases, in fact—where these Government officials have taken advantage of the strong position that the Government is in to squeeze very low rates out of the liners, so that even tramps could not exist at the rates they paid? We have had complaints of that sort mentioned?—I cannot very well commit myself to anything of that kind when I have already told you that the business has not come before us.

11190. (*Mr. Reeves.*) Something has passed between you and Mr. Taylor, or perhaps I might say between Mr. Taylor and you, as to the encroachments by liners on tramps' business, and by tramps on liners' business; the liners' business, one can imagine easily enough, but can you give any handy definition of what is a tramp's business?—Do you mean a definition of the word, and how the word arose?

11191. No, I do not mean anything etymological; but, practically, how would you define what is the business of a tramp steamer?—Do you mean from the point of view of what is there to encroach on?

11192. I am coming to that?—I took it that the question simply meant certain trades and certain cargoes that are what you might call bulk cargoes, that is, goods usually carried *en bloc* in full cargoes, and that the liners sometimes interfere with them. I think I quoted an instance earlier on.

11193. (*Chairman.*) Can I assist you at all? Cannot one get a tolerably satisfactory negative definition? Is not a tramp a vessel which is not a liner?—Yes. But I do not think that was quite the question; the question was, I think, to get at what would be encroachment on the business of a tramp.

11194. (*Mr. Reeves.*) My question was, could you give us a handy definition of what is the business of a tramp, as opposed to the business of a liner?—Perhaps the easiest answer to it is that a tramp is a vessel which carries full cargoes of goods in bulk to any part of the world.

11195. (*Chairman.*) And trades anywhere?—Yes. It might be a full cargo of coal, or a full cargo of grain, or a full cargo of rails.

11196. (*Sir William Lewis.*) The tramp goes to any port?—To any port.

11197. (*Sir John Macdonell.*) Would you add that the tramp does not ply regularly between fixed ports?—Yes; that would be a very good addition.

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11198. (*Mr. Reeves.*) Is it not of the essence of a tramp's business, and of the whole trade of tramps, that they do not recognise, as it were, any territorial limits?—Yes.

11199. And that therefore they, as it were, reserve to themselves *ex necessitate* the right to encroach on anybody else's business, because they do not recognise that there is such a thing as encroachment?—That is so.

11200. Therefore in return they can hardly complain of encroachments on their territory?—It is perfectly legitimate for the liners to encroach on the tramp's business.

11201. Is not a tramp really something what in the old days of East India trade was defined as an "interloper"—that was a technical term which was used in the old days in the East India trade?—I do not remember the expression, but I imagine it would be the same thing.

11202. Then with regard to Mr. Taylor's penultimate question with reference to the action or inaction of Agents-General and other more or less objectionable or apathetic officials, is it not the case that the very existence of tramp steamers may be of great value to shippers when dealing with liners—that the fact that there are such things as tramp steamers may be very useful to shippers in dealing with liners?—Yes. There are exceptions, of course; the deferred rebate system is a partial barrier.

11203. Suppose your hands not to be absolutely tied up by the deferred rebate system, then the very existence of tramps in the world is a great help to you in making terms with liners for your shipments, is it not?—Yes; but I believe that in some of these conferences they allow a shipper who is capable of handling a complete cargo to charter.

11204. (*Chairman.*) That is so?—Naturally, of course, that would be a very powerful steadiar.

11205. (*Mr. Reeves.*) Therefore, it might happen that a Government Agent might not find it necessary to make use of a tramp, as the very fact that he could keep the tramp *in terrorem* over the head of a liner would be enough to enable him to make his bargain with the liner?—Yes, possibly.

11206. That is probably what they do in some cases. Now I want to draw your attention to that part of your evidence in which you say that shippers ought to be the best judges, in your opinion, of the value or injury inflicted by the deferred rebate system. You hold that the shippers really ought to be the best judges of its effect on Imperial and other trade?—I will not say necessarily shippers, but the trade; it might be sometimes that the shipper is an agent who simply executes orders and does not know so much about the working of the business as the man at the other end. But I mean the trade itself.

11207. I draw your attention to paragraph 4 of your statement, where you say "this would operate to the advantage of the tramps"—that is the abolition of the deferred rebate system—"for the time being, at any rate; but the question is, would or would it not be advantageous to the trade of the Empire at large"?—The "United Kingdom"?

11208. That does not matter. "Surely, the shippers in the various trades are the best judges as to this"?—I have used the expression "shippers" there, but I qualify it by saying that sometimes it may not be the shipper, but the man at the other end may know a great deal more.

11209. In any case you consider that those in the trade—the mercantile world, in fact, on shore—are really the best judges?—Yes.

11210. Better than the shipowners?—I think so.

11211. On the other hand, it is the shipowner and not the man on shore, not the merchant, who imposes the rebate system?—Yes.

11212. And practically it would have to be with the consent of the shipowner that the rebate system would have to be withdrawn, if it were withdrawn; because he holds the power, does he not?—It would have to be with his consent? I imagine that it might be done without his consent if this Commission reports in a certain way.

11213. That is to say, in the case of Government interference?—Yes.

11214. But it practically amounts to this, that the shippers, and the merchants, the persons who you say are the best judges of the effects of the rebate system, have no voice in its imposition and really cannot, unaided,

abolish it?—I take it that the system is made by the shipowners, by the Conference, and that the merchants, whether they like or not, have to fall in with it.

11215. Just one point more: You say the small shippers are hardly to be expected to benefit from the abolition of the rebate system?—That is so.

11216. But if the effect of the rebates is to raise freights and to put these people a good deal in the position of being the slaves of the shipping companies, they must be expected surely to benefit from their abolition?—I take it that what would happen if you abolish the rebates is that the man who is a large shipper would undoubtedly get preferential rates as against the smaller man.

11217. Is that the case in the whole trade from the States which you spoke of, where there are no rebates?—Yes, to a very large extent it is.

11218. The small man suffers?—I do not know that the small man suffers. In most of the trades from the States, leaving out the New York lines, they have mostly big shipments, I mean they are not the 10-ton business—there is very little of that.

11219. I know, but still there is such a thing as small and large relatively without going down to 10 tons, is there not?—Yes. I think as a rule the man who ships a small parcel pays more money than the man who ships a large parcel.

11220. Does the small man, where there is no rebate system, pay more than the small man does where there is a rebate system? I can quite understand that the large man may pay less when there is no rebate system, but does the small man pay more—that is the point?—I am speaking from the point of view that I understand these Conferences are treating all alike. Of course, under the rebate system they can charge a small man more if they want to, but I understand they do not.

11221. That we grant?—I say that in my opinion if there were no rebates whatever the rates would not be as hard and fast as they are to-day.

11222. Would there be uniformity?—Yes, but still any large shipment would be subject to a matter of negotiation.

11223. No doubt, but is it any consolation to the small man to know there is uniformity if he pays more under the rebate system than he paid when there was open competition?—I have been speaking of time from the point of view that as long as he is on equal terms with everybody else it does not matter whether he pays a few shillings more or less.

11224. Is that the opinion of the ordinary merchant and shipper, that if they are all in the same boat it does not matter how much?—That is my opinion, but I know a good many shippers who if you carried for them for nothing would think you were charging too much.

11225. (*Sir Hugh Bell.*) You have been asked for some definition of a tramp; would you say that you accept the Chairman's suggestion that a negative definition is all we can get, namely, that a tramp is a ship which is not a liner?—I think that is a very good definition.

11226. By a liner we mean a ship on fixed stations, going from a fixed port to a fixed port or ports at regular dates?—More or less regular dates.

11227. Will you tell me why you limit it?—Because there are a great many so-called liners who do not sail on absolutely fixed dates. They go more or less according to the requirements of the trade. It is practically a matter of what people like to call them. You may say in practice anybody who sends a steamer away half-a-dozen times a year to a particular place advertises a line.

11228. Would they advertise a long time in advance, that a certain steamer would sail on a certain date?—Perhaps they do not even spend any money in advertising, but they call it a line, I should say.

11229. So that when you get on to the border line it is very difficult to distinguish between tramp and liner?—When you get on the border, yes.

11230. We have had some evidence as to the relative proportions of tramps and liners; bearing always in mind the difficulty of distinguishing, can you help us at all as to that proportion; have you any idea in your own mind as to the relative tonnage of liners and tramps?—No. It is

so difficult. Where are you going to draw the line? I should think, roughly, that you might say that two-thirds of the British steam vessels at least are not liners.

11231. Not liners?—Not liners even in the widest sense of the word.

11232. That is very satisfactory, because you are giving exactly the same expression of opinion as we had from a former witness, who, I think, was as capable of speaking on the point as you are?—The only figures I have been able to get at were the Suez Canal returns of some years ago, which showed three-fifths liners and two-fifths tramps. Of course the Suez Canal has a very much larger proportion of liners than any other route.

11233. So that you would be inclined to agree with Mr. Maslay, who was the gentleman to whom I was referring, and whom no doubt you know, that something between two-thirds and three-fourths might fairly be taken to represent the proportion?—I should think he is about right there.

11234. Does your extensive knowledge enable you to say what the proportion would be under other flags, grouping all other flags together?—I should think very much the same. Speaking off-hand, I should say that Germany would have perhaps a larger proportion of liners than of tramps, and that the same would apply to France.

11235. (*Mr. Taylor.*) What about Norway?—Norway has practically no liners at all; and Denmark and Sweden have comparatively few.

11236. (*Sir Hugh Bell.*) If those figures were anything like relatively true we might roughly say that something like 70 per cent. of the shipping of the world is tramp, and about 30 per cent. liners; do you think that would be a fair kind of guess?—It would be somewhere about that, I should think, including coasters.

11237. I am including the whole. You have told us that the natural development is, irregular runnings between a particular port, say of the United Kingdom, and of some port abroad; then more regular runnings, and finally the establishment of a line?—Yes.

11238. That is the natural development, is it?—Yes, I think so.

11239. And that would be likely to go on, and as the trade of a particular portion of the Globe increases, the tendency would be to establish a line?—Yes.

11240. And, in so far, exclude the tramp?—Yes.

11241. And that natural development is one which, as a tramp-owner, you are prepared to submit to?—Yes, or go into it myself.

11242. You can easily go into it, because it is only a question of a name; if you call yourself a tramp you are a tramp, but if you call yourself a liner, you are a liner, so that you could at any moment become a liner if it were otherwise convenient?—Yes.

11243. Then once a liner is established, the more regular and complete the line is, or the lines are, perhaps I ought to say, the more would they desire to have the command of all the cargo going at all times between the ports which they serve; that would be a natural feeling, would it not?—That is so.

11244. And you are not surprised, and do not object to their taking means to assure to themselves that cargo?—I do not see why they should not.

11245. If they can do that best by means of a deferred rebate you do not object to a deferred rebate?—No.

11246. If it were objected to you would not be surprised if they found some other method within the four corners of the law of obtaining for themselves the choice of all the cargo?—They will work it somehow.

11247. They will work it somehow?—I have no doubt.

11248. Legislation *non obstante*. Now, I think you said in your examination-in-chief that the conferences compelled shippers to keep their promises; would you, on consideration, think that was a fair statement of the position of the shipper; what promises has he made precisely?—I think what I stated was that the idea of a conference was going a little beyond getting just a promise from a shipper. Supposing I were going into a certain trade and put up an opposition, I would say to somebody "Now you give me all your business, and I will give you a certain service." That promise, if made, might not be carried out, and I suppose that the system of deferred rebates has been established to insure

that the shippers shall be, what is called, loyal; I believe that is the expression.

11249. It is a comical expression and I have commented on it myself before, and I am glad to see you and I are of one mind—that it is comical. Do you think it would be fair from the shipper's point of view to put it in this way: "You, the liner, offer to take my goods at a price, we will say 40s., which by the assumption is a reasonable and profitable price, and to that you then add a percentage, commonly 10 per cent., which you make me pay in addition, and you say 'contingently on your not shipping by any other line, I will give you that 10 per cent. back.'" That is what the shipowner says to the shipper, is it not?—Yes.

11250. Therefore he is imposing upon him a penalty if he does not continue to ship by that line?—That is the effect of it.

11251. I do not know whether it is fair to put these questions to you, who are a tramp-owner, but your evidence has induced me to think I might properly do so. The parcels shipped by liners, so-called, are usually relatively small parcels, are they not?—In a great many cases, yes.

11252. Would your experience enable you to answer this question—Would you regard a parcel of 500 tons shipped by a liner as a large parcel?—It would depend on the nature of the goods and on the trade. 500 tons would not be a very large parcel in the American trade, and it might be a very large parcel indeed in the Indian trade or the Cape trade.

11253. When you say the American trade, do you mean the homeward or outward trade?—The homeward trade.

11254. From what American ports are you thinking of now?—You get large parcels of grain, flour, cotton, and various other things. They move in comparatively large blocks.

11255. I was going to ask you about the shipments from the ports of the Southern States, where you have told us that the shipments are in rather large quantities, and perhaps I might take that now. Is it the custom there to ship practically full cargoes by one shipper of such things as cotton, for example, during the season?—No, not nowadays. It used to be 20 or 30 years ago. Nowadays the cotton trade is all done by the liners or by tramp vessels, which are chartered by speculators who advertise lines and do run lines through the season. They engage the cargo in the same way that the liners do.

11256. That is to say, they take relatively small parcels?—Relatively small, but in the American trade the parcels do not run, as a rule, so small as they do in other trades.

11257. A thousand tons of cotton, in one parcel, I suppose would be a large parcel. I am not taking exceptional cases, but the average?—A thousand bales of cotton, which would be about 200 tons, is a substantial parcel.

11258. You have got down to 200 tons as a substantial parcel?—Yes.

11259. I think if I were to press you further you would probably admit what I put to you about 500 tons?—When you come down to grain though, probably you would not find many individual shippers would have less than a thousand tons; indeed, they would very seldom have less than a thousand tons in one vessel.

11260. The point I am coming to is this—that when the parcels are relatively small it necessitates, of course, a great many shippers to make up a cargo?—Yes.

11261. And it is not surprising then that the shipowner should take means to assure himself of getting all the cargo that is going?—No.

11262. Either by inflicting some penalty or by offering some inducement?—Quite so.

11263. There is but little difference between the two aspects of the case?—Quite so.

11264. May I ask you whether what you have just told me about the trade from the southern ports of the United States of America is not a proof that what used to go in full cargoes is now tending to go in varied parcels?—It is so.

11265. Exactly as the trade goes up and becomes important, the tendency is not to give full cargoes, but part cargoes?—That is so; but that is, of course, largely owing also to the fact that the size of the vessel has

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11266. That is to say, when you first knew the trade, a vessel which ran from 4,000 to 5,000 tons was a largish vessel in the trade, and now a vessel of 4,000 or 5,000 tons is a medium vessel in the trade?—I remember when in the American trade a steamer of 2,000 tons cargo—grain or cotton—was quite a large vessel.

11267. Your experience is exactly mine, only in quite a different trade; 2,000 tons was, 30 or 40 years ago, a large ship, and 5,000 tons to-day is comparatively a moderate ship?—Comparatively small.

11268. A medium ship. You have spoken with some condemnation of the conduct of liners from the South American ports in bringing iron ore?—I only quoted that as an instance of what the tramp shipowner would look upon as a grievance—as encroaching upon his territory, so to speak.

11269. May I ask you exactly what you had in your mind when you spoke of iron ore?—I had special reference—Mr. Owen Philipps has left the room in the meantime—to the iron ore trade from the Brazils.

11270. (*Mr. Taylor.*) From Rio?—Yes.

11271. (*Sir Hugh Bell.*) You know what that ore is, of course?—It is manganese ore.

11272. It is a most important iron ore trade from those ports, is it not?—Yes.

11273. Is that coming forward in full cargoes?—Yes.

11274. That is to say, 3,000, or 4,000, or 5,000 tons at a time?—Yes. I think, possibly, there may have been a few combined shipments; in fact, I know there have been some—a part cargo of ore filling up with coffee; but, as a rule, it moves in full cargoes.

11275. Coming home in a liner?—No, coming home in a tramp.

11276. Exactly; because, of course, if the liner is running, say, to Liverpool, the iron ore is being delivered at a point where it is not very immediately required?—There is no difficulty about transferring it from Liverpool to the Workington and Maryport district.

11277. But that is not a very important district, is it?—I think it is a fairly important district.

11278. I mean there are much more important districts?—Yes.

11279. To which that kind of cargo is going?—Yes.

11280. And that without any transshipment; however, that line of argument would be in your favour, because you would say that the liner had better leave it alone and let it come home in a tramp, when it would go to the port where it was required?—I do not wish to have it on record that I am objecting to the liner doing this business. I think the liner is perfectly entitled to do what he likes as things stand at present. I only quoted this as one of the complaints that were out against the liner.

11281. Yes, I understand; but could you go further than that? I only want to examine a little into the way in which that trade is being done, and I will ask you whether it is not a very natural thing to happen that a ship bringing home, we will say, coffee should desire a cargo like iron ore to make up?—As ballasting.

11282. Yes?—No; they do not want very much, and I do not know that it would be a profitable combination.

11283. You stated in answer to Mr. Barry that the tramp would on occasion take lower rates; of course that is obviously so?—Yes.

11284. The purpose of a Conference is to prevent that happening as much as possible, and that is an arrangement to which you do not demur?—No.

11285. You have given us, I think, more by way of rumour than on any specific knowledge that you possess, evidence as to the practice which is alleged to have occurred in Germany of the railways affording facilities to German shipowners and shippers; can you take that any further?—I cannot speak to it with any degree of certainty. I have seen the statement made in the public Press frequently, and I have never seen any denial of it. It is accepted, I think, as a fact.

11286. It is a common belief, and I wanted to know whether we could run it home to any specific fact?—I am not prepared to prove it to-day.

11287. It may be a common error, and I wanted to see whether we could satisfy ourselves that it did exist. You

seemed to be under the impression, when Mr. Taylor pressed you further upon the point, that the abolition of deferred rebates in England would be followed by a similar abolition in Germany?—I think so.

11288. You did not accept the suggestion of Mr. Owen Philipps, I think it was, that that would enable the German shipowner to come here and compete—that he would get all the German cargo assured to him, and then he would be able to come here with his ship and take English cargo at a cheaper rate; that, I think, was the suggestion, and you do not accept that?—I think it would undoubtedly lead to retaliation—to the British vessel going there. I do not think, except by mutual agreement, that they could keep up the rebate system in either country; that they must work together is my impression.

11289. So that it would mean a freight war which would have the usual result?—Yes.

11290. That is, considerable disturbance to business while it was going on, and then a settling down to reasonable charges, or more or less reasonable charges afterwards?—Yes.

11291. You say you are entirely against any Government subsidy?—Yes.

11292. Mr. Austin Taylor mentioned the mail contracts; is that a subsidy?—I think it is quite justifiable to pay subsidies for mail services.

11293. Is what is called a subsidy for the mail service more than a rate of freight accorded for carrying a particular class of goods?—I did not quite catch you?

11294. The question I was putting to you was, is the payment of a so-called mail subsidy more than a rate charged for a certain character of goods?—Talking about mail subsidies, you may have subsidies for a mail service where there are very few goods to be carried.

11295. Do you mean mail goods, or other goods?—I mean other goods. I am not an expert on the mail question, but some mails you may say will carry themselves to some places simply at so much a bag—some small consideration to the vessel that is carrying them. In other trades, if you want to have a regular mail service you have to pay for it, because it cannot support itself.

11296. You know that there are two quite distinct suggestions made on that head—the first is that an extravagant rate, if I might put it in that way, is paid for the mails, regard being had to the nature of the service?—Yes.

11297. That is the first thing, and, of course, that may be made into a subsidy, because, if the reasonable rate is £10 and they pay £20, then they are paying £10 for some service not rendered. That is the ordinary suggestion. The second suggestion which you have just made is that ships would not go to that port at all under mail conditions, unless they got something to induce them to go for the mails, which is a different thing?—Yes.

11298. I want to ask you these further questions, if I might, on the subject of the mails. The mark of the mail service is that it should be regular and to time?—Yes.

11299. Is it surprising that a shipowner should ask for important additions to the freight for carrying on a regular service, and to time?—Were you asking me a question?

11300. I put that question to you—is it extraordinary that the shipowner should ask an extravagant freight, we will call it, or an extra freight—a higher payment—in exchange for guaranteeing regular service to specific times?—It has to be paid for somehow. I do not know whether any of these mail companies have been getting paid too much. The published accounts do not often show that there is any extraordinary profit being made out of it.

11301. Every subject of the Crown has dealings with the Post Office in some form or another, and you have, I make no doubt; do you find that they are apt to do anything for you, any extra service for you, without you pay for it?—No.

11302. Then do you expect that they will get the mail service without paying for it?—No.

11303. You think they do not?—I think they do not on the whole, but I am not prepared to say so in every individual case.

11304. It is perhaps a little unreasonable to ask you about the mail service, when you only know, as we all of us do, about the defects of the postal service?—Yes.

11305. (*Sir Alfred Bateman.*) First of all, as regards your coming here to give evidence; your name was put forward, I think you say, by the Executive Council of the Chamber of Shipping?—Yes.

11306. To give evidence on behalf of tramp shipowners?—Yes.

11307. But I am not to take it, am I, that the tramp shipowners selected you?—I wish to make that most clear. The Chamber, I understand, was simply asked not to send anybody to give evidence on behalf of the Chamber, but simply to mention the names of some gentlemen who, in their opinion, were qualified to give evidence; that is all.

11308. Can I take it from you that you think that your evidence fairly expresses the views of tramp shipowners on the Chamber of Shipping?—I do not say that, because some of them, as I said before, have very strong views, entirely contrary to mine, and I think a good many do not worry much about the question at all; they attend to their own business and do not bother about what the lines are doing.

11309. I have been so struck with the thoroughly impartial and detached way in which you have given your evidence that I wanted to know whether you thought that a good many tramp shipowners were of the same opinion, and would have given similar evidence?—I would not like to say that.

11310. Do you think that among them there is a strong feeling on this question?—I have not heard very much expression of opinion on this subject at all?

11311. Do you meet many of them?—Yes.

11312. You have not heard strong expressions on their part?—Only in one or two quarters.

11313. You say it has not been discussed by the Chamber of Shipping?—No, it has not.

11314. Because they do not like to discuss controversial questions?—The Chamber, you see, represents liners as well as tramps and coasters, and this, of course, would distinctly be a controversial question.

11315. Surely in that Chamber you discuss many questions that might be called controversial; for instance, as regards legislation and your relations with the Board of Trade?—I meant amongst ourselves; that is the way in which I use the word "controversial."

11316. As meaning anything that would divide the Chamber?—Quite.

11317. Do you know whether the Executive Council of the Chamber is mostly interested in tramps, or mostly interested in liners?—There are a large number of tramp shipowners who are trading as tramps, and who are also mixed up with lines, I should say.

11318. (*Sir William Lewis.*) Who are interested in the liners as well?—Yes. Without mentioning any names, I should say that about four of the executive council in London who most regularly attend, who are tramp shipowners in their own offices, are directors, and two of them managing directors of lines.

11319. (*Sir Alfred Bateman.*) So that the council is rather of a liner interest?—Yes, I should think so; I should think it is rather more liner than tramp.

11320. (*Mr. Owen Philipps.*) You are practically the largest tramp shipowners in London, are you not?—I do not know.

11321. You have more tonnage, I mean?—I really do not know, and I could not answer that off-hand.

11322. (*Sir Alfred Bateman.*) Mr. Owen Philipps suggests that you are a very large tramp owner in London; therefore, the Chamber would like you to give evidence from that point of view, I suppose?—I suppose so.

11323. Not as representing either interest?—I might tell you what perhaps I ought not to—I was going to say I did not really wish to come to give evidence, because I was afraid of perhaps not thoroughly voicing the opinion of tramp shipowners; but as long as I make it quite clear I am here in my individual capacity, I think that is sufficient.

11324. You say in paragraph 4, "The small shippers who, I understand, receive the same treatment from the conferences as the large shippers, would hardly be likely to benefit by the change." Do you charge the small shipper the same as you charge the large shipper in your own business?—I get as much as I can out of everybody, unless I tell them I am going to treat them all alike.

11325. You have told us that the conferences do give them the same treatment?—So I understand.

11326. Could you tell us now about your own practice; what is your practice?—It is the tramp's practice to get as much as he can.

11327. There is no principle about it?—No principle at all.

11328. (*Mr. Taylor.*) As a tramp shipowner, do you deal direct with the shippers?—In many cases, yes.

11329. Do you, when you are loading on the berth? Sir Alfred Bateman asks you whether you treat the large and the small shippers all alike; I suggest to you that what you do as a tramp shipowner is that you charter your ship to somebody?—Of course, you may sometimes take up a cargo for two or three different people.

11330. But, as a rule, your vessels are chartered by what is called a charterer?—Yes.

11331. And he deals with the shippers, not you?—That is so.

11332. (*Sir Alfred Bateman.*) Then you would have nothing to do with them?—In the majority of cases, no.

11333. (*Chairman.*) You do not get the bill of lading, in fact—you get the charter?—I got the chartered freight as a rule.

11334. The number of tramps during the last 20 years has increased, has it not?—Yes.

11335. Very much?—Yes.

11336. And the tramps are fully employed?—At the present time, I think they are fully employed.

11337. (*Mr. Owen Philipps.*) You have got 32 tramps; have you had any lain up in the last ten years?—Not what you call lain up. We have to lay up and wait for cargo very often, but that is not what we call lying up.

11338. (*Chairman.*) It has been said that this system of deferred rebates enables the Conference Lines to charge what are called excessive rates, because there is no competition; do you agree with that view?—It certainly enables them to charge higher rates than they would be likely to get if there was free competition; but as to whether the rates are excessive or not, I am not prepared to offer an opinion.

Sir WALTER EGERTON, K.C.M.G., called and examined.

11339. (*Chairman.*) You have prepared a short Statement for us, I think?—Yes.

(*The witness handed in the following statement.*)

1. The elimination of competition is bad in any trade and must be prejudicial to the customers of the monopolists.

2. My experience is chiefly confined to the Straits Settlements, as I only left the Straits in 1903.

3. I was 23 years in the Straits, and when I first went there Singapore and Penang were the ports of shipment for a very large portion of the trade of the Dutch Possessions in the Malay Archipelago. Nearly the whole of the carrying trade was done by British ships, freights were very low—tramp steamers called frequently.

4. The establishment of a "conference" by the chief shipping lines with deferred rebates compelled merchants to ship by the "Conference" Lines, as these were the only lines giving quick and regular communication with Europe. The result was that tramp steamers, colliers, &c. were unable to obtain return freights, and ceased to call.

5. The very large increase in freights favoured the establishment of direct lines from the Dutch Possessions to Europe; such lines were established, and Singapore lost valuable trade in copra, rattans, &c.

6. As some of the principal firms in the Straits had agencies for lines belonging to the Conference, they supported its establishment, and thus the mercantile community offered no undivided opposition to the Con-

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ference and weakened the power of the Government to take measures against the "ring." I am convinced that the establishment of the Conference helped the able management of the Norddeutscher Lloyd to double the number of their steamers and greatly increase their size. I believe British lines can work at lower rates than foreign ones, and that but for the carrying trade having been made so profitable by the increased "Conference" rates the increased foreign tonnage would have been much less. In West Africa the Conference agreement between the lines controlled by Elder, Dempster & Co. and the Woermann Line has established a close monopoly and freights are very high. Tramp steamers are unknown, and the whole of the imports and exports of Nigeria are carried by the "Conference" ships with the possible exception of the goods of the Niger Company, who occasionally charter ships.

7. I do not blame any shipowner for striving to establish and maintain a monopoly of the carrying trade at high rates, but I believe all such arrangements are bad for the colonies affected. They enable the monopolists to charge what they like, and, in addition to the large ordinary freights, most extortionate rates are quoted for any unusual cargo or cargo that is at all difficult to handle.

8. I am in favour of making any agreement for "rebates" in the event of exclusive shipments by one or more lines illegal and void. I would legislate to enforce equal treatment to all shippers, and I would establish some kind of board of control like that existing for railways to which shippers might appeal against any unusual rates &c. I would legislate so that the grant of secret rebates to any firm or on account of exclusive shipments should render the line granting it liable to be sued by all other shippers to recover similar rebates.

11340. (Chairman.) Will you kindly state what post you now occupy?—I am Governor of Southern Nigeria.

11341. Does that comprise Lagos?—Yes, the old Protectorate of Southern Nigeria, and the former Colony of Lagos.

11342. You left the Straits, I believe, in 1903?—Yes.

11343. There was a Commission appointed in the Straits relating to the Conference Lines and deferred rebates; when their report was made, where were you?—Can you tell me the date?

11344. 1902?—I was at home on leave in 1902, I think. That was the Coronation year. I went out in August, 1902.

11345. You were 23 years in the Straits, I think?—Yes.

11346. At the time when you first went there, which were the principal ports of shipment?—Singapore and Penang.

11347. They were the ports for the shipment of goods for what countries?—For all the world, that is, for Europe and Asia and Australasia; but not very much then, I think, went to America.

11348. What goods were carried?—Tin, tapioca, and sugar; I should think they were the principal ones.

11349. When you first went there, about 23 years ago, was that a trade carried on by means of foreign ships, or by means of British ships?—It was carried on in British ships. There was a German line, but I think they only ran monthly then.

11350. What about the British ships; did they run regularly?—Yes.

11351. On fixed dates?—Yes, in the case of certain lines; and there were a number of tramp steamers as well.

11352. Where there liners there 20 years ago?—Yes. It was 27 years ago when I went there. I was 23 years in the Straits and I have been three and a half years in West Africa.

11353. Then there were both liners and tramp steamers there?—Yes.

11354. Since that time have freights fallen or risen?—They have risen considerably.

11355. Do you know when the rebate system was introduced in that part of the world?—I cannot give you the date.

11356. Was it in existence when you first went there?—No.

11357. How long afterwards do you think it was introduced?—I should not like to give a date: I really do not remember.

11358. But it was while you were there, of course?—Whilst I was there it came into force.

11359. Before the rebate system was introduced, were the sailings as they have been since?—Of the principal lines, yes.

11360. Since the rebate system has been in force, I suppose tramp steamers have very rarely been employed?—Very rarely—not at all, I should say.

11361. Has the effect been to increase rates of freight?—I think so.

11362. Considerably?—Yes.

11363. In paragraph 5 you say, "The very large increase in freights favoured the establishment of direct lines from the Dutch Possessions to Europe—such lines were established, and Singapore lost valuable trade in copra, rattans, &c." Will you kindly explain that paragraph, as I do not think I quite understand it?—Formerly, Singapore used to be the great port where the products of the Dutch archipelago were collected by smaller steamers, and re-shipped to Europe or America; and it is not so to that extent now.

11364. How has that been caused—by the large increase in the freights?—That is what it was put down to by general opinion in Singapore. Now, direct steamers sail from the Dutch Possessions to Europe, and they take this trade that used to come *via* Singapore.

11365. Do they charge a less rate of freight?—I believe it is considerably less, or, rather, that it is cheaper now to send the goods direct from the Dutch Possessions than *via* Singapore, because, of course, they have the double freight there—the freight of the smaller steamer, and the freight of the ocean liner.

11366. So that the freight from the Dutch Possessions to Europe is lower than the freight from Singapore?—No. I cannot speak from actual knowledge, the result of the increase of freight in Singapore, was that it was cheaper to send the goods direct from the Dutch ports than *via* Singapore.

11367. By what ships is the trade carried on direct from the Dutch ports?—By various local lines.

11368. Not by British ships?—They were British ships.

11369. Belonging to Conference Lines?—I am speaking of the time before the Conference. Now, there are a large number of British-owned ships, I believe, still running from Singapore to the Dutch Possessions, and also Dutch ships.

11370. You have spoken now of the time when you went to the Straits. At the present moment are the freights from Singapore higher than the freights from the Dutch Possessions?—I cannot say for certain, but I should think they were.

11371. You say in paragraph 6, "I am convinced that the establishment of the Conference helped the able management of the Norddeutscher Lloyd to double the number of their steamers, and greatly increase their size."—Yes, that is my opinion.

11372. Did the Norddeutscher Lloyd belong to the Conference?—Yes, it did; and very soon after the establishment of the Conference they largely increased the numbers of their steamers, as the trade became very profitable.

11373. Do you mean by this statement to say that the Norddeutscher Lloyd increased the number of their steamers, and they were able to do so because they had joined the Conference?—I think they found the trade profitable directly the Conference was established, and, therefore, increased the number of their steamers. I should think they were the leading parties in establishing the Conference; I do not know, of course.

11374. So you think that the rebate system has made shipping an extremely profitable trade?—I think so.

11375. And has attracted foreign steamers into the trade?—I think so.

11376. You say in paragraph 7 that the effect of the rebate system is virtually to give a monopoly to the shipowners, so that they can charge whatever freight they think proper?—It enables them to charge very high freights, which they would not be able to charge but

for the Conference—not any rates that they may think proper.

11377. Do you recognise any benefits which the system of deferred rebates has conferred upon merchants?—No, I do not; but I know one has been alleged.

11378. You do not think it is the cause of regular sailings?—Not from Singapore, certainly.

11379. Do you think it has been the cause of freights being more stable than they were?—Certainly.

11380. It has been?—Yes.

11381. Do you consider that a benefit?—Not if the stability is of very high freights instead of the freights that were always a good deal lower.

11382. Has there been any attempt in that quarter of the world with which you are so well acquainted, on the part of the merchants, to emancipate themselves from the Conference Rings?—One merchant endeavoured to do so—Mr. Huttenbach. He chartered a steamer, or steamers, but I think he made some compromise with the Conference afterwards. He was also interested in shipping, if I remember aright. The attempt did not last very long.

11383. If you are right in saying that the effect of the rebate system is that shipowners can exact an excessively high rate of freight, why is it that the merchants there did not combine and resist those demands?—It would need a very large amount of capital to do it successfully. You have got a large combination of enormously wealthy shipowners against you.

11384. And, of course, the merchants would lose their rebates?—Yes. The merchant must ship by the Conference Lines, because there are no other ships to ship by. He must send his goods home as soon as they are purchased, and he must have the means of getting out goods regularly and quickly.

11385. Could not the merchants combine and charter tramps?—No.

11386. Why?—They must have regular weekly sailings, or fortnightly sailings, and they cannot afford to keep air goods for months.

11387. So that they really want that which the Conference Lines do for them?—Yes.

11388. And they cannot do without it?—They cannot do without regular and frequent sailings, but they had those before the Conference existed. Before the Conference was established, freights varied more or less—not, as a rule, to any great extent, but they varied according to the quantity of goods and the amount of shipping to carry the goods; and whenever there was a scarcity of shipping, and freights rose, tramp steamers came in and brought down the freights again, so that the general level was kept low.

11389. Now I will take your recommendations one by one. You say first, "I am in favour of making any agreement for 'rebates' in the event of exclusive shipments by one or more lines illegal and void." That is to say, you would make the rebate system illegal?—Yes.

11390. Your second recommendation is, "I would legislate to enforce equal treatment to all shippers"?—Similar to the railway legislation, I presume.

11391. Then you would have some kind of authority which would determine the rates of freight; is that your next recommendation?—I should like such an authority.

11392. Would that authority fix the rates of freight for a certain period of time, or would it be constantly sitting and constantly varying them?—I think those are details.

11393. Which you have not considered?—It would need a lot of consideration to determine how the matter could best be done.

11394. On what principle would you recommend that the rates of freight should be fixed or estimated. Is there not great difficulty there? I do not know whether you can help us on that point. Would it depend upon the state of trade?—What I should wish would be to leave the rates of freight to open competition.

11395. Permit me; I thought you recommended that there should be some kind of board of control like that existing for railways; and, unless I am mistaken, there is an authority in the case of railways which really fixes the

rates?—I do not know the details of railway legislation; I thought it only fixed the maximum rates.

(*Sir John Mucedonell.*) It does something else than that.

11396. (*Chairman.*) I think you may take it from me that any trader can go before the Railway Commission and can complain of a rate of freight?—Yes, he can complain if any unduly high rate is charged; but there is nothing to prevent a railway company charging as little as it likes.

11397. Would you allow a different rate of freight to be charged to the small shipper to that which the large shipper has to pay? Would you discriminate between the small shipper and the large shipper?—I think a large shipper is entitled to a certain reduction. Very small shipments must expect to pay rather more, I should think.

11398. (*Sir Alfred Bateman.*) I think in your fourth paragraph you complain that the effect of this Conference is that the tramp steamers are unable to obtain return freights, and, therefore, they cease to call; do you take it that there has been a decrease in British shipping in the Straits Settlements owing to that?—There has not been an actual decrease. The volume of shipping has steadily increased every year.

11399. Of British shipping?—Of British shipping as well as foreign, I think.

11400. I am looking at the statistics just now, and you agree that that is so?—Yes, certainly.

11401. Has that been from the Conference steamers being put on in larger numbers?—Yes, it must be, because tramp steamers have decreased, and yet the volume has increased, and therefore the increase must be in the liners.

11402. From your own knowledge, are you sure that is the explanation of it?—Yes. I cannot understand any other.

11403. You know that the tramp steamers have ceased to call, and, therefore, the increase which absolutely does exist must be in the liner steamers?—I think so.

11404. You go on to say in your fifth paragraph that after the establishment of these liners, that is, of the direct lines from the Dutch Possessions to Europe, Singapore lost valuable trade in copra, rattans, &c.; but there again, according to the statistics, the trade in these particular articles seems to have gone on increasing?—That is quite possible.

11405. How would that be?—By more being produced in the British Possessions.

11406. Your position is that the increase would have been very much larger than it has been, if you had also got the Dutch copra, the Dutch rattans, and so on?—Yes.

11407. I notice that in 1905 more than three-quarter million pounds worth of copra was exported from the Straits Settlements, which is a considerable increase over the export of four or five years before—in fact, half as much again, I think?—I think you will find the trade in every article has increased.

11408. I find the same in several articles—in sago, for instance?—Yes, and in tapioca. Tapioca is the principal produce in those British possessions.

11409. You say the production has increased so much of late years that that would make up for what you might call the re-export trade of the Straits Settlements which has decreased?—That is the explanation I should give, but of course I was not in the Straits in 1905.

11410. Your experience went up to 1903, but very much the same thing was going on in 1903. Do you think there is no doubt that that is the explanation?—I have always heard so, and the official reports have stated that.

11411. That the production, which has increased, has more than compensated for the decrease in the re-export trade?—Yes, I think so.

11412. Passing on to what you say about West Africa, in your sixth paragraph you say that freights are very high on the lines controlled by Elder, Dempster & Co., and the Woermann Linie?—Yes.

11413. What rates does that apply to—the import or export rates?—Both.

11414. Have you had anything to do with the rates on raw cotton from West Africa?—In a way.

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11415. Has it come before you as being high, or low, or ordinary?—Yes.

11416. Do you consider it is high?—I look upon it as very high.

11417. But it is fixed in consultation with the Cotton Growers' Association?—That does not alter my opinion.

11418. Is it not fixed between the Cotton Growers' Association and Elder Dempster, & Co.?—I do not know.

11419. But, as a matter of fact, you consider the rate is very high?—Yes.

11420. Do you consider that that is injurious to the prospects of cotton growing in West Africa?—I do not think that will stop the growing of cotton.

11421. You do not think it will stop it?—No. I have such a very high opinion of the possibilities of West Africa for cotton that I do not think that will stop it. Besides, the price of cotton now is very high. It would have some effect if the price of cotton fell very much.

11422. With cotton at 6*d.* or 6½*d.*, a farthing per pound is not so very much, is that what you mean?—It does not stop the production.

11423. It does not stop the production now?—No.

11424. But do you think that if the price of cotton was to fall to a normal figure, say, to 3*d.* or 4*d.*, it would have a bad effect?—I think we should still produce at 4*d.*, but not much below that, until we have got our railway right into the interior where cotton can be produced very much more cheaply.

11425. Do you think that the railway has much more effect than shipping rates?—When we have the railway far into the interior, we shall strike districts where cotton can be grown much more cheaply than in the districts from which it is now being exported.

11426. But I suppose, as regards the freight rates on cotton and other exports from West Africa, the Elder Dempster's interests are in getting as large an amount to carry as possible, are they not?—Yes.

11427. Is it not their interest to reduce the cost of the freight?—Their interest is to get as much money as possible.

11428. Even if they throttle the trade?—No, because if they throttle the trade, then they might get less.

11429. You go on to say in paragraph 7 that you do not blame the shipowner for obtaining a monopoly of high rates, but you think the arrangements are bad for the Colonies affected?—I think so, certainly.

11430. Then you say, "They enable the monopolists to charge what they like, and in addition to the large ordinary freights, most extortionate freights are quoted for any unusual cargo or cargo that is at all difficult to handle." Would you kindly tell us what you refer to there?—The Government had a couple of boilers out last year, which weighed about 20 tons each, and we were charged £600 or £700 as the freight on them.

11431. (Professor Gomer.) For the two?—For the two.

11432. (Sir Alfred Bateman.) Were the arrangements for that freight made by the Crown Agents?—Yes.

11433. And you think they did not make a very good bargain?—They made the best they could.

11434. But it was not a good one, you thought?—I think it was a good bargain. They had no option. But it seemed to me a very high price to pay.

11435. (Mr. Owen Philipps.) It was about £15 a ton?—It would work out to about that, I suppose. Then there was a difficulty in the transshipment, and the branch steamer was delayed, I think, a couple of days, for which we got a claim for demurrage.

11436. (Sir Alfred Bateman.) They cannot get into Lagos, can they?—No.

11437. So the boilers would have to be transhipped?—Yes, at Forcados.

11438. But that is not very expensive, is it?—No. That was quite easy.

11439. This was only part of the cargo of one of Elder Dempster's steamers; it did not constitute the whole cargo, of course?—No; they were only two boilers in a big steamer.

11440. And they cost £600 in freight?—I do not remember the amount, but it was £600 or £700.

11441. Before they got to you?—Yes.

11442. (Sir Hugh Bell.) You began by speaking chiefly of the Straits; Singapore, of course, is very largely a port of call, is it not?—It is one of the largest ports in the world.

11443. Not from the traffic which arises at Singapore, but from the fact that it is a port of call?—Yes, it is a collecting centre and a transshipment port.

11444. Although the direct exports of Singapore are important they are not very big in quantity, are they?—They are very important if you look upon the Malay Peninsula as an integral part of Singapore, which it really is.

11445. I was considering the whole of the country behind Singapore as a part of Singapore?—I think they export 60 or 70 per cent. of all the tin in the world.

11446. I am coming to the tin. 60 per cent. of the tin would not keep a line of steamers running?—No.

11447. That is to say, the goods arising in Singapore, although very important for the advantage of the world, are not very important regarded as producing freight for a steamer; I put it to you?—Do you include the Peninsula, too?

11448. I am including everything that is shipped at Singapore coming from the hinterland of the Malay Peninsula?—I should think they are considerable. There is all the tapioca.

11449. But you would consider that, as affording a cargo for a line of steamers, as not considerable, would you not?—It is cargo worth calling for.

11450. Yes, but then they have to call there?—Yes.

11451. I began by asking you to confirm the fact that the distinguishing mark of Singapore is that it is a very important port of call?—That is so.

11452. And the cargo that naturally comes there is picked up there?—Yes.

11453. The cargo arising in Malaya, which you told us is chiefly tin, and tapioca, and sugar, is not very great compared with the tonnage passing through Singapore?—Not compared with the total tonnage, I suppose; but it is pretty large.

11454. But you know it is merely a question of comparison; when you compare it with the traffic arising in any great English port it is a mere fleabite; take one of the great coal ports, for example?—Yes.

11455. Apropos of tin, is there not a tendency to export the tin not in the form of ore, but in tin bars?—It is all exported in bars. The exportation of ore, I believe, is prohibited.

11456. Was that always so?—No; but I believe it never was exported in appreciable quantities in the form of ore.

11457. I asked the question because, of course, if the tendency had been to diminish the export of ore, and to export the tin in the form of bars, that would mean a diminishing quantity going away, and therefore less freight?—Yes, it would.

11458. I ask you for form's sake—are you aware that the trade of Germany has very greatly increased in the last 30 or 40 years?—It has, very greatly.

11459. The internal trade of Germany has undergone changes which amount to a revolution?—Yes.

11460. It is not surprising that a country which has undergone such changes should be establishing lines of shipping, is it?—No.

11461. Therefore it is not surprising that, going back to the year 1880, you should recollect circumstances very different from the present?—No.

11462. Putting it generally, the trade of the Continent of Europe has undergone a revolutionary change?—Yes.

11463. Is it surprising, that being so, that lines of direct communication with other parts of the world should have been established between European ports and those parts of the world?—No, I do not think it is.

11464. And that goods which were coming in relatively small quantities to Singapore for transshipment should, in those circumstances, cease to come—is that surprising?—As long as Singapore remained the cheapest route they went *via* Singapore.

11465. But, you observe, there was a necessity of transshipment, which must be more expensive, because that

means a second handling?—That, of course, makes it more expensive.

11466. The point I am putting to you is this: Take, for example, Java; the exports of Java increase; at a certain time it is more economical to send the relatively small quantity of Java commodities to Singapore and tranship them into the liners at Singapore; but a moment comes when it is more economical to send them direct from Java ports, either to England or to the Continent of Europe?—Yes; and my contention is that that moment was hastened by the increase of freights from Singapore.

11467. May I trespass so far upon your imagination as to ask you to imagine yourself the Governor of Java? What would you be saying then; would you not be rather wishing to see a direct line of steamers?—I should have done my utmost to establish direct lines of steamers from Java.

11468. Can you be surprised, therefore, that that should have happened under the circumstances?—Under the circumstances, no.

11469. Are you not inclined to revise your views as to the influences of the Conference in having brought about this state of things—I do not say earlier, I say having brought it about?—No, I do not think so.

11470. You are not?—No.

11471. You rather surprise me; I should have thought you would have admitted at once that it was quite natural that this alteration should have been brought about, conference or no conference?—It would not have taken place, I think, until the route *via* Singapore became the more expensive one.

11472. Or, if I may put it the other way, until the other route became less expensive?—That would have the same effect.

11473. The reason why it becomes less expensive is that there is a large quantity of freight arising both inward and outward, which finds its outlet and its inlet by direct lines. That is the point I am putting to you, you see?—That would make it easier to establish a direct line of steamers in Java.

11474. And so Singapore loses some of its important position by the fact that freight arising in the immediate vicinity—by that I mean within, perhaps, 500 or 600 miles of it—goes by direct steamer and a direct line instead of coming to Singapore and then going on?—I do not think the change would have taken place then but for the increase in the rates from Singapore.

11475. Sooner or later you admit it would have taken place, under the circumstances suggested?—It depended a good deal on the rate of freight from Celebes, which is the principal place where we lost freight from.

11476. Where does Celebes now get its outlet?—It has a direct line now.

11477. By Batavia?—Yes.

11478. Touching at Batavia, and probably other Javan ports?—Yes.

11479. You are not able to charge your memory with the rates of freight, are you?—No.

11480. You are speaking of some years ago?—Yes, and, of course, I was only a Government official; I was not a merchant, so I did not know the rates of freight.

11481. You are inclined to think that the North German Lloyd was largely responsible for the establishment of the deferred rebate system in Singapore, are you?—It is entirely a supposition; but I should think that they probably were.

11482. But you do not know?—I do not know.

11483. It has been our custom in this room to hear dreadful complaints about the malfeasances of English shipowners, and it is rather a relief to hear that it is a German line which was largely responsible; but you do not put that forward except merely as a guess?—I think the leading people are the North German Lloyd and the P. & O., and I should think the Messrs. Holt, probably; they are the three chief lines, I think.

11484. You institute a comparison between railways and steamers; do you think that is a comparison which runs on all fours?—No.

11485. And therefore legislation which may or may not be applicable to railways would not necessarily be applicable to steamers?—No, not necessarily. I daresay we should borrow certain provisions that are now applied to railways and apply them to ships.

11486. Yet you suggest that the shipowners should be put under certain legal disabilities as to their perfect freedom of action in the matter of freight; you do suggest that?—Yes.

11487. Does it occur to you that it might be a serious disadvantage to British shipping generally if British shipowners were put under a legal disability which is not applicable to foreigners?—But the foreign shipowner would be equally liable to it.

11488. How would he be equally liable?—Taking the case of the Straits Settlements, under the present arrangement if the merchant ships a bale of goods by a steamer outside the Conference Lines he forfeits his whole year's rebate. I would give him power to sue in the Courts for that rebate if it was refused on that ground.

11489. What Court would you give him power to sue in?—The Court of the Straits Settlements.

11490. In the meantime he has gone away?—Who?

11491. The shipowner?—No, he is established there; he has got his steamers calling regularly there.

11492. Would you lay your hand upon him and hale him back?—No; he is represented there; he has got a legal representative.

11493. You do not think there would be any drawback, then?—No.

11494. That would have to be, would it not, by some international arrangement or agreement?—I do not see why it would. A foreign shipowner in Singapore is liable to the laws of the country; he is liable for contracts, and if he makes a contract that is not legal by the law he cannot sue on it.

11495. Supposing you found that the result of that being done was that whereas ships now calling at Singapore, beginning, we will say, from a German port—Hamburg or Bremen—going to the Far East, ceased to call because of the disability under which they were put; do you think that is a serious matter?—No, I think the British shipowner would step in.

11496. I think we were not concerned with the shipowner, were we? We were considering the shipper. But you think the British shipowner would take the place of the German?—Yes, I do.

11497. You said that the merchant or other person, the shipper in Singapore, cannot afford to keep his goods, but the goods you have mentioned are goods that he can very well afford to keep, of course?—His capital is lying idle all the time.

11498. But if he gets a reduction in his freight it might well pay him?—He must employ a much larger amount of capital in his business.

11499. I want you to answer that he cannot afford it, but I want to be quite sure that he cannot afford it?—I do not think he can. He would have to work with a larger margin of profit if he kept his goods.

11500. In that case does it not occur to you that the fact of having perfect security and regularity of shipment—I daresay at Singapore you might almost say day by day, might you not?—Yes.

11501. Is an advantage for which he may expect to have to pay?—Yes.

11502. And if it is got by means of the deferred rebate, that is the form in which he pays?—I do not admit that it has been got by deferred rebates.

11503. I am saying if it has. I think we must accord to the shipowner an intelligent regard for his self-interest?—Certainly; he would be a bad man of business if we could not.

11504. Shipowners have established deferred rebates because they find, on the whole, they give them the best return for the capital they have invested, is that not so?—No. They have established deferred rebates as a means of making quite sure that goods are shipped by their steamers only.

11505. And in return for that they are giving regular sailings?—No.

11506. Pardon me?—They always gave regular sailings.

11507. But the suggestion has been that as competition got keener it became necessary to assure that the whole of the cargo offering should go by ships offering regular

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sailings; that is the suggestion which has been made to us as the justification of deferred rebates. Do I make myself clear?—That is what you tell me has been suggested.

11508. That is what is suggested to us, that the deferred rebate system assured to the shipowner all the cargo offering and thereby induced him to run regular lines, and that he was compelled to impose, if I may so word it, the deferred rebate when the competition became keener. I am putting it to you, may we not reasonably infer that the penalty, if you like so to phrase it, to which the shipper has to submit for the sake of regular shipments, is the imposition of a deferred rebate?—I do not know at all. It does not arise in the Straits Settlements.

11509. It does not arise because Singapore is a mere port of call, or, rather, largely a port of call?—It is a very large port of shipment.

11510. Now let me take you for a moment or two to West Africa. Do you think it arises there? Let me suggest to you what has been suggested to us, namely, that the quantity of cargo offering for the West African ports is relatively limited, and that it is an advantage that there shall be regular shipments, and that the maintenance of a regular line of steamers can only be got by assuring to the line, or lines, of steamers the whole of the cargo, and that that assurance is got by means of a deferred rebate in the way I have attempted to explain to you. Do you think that is a reasonable suggestion?—I believe that the steamship companies had regular time-tables before the Conference was entered into.

11511. That is not denied, and has not been denied in this room; but what has been stated has been that as the competition became keener it became necessary for them to protect themselves. Do you think that is a true view and a justifiable view?—It depends upon the way you look at it, I think. I think it is quite justifiable for a shipowner to make the arrangement if he is able to.

11512. But you see you come and suggest to us that we should propose to alter that possibility by legislation?—Yes.

11513. And by making this particular method illegal?—Yes.

11514. I am endeavouring to get from you whether you have heard the view which has been put forward in this room?—Supposing that were done, I do not think the sailings would become irregular.

11515. I think that is quite a fair answer to my suggestion. I want to ask you one or two questions about the boilers. The ship was unloaded in an open roadstead, was she not?—No, not unless you call Gravesend an open roadstead.

11516. I think I should not?—I think it might be better compared with Greenwich.

11517. I should not call that an open roadstead. Where was she lying out there?—She was lying about 10 or 15 miles inside the mouth of the river, the branch steamers are lashed up alongside the ocean liners, so there was no difficulty.

11518. But this 20 tons has to be dealt with by the ship's own tackle, of course?—That is so.

11519. It is not like lying alongside a quay with powerful cranes, is it?—No. The charge may be reasonable, but it struck me as being unreasonable.

11520. Even considering all the circumstances, you think the freight was a very extravagant one?—I do think so.

11521. You have in your mind all the circumstances much better than I have, and I might clearly make a blunder?—The branch steamer on arriving in Lagos was delayed one or two days because of the difficulty of unloading these boilers; but the rate of freight had been fixed before that, and because it was delayed demurrage was claimed. I absolutely refused to pay any demurrage.

11522. Is it fair to ask you whether you were successful?—We were prepared to fight it, and the demurrage was not pressed for.

11523. Do you think if you had been at this end you might have got the freight cheaper?—No, I do not.

11524. Is the tackle on shore at Lagos of a character to enable them to deal easily with 20 tons—apparently

not?—No. We paid the captain of the branch steamer £20 to land these boilers.

11525. Over and above the other?—Yes.

11526. But it was not delivered on the quay; it was only delivered alongside, was it?—It was delivered on the quay; the branch steamer went alongside the wharf.

11527. But then he had to get £20 for getting it on shore?—Yes.

11528. (Chairman.) I think you will agree with me that, if that bargain was a hard bargain, it can scarcely be said to be the effect of a system of deferred rebates?—No. What I mean is, that, supposing no Conference existed, there would be outside steamers coming out, and we could have shipped our boilers by one of those outside steamers if Messrs. Elder, Dempster & Co. had not been willing to take them for a much lower amount.

11529. There might have been a choice?—Yes.

11530. (Mr. Reeves.) Open competition, in fact, would make almost unconscionable charges unlikely?—Impossible.

11531. To come back for a moment to Singapore, Sir Hugh Bell seemed to indicate that the passing away of the re-export trade from Singapore was the natural consequence of a great development of trade in the East Indies. I understand that the more important part of the East Indies, commercially, is owned by the Dutch—the East Indian Islands?—The archipelago is almost entirely Dutch; we have a portion of Borneo.

11532. Up till 1876 or thereabouts the Dutch East Indies could have been said to have been prosperous, I think, commercially?—I believe so, but I cannot say.

11533. I once looked up their budgets for many years, and I noticed that up till about then they seemed to show great prosperity?—They had equal prosperity, I think, afterwards, but in 1870, I think, the Acheen War broke out, and they spent all their surplus revenue on that. The war went on for 30 years.

11534. Has the development of trade in the Dutch East Indies been very rapid since about 1880, or not?—I cannot speak with any authority on that, but I believe it has increased considerably.

11535. Have not the fluctuations in the coffee trade, for example, been felt very considerably by Java and other places?—Of course, the fall in the price of coffee was felt very seriously, and the fall in the price of sugar, too, I should think.

11536. Are you sure that there has been a very great development in the last 20 years in the trade from Dutch East India?—No, I am not. I really do not know one way or the other.

11537. I do not think there has—at least, I very much doubt it. Do you know anything of the actual working of the rebate system in Singapore? What was the rebate granted, as a rule, there?—I think it was 10 per cent.; I do not know for certain.

11538. Was it divided into an immediate rebate, and a deferred rebate, or was it all deferred, do you know?—I do not know.

11539. And you do not know, I presume, who used to receive it; would it be the merchants in the place or the agents?—I think it was the merchant, the person who made the contract to ship.

11540. Who might be called the actual shipper?—Yes, I think so.

11541. It did not stick in the hands of any agents?—The agent very often was a merchant.

11542. The actual merchant?—Yes, in several lines.

11543. As regards the question of escaping or throwing off the rebate system, and the ability of the merchants to do that, is it your opinion that it is almost impossible for them to do it?—They cannot do it.

11544. Is it your view that conferences and the rebate system have probably come to stay?—The rebate system has certainly come to stay, unless the Government takes action and is able to defeat it.

11545. Your notion then would be to make the rebates absolutely illegal, and then to have a kind of court—a board of control or a commercial tribunal—to avoid unconscionable freights and especially unreasonable freights?—I think it would be a very good thing if such a board could be established, but whether it would be feasible or not, I cannot say. As regards the rebates, I think the

easier way would be to legislate so that the merchant could recover any rebate that he was alleged to have forfeited. Then the Government, of course, has several ways of bringing pressure to bear on lines. They could refuse to give any support to lines that belong to a conference.

11546. They can do that now nominally, can they not?—Yes, they can, but they do not yet. I am talking about things that might be done.

11547. Surely a Government, after all, are not in such a very much better position than a private merchant, when the Government has to deal with a conference?—Of course, they have more influence.

11548. They have influence, but still there is very much influence the other way, too. Take, for instance, the trade of Singapore, or take West Africa, could you give us any idea of the magnitude of the Government trade?—At present it is not very large. At the present time, in West Africa we have 5,000 tons of rails, I believe, going out, and, of course, we could charter a steamer for them.

11549. I suppose that is the case with a good many of your shipments, just as, for instance, the other day we sent out 10,000 tons of rails to New Zealand. On the other hand, surely, a great deal of your trade is in comparatively small parcels?—Yes, it is.

11550. And you cannot charter a steamer to take a small parcel?—No.

11551. Nor even half-a-dozen parcels?—No.

11552. So that you are really, to a large extent, not in a much stronger position than the merchants?—Yes.

11553. Your view, then, as regards this board of control would be not that it should settle the whole rates of freight with an elaborate schedule, but that it should leave that to be settled, or at any rate to be established, and then help you to avoid any specially unreasonable charge?—Yes; I would make it rather a Court of Appeal.

11554. A Court of Appeal as against something really unreasonable?—Yes.

11555. With powers something in the nature of the law here which allows unconscionable rates of interest to be upset?—Yes. But I think the less trade is interfered with, the better—the less Government interference with trade, the better.

11556. (*Mr. Taylor.*) In regard to this Court of Appeal, how could you regulate the kind of case which was to go before it? In the first place, every trader would naturally think that his rate of freight was too high, would he not?—Yes.

11557. Therefore, he would naturally desire to go to this tribunal?—There would be certain fees to pay, I presume, and he would not take up a case unless there were some reasonable chance of success.

11558. Would you make him deposit security for costs?—Yes, I think so. There would be sure to be costs.

11559. Of course, there would be lawyers' fees and so on. I understand that when you were in the Far East, the tramp steamer was a friend in need?—Yes.

11560. He saved the position for you?—There were a good many steamers, and whenever freights rose, there was an increase in the number of tramp steamers.

11561. The tramp steamers still go out to the East, do they not?—I should think so; but they go to non-conference ports probably.

11562. Large numbers of them go out with coal to Singapore and Selang, do they not?—I expect so.

11563. What do they do for homeward business?—They go to the non-conference ports, I presume.

11564. Do they go to these ports from which you say direct lines have been established?—I should think it is very probable that they do.

11565. What ports do you refer to in paragraph 5, when you say that lines are established and Singapore lost valuable trade in copra, rattans, &c.? What ports are those articles shipped from now?—Batavia, Celebes, and various ports in the Archipelago; Surabaya, which is at the east end of Java, is one of their big ports.

11566. And those are the ports from which direct lines are now running?—Direct lines were established from

Europe to Batavia, and I think they went on to Celebes. Whether a direct line goes to Surabaya or not, I do not know.

11567. You are now speaking of outward lines, are you?—They would be outward and homeward.

11568. Are we to understand that this establishment of direct lines emanated from the Dutch Possessions or from Europe? Were they out-and-home lines?—They were out-and-home lines.

11569. How do you know they were not the result of deferred rebates in England?—They were lines from Holland to the Dutch Possessions?

11570. I quite understand that, but which end did they start from? Did they start from Holland for these places in the Dutch Possessions, or did they start from England and get transhipped out there? Do you follow what I mean?—Yes, I follow what you mean, but I do not know the details of the ports the lines went to. I presume they took freight to London if freight was offered.

11571. Was the origin of these direct lines from Holland?—Yes.

11572. Did that emanate in the Far East, or did it emanate in England? Was the dissatisfaction or the opportunity given by the higher rates of freight started in the Far East, or did it start on this side?—Doubtless the Dutch Government were anxious to have a direct line, and the high rates to Singapore facilitated it.

11573. The high rates outwards?—The high rates outwards and homewards.

11574. Then this Conference system affected both outward rates—I suppose there is not much in it, and I am only putting these questions simply as a historical point?—I think it affected both rates.

11575. Did the deferred rebates come into force both outward and homeward?—I think so.

11576. Professor Gonner suggests that the homeward Conference is distinct from the outward Conference?—I am under the disadvantage of speaking entirely from memory, having left the place for some time.

11577. Then you really cannot say how the Conference rates operated?—No. The West African Conference is outward and homeward.

11578. Have you had experience as a Governor both in the Far East and in West Africa?—No. I was only Acting Colonial Secretary at Singapore, but I acted for a year as Colonial Secretary there.

11579. Then you have had a good deal to do with the Crown Agents?—Yes.

11580. Is it your opinion that they always do their best in matters of freights?—Yes, certainly, I think so.

11581. You do not put any blame on them?—No.

11582. Have they not got very considerable influence in many directions?—I look upon them as merely the agents of the Colonies. They are supposed to do what the Colony requests them to do.

11583. They always do what you tell them, do they?—Yes.

11584. In Southern Nigeria?—Yes. In West Africa, the extraordinary position is taken up by Sir Alfred Jones that the Crown Agents are principals and not agents. For instance, the position he takes up is that if Southern Nigeria sent goods by some outside steamer, he would have a right to forfeit the rebates on the Gold Coast, Sierra Leone, and Gambia.

11585. Let us follow that—if what?—Supposing that the 5,000 tons of rails I have spoken of were shipped out by a tramp steamer, Messrs. Elder, Dempster & Co. say they would forfeit the rebates of the other three colonies.

11586. Who would forfeit the rebates?—The Crown Agents are agents for the four colonies of the Gambia, Sierra Leone, the Gold Coast, and Southern Nigeria, and Sir Alfred Jones says, "I am dealing with you as principals; if you ship any of your goods to Southern Nigeria by an outside steamer, I will forfeit all your rebates, although some of your rebates are for the Gold Coast, some are for Sierra Leone, and some are for the Gambia." Personally, I should say that in a Law Court that would not be upheld, because the Crown Agents are simply agents for the different Governments.

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11587. (*Sir John Macdonell.*) Where does this contention appear—in some correspondence?—I cannot say that it has ever been put in writing; I understand that is the position which Messrs. Elder Dempster have taken up; I am not certain.

11588. (*Mr. Taylor.*) Is it not a common thing for shipowners to penalise their customers in that way? Supposing an agent in Liverpool or London is an agent for a variety of merchants along a given strip of country, if one of those merchants instructs him to ship by an outside steamer, and he does it, are not all his rebates in danger of being forfeited?—I do not know; I have no knowledge of that at all.

11589. You do not know what the practice is?—No, I do not.

11590. But if that were the practice, then you would not see anything peculiar in the attitude of Messrs. Elder Dempster, would you?—No, except that it seems to me an extraordinary position that because one person ships by another steamer, another person should be penalised because he happens to employ the same agent as the defaulting customer.

11591. Of course, in this case he has no option but to employ the same person, because he cannot go past the Crown Agent?—No, he cannot.

11592. You cannot employ anyone else, can you?—No; and I do not think it would be to our advantage to do so.

11593. As a matter of fact, that makes it rather harder, that the Governments should lose their rebates all along the coast, when they have really no option but to employ the same agent?—Yes.

11594. (*Professor Gonner.*) Do you not think it would be easy, in a case like that, to make a formal demand on the subject, and have a record of it instead of merely a verbal statement?—I do not know whether it has been put into writing or not, but I have been told that that would be the effect.

11595. Would it not be desirable to ascertain definitely whether that would be the effect?—All the arrangements are made by the Crown Agents.

11596. I understand the Crown Agents act on your behalf?—Yes.

11597. I suppose, then, you could instruct them to ascertain certain terms. It seems to me such an important point that it is rather unfortunate that it is dependent on verbal understandings and verbal statements?—The position is explained if it is the general custom for Agents to be treated in that way.

11598. In some conferences I think you will find that they require agents to sign as well as principals, and in some conferences they do not. Here, of course, the position, as Mr. Taylor has said, is rather accentuated by the fact that you are not able to choose your agent nor are the other three Governments to which you refer?—That is so.

11599. I suppose you would distinguish between the necessities of the trade in Singapore and the Straits, and the necessities of the trade in West Africa?—Yes.

11600. They seem to me to be of a very distinct character?—They are very different.

11601. In the Straits Settlements, as I understand it, from the Return which I have before me, the Conference of which you are speaking is what they call the Straits Homeward Conference?—It is.

11602. There is a conference as well outward, but that is a distinct conference?—That is how I got my impression that it was outward and homeward.

11603. It is quite a separate conference there, but in West Africa the two are combined?—Yes, that is so.

11604. And in West Africa the condition of exclusive shipping relates to both?—Yes.

11605. Taking the Straits Conference, the two points that interested me very much are the points that you have referred to; one being the point you have been speaking about as to the starting of other lines as from Macassar—direct lines homeward. The only difficulty I have is the difficulty which Sir Alfred Bateman has put to you, that notwithstanding the starting of those direct lines, as far as one can get at the facts from the Record of Statistics, the trade has increased from Singapore in the particular articles that you have mentioned, and your answer, as I understand it, is that it might have increased still more?—Yes.

11606. Then the second point I do not think has been referred to, and that is the increase of shipments from Singapore to the United States and Russia, neither of which somehow were in conference?—No; and they are much lower, are they not?

11607. Yes. Consequently, it seems to be assumed here that there has been a very great increase in the trade to the United States and Russia; have you looked at the trade returns?—No.

11608. The important thing is that it is not very well substantiated; but there has been an increase just as there has been an increase to the United Kingdom?—A good deal of cargo is shipped to optional ports. Does that not interfere with the accuracy of the returns?

11609. Yes, but it would not interfere with the accuracy of the returns as between the United States and Europe, would it?—No, it would not.

11610. I have no doubt there were cases in which there was a diversion of trade, because certainly there was a lower rate to the United States?—A good deal of cargo to the United States would go via Liverpool, would it not?

11611. Would it?—I think so.

11612. Do you know, if that was the case, whether it was going via Liverpool at the lower rate from the Straits?—I do not know.

11613. Should we be able to get evidence on that point, because that, of course, is a very important point? Would it be entered in the Straits returns as going to the British possessions if it was going via Liverpool, or would it be entered as going to the United States?—I could not answer that.

11614. (*Sir Alfred Bateman.*) It would be a question of whether there was a through bill of lading or not?—Yes, it would.

11615. But you do not know whether there was a through bill of lading?—I think through bills of lading existed via Liverpool to the United States.

11616. (*Professor Gonner.*) You see the exports to the United States have increased very considerably indeed, but one cannot say they have increased disproportionately to the exports to the United Kingdom?—No, one cannot.

11617. The exports to Russia have also increased, but then the Russian is a very small trade?—Yes.

11618. You cannot give any further explanation, or any further suggestion rather, on the point that there may have been transhipment?—No. I know one of the things complained of in Singapore was that the rate to New York was less than the rate to England.

11619. That is, I think, quite substantiated, but what I want to see is what the effect of that was. I have no doubt it led, in some cases, to a diversion of trade. You say in paragraph 6 of your statement that the establishment of a conference helped the able management of the Norddeutscher Lloyd to double the number of their steamers; but what I have not got quite clearly in my mind is why they, rather than other lines, were enabled to increase their steamers?—The line is very ably managed, and they are a very pushing line. They have been in the forefront of the improvements in the passenger trade, certainly.

11620. You mean that their ability gave them an advantage?—That helped them, of course; but they would not have had the same inducement to do it if freights had been lower.

11621. The explanation you give seems to be that owing to an increase of freights, additional advantages were offered to the shipping trade, of which the ablest people took the greatest advantage?—Yes.

11622. Is that what you would say?—I should think so.

11623. There was no specific advantage given to the Norddeutscher Lloyd?—No; they had no more advantage than any of the other Conference Lines.

11624. With regard to trade generally from the Straits, your view, I gather, is that so far as the Straits Settlements are concerned, no difficulty would arise if rebates were abolished as to regularity or frequency of service?—I certainly do not think so.

11625. That existed before the Conference?—Yes.

11626. And it would exist after the Conference if we can imagine that?—That is what I think.

11627. But that might be due, might it not, to the exceptional position of Singapore?—Of course that is the great thing?

11628. It is quite exceptional, is it not?—Quite.

11629. Do you object to the Crown Agents, in shipping to the Straits, being bound by rebates?—I think it is a mistake for the Government to take part in an arrangement of that kind.

11630. Would you prefer an open tender scheme?—I think it is a mistake for the Government to accept rebates.

11631. Do you think they should just refuse the rebates?—I think so.

11632. And insist on lower rates?—Endeavour to insist on lower rates.

11633. Would they be successful, do you think?—I do not know.

11634. The case of your boilers is rather against that, I suppose?—We are in a better position, of course, to insist that any private shipper would be.

11635. Now please turn to West Africa; there, of course, you have an entirely different trade?—Quite.

11636. It is a terminal trade, with, I understand, a great number of small ports?—Yes.

11637. And comparatively small shipments to each?—Yes.

11638. With, of course, practically no lines calling from points beyond?—No lines at all, because we are a thousand miles out of the way.

11639. Under those circumstances you do not think that the rebate is more essential?—I think we should be able to secure a good service without the rebate.

11640. The argument, of course, is that the rebate is essential, because of the peculiar difficulties of the West African service; and I imagine that that argument extends to what you have commented on, namely, the high rates of freight?—Yes.

11641. Are there peculiar difficulties in West Africa?—The West African service is an especially difficult one for a tramp steamer to cut into.

11642. So you mean, do you, that they would be naturally protected?—It is much more difficult for an outside steamer to come into that trade.

11643. The question is, would you then get sufficient regularity?—I think we should.

11644. Is the service regular?—I think, considering the place, there is nothing in the service to be complained of.

11645. What you do complain of, I gather, are two things; first, the high level of the rates?—Yes.

11646. And, secondly, that you are placed under practically a monopoly power?—Yes.

11647. With regard to the high level of the rates, do you think that there is anything in West Africa which tends to justify a higher level?—Yes, certainly.

11648. What?—The extreme unhealthiness and the difficulty of landing and shipping at many ports. I think it would be reasonable for West African freights to be probably 50 per cent. higher than for the same distance elsewhere.

11649. When you speak of the great unhealthiness of the country, does that mean that they have to pay higher wages to the people engaged on board the ships?—They certainly have to pay more. A man who can command a certain salary in the American trade would want a great deal more to go into the West African trade.

11650. I doubt if they get the men from the American trade?—No, they do not. I mean that a man who commands a certain salary on a healthier line would not accept a ship to West Africa unless he got more.

11651. Do you know what are the rates they pay?—No.

11652. Do you think the rates of pay are higher for able-seamen and engineers?—I do not know at all.

11653. Do they have to take greater precautions on board the boats because of the unhealthiness of the climate, and do they incur cost in that way?—I do not think so.

11654. I understand that in some districts it is recommended that the port-holes, when they are lying on

the coast, should be covered with mosquito netting?—I have never seen any special precautions taken.

11655. There are none taken that you are aware of?—None that I am aware of.

11656. You do not think they cover their port-holes with mosquito-netting?—No, I do not.

11657. Do they administer quinine?—They give quinine free to any sailors who will accept it, but of course the cost of quinine for a voyage is not worth considering.

11658. And the cost of netting a port-hole would be comparatively small?—Yes; but so many of the men would not consent to it, as it makes the place hotter.

11659. It has been done on one or two of the lighter boats, has it not?—I have never seen it done on any steamer, and I have never heard of its being done; that is all I can say.

11660. You have heard of its being advocated, though, have you not?—Yes, of course it is no use netting one port-hole, you would have to net the whole lot.

11661. Of course they would have to net the whole lot, as you say. You were asked a question with regard to the interest of the shipowners and as to the quantity of cargo and as to the degree in which shipowners can be trusted to regulate the rates, so as not to diminish the quantity of stuff which they have to carry; might it not be more profitable for a shipowner to carry a smaller amount at a higher rate?—Yes. I did not say quite what I think you have inferred.

11662. No, you did not say that, and I did not attribute it to you; but I think you were asked a question as to that view. Do you think that that holds, necessarily?—No business man would so increase rates as to so much diminish shipments that he would receive less.

11663. What he wants is the largest gain possible?—The largest nett gain.

11664. He might get, that I suppose, by carrying a smaller amount of goods at a higher price rather than a larger amount at a low price?—Yes.

11665. In that case it is not necessarily to his advantage to increase the quantity of goods to be carried, irrespective of the rate at which he carries them, is it?—No, it is not always to his advantage. If he looks far enough ahead, it probably is because the ultimate development may be so much larger if rates are low that he would get more.

11666. Do you think the monopoly of the shipping on the West African Coast has led to a considerable monopoly in the general trade? I will put it this way: Do you make your contracts locally?—I am afraid I do not quite understand. Do you mean mercantile contracts?

11667. Contracts for coal, for instance?—We make our coal contract locally now.

11668. Do you make other contracts locally?—No.

11669. Do you advertise the contracts?—The coal contract is advertised locally.

11670. Is it not advertised at home?—No, it is not advertised at home.

11671. Is it taken as a rule by the shipowners?—It has only been advertised for the last two contracts, I think, and in each case Messrs Elder, Dempster & Co. were the lowest tenderers.

11672. But it is advertised now so that the merchants do become aware of it?—Yes.

11673. That used not to be always the case, did it?—I believe it is only the last two contracts that have been so advertised, and on each occasion we have had several offers.

11674. (*Mr. Owen Philipps.*) With regard to the Straits Settlements, am I correct in understanding that it is your opinion that was an advantage to the trade of the Straits Settlements when there was no conference, and that it has been a disadvantage to the trade of the Straits Settlements since the Shipping Conference has been formed; is that, briefly, your view?—It is certainly to the disadvantage of the producers, but it depends upon what you call the trade. Of course as a Government officer I look to the advantage of the inhabitants of the country.

11675. Generally, prior to the time of the Shipping Conference in your opinion, everything was satisfactory,

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and since it has been formed you do not think it has been so satisfactory for the people in the Straits Settlements?—That is so; especially to the producers, you should understand.

11676. We have had evidence before us that the Shipping Conference was formed in the year 1897. In view of the statement you have just made, does it not strike you as extraordinary that seven years previous to that year when, you have told us, that everything was an advantage to the trade, trade fell off 6 per cent.? I have the Board of Trade's statistics before me, and comparing the trade of 1891 with the trade of 1897, in those seven years I find there was a fall of 6 per cent.; whilst comparing the trade of 1897 with the trade of 1905, the eight years since, I find that the trade has increased 50 per cent. Does it not strike you as extraordinary that in the time when you had the Shipping Conference you had an increase of 50 per cent. in the trade, whilst in the seven years before, when you were blessed with a condition which you consider the most desirable for the country, there was an actual decrease in the trade of 6 per cent.?—Are you speaking in terms of silver or of gold?

11677. I am talking of the whole exports from the Straits Settlements to all countries?—I think you are speaking of pounds sterling.

11678. I am talking of sterling?—In the Straits Settlements we use silver, and everything there is bought and sold in silver. In those seven years that you first quote, there was a very large increase of trade as estimated in the currency of the country. There is another very great reason for the difference in your figures, I should think; that is, that 60 per cent. of the world's tin, for instance, is sent home from the Straits Settlements, and tin then averaged considerably below £100 a ton, whilst now it is nearly £200 a ton.

11679. Even allowing for all these things, the statistics show the difference which I have pointed out to you?—I maintain that there has been a steady increase in the Straits Settlements trade during the whole of those two periods, and that it is only the false comparison of pounds sterling that makes an apparent decrease. The value of the dollar even has gone up owing to the establishment of a fixed standard of 2s. 4d. The year before I left the Straits our dollar went down to 1s. 6d., and now we have got a fixed value of 2s. 4d. If you turn the trade into sterling at 2s. 4d. you will get a very much bigger trade than if you turn it into sterling at 1s. 6d.

11680. (*Chairman.*) You think that the volume of trade should be compared?—Yes; and I think the volume of trade has steadily increased.

(*Sir Alfred Bateman.*) That is why I asked you about the tonnage and quantities of the goods; I was afraid of the silver.

11681. (*Mr. Owen Philipps.*) Even apart from that, the trade of the Straits Settlements has increased, and the production has increased at a very much larger rate since 1897 than it did in the seven years previous to 1897?—I do not think so.

11682. But you do not know to the contrary?—There has been a steady increase. I should not think the percentage of increase is greater in the last ten years than it was in the former ten years. One great reason for the increase you will see, if you look at the trade of the Malay Peninsula on which Singapore now mainly depends. When I went there, there was not 10 miles of road in the country—mere road—and now they have over 2,000 miles of installed roads there, and they have railways right through the country. The influence of the higher freights is, of course, a very small factor in the increase or decrease of trade to that place. I do not think I have made it clear that the merchant may get an equal profit with high freights as with the lower freight.

11683. (*Chairman.*) But the production has increased?—Yes. The people of the country are the people who suffer; they are the people who have to buy and sell the goods they use and produce. The merchant is really the middleman between the inhabitants of the country and the seller and buyer at home.

11684. (*Professor Gonner.*) Some statistics have been sent us from Singapore; but I suppose even silver prices would be rather insecure to reckon by, owing to the change in the dollar?—You ought really to look to the tonnage.

11685. One must look at quantities entirely in that case?—One must look to the quantities of the different articles.

11686. And you do not think that the silver prices any more than the gold prices would be really reliable?—No, they are not thoroughly reliable.

11687. I wanted to know that, because we have statistics?—Certainly they are not thoroughly reliable.

11688. (*Mr. Reeves.*) About what proportion of the exports of the Malay Peninsula is tin, do you know?—I cannot speak from memory.

11689. It is very large, is it not?—I think it produces about 60 or 70 per cent. of the world's tin.

11690. (*Mr. Owen Philipps.*) But even taking the quantities of tin which you have mentioned, I know that will not be affected by the freight?—The quantity is steadily increasing.

11691. (*Mr. Reeves.*) Because they are getting a much better price for it?—More than double the price now.

11692. And that, of course, stimulates production?—Yes. The tin used to go home for nothing; very often it was taken as ballast.

11693. (*Mr. Owen Philipps.*) Taking the quantities, these figures seem to bear out the statement that I made that the trade has increased faster since 1897 than it did before 1897; and I take that as the date, because that is the date of the Conference?—The trade has increased enormously ever since I was in the country.

11694. (*Sir John Macdonell.*) One question about the freight to and from Singapore. As I understand it, your opinion is that the change from Singapore being a great terminal port to a port of call was hastened by the Conference system?—No, not quite that. Singapore must always be mainly a port of call, a collecting-ground for the countries round it. It has lost certain trade with the more distant places which it formerly had.

11695. I see in the report made by a commission which inquired into the Singapore homeward Conference, a finding to the effect that the weight of evidence is in favour of the opinion expressed that the rates of freights are not excessive; was that finding present to your mind?—Yes, it was.

11696. The rates of freight not being excessive, in what way would the existence of the Conference operate in diverting trade?—I do not quite follow.

11697. One of your points is that to a certain extent there has been since the Conference system came into existence a diversion of trade from Singapore?—Yes.

11698. I call your attention to the fact that the Commission which inquired into the subject at Singapore came to the conclusion that the rates to and from Singapore were not excessive. I will give you the words: "The weight of evidence is in favour of the opinion expressed to the effect that the rates of freight are not 'excessive'?"—I knew there were a great many witnesses who expressed that opinion; but I was not aware that the Commission itself found so.

11699. That is the report of the Commission, with one dissentient, but I do not know whether he was a dissentient with regard to that point. Assuming this finding to be correct, I am not quite sure that I see how the existence of the Conference could have much effect in bringing about a diversion of traffic?—Whether the Conference rates were excessive or not, there is no doubt of the fact that rates were a good deal higher after the establishment of the Conference. I do not think that is disputed. Therefore the diversions of trade may have taken place on account of that increase.

11700. What I am basing upon the question I put to you is another question, namely, whether the real history of the Conference is that the rates at Singapore were considerably lower than the rates from Manilla, Macassar, and Bangkok?—They were very much lower.

11701. And the net effect of the change of which you have been speaking was that there was a levelling-up all round?—I think that, probably, is the case.

11702. A question was put to you with respect to Lagos; you live at Lagos, I think?—Yes.

11703. We have had from a certain witness statements with respect to the freight at Lagos. It is alleged that the freights to Lagos are unduly high as

compared with the freights to ports on the West Coast of Africa still further distant from England than Lagos; is that your view?—The rate to Lagos would naturally be rather higher.

11704. Owing to the bar freight?—Yes. Then, against that, you have the fact that the landing at Lagos is easy, because the ship can lie alongside the wharf.

11705. The witness to whom I referred put in a table showing the differences between the rates from Bonny, Calabar, and New Calabar, and the rates from Lagos; I do not know whether your attention has been called to it?—No, I have not seen that table.

11706. You may take it from me that the table, rightly or wrongly prepared, shows a margin in some cases for the bar services of 8s. 9d., and in other cases of 12s. 6d. It was also alleged that that service could be remuneratively performed for 5s. Have you inquired into that question?—Yes. Personally, I think it could be performed for 5s.

11707. In your judgment, does Lagos, as a port, at the present time suffer unduly from the rates of freight?—The merchants do not like paying the higher freight.

11708. I should anticipate that; but at present, I am asking your view?—My view is that the consumers in the country and the producers have to pay more, and to accept rather less, for what they buy and sell.

11709. The point that I am putting to you at present is this—whether the freights to and from Lagos are unduly high as compared with the freights to and from the more distant ports of Calabar, New Calabar, and other places?—I think it would be reasonable that Lagos should pay about 5s. more, but not 12s. 6d. more.

11710. Nor 8s. 9d.?—I should think not.

11711. Have there been any complaints while you have been in Lagos with respect to the nature of the classification of goods on the part of the steamship companies?—No complaints on the subject have been brought before me.

11712. I suppose it is of great importance in developing Southern Nigeria that the rates of freight for railway materials and for mining machinery and the like should be reasonably low?—Yes.

11713. Have you made any inquiries which would lead you to believe that they are in any way impeding the development of Southern Nigeria?—I cannot say that exactly; but it is, of course, a tax on cotton, for instance, to pay so much.

11714. You mentioned just now a rate in the case of cotton, but I put to you another class of commodities, such as railway material, mining machinery, and the like;

have you considered this point?—It must have some influence.

11715. If you tell me you have not looked closely into the point I will not question you about it further?—All the railway construction is done by the Government; there is no private enterprise in railway construction.

11716. But the extent to which the Government extends its railways depends a good deal upon the cheapness, does it not?—It does depend in a way certainly on that; that is one factor. You make so many miles less of railway if you have got to pay a high freight.

11717. But you cannot say that you have made inquiries into the class of question to which I now direct your attention?—We have no mines in Southern Nigeria at all; and as regards the railway, the Government builds the railway.

11718. (*Chairman*.) I want to direct your attention to two statements in this report on the Singapore Conference. In one paragraph it states, "Finally, it is claimed for the Conference that, under their rules and as a result of their operations, equal treatment in respect of tonnage is given to both large and small shippers. Nominally this is the case, in reality it is not so. All shippers are charged at the same rates, and all who confine their shipments to the vessels of the Conference, practically all concerned, receive a rebate of 10 per cent. If the transaction stopped here all would, we admit, be receiving equal treatment, but so long as a further 5 per cent. of the freights is pooled and divided amongst a certain number of firms, it cannot be held that the firms excluded from participation in this extra rebate receive equal treatment to those who do so participate." Do you know anything of the fact alleged in this paragraph of the report, namely, that there is a certain number of firms who receive a further reduction of 5 per cent.?—I remember that that was alleged in Singapore.

11719. But you do not know anything about it, and you cannot state whether that is a fact or not?—No; I believed it when I heard it, but I do not know anything about it really.

11720. Here is another statement which is made in paragraph 26 of the report. "The majority of the Commission are disposed to think that the effects of artificially raised freights on the trade of the Colony are likely to be more felt in the near future than has been the case in the past." The majority of the Commission think the excessive rebate has had the effect of artificially raising freights; that is your opinion, is it not?—Yes.

11721. And the majority of the Commission also express the opinion that that effect is likely to be more felt in the near future than has been the case in the past; do you agree with this statement?—I do not know; I cannot say.

Sir W.
Egerton,
K.C.M.G.

16 July 1907.

NINETEENTH DAY.

Tuesday, 23rd July, 1907.

PRESENT:

The Right Hon. ARTHUR COHEN, K.C., *Chairman*

Lord INVERCLYDE.
Sir HUGH BELL, Bart.
Sir W. T. LEWIS, Bart., K.C.V.O.
Sir D. M. BARBOUR, K.O.S.I., K.C.M.G.
Sir A. E. BATEMAN, K.O.M.G.
Sir JOHN MAGDONELL, C.B.
The Hon. W. PEMBER REEVES.

Mr. J. BARRY.
Professor E. C. K. GONNER
Mr. F. MADDISON, M.P.
Mr. OWEN PHILLIPS, M.P.
Mr. OSWALD SANDERSON.
Mr. AUSTIN TAYLOR, M.P.
Mr. I. H. MATHERS.
Mr. J. A. WEBSTER, *Secretary*.

Mr. CLIFFORD EDGAR, called and examined.

11722. (*Chairman*.) Are you the manager of the Bank of Nigeria, Limited?—No, I am one of the directors. I have come instead of the manager, as my colleagues thought I would be more familiar with all the questions of the policy of the Board.

11723. You are a director, not the manager then?—No, but the manager is in attendance if you should desire to refer to him.

11724. But you come here on behalf of the Bank of Nigeria?—Yes.

Mr. C. Edgar.

23 July 1907.

Mr. C. Edgar. 11725. You have been good enough to send us a print of the evidence which you propose to give?—Yes.

23 July 1907.

The witness handed in the following statement :

1. I am director of the Bank of Nigeria, Limited, and have held that position since the establishment of the bank.

2. The bank was formed originally under the name of the Anglo-African Bank, Limited, in 1899, with an authorised capital of £150,000, to meet the banking requirements of the Nigerian merchants and traders, which had become more pressing by the then recent introduction of silver currency.

3. The formation of the bank was carried out by representatives of the leading houses trading in Nigeria at that time, namely :—The Niger Company, Limited, of London, the African Association, Limited, of Liverpool, and Messrs. Alex. Miller, Brother & Co., of Liverpool and London, to whose enterprise most of the commercial development in Nigeria was due, and who, before the introduction of silver currency, had transacted for themselves all necessary business of a banking character.

4. In the years 1899 and 1900 branches were established at three important centres, namely :—Calabar and Burutu in Southern Nigeria ; and Lokoja, at the confluence of the Niger, and Beuue, in Northern Nigeria. Several sub-agencies have since been opened.

5. At that time, from the point of view of banking proper, both protectorates were virgin soil, and all traders, with the exception of the European firms, had to be taught the use of banking facilities.

6. The results of the bank's efforts up to the present time may be seen both in the increase in European firms exporting to Nigeria and in the large number of businesses (more than fifty) established by native traders, most of whom have been directly assisted by the facilities offered by the bank.

7. Sir Ralph Moor, in his evidence before the Commission on the 28th May, claimed to speak from personal knowledge of the work of the Bank of British West Africa, but, as a matter of fact, that bank was not established in Nigeria during any part of Sir Ralph's service in West Africa.

8. Sir Ralph Moor asserted that the Bank of Nigeria was formed to keep the other bank out of Nigeria, but offered no evidence in support of this statement.

9. Sir Ralph Moor described the Bank of Nigeria as a bogus affair, whereas its turnover abroad during the first five months of the current year has been well over a million sterling, and the turnover in London during the first six months about half a million.

10. Sir Ralph Moor asserted that this bank does not grant banking facilities to natives, whereas, of more than four hundred accounts, fully 75 per cent. are those of coloured clients.

11. Owing to the refusal of the authorities hitherto to grant to the bank the same facilities for the free importation of mint silver as are conceded to the other bank established in British West Africa, the Bank of Nigeria has had to bear an extra burden of practically 1 per cent. in respect of its silver requirements.

12. Owing to this disability, the operations of the Bank of Nigeria and of its clients have been seriously handicapped, but the bank's capital is quite equal to the requirements of its business, and will be increased whenever the necessity arises.

11726. (*Chairman.*) You have read the evidence of Sir Ralph Moor, and the bank is anxious to meet certain charges that Sir Ralph Moor made against the bank?—That is so.

11727. We shall print the proof of your evidence, and it will be amongst the records of this Commission. I will only ask you, therefore, whether you are in a position to affirm of your own knowledge the statements you have made in this memorandum?—I shall not make any statements that are not made from my own knowledge.

11728. I see in paragraph 8 you say, "Sir Ralph Moor asserted that the Bank of Nigeria was formed to keep the other bank out of Nigeria but offered no evidence in support of this statement." Is that statement true or not?—It is not true. I do not see how it could keep the other bank out.

11729. Then again, Sir Ralph Moor described the Bank of Nigeria as a bogus affair?—That is a statement to which my fellow-directors take great exception. The amount of business that the bank has done, and the large increase in the number of native merchants which it has brought about, are quite conclusive on that point.

11730. You say in paragraph 9, "Its turnover abroad during the first five months of the current year has been well over a million sterling, and the turnover in London during the first six months about half a million." Is that correct?—That is correct.

11731. That is all I ask you?—There is one statement which Sir Ralph Moor made, which is not referred to in this memorandum, but which is very far from being correct. He was asked on 28th May (Q. 7343), "Do I understand you to say that it imports silver?" and his reply was, "No. The only importer of silver in West Africa (beyond the Government, where there is no bank) is the Bank of British West Africa." That is not at all in accordance with the facts. During Sir Ralph Moor's own Governorship of Southern Nigeria, the Bank of Nigeria was importing silver into Nigeria, partly direct from the Mint. Up to 1905, it had imported £148,000 worth, and since then it has imported for distribution in Southern and Northern Nigeria, £192,000 worth more.

11732. (*Sir David Barbour.*) I suppose what he meant was that the Bank of Nigeria did not import any silver under the special arrangement with the Colonial Office?—It had not the benefit.

11733. It had not the opportunity?—If it imported any from the Mint itself, it had to pay 1 per cent, instead of getting it free.

11734. (*Sir Alfred Bateman.*) Can you tell me what the paid-up capital of the bank is—it is not stated in your memorandum?—The subscribed capital is £60,000.

11735. And the authorised capital is how much?—£150,000.

11736. How many directors are there?—There are five at the present moment.

11737. Can you give me their names?—Mr. Stanley Rogerson of Liverpool, Sir John Kirk, Mr. Alexander Miller, Mr. George Miller, and myself.

11738. Is a balance sheet published every year?—It is issued to the shareholders. I might say in regard to one remark that has been made about the bank having been formed by the Niger Company, the African Association, and Messrs. Alexander Miller, Brothers & Co., that when the introduction of the silver currency took place, it was found to be impossible to do longer without banking facilities. There had been a considerable amount of quasi banking business done before in the way of remittance, and issues of drafts, and these firms had done their own business of that character ; but when the payment of duties in silver was required, and when silver was introduced as a currency, it was impossible to go on any longer, without grave disadvantage, without a bank. That was why these firms formed a bank. It was not easy to get anyone else, who did not know the necessities of the case, to take the matter up. I may say that the shareholders are not now confined to those firms.

11739. I see in the official returns from Southern Nigeria that silver specie to the amount of £68,000 was imported in 1905 ; would that be through your bank?—It mostly would be. There is nothing to prevent merchants from importing silver directly if they wish, and the Niger Company, for instance, exports silver from Great Britain.

11740. In the same year, £174,000 worth of silver was exported from Nigeria?—Some of it would be repatriation, no doubt.

11741. In the two previous years, there was even more ; for instance, in 1903, £219,000 worth was exported, which looks like a redundancy of silver there?—The fact is that prior to May, 1906, Lagos was outside Nigeria, and any remittances from Nigeria to Lagos would till then be recorded as exports, but they would not now.

(*Sir David Barbour.*) In the official returns are the "Exports," those to Great Britain only?

(*Sir Alfred Bateman.*) No, they are the total exports.

(*Witness.*) I would like to point out in regard to what has been said about the refusal of credit, that it is quite out of accord with the facts to say that we do refuse credit. We give all reasonable banking facilities, but the grant of credit without any security to natives of Nigeria—I do not say it applies to foreign coloured people—is made almost impossible by the Recovery of Credits Proclamation of 1906, for which Sir Ralph

Moor was himself responsible, and which contains this clause—"No Court of Law in the territory of Southern Nigeria shall enforce against a native any obligation incurred by him towards any person not being a native of Southern Nigeria in respect of a commercial transaction so far as it may be based on credit."

11742. (*Mr. Owen Philipps*.) You have been practically accused of not doing something for which the Government has made it absolutely impossible for you to do; is that your point?—No. What I say is that the bank has a large number of native accounts—

Mr. ERNEST J. SCHUSTER, LL.D. (Munich), called and examined.

11744. (*Chairman*.) You are a barrister-at-law, and you have devoted a great deal of time and attention to the study of German law?—I have.

11745. I think you have taken a degree at the University of Munich?—I have.

11746. You have just published a work on the Principles of the German Civil Law, and I may say it is only your presence here which prevents me from expressing my high opinion of that work. You have prepared for us a memorandum of the evidence you propose to give?—Yes.

The witness handed in the following statement:

GERMAN LAW AS TO SHIPPING RINGS AND OTHER TRADE COMBINATIONS.

Introductory Observations.

1. No specific legislation exists as to rings, trusts, or other trade combinations, but the question as to the legality of such combinations has frequently been raised in the Courts. It has been contended that such combinations violate the spirit of the rule of s. 1 of the German Trade Regulation Statute, which provides that every person is at liberty to carry on a trade, except in so far as the statute itself does not impose any restrictions, and that they re-introduce in an indirect manner the mediæval system of trade guilds, but this contention has never found favour with the Courts.

2. There is one decision of the Imperial Court which seems to lay down the rule that the imposition of penal freights on persons using the ships of competitors may be restrained by the Courts, but this decision is not based on any general rule against trade combinations or attempts to create monopolies, but lays stress on the special position of shipowners as public carriers and on their duty to give no undue preference to any one of their customers, a duty which as the judgment declares, though not "juris positivum" in German law, is imposed by considerations of public policy. The general grounds on which the legality of certain forms of trade combinations may still be contested in German Courts may conveniently be discussed under two heads, namely, the rules as to unfair competition, and the rules as to acts "contra bonos mores" laid down by s. 826 of the German Civil Code, though in reality the first-mentioned rules are only special applications of those secondly mentioned.

Unfair competition.

3. In England the assumption that "apart from fraud, intimidation, molestation, or obstruction . . . there is some natural standard of fairness . . . beyond which competition ought not in law to go" is repudiated by the Courts (*Mogul Steamship Co. v. MacGregor*, 23 Q.B.D. 598, 615). In Germany, on the other hand, the Courts have always tried to uphold such a standard of fairness. Certain methods of unfair competition are now dealt with by the Statute of 1896, but the Courts have repeatedly declared that the statute must not be deemed to have dealt exhaustively with the subject, and have consistently restrained acts of unfair competition, though not coming under the express statutory prohibitions; they hold such acts to be acts "contra bonos mores" within the meaning of s. 826 of the Civil Code referred to below. The acts of trade combinations may be deemed acts of unfair competition if it can be shown that their object is to destroy a competitor's trade or to cripple his resources to such an extent that he is practically compelled to join the combination or to retire from the trade.

Acts "contra bonos mores" generally.

4. The application of s. 826 is becoming more general every year. That section provides as follows:—"Any person who in a manner 'contra bonos mores' wilfully inflicts damage upon another, is bound to compensate such other in respect of such damage."

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between 400 and 500, and what it does is to make advances against documents, such as bills of lading or delivery orders, but it does not give unsecured credit to strange natives—no bank in the world would do that, not in England even.

11743. (*Chairman*.) We are obliged to you for your evidence. What you have handed in will, as I have said, be printed, and therefore will be public property?—Thank you. I am much obliged to the Commission for giving the bank an opportunity of pointing out certain inaccuracies which were certainly very injurious.

Mr. C. Edgar.
23 July 1907.

5. According to the views of the Courts, the following acts of trade combinations would be deemed to be within the prohibition contained in s. 826: (1) acts by which a monopoly is created for the purpose of raising prices to an unnatural level and exploiting the consumers who are compelled to use the goods or services supplied by the members of the combination; (2) acts by which a person not belonging to the combination or not dealing with the combination, or not complying with the rules laid down by the combination, is put under a ban and thus prevented from obtaining goods or services which he requires in the course of his trade; (3) acts of unfair competition coming within the definition laid down above.

Mr. E. J. Schuster.
23 July 1907.

Summary of cases decided by the Imperial Court—
(1) *Combinations in the shipping trade—*(a) *Judgment of the 11th April, 1901.*

6. Plaintiff was a forwarding agent acting for a group of shipowners sending ships to some Australian ports. Defendant, who had formed part of the said group, but had seceded from it after an unsuccessful attempt to secure an arrangement by means of which he would have obtained the monopoly of the Brisbane trade, informed Plaintiff that any person making use of the ships of the said group would forfeit the privilege of sending goods by his ships at the published rates of freight, and also threatened to write to the firms employing the Plaintiff as a forwarding agent that all persons employing him as forwarding agent would in future have to pay higher rates of freight than those quoted in the general tariff published by him, and further threatened to inform the Plaintiff's customers that if they continued to employ him as a forwarding agent they would also forfeit the benefit of the general tariff. Held, that subject to a further elucidation of the facts (for which purpose the case was returned to the Court below); the threat of an increase of freights in the case of persons using the ships of the competing group or employing the Plaintiff as a forwarding agent appeared to be an unlawful act within the meaning of s. 826 of the German Civil Code. The following passage occurs in the judgment:—

"As a matter of law the purpose of s. 826, which, as already mentioned, was to put an effective check on unfair damage inflicted in commercial intercourse, has to be specially considered. . . . The standard for the conception of 'boni mores' must be derived from the current popular conception—the feeling for decency of all persons taking just and equitable views." This does not exclude the consideration of the views of a particular class if such views give expression to the ruling habits; thus in a case like the present the views of an honourable trader manifesting themselves in commercial intercourse may be considered. But such views must not be confounded with business practices which have actually grown up in commercial intercourse, and which frequently are better described as "abuses" than as "usages." The fact that the Court below declares the proceedings in question to be proceedings "which in the course of free competition are of daily occurrence," is not, therefore, . . . inconsistent with the applicability of the rule laid down by s. 826. "There are many practices occurring in trade and commerce, and more particularly in the struggle of competing traders, which, notwithstanding their frequent occurrence, are not deemed decent practices. . . ."

7. The Court then proceeds to examine the legislation of other countries in which carriers are bound to undertake the carriage of goods at uniform rates of freight, and proceeds as follows:—

"Such a rule as to compulsory carriage compels a carrier, who by public announcement offers his services.

* The Defendant in this case was an individual, but the rule established in his case would, "a fortiori," be applicable in a case in which the penal freight was imposed by several shipowners acting in concert.

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Mr. E. J. Schuster.

23 July 1907.

"to the public on certain terms, to deal according to the same measure with all persons who have to employ him, and deprives him of the right to exclude on arbitrary or unfair grounds any individual from the benefits of the conditions of carriage offered to other members of the public. In a country where carriers are under no such legal compulsion, a proceeding of the last-mentioned kind may, notwithstanding such absence of compulsion, be looked upon as an act 'contra bonos mores.' According to the views held in our country as to decent conduct and fair dealing, the act of a carrier, who excludes an individual or a defined group of individuals from the benefit of the tariffs announced to the general public, would be looked upon as an act 'contra bonos mores' if it was done for the purposes of unfair competition. It would be unfair competition if in the present case the Defendant for the sole purpose of removing or suppressing the inconvenient competition of any rival traders had attempted to damage such rival traders by the imposition of exceptional rates of freight."

(b) Judgment of the 6th March, 1907.

8. The Defendant Association granted a system of rebate available for any customer of any member of the association who refrained from using any ship sailing from any port between Havre and Memel not belonging to a member of the association. Plaintiff's application for an injunction restraining the Defendant Association from making the grant of a rebate dependent on such exclusive dealing was dismissed. The judgment declares that the granting of a special advantage to faithful customers is consonant with natural equity. Referring to the above quoted judgment of the 11th April, 1901, the Court points out that that judgment dealt with the threat of an exclusion from the benefit of the general tariff, which threat was intended to be used as a means for compelling competitors to submit to an arrangement proposed to them, whereas on the other hand the association granting the rebate made no attempt at compulsion. As regards the Plaintiff's allegation to the effect that the association granting the rebate attempted to monopolise the trade to the ports in question, the Court held that it was irrelevant to the question whether the granting of rebate was justifiable or not.

(2) Combinations in other trades—(a) Judgment of the 25th June, 1890.

9. Plaintiff down to 1888 was a member of the German Booksellers' Association at Leipzig. After he had ceased to be a member of the association he began to allow a larger discount to his customers than was admissible under the rules of the association. The association thereupon requested its members by circular to cease furnishing books to the Plaintiff. The Plaintiff was also included in a list published in the association's Journal containing the names of booksellers put under a ban on similar grounds, and the members of the association were told that, in the event of their furnishing any books to the Plaintiff, they would also be included in the black list. The Court gave judgment in favour of the Plaintiff. The following passage occurs in the judgment:—

"In the first place, it is necessary to deal with certain allegations made on behalf of the Plaintiff according to which it would appear that the very object of the association, consisting in the imposition on all members of the trade of fixed rules as to the discount to be allowed to customers, was in itself an unlawful interference with the free formation of prices to which the customers were entitled, as well as a restriction on the freedom of trade, and therefore constituted a violation of public order and was an act 'contra bonos mores,' and that the Association was in the nature of a 'ring.' In answer to these allegations it is necessary to point out that they might be relevant if there had been an association . . . having for its object the command of the market for a particular kind of goods and the hemming in of the free action of economic forces, which might operate against such purposes. But such combinations must be kept entirely apart from associations consisting of the members of the same trade who, in good faith, co-operate for the purpose of preserving the vitality of such trade, by preventing the depreciation of the products of such trade, and the other disadvantages arising from mutual under-bidding. It does not follow from the principle of the freedom of trade that the free play of economic forces is to be unassailable, to the extent of making it

"unlawful for traders to attempt any regulation of the operation of these forces by means of associated self-help, or to restrain each other from acts deemed to be harmful to the common cause."

The judgment then states that it would not have been unlawful to make it incumbent on the members of the association to reduce the discount in the case of booksellers who did not observe the rules.

(b) Judgment of the 14th December, 1902.

10. The association mentioned sub-section (a) made an arrangement with its own members and also with certain publishers not being members of the association that any person included in a list published from time to time by the association (being a list of booksellers allowing too large discounts) were not to be allowed any discount or only a reduced discount. Plaintiff was put on the list. His action was dismissed on the ground that the parties entering into the arrangement were not compelled to refuse all discount to the persons appearing in the list. The judgment contains the following passage:—

"It is true that the Defendant Association has lately . . . attempted to obtain declarations from the publishers, by which they bind themselves not to furnish any books to the . . . excluded firms, or only to deliver books at the published selling price. This new and more stringent measure would have been considered unlawful by the court below, as . . . the retail booksellers, if they could not obtain books except at the published selling price, would be unable to sell with profit, or, with other words, would be compelled to give up business, and as the supply of books without any reduction of the said price would thus have the effect of a total stoppage of the trade of the parties concerned. The Court agrees with this opinion of the Court below; . . . the infliction of damage on the parties concerned by the last-mentioned method of compulsion would be an act prohibited by s. 825."

(c) Judgment of the 2nd February, 1905.

11. The Plaintiffs had been refused admission to an Association of Goldbeaters, composed of persons and firms engaged in the production of beaten gold throughout Germany, which in its turn had made an arrangement with a union composed of workmen engaged in the same trade providing that no member of the union was to enter the employment of any firm who did not adhere to the scale of wages agreed upon between the Goldbeaters' Association and the union. The Plaintiffs claimed damages on the ground of such refusal of admission, and also on the ground that the Defendant Association had induced the Workman's Union not to allow their members to work for the Plaintiffs. The action was dismissed on the ground that the refusal to admit the Plaintiffs as members of the association was not unlawful, and that there was not sufficient evidence to show that the persons inducing the Workman's Union to issue the prohibition were acting as authorised agents of the Defendant Association. The judgment contains the following passage: "Where a large number of traders form an association for the purpose of securing advantages for the trade of its members it cannot be looked upon as an act 'contra bonos mores' if the request of one or more traders established in the same branch of business to be admitted to the association or to be allowed to partake in its advantages is refused, even if such refusal in effect causes material injury to the trade of the persons concerned . . ." This view of the case is not affected by the circumstance that on the formation of the Defendant Association the agreement described as the "general tariff of wages" was entered upon with the workmen. The provision in that agreement to the effect that the . . . workmen are not to accept employment in any establishment not adhering to the "general tariff of wages" does not mean that the workmen are to work exclusively for the members of the association. . . . The question whether it would have been "contra bonos mores" if the agreement had provided that the workmen represented by the Metalworkers' Union were to work exclusively for members of the association, may therefore be left out of account. . . . Referring to the allegation that the association had in fact induced the Metalworkers' Union to prevent their members from working for the Plaintiffs, the judgment proceeds:

"The alleged fact would in itself justify a claim for damages under the provisions of s. 826. If a trader or a number of traders wilfully induce a Workman's Union . . . to issue a prohibition to its members against accepting employment from a particular employer, and if

"this is done with the intention to hinder or impede the trade of such employer and thereby to obtain relief from his competition, such behaviour on the part of the traders concerned does not merely contravene the principles, by which men of refined thought and feeling are guided in the conduct of their business, but it also goes far beyond what is allowable according to the general popular conception and according to the moral judgment of all persons taking just and equitable views."

(d) Judgment of the 4th February, 1897.

12. Action brought by an Association of Manufacturers of wood products against a member who had contravened the rules of the association. The defence alleging that an association formed for the purpose of keeping up prices was illegal was rejected by the Court. The following passage occurs in the judgment:—

"It cannot therefore be assumed generally and without qualification that it is against the interests of the community that the traders interested in a particular branch of business should combine together for the purpose of preventing or moderating the mutual under-bidding and the fall of the prices of their products brought about thereby; such combination may on the contrary, in any case in which the prices have permanently reached a level so low as to threaten the economic ruin of the trade, appear not only as a justifiable manifestation of the instinct of self-preservation, but also as a proceeding serving the interests of the community. Many authors have indeed described the formation of syndicates and rings of the kind in question as a method which properly applied is particularly apt to be useful to the public weal by preventing un-economic overproduction carried on at a loss and all the catastrophes resulting therefrom. . . . Agreements like the one in question cannot therefore be impugned . . . except in cases where objection arises owing to peculiar circumstances, as for instance in a case where it is clear that the establishment of a practical monopoly and the serious exploitation of the consumers is aimed at."

(3) Combinations between employers against workmen—

(a) Judgment of the 29th May, 1902.

13. The action was brought by certain workmen who had been put on a "black list" by an Employees' Association. The action was dismissed. The following passage occurs in the judgment:

"Acts excluding a person from participation in business and acts in the nature of a boycott may come within the prohibition of s. 826 The publication of a so-called black list by which persons are advised not to employ certain workmen is not always or necessarily in the nature of a boycott An act which aims at or results in the total destruction of the adversary or aims at or results in a permanent cessation of his earning capacity has to be dealt with differently from an act which merely intends temporarily to deprive the adversary of the possibility of obtaining any earnings in the particular branch of business, and thereby to compel him to yield and to submit to the conditions offered to him."

(b) Judgment of the 17th March, 1902.

14. The Defendants were the members of the committee of an association of persons carrying on metallurgical works and whose arrangements included a rule for the establishment of an employment agency, the members being compelled as a general rule to employ no workmen other than those producing a testimonial of fitness from such agency. Plaintiff at the request of the Defendants was refused such certificate on the ground that he had carried on a system of agitation amongst the workmen. The Court declared the Plaintiff to be entitled to damages. The judgment contains the following passage:

"As this Court has repeatedly declared, it is necessary that in the struggles which are brought about by business competition and . . . by the conflict of interest and the class differences between employers and workmen in wholesale industry, certain limits be observed even in the pursuit of objects which are lawful in themselves, the rule being that not only such methods of warfare are to be prohibited as consist of directly unlawful acts, but that the prohibition ought to extend to all measures inflicting damage on the adversary which, according to the generally established moral conceptions are either altogether inequitable and unjust or appear to be so under the special circumstances. As shown above . . . the proceedings in question constitute a

"serious interference with the economic existence of the person concerned, inasmuch as the opportunity for work in a trade, which, as regards the number of men employed, stands in the foremost rank, is hindered and impeded for him in the most extensive degree; the transition to another trade even in the case of a workman who has not received a special technical education, is generally subject to great disadvantages Having regard to these facts it must be deemed a peremptory rule of justice and equity, in the case of an Employers' Association which has enabled itself to give such a far-reaching effect to its decisions, that the prohibition of the employment of an individual workman for a long period of without limit of time should not be resorted to, unless such a measure is justified by serious misconduct on the part of such workman in relation to his employment, and unless such misconduct has been established by careful investigations."

(c) Judgment of the 4th April, 1907.*

15. The refusal of the certificate referred to above in the case of another workman was held to be justified under the special circumstances of the case.

Observations on the judgments of the Imperial Court.

16. An examination of the judgments in question will show that it is much easier to lay down general rules than to apply them to a concrete set of circumstances. It will be noticed, for instance, that the much-quoted judgment of the 11th April, 1901, by which the imposition of penal freights on persons using competing lines was declared unlawful, did not actually adjudge on the facts brought before it, but referred the case to the Court below, as the Imperial Court was of opinion that the facts had not been exhaustively considered by that Court. The judgment of the 7th March, 1907, is not as yet reported in the official Reports: the note given above is based on a very short report published by the "Hansa," a weekly periodical published at Hamburg. In the absence of further explanation it is difficult to reconcile it with the principles laid down by the above-mentioned judgment. If the punishment of traders using competing lines constitutes undue preference it is hard to see why the offer of a reward to persons not using competing lines should not equally constitute undue preference. The reward of the faithful customers in its effect is equal to a punishment of those who are less faithful. The line which is drawn as to booksellers' discounts (compare the judgment of the 25th June, 1890, with the judgment of the 14th December, 1892) seems equally arbitrary. The rule that combinations intending to raise prices may be legitimate and even laudable, but that they become reprehensible and unlawful if they intend to exploit the consumer is also too vague to offer any guidance for practical purposes.

Public opinion as to Trade Combinations.

17. The question as to the desirability of legislative interference with trade combinations has been much discussed. In 1904 a resolution was passed by the German Juristentag declaring that the meeting was of opinion that "State interference against an exaggerated raising of prices not justifiable on economic grounds, was advisable." The resolution was the result of a compromise between opposing views which, of course, would again find utterance if any attempt were to be made to carry out the principle on which an agreement was arrived at. In Austria and Hungary bills have repeatedly been brought forward by the government aiming at the state supervision of trade combinations (Kartelle). In the Austrian Bill a "Kartell" is defined as an association or union of separate traders "having for its object the exercise of a decisive influence on production prices, purchases and sales, by means of common action, and more particularly by a uniform curtailment or removal of free competition."

11747. (Chairman.) I may say that the whole of that statement is interesting to the lawyer or the jurist, but I intend to confine my questions to the matters directly within the scope of this Commission. The whole of your memorandum will be printed, and will become public property in that way. You are acquainted with what are called shipping rings and with the system of deferred rebates?—Yes.

* Reported "Deutsche Juristen-Zeitung," vol. 12, p. 770.

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11748. We have received from H.M. Consul-General at Hamburg a report on the subject of shipping rings, and I will just read to you one passage from that report:—"In Germany no laws or regulations have been passed for the purpose or with the effect of regulating or suppressing such shipping rings or conferences; and the action of shipping companies combining together, in order to safeguard their interests, that is to say, in order to maintain the rates of freight at a certain figure for a fixed period, and their action which consists in granting rebates on freight to regular shippers (without whose support they could not exist), is regarded as perfectly lawful." On that statement, I wish to ask you some questions. There is no Imperial enactment relating to shipping rings, is there?—No.

11749. None at all?—No.

11750. You inform us in your interesting memorandum that the enactment which bears most directly and most nearly on the question is contained in section 826 of the German Civil Code?—That is so.

11751. I will just read that section:—"Any person who in a manner 'contra bonos mores' wilfully inflicts damage upon another, is bound to compensate such other in respect of such damage." I believe that is the only enactment which has any bearings upon shipping rings?—It has been contended that section 1 of the Imperial Trade Regulation Statute also has a bearing on the question.

11752. I notice that, but your opinion is that that view is most probably incorrect, is it not?—No. I only mean that that is a view which has been held.

11753. It is not your view?—No.

11754. Under this section, cases have been decided by the German Courts, and you have endeavoured in your memorandum to explain the principles of the decisions; but I think it is the view of the members of this Commission that I ought to limit my questions to the subject of conferences, rings, and deferred rebates. Again, H.M. Consul-General at Hamburg directed our attention to a certain case. He says, "As far as I have been able to ascertain, there are only two legal decisions by Hamburg or other German courts of law turning upon points connected with the question of shipping rings or conferences, deferred rebates, &c." The first case he mentions is the case of F. L. Sloman & Co. v. Rob. M. Sloman, junr., and others, in which a judgment was given by the Hanseatic High Court of Appeal in June, 1906; but you have not adverted to that decision, because I presume it is not a decision of the highest Court?—That is so.

11755. But it appears to me to be a decision at any rate of the Hanseatic High Court that shipping rings are not illegal. H.M. Consul-General says, "In this case a shipping ring extended its sphere of action to the carrying trade between certain ports which, until that date, had been outside of the limits within which the ring granted rebates upon the freights paid by shippers. This action was taken by the ring for the sole object of competing with and of preventing another company which was not a member of the ring from carrying on trade between the two ports in question. It was held by the Court that this was legal and not against public policy." So far as the decision of the Court went, although it is not the highest Court of Appeal, it was in favour of, or rather it admitted, the legality of shipping rings?—It was in favour of shipping rings under the particular circumstances as to the facts which were before the Court. I do not think that they could have laid down any general principles, nor that they could have stated that there are no circumstances conceivable under which a shipping ring might not be illegal.

11756. The next case to which H.M. Consul-General directed our attention was the case of August Blumenthal v. the Deutsch-Australian Dampfschiffgesellschaft of Hamburg, which was decided in April, 1901, by the highest Court of Appeal; and to that you have directed our attention. That case was referred back by the Imperial Court to the Court below, was it not?—Yes.

11757. And what has since become of it, I believe, is not yet known?—No.

11758. In that judgment of the highest Court, certain principles were indicated—I do not think they were very clearly indicated, but there were certain principles indicated; and that judgment has been explained in a

subsequent case. I wish to direct your attention to a very important fact which you mention; but before doing so, I ought to remind the members of the Commission that the report of the Consul-General is dated 2nd March, 1907. You state in your memorandum that four days afterwards, namely, on 6th March, 1907, a case was decided by the Imperial Court of Leipzig. That case you have set out in paragraph 8 of your memorandum, and it appears, as far as I can see, to be a very important decision in favour of shipping rings. Your eighth paragraph is as follows:—"The Defendant Association granted a system of rebate available for any customer of any member of the Association who refrained from using any ship sailing from any port between Havre and Memel not belonging to a member of the association. Plaintiff's application for an injunction restraining the Defendant association from making the grant of a rate dependent on such exclusive dealing was dismissed. The judgment declares that the granting of a special advantage to faithful customers is consonant with natural equity. Then it referred—and this is very important—to that other decision which has been mentioned by the Consul-General—"Referring to the above quoted judgment of the 11th April, 1901, the Court points out that that judgment dealt with the threat of an exclusion from the benefit of the general tariff, which threat was intended to be used as a means for compelling competitors to submit to an arrangement proposed to them, whereas on the other hand the association granting the rebate made no attempt at compulsion"—so that they distinguished their former decision in that case. "As regards the Plaintiff's allegation to the effect that the association granting the rebate attempted to monopolise the trade to the ports in question, the Court held that it was irrelevant to the question whether the granting of rebate was justifiable or not." That is the last decision of the highest Court in Germany, which is not referred to by the Consul-General, and indeed which could not be, because the judgment was pronounced four days after he made his report. Do you agree with this view that conferences, rings, and the system of deferred rebates, are not *per se* illegal according to the existing law in Germany?—I should not go quite as far as that.

11759. How far would you go?—You see this last judgment which you have referred to has not as yet been reported in the official reports. The report I have taken my note from appeared in a periodical.

11760. The report is from a paper called the "Hans," which seems to be something like our "Shipping Gazette."—It is a commercial paper. The report is evidently very condensed, and does not really state the conditions of the rebate agreement.

11761. In paragraph 8 in your memorandum you state that they have "a system of rebate available for any customer of any member of the association who refrained from using any ship sailing from any port between Havre and Memel not belonging to a member of the association"?—Yes; but I just want to mention this, that it seems to me that it is a very important question when the rebate is paid. Assuming the period during which the rebate remains, as it were, in abeyance to be an extremely long period, it is quite conceivable that the Court would hold that that was oppressive and against public policy, because that would fetter the freedom of the shippers to an extent which the Court might hold too great.

11762. Still, according to your view, the Court would consider all the circumstances?—Precisely.

11763. And it might rule that there was an oppressive combination?—Precisely. It is for that reason that I have referred to other cases which do not precisely deal with shipping rings, but which deal with a question which in principle is exactly the same, namely, the combination of persons engaged in a trade to restrict competition and to obtain advantages for the members of the association. I think it is quite clear that the general principle as to the application of section 826 is, that when any combination really becomes oppressive, to the extent of making it impossible for a trader failing to conform with the rules of such combination to earn his livelihood in his trade, when any combination raises the price of the commodities or of the services with which it is concerned, to such an extent that the increase in price is oppressive on the consumers, then the Court will interfere. I can conceive circumstances under which the Court would interfere in the case of a rebate arrangement.

11764. Do you think the Court would consider the circumstances of each case?—Yes. What rather surprises me in this report is that there is no reference whatsoever to the principal ground on which the case in 1901 was decided. The ground was this—that ship-owners are public carriers, and that it is against public policy to allow public carriers to give undue preference to any one of their customers. That was the principal ground on which the Blumenthal case was decided. In this case preference is given to the faithful customers over the fickle customers, and the Court does not state on what ground that preference is not equally against public policy as the preference which was given in the other case.

11765. According to English law, it is not against public policy for a carrier to prefer one customer to another. According to English law, a common carrier must be ready to carry at a reasonable rate of freight, but there is nothing to prevent him from preferring one customer to another. It is not the same with railway companies?—Quite so; but the court in that case referred to the rules of English law as regard railway companies, and said that those rules were not in force in Germany, "but still, as a matter of public policy, we adopt the spirit of those rules." They said (*vide* paragraph 7), "according to the views held in our country as to decent conduct and fair dealing, the act of a carrier, who excludes an individual or a defined group of individuals from the benefit of the tariffs announced to the general public, would be looked upon as an act 'contra bonos mores' if it was done for the purposes of unfair competition. It would be unfair competition if in the present case the Defendant, for the sole purpose of removing or suppressing the inconvenient competition of any rival traders, had attempted to damage such rival traders by the imposition of exceptional rates of freight."

11766. I cannot help thinking, comparing the last judgment with the former judgment, that the Court of Appeal rather doubted the correctness of the views it had expressed in the former judgment. Moreover, the Court may have ascertained, which undoubtedly is the truth, that according to the English law a common carrier may prefer one customer to another. There is no decision that shipping rings and deferred rebates are illegal, is there?—No.

11767. Section 826 of the German Civil Code says that "any person who in a manner 'contra bonos mores'—that merely meaning contrary to public policy—" wilfully inflicts damage upon another, is bound to compensate such other in respect of such damage"; and you think that under that section there might be circumstances in which they would hold the system illegal?—Yes. I ought to explain the term "wilfully" that I have used in the translation, because that term has been frequently defined by the courts. It does not mean that there must be an intention to inflict damage; it means simply that damage is inflicted with the knowledge that damage will be inflicted.

11768. You think that under that section the terms comprised in the rebate system might be of such an oppressive character, or might appear to the German courts to be of such an oppressive character, that they will hold the system illegal?—Yes.

11769. Of course it is competent to the Imperial Legislation to make shipping rings illegal?—Certainly.

11770. I believe the question as to the expediency or wisdom of making shipping rings illegal is one which has been of late mooted a good deal in Germany?—Yes; not specially with reference to shipping rings, but generally with reference to all rings and trade combinations.

11771. So you cannot foretell any more than we can foretell what Imperial legislation may do in the future?—No. In my private opinion, I do not think there will be any legislation on the subject.

11772. You do not think there will be?—Not within the next 20 years, I should say.

11773. (Sir John Macdonell.) I gather from what you say that you think not too much importance ought to be attached to the judgment referred to in paragraph 8 of your memorandum, owing to the fact that at the present time there is accessible no full report of the decision?—Yes, that is my opinion.

11774. But, in regard to the decision of 1901 referred to in paragraph 6 of your memorandum, there is a full official report?—Yes.

11775. And I understand that in your view, applying the principles of that judgment to shipping rings, their circumstances might be such that they might be regarded as illegal?—That might be so under the special circumstances of the case.

11776. I think I am right in saying that the words in section 826 have been construed as giving the courts very great discretion?—Certainly.

11777. The test is nothing more strict than—to use words which I think put it clearly—that any conduct contrary to the opinion of ordinary people and contrary to the ordinary standard of morality, would be unreasonable and unfair within the meaning of the section?—Even, as is clearly stated in that case, though the particular habit is a regular business practice in the particular trade.

11778. So that if it were the case that in a certain set of circumstances a combination called a ring acted oppressively to the people who have to deal with it, in your view that would be regarded as illegal?—Certainly; if the court held that they had acted oppressively.

11779. May I take it that in your view the German courts exercise great discretion in considering what amounts to coercion and oppression?—Yes. I have carefully gone through all the cases decided on that section 826—and there are a great many more cases than those I have referred to—and I am distinctly of opinion that you cannot say that any of those cases lays down a general rule. Each case only decides on the particular facts that were then submitted to the court.

11780. May I take it also that, unlike English courts, German courts are not bound by previous decisions upon the same matter?—The Imperial Court sits in divisions, of which each is composed of seven judges; and a division of the Imperial Court is not allowed to deviate from a rule laid down, either by itself or by another division. If they wish to deviate from such a rule, they have to convene a plenary meeting of all the divisions and that plenary meeting has to decide.

11781. You allude to a point which makes me think that the more accurate form of my question would be this—whether a plenary meeting of the final Court of Appeal in Germany may disregard the previous decision of a plenary meeting of the High Court in regard to the same subject?—Certainly they may; but all those decisions I have referred to are not decisions of a plenary meeting—not a single one of those decisions has been decided by a plenary meeting. What I want to call special attention to is that where the question is not so much the general rule, the general principle, but the application of the general principle to the particular facts, the next court that has to decide cannot possibly be bound, because the facts are never the same in two cases. Especially when you have to deal with such a delicate rule, it must be left to the decision of the court in each case. I think it is absolutely clear that any court in Germany would have power to restrain a shipping ring if the conditions of the shipping ring were unduly oppressive.

11782. In your judgment, would such circumstances as these be taken into account—coercion, oppressiveness of bargain, and forfeiture of large amounts in the event of a breach of contract?—Yes.

11783. I do not want to press this matter too far, but I will ask you one question which is perhaps a little technical. In German law is there a principle such as there is in French law, called the *abus de droit*, that is, the excessive or unreasonable application or enforcement of a right? Is such a principle known in German law?—Yes, there is the famous "Chikaneverbot," the prohibition of chicanery. You cannot use any right for the sole purpose of oppressing another; but, if you use a right with the intention of procuring an advantage for yourself, that section does not apply.

11784. So, gathering up the general effect of your opinion, it is, I understand, substantially to this effect, that no decision, so far as you know, legalises rings or deferred rebates generally?—There is no decision which legalises them, and there is no decision which makes them illegal.

11785. Further, in deciding the question of legality, the court would take into account such elements as oppressiveness?—Yes.

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11786. And harshness?—Yes.

11787. And coercion?—Yes.

11788. You have referred to various decisions in your memorandum, some of which throw more light on the controversy between the booksellers and The Times Book Club than upon the question for us. Of all those there is only one, I think, which deals with the legality of combinations as between the parties thereto, that is the one which is mentioned in paragraph 8, which refers to the judgment of the 6th March. All the other cases, I think, are cases in which some outsider complained of the operations of combinations or rings; that is the only case to which you have referred where the question before the court was a question between the parties to a combination?—The applicant in the case, referred to in paragraph 8, was a competitor. In paragraph 12, which quotes the judgment of 4th February, 1897, the defendant was a party to the combination. There the combination tried to enforce their rules on a member, and the member defended himself by alleging that the combination was illegal.

11789. That was the one I intended to refer to?—The court held that it was not illegal.

11790. (Mr. Sanderson.) Are you familiar with the terms of the German rebate shipping circulars, containing the offers by German steamship lines to their merchants?—Not with the particulars; I only know the general principles.

11791. (Mr. Maddison.) I understood you to say that one of the factors that would influence a German court in deciding as to the legality or otherwise of rebates would be the length of the period of the deferred rebate?—Yes; but that is only my own private opinion. I have nothing to go by, but I think it is obvious that the period may be so long that it may become oppressive.

11792. My only question really is, what you think would be an oppressive period?—That I could not say; but supposing you were bound for 10 years, I should call that oppressive.

11793. (Mr. Owen Philipps.) Sir John Macdonell was asking you if the German courts would take certain facts into consideration in arriving at a decision as to whether a certain matter was legal or illegal; are they not very much like the English courts in taking every fact that has any bearing on the subject into consideration?—There is only this difference, that in the English courts it has been expressly laid down that there is no such thing as unfair competition, and that you might compete in any way you like; whereas the German courts have laid down the opposite principle. They have laid down the principle that there is such a thing as unfair competition, which the courts can restrain.

11794. (Chairman.) You are referring there to the great Mogul case, are you not?—Yes.

11795. (Professor Gonner.) Is there any tribunal in Germany which regulates rates in any case of transport, say, such as the Railway Commission in England?—No, because most of the railways in Germany are State railways.

11796. Then if the rates are held by traders in Germany to be oppressive, and I have no doubt traders do hold even the Government rates to be oppressive, have they any remedy?—They have the usual remedy of instructing their members; and they make use of that remedy.

11797. But there is no legal revising body, or anything like that?—No.

11798. Do you know anything with regard to the methods whereby German railways give special advantages in through rates or through bills of lading to the export trade?—I know there has been a great deal of discussion about that. I think the German agricultural interest has fought very much against those special advantages.

11799. But you do not know the method whereby it is done?—I could not give you any particulars about that, but I know that arrangements of that sort are in existence, and have been frequently discussed.

11800. (Mr. Taylor.) Do the German courts ever give what are called judgments of policy?—I do not quite understand the question.

11801. Are the judgments of the German courts ever determined by questions of policy? (Chairman.) Public policy? (Mr. Taylor.) Would you say that the German

courts are absolutely above, or beyond, or outside, all questions of policy in giving decisions?—No, certainly not. I think a fact which in all those cases has to be taken into consideration is that the judges are human beings. You find that there are fluctuations of public opinion on certain matters, and those fluctuations to a certain extent influence the judgments of the courts.

11802. Are there any circumstances in the development of German trade, or the views of German trade taken by influential persons in Germany, which might explain the apparent discrepancy between the judgment of 1901 and the judgment of 1907?—Yes. I think that about 10 years ago there was a strong current in favour of State repression or State interference with trade combinations, and I think at the present moment the ebb tide has set in as regards that current.

11803. There is more a disposition now?—I think the disposition is now more—

11804. (Chairman.) To leave things alone? (Mr. Taylor.) To give combinations a free hand?—Yes, I think so.

11805. (Sir Hugh Bell.) May I ask whether one would be right in concluding that your opinion is mainly negative, and that you would say, so far as the German courts have decided the question, that they have not decided that the granting of rebate is illegal?—Yes, that is so; subject to what I have said as regards the particular circumstances of the case. I mean, the granting of rebate is a very general expression which might mean one thing, or which might mean another thing.

11806. The next question I was going to put to you exactly bears upon that point. You are also of opinion that it is conceivable—and you have given an instance—that the German courts might determine a rebate to be illegal?—Yes.

11807. So that one would be rightly summing up your view in saying that it was a negative view?—Yes.

11808. You do not say that rebates in Germany are legal, but you do say that they have never been found to be illegal?—Yes.

11809. I should like to ask you, if I may, another and more general question. Would you consider that there was a distinction drawable between a reward to a faithful customer—I am paraphrasing your own words, or the words of the German court; they are rather odd words—between the reward to a faithful customer and a penalty inflicted on an independent customer?—I cannot see the distinction myself. You cannot reward the one without punishing the other.

11810. The form the rebate is accustomed to take in England has been this, I may remind you: There was in former years a charge commonly made in rates of freight called primage, which was in addition to the rate of freight and was dealt with in a certain way; it ceased to be customary to deal with the primage in that way, but the primage continued to be charged, with the proviso that under certain circumstances it would be returned to the person on whom it was charged; it was therefore no penalty but it was a reward. Your acute mind of a jurist is not able to distinguish between that and saying "If you do not do so-and-so I will punish you"?—No. Our courts of equity draw the same distinction. If in a mortgage you say if the mortgagor does not pay his interest punctually the interest will be raised, then the courts of equity say it is the imposition of a penalty and it is illegal; but if you say the rate of interest is 5 per cent., but on punctual payments it will be reduced to 4 per cent., that is a perfectly legal arrangement.

11811. That, of course, does draw the distinction that I am asking you to draw?—Yes. Speaking not as a lawyer, but as a human being, I fail to see the distinction.

11812. (Chairman.) That distinction in equity has never been eulogised by the judges—has never been praised by them, has it; on the contrary, it is supposed to be over-subtle, is it not?—Yes.

11813. (Sir Hugh Bell.) May I follow up the Chairman's remark and address a question to the jurist in the witness' chair, not to the jurist in the Chair of the Commission, as to whether that distinction is drawn in the German law as well as in the English law?—Apparently, from what I can gather from this report in the "Hansa" newspaper, they have drawn this distinction.

11814. I want to be allowed to draw your attention to one other point: There are words which occur in the various judgments which are very vague and open to very large interpretations—"Decent conduct and fair dealing," for example, might make the subject of a long treatise, might they not; they are extremely vague words, are they not?—Yes.

11815. Then "unfair competition" is even vaguer?—I agree.

11816. It would take all the acumen of a German metaphysician to determine what was unfair competition, would it not?—I agree.

11817. (*Chairman.*) Would a German court be guided by oral evidence to this effect—that the system of rebates is injurious to German commerce? Would they allow merchants to give evidence, or politicians to give evidence, to show whether or not the system of rebates was injurious to German commerce and therefore against public policy?—I do not think so; I do not think that would influence them.

11818. (*Sir John Macdonell.*) But the courts do, in the class of questions that you are considering, take into consideration whether or not the combination would tend to produce a monopoly?—To produce a monopoly, yes.

11819. That they do in all cases?—Yes, but they then use the expression—"if the monopoly tends to raise the prices in a non-economical fashion."

11820. At all events, that is a matter that they consider?—Yes.

11821. (*Mr. Sanderson.*) I rather gathered from a remark that you made to Professor Gonner or Mr. Taylor

that the German courts at the present date are careful about any legislation which would be a hamper to German export trade. Was I right in drawing that conclusion?—No.

11822. I did not hear very well. I understood you to say that recently the German courts were not as inimical to combinations as they were?—It was not that precisely that I was referring to. I said that there was a current set in some time ago, which directed public opinion very much against all trade combinations of any sort, and that current of public opinion also influenced the courts; but I said that current recently has been rather receding.

11823. It has become weaker?—Quite so; it is becoming weakened.

11824. (*Chairman.*) As regards Sir John Macdonell's last question, I see that the Appellate Court in its last judgment—and it was a judgment relating to rebates—states this, vide paragraph 8: "As regards the plaintiff's allegation to the effect that the association granting the rebate attempted to monopolise the trade to the ports in question, the Court held that it was irrelevant to the question whether the granting of rebate was justifiable or not."—That is my note you are reading from. I cannot understand that; it is unintelligible to me, because it certainly is in contradiction of what they said in all the other cases, namely, that where there is an attempt to create a monopoly the Courts may possibly have to interfere.

(*Chairman.*) I am glad our law is not more uncertain than the German law.

Mr. FREDERICK ALEXANDER EDELSTEN, called and examined.

11825. (*Chairman.*) You have been engaged in London in the Australian and New Zealand trades since 1867?—Yes.

11826. And on your own account you have been engaged as a general merchant since November, 1880?—Yes.

11827. In that way you have experience in the American export trade, the China and Ceylon import trade, and the Australian and New Zealand export and import trade?—Yes.

11828. You hand in a memorandum of the evidence you propose to give?—Yes.

The witness handed in the following statement:

1. I have been engaged in London in the Australian and New Zealand trades since 1867, and on my own account as a general merchant since November 1880, in the American export trade; China and Ceylon import trade; Australian and New Zealand export and import trade; and have also been interested in shipping (though not now), so have 40 years' experience of the subject under reference and the arrangements previously obtaining, and my operations have been and are fairly large.

2. My interests in the matters referred to have been to secure for my shipments—good, swift vessels; reasonable freights; lowest rates of insurance; frequent and regular despatches; careful and skilful captains and officers. I have no reason to complain of any disabilities, in fact, I have found the system of conferences and rebates advantageous to me and my correspondents and so long as the present excellent services and conditions are maintained have no desire for any alterations save those which time and experience may demand as each year sees an improvement in size, class and speed of the liners employed in the above trades.

3. When freight-wars have been in progress I have not suffered any inconvenience nor have my correspondents. Such wars have not as a rule lasted long, and I do not think the occasional low freights resulting therefrom equal the advantages of regularity, speed and class afforded to regular traders by existing combinations, as at present conducted. The committee have always acted towards me in a considerate and reasonable way, and there appears to me to be no cause for an alteration in the system so long as carried on as at present. I do not think there is a general desire on the part of those most competent to judge and most interested in the maintenance of effective services, for remedial action.

11829. (*Chairman.*) Now I will ask you, as a gentleman who has had great experience in these matters,

whether in your opinion the system of deferred rebates acts beneficially or not?—I think it acts beneficially.

11830. In paragraph 2 you say: "My interests in the matters referred to have been to secure for my shipments good swift vessels;" do you think that good and swift vessels are procured by means of the system of rebates?—No; but I say that you cannot have good and swift vessels without you have a regular system of liners.

11831. And that you cannot have liners without rebates?—I think that if you enter into a contract with a man to put on a good liner, you have got to enter into an agreement with him to pay the freight, and you have got to take the system of rebates.

11832. Now as regards the effect of the system of rebates; of course, the system of rebates does give ship-owners a certain power of fixing rates?—Yes, it does.

11833. Judging from your experience, do you think that the rates which are generally the result of these conferences are excessive or not?—I think that the freights are very moderate.

11834. Can you account for the strong feeling in South Africa against the system of rebates?—No, I cannot account for that. I have nothing to do with South Africa.

11835. (*Lord Inverclyde.*) In paragraph 1 you refer to the American export trade; is there any rebate system in force in that trade?—Not at present.

11836. There never was, was there?—Yes.

11837. There was a rebate system in the American trade?—Yes.

11838. Is it the North American trade you refer to?—It is the New York trade. Rebates have been declared illegal quite recently by the Americans.

11839. When you say "American export trade" do you mean the export trade from America, or the export trade from this country to America?—I mean the export trade from New York to Australia, Africa, and other places.

11840. Not between America and this country?—I presume the same would apply to this market as to the Colonies.

11841. In paragraph 2 you refer to the rates of insurance; do you find there is a great difference in the rates of insurance according to the class of steamer?—Yes, certainly. On a liner you can always do it for about 25 per cent. less than you can on a tramp.

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11842. That is, the rate of insurance by a liner is about 25 per cent. less than by a tramp steamer?—Yes.

11843. Do you find the liner-shipowners difficult to deal with in regard to the rates?—I have never found any difficulty whatever.

11844. And you have a number of dealings with liner-shipowners, have you not?—Yes, every day of my life.

11845. In all these various trades?—No, not in all these trades. I have dealings in the Australian trade every day of my life, in the American trade perhaps once a fortnight, and in the China trade and in the others at intervals during the season about once a fortnight.

11846. I see you mention China and Ceylon; are you interested in the tea trade at all?—Yes.

11847. In that trade have you no complaint to make?—No. The tea is shipped by the Conference vessels, and I receive the rebate in London at the six months' period, or about that time.

11848. Do you belong to any of these associations of merchants in London?—No; I only belong to the Australasian Chamber of Commerce in London.

11849. What is the view of the Chamber of Commerce on this subject?—I am sure I do not know. I do not think we have polled it.

11850. (*Sir William Lewis.*) Are the rates, on the whole, higher or lower than since the establishment of these rebate arrangements?—The rates of the Conference?

11851. Yes?—The rates of freight of the Conference fluctuate according to the amount of cargo offering.

11852. You have been in business 40 years; is the tendency of rates to be higher since the introduction of the rebate system, or lower?—The freights have been considerably less of late years.

11853. Do you consider the present arrangement for the rebate system an improvement upon the old competitive system—I mean for the country in general?—Yes, I think so. I find no objection, personally, to it in any way.

11854. (*Sir John Macdonell.*) You speak of certain advantages which are now enjoyed, among others, reasonable freights, low rates of insurance, and frequent and regular despatches; have these advantages come lately?—Yes, within the last few years.

11855. How long ago, should you say? Take the last, for example—frequent and regular despatches?—There is an agreement now in the London Conference that the steamer shall leave about once every 10 days.

11856. What conference are you speaking of?—The London Conference in the Australian trade. The London Conference arrange for their steamers to leave about once every 10 days, full or not full.

11857. That is an arrangement between whom?—Between the shippers and amongst themselves.

11858. Do you mean the shipowners and the shippers?—The vessels are owned by the Shipping Lines in the trade or chartered by the Conference, or they may be owned by some of the brokers.

11859. I am not quite sure I understand what this arrangement is; would you mind identifying it more precisely?—For instance, with the P. & O. Company we have a vessel once a fortnight under contract.

11860. Who has that?—The trade have the benefit of it. The Government have a contract with them for the carrying of the mails.

11861. Perhaps you would not mind going a little more into particulars. You stated in the first place that there was an arrangement; would you mind telling me next who are the parties to that arrangement?—The arrangement is not a written agreement.

11862. Assuming it not to be written, it is an arrangement between certain persons?—Yes.

11863. Who are they?—The Australian Conference.

11864. The parties to this arrangement of which you speak?—On the shipowners' part the arrangement will be with the P. & O. Company, the Orient Royal Mail Line, Trinder, Anderson & Co., Hoalder Bros., and Frederick Green & Co.——

11865. All the members of the Australian Conference on the one hand?—Yes.

11866. Now, who are the parties to this arrangement on the other hand?—The merchants.

11867. What merchants?—The merchants of the United Kingdom.

11868. Not all of them?—We take it all the people who ship by those vessels.

11869. I am not putting a frivolous question; I want to know whether you are talking now of some vague understanding, or of some real arrangement, some real contract, though not in writing?—The contract that we enter into is to sign once every six months a statement to several of the brokers, whose names are printed on the form, to the effect that we have not shipped by any other line than theirs.

11870. What you mean by the "arrangement" is something which I had not thought of as an arrangement, namely, the signed claim which you send in?—That is the only agreement which exists.

11871. In other words, there is no arrangement at all—may I take it so, concisely?—Well, I do not know about that. I make an agreement with every vessel that I ship by, that they will take so much cargo from me.

11872. Where in black and white, in writing or not in writing, is there any "arrangement" with respect to regular sailings?—Each of those lines issues its itinerary.

11873. In that sense, but only in that sense?—Yes, that is so, so far as I know.

11874. Dealing still with the Australian trade, do you tell me that until quite recently there was no regular despatch of vessels?—That is so. The vessels were put on the berth, and when they were full they were sent.

11875. At what date, should you say, that change took place?—I should say within the last seven years.

11876. You would put it at the last seven years?—Yes.

11877. And before that you state that there was no regular sailing?—No, I do not say that; I say the sailings were irregular.

11878. And now they are quite regular?—Yes.

11879. Should you say that at or about the same time the freights became lower?—The freights have been gradually reduced. They are revised very frequently.

11880. In your view, has the effect of the rebate system been, on the whole, to lower the rates?—I think the effect of the rebate system has been to assure a continuance of trade.

11881. That may be; but I am directing your attention for the moment to the question of what has been the effect upon the height of freights. In your view, have the rates been lowered since the rebate system came into operation?—I think the rates are lower now than they were seven years ago.

11882. May I take it, shortly, that none or few of these advantages—good swift vessels, reasonable freights, lowest rates of insurance, and frequent and regular despatches—were enjoyed by you until some seven years ago?—The class of vessels in the trade has very much improved, so that the rates of insurances have dropped.

11883. And you would date that improvement from when?—It is in the last few years.

11884. In the same way, would you say that there has been a decrease in the rates during the last few years?—Yes.

11885. All of these advantages came about the time that the deferred rebate system came?—Yes, I think you may take that.

11886. You mentioned, in answer to a question put by another Commissioner, that the difference between the rate of insurance upon tramp vessels and upon liners was 25 per cent.?—Yes.

11887. Is that your considered opinion?—Take the White Star and vessels of that class, the rate is 4s. 6d.; whereas the rate by a tramp would be 12s. 6d. So I think I considerably under-stated it.

11888. In giving the figure 25 per cent., I presume that you are not taking extreme cases, but that you are taking average cases?—Certainly.

11889. Your judgment is that, taking the average good liner and the average good tramp, the difference would be 25 per cent.?—Yes. It is the same between a German and an English ship, practically, I should think.

11890. In the trades with which you are acquainted do the Conference Lines from time to time consult the merchants or shippers before changes are made in the rates or in the classification?—There may be some sort of informal thing. Most likely a change in the rate would be brought about by some merchant saying that the rate pressed heavily on his goods.

11891. I am rather desirous of obtaining what you actually know. Are there such conferences between them?—I believe the London Merchants' Association in the Australian trade, and the brokers occasionally have a conference.

11892. Have you ever taken part in any such conferences?—I do not belong to the London Conference or the London Merchants' Association.

11893. So far as you are concerned, then the rates are changed without your being in any way consulted?—They have frequently been changed when I have asked for a special rate myself, or when I have pointed out that the rates pressed heavily on the goods. After waiting a little while I have generally had a favourable reply.

11894. You have had a favourable reply?—Or I have been met to some extent.

11895. You are a merchant?—Yes.

11896. You are not a manufacturer?—No; I am a merchant pure and simple.

11897. What are the commodities that you particularly export?—Practically everything.

11898. I suppose it is comparatively of small consequence, in most cases, to you whether the freights are high or low?—The freight on some goods is of great consequence; on others it does not matter at all.

11899. Might I say that on a large number of commodities, so far as you are concerned, it is of no consequence, practically speaking, what the freights are?—I ship great quantities of bar iron, and, of course, 2s. 6d. per ton is a consideration on that.

11900. In that case it would be; but there are many other commodities in which it is practically immaterial?—On grey Manchester goods, of course, it makes a difference; but on the higher classes of cottons it makes practically very little difference.

11901. (*Mr. Sanderson.*) I take it that as a matter of fact, in your long experience of 40 years, your dealings with the shipowners have been reasonable, and you have found them ready to meet you within reasonable bounds?—Yes, certainly.

11902. Also that of recent years—within the last seven, I think you said—the services to Australia have been very materially improved both as to ships and as to sailings?—Yes.

11903. And that you regard as the result of the rebate system, I understand?—It proceeds from the inducement to the shipowners and brokers to put on a regular and good lot of vessels.

11904. Are you aware that this rebate system has spread of recent years, so that it includes German and other foreign lines?—Yes, it does.

11905. And that as a result there has been greater stability of rates between the Continent and British lines?—I think the German and French lines and the English lines have a working arrangement between themselves.

11906. Do you in any way compete with German exporters, for example?—I ship a good deal of goods from Germany.

11907. Is there any German competition in your business? Have you felt German competition as a British exporter?—I buy a very considerable quantity of German wire and of German glass and of almost all German manufactures.

11908. You buy in the cheapest market?—I buy in the cheapest market.

11909. (*Mr. Barry.*) You have had a considerable experience as a shipper?—Yes.

11910. Before the rebate system came into existence?—Yes.

11911. During that period you had good and swift steamers, had you?—They were not so good as they are now.

11912. No; but in the last 12 years, or say since the rebate system came into existence, there has been a considerable improvement in every class of steamer, has there not?—Yes.

11913. Tramps as well as liners?—Yes.

11914. And possibly the improvement in tramps has been quite as great as the improvement in liners in that period?—No. It has been comparative. If a man pays £20,000 for a steamer he does not get as good a one as the man who pays £50,000.

11915. But there has been a considerable improvement in both classes of steamers—both tramps and liners?—Yes.

11916. Within the last dozen years?—Yes.

11917. Therefore, is it not conceivable that you would get good and swift steamers in an open freight market now?—The number of tramps is limited; so is the number of liners.

11918. As a matter of fact, I believe the tonnage of tramps exceeds the tonnage of liners; we have had it from competent authorities that the tonnage of tramp steamers represents about two-thirds of our whole tonnage as against one-third the tonnage of liners. On the question of reasonable freights, do you believe, in an open and free freight market, freights would be more reasonable than they are under the Conference system?—No, I do not think they would. I think they would be practically the same.

11919. They would be the same under open competition?—I do not think it would make much difference.

11920. I think you said that freights have had a tendency to be lower since the rebate system was introduced?—Yes.

11921. And you spoke, I think, of the advantage of regularity in sailings?—Yes.

11922. Is it the case that the liners invariably sail on the fixed day?—There might be two days' difference, but I do not think it would be much more.

11923. But it sometimes happens that there is irregularity in sailing, and they do not always go on the advertised day?—There are sometimes reasons, for instance, owing to the holidays, or a block of traffic, or different things, that a vessel cannot get special cargo that it has engaged, and it might have to wait a day or two.

11924. It might have to wait to be filled up with cargo?—No, I think not; they would go full or not full.

11925. Then why do they wait?—They might, in special circumstances, when their weight did not come up; or they might not be able to get their coals—there might be some reason of that sort—or they might be neaped in the basin.

11926. In paragraph 2 of your statement the last improvement that you mentioned is "careful and skilful captains and officers"; do you think there has been an improvement in that direction since the introduction of the rebate system?—We have a very much better class. Of course, we had the old sailing-vessel captains years and years ago, and they were very often sterling Englishmen.

11927. It would not be a fair comparison, would it, between the men who went on sailers and the men who go on steamers?—You must have a good captain.

11928. That we take for granted; but the question I put was this: Do you think that any improvement in the class of captains and officers of ships can be attributed to the rebate system?—I think under the rebate system the shipowner has more security for his trade and more general employment for his ships, and therefore he can afford to pay a better captain than he would otherwise be able to.

11929. Do you think, as a matter of fact, that there is any improvement in the class of officers and men which is attributable to the rebate system?—I do not think you can consider that the rebate system has any effect on the captains, if you mean that.

11930. I thought you put it forward in your statement?—I think it pays the shipowner, who is in the Conference, to employ a good man.

11931. And it is equally in the interest of the tramp-owner, I suppose, to have an efficient captain?—Yes, it may be so; but I think if you put a man on any trade to get from one point to another as quickly as he can and as

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safely as he can, that the owner who can offer regular employment to that captain will get the better man of the two. With the tramp it does not matter whether he is a week or a month getting to a place.

11932. (*Mr. Maddison.*) I gather from your evidence with respect to the better class of captain, and the rest of it, that it pays the shipowners to have this deferred rebate system?—Are you speaking of the shipowner or the ship-broker?

11933. You have been telling the Commission why you think a better class of officer is engaged on these liners?—Yes.

11934. Because you say that it pays them—they are able by the Conference system to get a better class of ship, and a better paid captain?—Yes.

11935. Then it follows, in your view, that the shipowners do better under the Conference system than without it?—Yes, I think so.

11936. According to that the Conference people make bigger dividends than the tramp people; is that it?—I do not know what dividends shipowners make, with the exception of what we see in the published reports of the P. & O. Company, and people of that sort.

11937. Would you be surprised to know that it is stated that tramp-owners do the best?—I would rather not say anything about tramp-owners myself.

11938. If tramp-owners do the best, how does your theory come in that the Conference system enables them to employ better captains &c.?—I should say myself—but I do not want to throw any aspersion on tramp-owners—that the man in a regular line paid his men more reasonably and got better services than men who just picked up the first captain they could get.

11939. You talk about tramp-owners, but is it not the fact that there are regular tramp companies, that they are not all isolated single owners of vessels, but that there are companies owning a number of tramp ships—reputable, well-established companies who have tramp steamers?—Of course there are some people who own a lot of ships, but they might be a regular line.

11940. I will not pursue that any further. You told us that not only were freights moderate, but that they were very moderate?—Yes.

11941. Then your experience of the Conference Lines is extremely favourable?—Yes. We can take goods from London to Australia quite as cheaply as you can bring them from Birmingham to London.

11942. How do you know freights are moderate?—I find no objection to them.

11943. What basis of comparison have you? You cannot ship anywhere else, and you do not ship anywhere else, except in the Conference Lines; how do you know the freights are moderate?—I have all the freight quotations before me.

11944. Quotations from where?—From people who are outside.

11945. Outside the Conference?—Yes.

11946. That is, tramps?—Yes.

11947. And comparing with the tramp rates you tell us that these freight rates of yours are not only moderate, but very moderate?—Yes.

11948. That you could not get cheaper rates from any good tramp steamer than you get from the Conference Lines?—If I were to go into the market and try to get a special low freight and offer to give a man a couple of thousand tons of cargo, I daresay I could get a special rate for that.

11949. I just want to take you back there. I have assumed that you have reached these very moderate rates; but you cannot get quotations from liners outside the Conference, can you?—If I go to one of the outside lines and tell him I am dissatisfied and I wish to enter into an agreement with him, I daresay he would make one with me.

11950. That is not my point. You take certain rates, or rather you have to take certain rates now from the Conference Lines?—Yes.

11951. Have you any means of getting a quotation from similar liners, similar boats that are outside the Conference?—I do not think there are any similar boats outside the Conference.

11952. So it comes to this, that you really have no basis of comparison?—Yes I have.

11953. Not with a like vessel?—I do not know where in any port in the world you will find better vessels than go under the Conference system from London.

11954. You have been telling us about your success in getting freights lowered and the rest of it. Supposing they would not lower the freight what should you do, or what could you do, I would rather put it?—Me?

11955. Yes?—Put a vessel on myself.

11956. Charter a vessel yourself?—Yes.

11957. And lose all your rebate?—Yes, if I wanted to do so I should do so.

11958. Are you likely to do that; would you take that risk?—Would I? If it paid me.

11959. Have you ever tried it?—No, I have never had occasion to.

11960. You have never chartered a vessel? I suppose under this Conference system you cannot charter even a whole vessel?—I think if I had a special cargo and went to the Conferences it would do all that work for me without my troubling about it.

11961. They would do it within the Conference, you mean?—If I had a special cargo some of my friends in the Conference would do all that for me.

11962. But, speaking generally, I suppose you admit that you are not free to go outside the Conference?—I consider my word of honour binds me.

11963. And the money that you would forfeit?—I do not think anything of that.

11964. As a business man you would put them together, would you not?—No, I do not think the amount of the rebate is worth while considering in such case.

11965. Then you do not consider the amount of the rebate held by the shipowners any deterrent whatever to people going into the open market if they wish?—It would not bind me; I should throw that on one side.

11966. What amount would you have to throw on one side in a year, we will say?—Some years £1,000, I daresay.

11967. You told us that the rates varied from time to time, according to the amount of cargo offering, I think you said?—Yes.

11968. Do you say that a Conference Line has any advantage for the small man?—Yes. He gets, practically, the same rate as his competitors.

11969. Then what do you mean by saying they vary according to the amount of cargo you have offering?—What I mean is that, if there is 100,000 or 200,000 tons in the market, the price of ships goes up, and if the shipowners can get a better price for their ships, the rate of freight must rise in accordance with that. In the same way, if trade is bad, and there is but little cargo offering, the ship-brokers will take less in order to fill their ships.

11970. Let us narrow it a little. On the same ship, for a different amount of cargo, do you get different rates?—No.

11971. That is to say, if you ship 10 tons, you get it as cheap as if you ship 1,000 tons, or 100 tons, if you want it?—As 100 tons, yes.

11972. I take it, then, that for the smaller amounts—amounts below 100 tons, say—there would be a higher rate charged?—No, certainly not; everybody is treated alike.

11973. I will bring it back again: If you ship 10 tons, you told us you would get just the same rate as if you shipped 1,000?—No, not 1,000; I said 100.

11974. That is my point, again; then for the smallest shipments there is a difference made?—I do not think you quite take what I mean. If a man is in a position to make a contract extending over several vessels, I think he would get a special rate of freight.

11975. You say extending over several vessels, but I say in the same ship; if two men have cargo to offer, one man 10 tons and the other man 1,000 tons, would they get it at the same rate per ton?—Yes, for the same description of cargo.

11976. The man who ships 10 tons gets it at the same rate per ton as the man who ships 1,000 under the Conference?—Yes.

11977. Would that be so outside in an open freight market?—No; they would make the best bargain they could.

11978. Then your evidence is that the small man, however small his shipments, is put on the same footing as the large man?—Yes.

11979. With respect to the question put to you about the regard you pay to freights, high or low, I take it that your chief concern is good vessels that sail regularly?—Yes.

11980. And that, with a few exceptions—bar-iron being one you mentioned—you are not very much concerned about the rate of freight, whether it is a little high or a little low?—It makes practically no difference within a few shillings in the c.i.f. price.

11981. Generally, in your business affairs, do you ever trouble yourself about the consumer?—The consumer on the other side of the world?

11982. Yes?—I want to make as much profit as I reasonably can. I have to sell to him, and so I have to take care of him, or else I should get no more business.

11983. But you do not sell direct to the consumer, do you?—Yes.

11984. Do you not sell to merchants?—No, I sell right to the consumer, at least intermediately I do.

11985. You think that under the Conference system you get as low freights, and even lower freights, I think you said, than you would in the open market?—I think it would cost me a great deal of money to go round and find out who had got a vessel on, and who was the cheapest to ship by.

11986. In any other part of your business do you find an open market a disadvantage?—I never find any difficulty in buying anywhere.

11987. Then would not a close market and an open market be just the same thing?—Some people will not sell to me; I know that.

11988. That is not what I mean. When you buy your goods in Germany you go into an open market—and a very open one?—I put England, America, and Germany in competition.

11989. Yes, you do, and you find as a result of putting these three countries into competition—your own included—you get the best article at the cheapest price?—I buy which article suits me best.

11990. Does not the article which is the lowest-priced and the best always suit you best?—No.

11991. Do you like a bad article and a high price sometimes?—No.

11992. I will repeat that question: By putting these three countries into healthy competition do you find that you get the best result, and your consumer yonder gets the best result?—I do not always buy in the cheapest market. I buy in the market that suits me best.

11993. But you like to have a choice of market?—Certainly.

11994. Why do you not like a choice of market in shipping?—Because I think I have got it.

11995. Have you a choice of market?—Yes.

11996. Then do you tell us that under the rebate system you are free to ship where and when you like?—Certainly.

11997. In spite of the rebate system, which other merchants have told us is a very serious deterrent, and in effect prevents them going outside the Conference, your answer is that it leaves you perfect freedom?—I ship by what vessels I think fit.

11998. Do you think it leaves you freedom?—If I do not like to ship by a vessel I do not ship by it.

11999. How can you ship anywhere else without losing your rebate and without making a serious sacrifice?—If I find that a low rate of freight is offering I should ask the brokers to put me on the same footing.

12000. Have you ever taken an outside rate?—No, I never have without permission, because my goods have been carried at the same rate. I have never broken my word about the Conference at all.

12001. You tell this Commission that wherever you find a low rate prevailing, lower than the one you are

paying, you have only got to represent that to the Conference Line and you get it?—That is saying it rather strong, that is; but I should tell them that I could get a lower rate, and I should expect them to meet me.

12002. What do you mean by meeting you?—I think there would be a reduction made.

12003. Then that would leave a balance against you as compared with the low rate you could get?—I do not think so, because there would be no continuity in the other service.

12004. You can hardly test that, can you, unless you were to constantly give them the opportunity to offer?—I have been through a great many freight fights, and I have always stuck to the Conference, and I have never suffered by it.

12005. So that there is one part of your business where you find a close market—a market leaving you, at any rate, a restricted choice—paying you the best?—I find the restricted freight market suits me best; I find the present arrangement in the freight market suits me best.

12006. That is what I say—although you buy your goods that you send across in the open market, you find that in the matter of freight it is better for you to be in the hands of the shipowners?—I do not think I am in their hands. I think it is mutual on both sides.

12007. You are, to the extent that you can only send your goods by their lines unless you forfeit a certain sum of money?—That is so.

12008. And you call that freedom?—Yes.

12009. (*Mr. Owen Philipps.*) Do you find level, regular rates of freight suit your business best?—Yes.

12010. And the present arrangement of Shipping Conferences and deferred rebates tends to secure level rates of freight?—Yes, it tends to steady the market.

12011. (*Professor Gomer.*) You have said that you would ask for special rates, and you have said, I think, that you would get them?—Yes, I should ask for them if I required to.

12012. Have you ever done so?—I did so only a few weeks ago.

12013. And you got the reduction you asked for?—I got permission to ship by the other line.

12014. You got permission to go outside?—Yes.

12015. Was the other line a non-Conference Line?—It was one of the German lines.

12016. Not in the Conference?—Yes, it is a Conference Line.

12017. Are you debarred from using the other lines in the Conference then?—No, why?

12018. What permission did you want to ship by a German line which was in the Conference?—I had a low offer of freight.

12019. The German line offered special terms?—Yes. I am not speaking of the London Conference now.

12020. Which conference are you speaking of?—I am speaking of the German Conference.

12021. They, of course, have an understanding, more or less, I believe, with the London Conference?—Yes.

12022. It is a general understanding. They offered a lower rate for a special shipment, was it?—Yes, it might be called a special shipment.

12023. Was it a very large shipment?—No, not particularly; the goods were rather bulky.

12024. They offered lower rates than you could obtain from the English, the London Conference, was that it?—No. The London Conference had nothing whatever to do with it; it was the German Conference.

12025. What I want to know is, who gave you permission to ship by that line? You say you applied, and you were given permission to ship by it?—The German Conference gave me permission.

12026. To ship by a line inside the Conference?—No, outside.

12027. A line outside the German Conference?—Yes.

12028. They allowed you to ship by a rival line outside the Conference?—Yes.

12029. At lower rates?—Yes.

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12030. Then the existence of the line outside the Conference was an advantage to you?—I cannot say that. I should say it has been a decided disadvantage to me.

12031. Then why did you want to employ it?—The fact that there is a low rate of freight disorganises the market for goods altogether—

12032. But if the line was a disadvantage to you, why did you want it, and why did you employ it?—We must follow what others are doing in that.

12033. Then in a certain sense it was, you mean, inevitable, but you would rather there had not been an outside line offering the lower rate?—I never like a freight fight.

12034. Would you have preferred paying the higher rate, and not having had the opportunity of getting the low rate?—Certainly.

12035. Would you have preferred paying the higher rate?—Yes.

12036. They were bulky articles, you say?—Yes.

12037. Would the freight add on much to their price?—It would make a very considerable difference.

12038. What about the person at the other end, the consumer; he would have to pay that addition?—I think the consumer would get his goods cheaper.

12039. But you say it would have made a considerable difference in the price; I suppose he would have to pay that, would he not?—In the ordinary market rate.

12040. I merely took your answer, that you said the rate would have made a considerable difference in the price; therefore I assumed the price would be considerably higher—they were your own words; and therefore I assumed that you would be bound to charge the consumer a higher price. Would that be to his advantage?—I think the price of these articles would be regulated by what the ordinary rates of freight were.

12041. I take the particular instance. You have a high rate of freight, which you say makes a considerable difference on the price of the article, and I am asking what effect that will have on the consumer, who, as I suppose, has to pay a price that remunerates you?—I do not think these individual cases are considered at all. I think you have to take it over the twelve months.

12042. In that individual case which you quoted there would be a disadvantage to the consumer?—I do not think so.

12043. Should you charge him then under the necessary price, the cost price, of the article?—I could not answer those things.

12044. Otherwise he would pay a higher price owing to the higher rate?—I think we should average the freights over the year in those things and bring the scale out on our cost accordingly. The sale price of articles does not go up and down with every change and turn in the freight market; it is taken over a series of months.

12045. But if the rates are higher, and are not reduced by outside competition, even over a period, the prices will tend to go up, will they not?—If there is a thing on which the freight really tells, like pig-iron and those sort of things, of course the freight enters into the cost very much.

12046. I am taking the bulky things, the heavy things of which you spoke. So it may tend to the disadvantage of the consumer to have high rates, or higher rates?—I think it is much better for the consumer to have a moderate rate of freight so that the price of the goods keeps pretty regular and he knows what he has got to spend, rather than have a cheap rate thrown at him at one moment and a dear rate at another.

12047. You think, then, that the great thing in business generally is to have the houses giving services, or producing articles, sure of a regular demand and steady business?—Yes, certainly.

12048. The steadiness of their business enables them, of course, to produce, or to render service, at a greater advantage, that is, cheaper?—Yes.

12049. Therefore they are able, you think, to give better terms to their customers?—Yes.

12050. Do you approve of monopolies in general? We have often had combinations formed in this country, and in others, and the suggestions I put to you just now are the uniform suggestions which are urged by every monopoly?—I do not call a freight conference a monopoly.

12051. But the advantage is similar to that of a monopoly, that they have a steady business and a regular business, that regular custom comes to them, and that therefore they are able to give advantages?—If you take it in that way, certainly, they can afford to carry the goods cheaper than occasional people.

12052. So can a manufacturer. No doubt if there is an amalgamation he can afford to sell at a lower price, and he can in his production effect greater economies. I suppose there is no doubt but that amalgamation and big combination might enable that, is there?—I have never found a monopoly in existence very long myself.

12053. What about the Standard Oil Company?—I do not know anything about that. That is an American thing.

12054. There have been several instances of monopolies, or partial monopolies, in England which have existed. Has the effect on prices been good?—I think with the Standard Oil Company the price of oil is lower than it used to be, but I do not quite know, as I am not interested in oil.

12055. Do you think that monopolies in general have an advantage? I only want to bring the question home as to whether you approve of monopolies in general, or shipping monopolies in particular?—No, I do not approve of monopolies.

12056. But they have the same advantages which you have indicated as existing in shipping conferences?—Yes, if they are honestly worked.

12057. You think that in the case of monopolies in production the consumer does not get the ultimate benefit, and although they might reduce the price they do not take advantage of the opportunity, I suppose. Is that your objection to monopolies?—I have generally found that a monopoly breaks down after a little time. It may exist for a few months.

12058. I think the experience of monopolies is that they exist for a good deal longer than a few months?—I have generally managed to get outside them.

12059. Then why do you object to the monopoly—you have said you objected to monopoly?—There are some monopolies that are rather awkward to deal with.

12060. If a monopoly does not exist for longer than a few months surely it is a negligible item?—You may take it firmly that I object to monopolies.

12061. And you object to monopolies on business principles—that they do not give the advantage to the consumer?—Yes. I think if a man has too much his own way it is not good for him.

12062. Certainly. They might give an advantage, but they do not as a rule?—I do not know that. I think they will give an advantage if it pays them to do so; and the other way if it does not.

12063. Why is it that in shipping you feel so strongly that the formation of, shall we say, a restricted combination is to the general advantage, if you object to monopolies?—It is a great advantage to a merchant to get his goods at their destination in a certain time, to be able absolutely to depend upon that time, and to know that everybody is doing their best to get the goods there.

12064. In other words, you would distinguish between a monopoly, or a combination in shipping, and combinations in the production of goods?—I would certainly prefer to ship my goods by an established line, or by several liners working in harmony, than to engage amongst a lot of steamers.

12065. You are distinguishing then—and you are quite entitled to distinguish—between a monopoly in shipping, or a combination in shipping and monopolies in production; you think there are special reasons there?—Yes.

12066. And those special reasons are put down in paragraph 2, namely, regularity of service, frequency of service, good vessels, and so on?—Yes.

12067. You have shipped in a good many trades, have you not?—Yes.

12068. You shipped before there were conferences?—Yes.

12069. And, of course, after there were conferences?—Yes.

12070. You are shipping in trades now in which there are no conferences, are you not?—There is no conference in the American trade; at least, there are associations of brokers, but there is no rebate.

12071. You say you have been dealing in the China and Ceylon import trade; when was the conference formed there?—I do not do anything now in the Ceylon trade; I have practically given that up.

12072. Then it is not a correct statement that you are going on in the Ceylon trade?—I am not in the Ceylon trade at the present moment.

12073. Are you in the American export trade now?—Yes.

12074. Export to where is that?—Export to the Colonies.

12075. To our Colonies?—Yes.

12076. I should like to ask you a few questions about that. How has that trade been going on there during the last 10 years, say; has it been very fluctuating?—There has been a tremendous freight fight on in the last few years.

12077. We have been wanting to get information about the American export trade. Has it been, on the whole, a successful trade?—Do you mean as far as the profits made in the trade are concerned?

12078. Yes; has it been a profitable trade?—I could not answer that question.

12079. Has it been an increasing trade on the whole?—It is a very large trade at the present time.

12080. Is that to Australia, or to Australia and New Zealand?—It is to Australia and New Zealand.

12081. To South Africa at all?—I do not trade in South Africa, but there has been a large trade done there.

12082. But it is a very large trade?—Yes.

12083. How has that trade been able to grow and to continue, when it does not have the advantages to which you attach so great an importance?—But I think it has.

12084. How? Is there a rebate?—That does not follow at all.

12085. I thought the rebate was viewed by you with favour as securing certain advantages?—Yes, I think it does.

12086. But here you have a trade in which the advantages present themselves without the rebate?—You have got practically the same principles in the trade.

12087. But there is no rebate, is there?—The rebate can be regulated in other ways.

12088. How is it regulated, would you tell us? Is there any tie to the shippers who engage in that trade? Are they tied to ship by those lines?—I only ship by certain lines.

12089. Are you compelled only to ship by certain lines?—I consider myself bound in some way.

12090. Are people bound definitely to ship by those lines?—I think at the present time they might not be bound, but I think twelve months ago they were.

12091. Then the tie is not an enduring one like the tie in the English Conference Lines?—I think the American brokers have settled all their differences, but I am not quite certain about it.

12092. If merchants shipped by other lines, would they be injured in their subsequent shipments?—I do not suppose they would get quite such low rates of freight as they might otherwise get.

12093. Not if they had plenty of cargo to offer?—You see the New York trade is managed in New York, and we do not know all about it here, and I do not feel quite able to answer a question like that.

12094. In any case there is not a tie of the nature of the deferred rebate, and yet they have a regular line, or they have sufficient regularity and frequency to suit your purposes?—If I buy a large parcel of American goods I generally arrange for a c.i.f. price, and I leave the buyer over there to make what arrangements he can as to freight. I generally know what is going on. With regard to my general shipments, I put them all in the hands of one firm there to do the best they can for me.

12095. But the trade is, you say, a large one, and it is secured without a rebate?—That is so. The rebate is not legal in America.

12096. Then we really come to this, that a deferred rebate is not the essential means of securing these advantages which you have enumerated, and not the only means?—I do not think the class of cargo and tonnage leaving New York for the Colonies is as good as the class of tonnage leaving London.

12097. But it is sufficient for the purpose, is it not?—Some of the vessels get there; others do not.

(*Professor Gonner.*) I think that is invariably the case.

12098. (*Mr. Reeves.*) "Some of the vessels get there; others do not"?—They have had one or two cases of fire lately.

12099. (*Professor Gonner.*) Are the insurance rates extraordinarily high in that trade?—I am afraid all the insurance rates are low, whatever trade it is.

12100. They are low?—Yes.

12101. But would they not be very high, if there was this uncertainty of arrival? We will leave deferred rebate; you said there was a good deal of advantage in the Conference system in your opinion, in the trades from England to Australia, for instance?—Yes.

12102. You have not experienced much disadvantage, if any disadvantage, yourself?—In the rebate system?

12103. In the Conference system between this country and Australia?—I have experienced no difficulty whatever.

12104. You have experienced no disadvantages by reason of the existence of a conference?—No, never.

12105. You find that they always meet you reasonably when you make an application?—Yes.

12106. If you get a special rate by special application, does that special rate apply to all the shippers?—I think it would; except there might be some very special circumstances about it.

12107. Unless it was for a large shipment by successive vessels?—Yes; unless it was under contract or there was something very special about it. If I got a special rate from a certain line I should expect other people to get the same.

12108. You do not think that the formation of associations like the Australian Merchants' Associations and the South African Associations are really of any particular moment, so far as the shipping trade is concerned?—I do not belong to the London Association.

12109. You find that you can do quite as well without them as with them?—I have thought so myself.

12110. You have shown it by your action, of course?—Yes. I do not want to say a word against either of them.

12111. No, it is not against the association, I ought to say; it is against the utility of the association?—I may be peculiar, but I prefer to make my own arrangements.

12112. And you have not regretted not joining the association?—Never.

12113. You have found it more advantageous to act on your own behalf?—I will not say more advantageous, because I have not tried the other. I am quite satisfied.

12114. You have no reason to suppose it would be more advantageous if you were a member?—I am quite satisfied.

12115. So that as far as you know an association is not necessary in order to meet a shipowner; your experience is that you can meet him quite well without an association?—I think if we were going to alter the form of the bill of lading, or something of that sort, we might all meet in conference.

12116. But as to the rates, you do not think it is of much service?—No; I think the rates are very fair.

12117. What do you think of the practice of shipowners who will carry goods from the United States via Liverpool to a British colony at the same rate as they carry from Liverpool direct?—I should think they were going to crush somebody.

12118. Would you think that, shall we say fair, to the British manufacturer?—It depends what the class of goods are. I do not think it would make very much difference to him.

12119. Not if he is manufacturing them?—It depends what the class of goods are.

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12120. Why would it not make a difference to him if his rivals were handicapped by a greater distance?—It depends what the difference in the rate of freight is; it would not be very much.

12121. It would be something, surely, to carry across the Atlantic?—It might be 5s. a ton.

12122. It would be something, I suppose, for him to have the 5s., would it not?—It depends on the class of goods. You would not feel it on some.

12123. You do not think it matters?—I do not pay much attention to those things, because they very seldom last any length of time. They are only flashes in the pan.

12124. We have had trades in which the rate has lasted for some little time, and we have had the manufacturers objecting to that practice strongly?—Yes; I have seen that from the evidence.

12125. You do not think their objection is justifiable?—I do not think the sale of the goods depends so much on the freight as on the goods themselves being suitable for the market they are destined for.

12126. You mean the chief thing to consider is whether the goods are suitable goods?—Yes.

12127. And the freight does not very much matter?—I do not think so—not as a rule.

12128. It is rather an insignificant thing what the cost of the carriage is so far as the final market is concerned; is that it?—I take it that goods that will sell well in a market can afford to pay a good rate of freight, and I would rather not have the other goods at all.

12129. Therefore, you do not think it matters much to the English manufacturer even if his foreign competitors do get a certain advantage?—I think if he produces the goods that are suitable to the market he will be able to sell them irrespective of the freight.

12130. In spite of his foreign competitors?—Irrespective of the freight.

12131. Then, why do you attach such importance to the Conference system as giving equal freights in England to all parties? If it does not matter much to the British manufacturer that his foreign rival should have a lower freight, why should it matter to him much that his English rival should have a lower freight?—By that I mean that we have not to go all round the market to see who is taking the lowest rate of freight. We are certain of good treatment, and that one rival has not any advantage over another in the freight market.

12132. It does not matter much, you have told us, if the foreign rival should have a lower rate of freight; then why should it matter if it is an English rival?—I do not think it does very much matter to the Englishman either, except that he gets a little bit jealous over it.

12133. Then why should you have to go all round the market?—Of course you must do the best you can for yourself.

12134. If it does not matter you could save yourself the trouble?—That is one way of looking at it, certainly.

12135. Surely if it is not an advantage in one case it is not an advantage in the other case?—I do not think the rate of freight on the goods is a matter of so much consideration.

12136. You said it was an advantage that Conference Lines secured equal rates of freight to different parties?—I mentioned that in combination with several other things.

12137. But that particular item?—That one item is governed by all the rest and is in combination with all the rest.

12138. That item being in itself not an important thing?—Yes, I think it is important that rates of freight should be pretty level. That is my contention.

12139. Why should it be important as between rivals in England only, and not important as between rivals in England and on the Continent or in America?—Will you mention what goods you think there is a question of rivalry in, and then I will answer the question.

12140. You told us that it did not very much matter to an English manufacturer if the goods were carried from America, which is naturally handicapped by distance, to English colonies at a lower rate or at an equal rate with his?—If you are mentioning the case of spades and shovels, I do not think it makes very much difference.

12141. I was not thinking of spades and shovels; I was thinking of the general trade to West Africa.

(*Chairman.*) You are not speaking about West Africa at all, are you?

(*Witness.*) No; I am not speaking about West Africa.

12142. (*Professor Gomer.*) You asked me for an instance and the principle endures quite clearly throughout any trade, and if there is a disadvantage in one trade there might be in another. What I want to elicit from you is, why it should be an advantage in the Conference system that there should be equal rates of freight to all parties, and why it should not matter as between different countries; and that I seem to have failed to elicit?—I think not.

12143. You said that the big and small shipper are treated alike; do you attach importance to that?—I think it is very much better that there should be fairness in all things. I think that the small shipper may tend to grow into a big one, and that he is entitled to perfectly fair treatment. I do not see why a man who ships 10 tons should not have as good terms as a man who ships 100 tons.

12144. You think he should have the same terms?—Yes, I think so; unless the big man can bring forward some very good thing and show that his business is better worth having than the other one.

12145. If you were buying a quantity of goods from a manufacturer, do you not think you should have an advantage if you were buying large quantities and buying them regularly, over a person who buys occasionally and in small quantities?—I try to get that advantage sometimes, but I do not always succeed.

12146. I am sure you will agree with me that it is an advantage which you naturally would look forward to?—It is not usual in the export trade to give much advantage to a large buyer. He may get a little turn, but it is not very much.

12147. I am sure he gets all the turn that he can?—I never lose anything if I know it.

12148. Is it not a general principle in business that the large manufacturer and the large merchant has more advantageous terms than the small manufacturer and the small merchant?—We get a bonus sometimes if we have a certain turnover.

12149. I suppose when the shipowners buy coal they expect, in proportion to their contract, to get better terms over the small user, do they not?—I expect they buy as cheaply as they can.

12150. Do you think it is really an advantage to the general public that there should be the same terms between the small man and the big one?—Yes, I think so.

12151. To the general public, I say—I am not thinking of the small man; I am thinking of the consuming public—

(*Chairman.*) I do not see how this witness can help us at all in that problem. You are here to give evidence, and you have given evidence upon matters of fact connected with your business which makes your evidence valuable; but I do not see why we should call upon you to answer questions on which you cannot form a better opinion than we can. You see what I mean; I do not see why you should be troubled with questions of this sort. We are as competent to form an opinion as you are. You have given us the benefit of your opinion on matters connected with your own business, and in respect of which you have had experience?

(*Witness.*) That is all I can tell you—what I have knowledge of.

(*Chairman.*) I think it is my duty as Chairman of the Commission to protect you against being too much cross-examined as to matters concerning which we can form as good an opinion as you can?

(*Witness.*) That is so.

(*Chairman.*) Is that the opinion of the Commission?—("Yes.")

(*Chairman.*) He may be right or wrong on that, but that has nothing to do with his own business.

(*Professor Gomer.*) I am quite willing not to press that matter.

(*Witness.*) As a matter of fact, I do not want anybody to be treated on worse terms than myself.

12152. (*Professor Gonner.*) I quite understand that—except when you are buying goods?—I do not mind it in buying goods. If people are sharp enough to buy the goods, well, let them do so.

12153. (*Mr. Taylor.*) In your statement, you say that besides being engaged as a general merchant you have also been interested in shipping?—Yes.

12154. What shipping?—I was managing owner and part owner of several ships.

12155. Were those tramp ships?—No.

12156. Were they liners?—Yes.

12157. Is that a long time ago?—They were sailing ships, so it is some little while ago.

12158. Sailing ships to where?—They ran from London to Western Australia.

12159. You were really in the shipping trade between London and Australia, that is to say, you were a shipowner?—I was a shipowner at that time.

12160. In the trade from London to Australia?—Yes.

12161. Had you any rebate system?—Yes, there was some rebate system.

12162. That was in the days of sailing ships?—Yes.

12163. A long time ago?—I have done with the ships, so I do not remember much about them. I have sold them, and done with them. It is some little while ago.

12164. Would it be 20 years ago?—Within 10.

12165. So within 10 years there were sailing ships running to Australia which gave rebates or something equivalent to rebates?—There was some arrangement made.

12166. By which the shippers found it to their interest to keep to the sailing ships?—Yes.

12167. So that you yourself have had experience of the rebate system—both as a shipowner and as a merchant?—Yes, that is so.

12168. Do you find it beneficial to you as a shipowner. Did you find sailing ships profitable?—Yes.

12169. Did you attribute their profit-earning capacity to the rebates?—Yes.

12170. Entirely?—No, but to their being good vessels and to their being well owned.

12171. No doubt they would be well owned; I am sure of that point. May I ask why you gave them up?—The days of sailing vessels were practically over, and I gave up one because I was offered a very good price for it.

12172. So you finally went out?—I gave up ship-owning.

12173. But you have had experience of shipowning?—Yes.

12174. And of the rebate system or its equivalent?—Yes.

12175. As a shipowner you are satisfied it was a good thing?—Yes.

12176. And that it really helped you to make a profit?—Yes. Sometimes we made a little profit, and sometimes we made a little loss; but on the whole the profits—

12177. Exceeded the losses?—Yes.

12178. And you got out on fair terms?—I was satisfied.

12179. You said a short time ago, I think to Professor Gonner, that rates of freight fluctuated according to the amount of cargo offered. What do you mean by that? I understand such a thing happening with a tramp steamer?—If there is a period of prosperity in any of the Colonies or in the Argentine, and there is a tremendous lot of stuff wanting to be carried, it is only reasonable that the rates of freight for carrying that cargo should be dearer than at times of scarcity.

12180. But you told us that the rates of freight in recent years have gone down?—Yes, they have.

12181. Undoubtedly of recent years exports have gone up, have they not?—But then the number of vessels has increased too.

12182. The number of vessels put on by the regular lines?—Yes.

12183. So that rates of freight have not fluctuated according to the amount of cargo offered?—I think if you look at the fleet of the P. & O. Company you will see it is about four times what it was a few years ago.

12184. Yes, but the rates of freight?—The rates of freight are lower.

12185. What has really happened is that the amount of cargo has been more than exceeded by the extra tonnage put on to carry it; that is really what you mean, is it?—I have not thought that matter out.

12186. You attach great importance to stable rates of freight?—Yes.

12187. And I could not reconcile that with the other idea you put forward that as freights went up, cargo increased; perhaps you would like to reconsider that?—If you will look at my statement, you will see, I think, that it is governed by this—that a regular rate of freight generally obtains. When a freight fight is on, a low rate is taken which upsets the market, and therefore I say that a stable rate is better than a fluctuating rate.

12188. You say that you do not like a freight fight?—No.

12189. Will you tell us why you do not like a freight fight?—Because there is an immense amount of merchandise thrown on the market—much more than at any other time—and everybody is unsettled.

12190. Why is the merchandise thrown on the market?—Because everybody is trying to get level with everybody else, and they all want as much cargo in as possible at the low rate of freight.

12191. I suppose it would be rather unkind of me if I reminded you of what you told Professor Gonner—namely, that the freight did not matter?—I am quite right in what I say about that; I do not think it matters so much.

12192. But it does matter to this extent, that when there is a cheap freight going everybody wants to ship. Is that not so?—Everybody wants to get their goods in with the cheap vessel.

12193. Why do they want to do that? They want to do that because their customers at the other end insist upon it. Is that not so?—No, I do not think so.

12194. Do you mean to say that the customers out in Australia, if there is a free fight in freights, and the rates go down, do not ever write pressing you to ship and take advantage of the cheap freight?—Are you speaking of the consumer?

12195. The consumer or merchant in Australia, or whoever has the handling of the goods?—I call the consumer the man who ultimately buys them—the general public.

12196. I am talking of the man who, when there is a cheap freight going, will quarrel with you if you do not take advantage of it. Who is that man? There is a man out in Australia who will, is there not?—When there is a freight fight on, the regular shippers seize upon available cargo, and a lot of other people come in hearing there is a low rate of freight, and ship goods that the market does not want, and that we have to hold over for sale for some time.

12197. And the net result is—?—That we get bunged up with a tremendous lot of stuff in the market, and it upsets everybody.

12198. You say that the system of conferences and of rebates has been advantageous to you and your correspondents?—Yes.

12199. In what way has the system of rebates been advantageous to your correspondents?—They have had the full benefit of any rebate.

12200. What do you do with the rebates?—Credit my friends with them.

12201. In what sense have they been advantageous to them?—Because they have had the money.

12202. It is obviously a charge that could be made net, is it not?—I think that sentence wants reading altogether. They have had the quick dispatch, they have had the effectual service, and they have had no actions for negligence against the captains and the ships.

12203. What do you mean by a good swift vessel? What is a swift vessel?—One that goes about 14 knots.

12204. Would you call a vessel that went 25 knots a swift vessel?—I have never travelled in one.

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12205. In paragraph 2 you speak of reasonable freights, lowest rates of insurance, frequent and regular despatches, and careful and skilful captains and officers. Would you say that any of those were lacking in the trade between here and New York? Would you say that of the Cunard Line, or the White Star Line?—Those vessels are mail contract boats.

12206. All of them?—Nearly all of them.

12207. I do not think so. Are all the lines between here and America mail contract boats?—No, not all of them, but you mention the Cunard boats.

12208. I include between here and Canada as well, where there are no rebates?—That is a trade that lasts a week or ten days in transit, and the other is six or eight weeks.

12209. What?—The American trade is from seven to ten days in transit, and the Australian trade is from six to ten weeks. There is a great difference in those two things.

12210. What is the difference?—You are asking me about the American trade?

12211. I say here is a trade that has all these features and which has no rebates, and I ask you why, then, do you think that these things are essential to a system of rebates, or a system of rebates is essential to them?—The thing is very different. It is a much longer voyage to Australia than it is to New York.

12212. Is distance an element in these matters?—Certainly.

12213. Why?—It is a much greater strain on a man to take a vessel 16,000 miles than to take it 3,000.

12214. As a matter of fact, are not the steamers and the captains in this American trade better than anywhere else?—I have never travelled on one of the Cunard liners.

12215. Of course, I do not want to press you, but I say as a matter of general dispute?—I do not wish to make any invidious distinctions between the captains of different lines.

12216. I am not raising the question of the captains, but I am speaking of the steamers—the lines, their management, and all those points that you have enumerated in your statement, such as speed, rates of freight, rates of insurance, frequent and regular despatches. Are not all these to be found between here and New York and Canada, without a system of rebates? I put it to you, if they exist there why do you attach such immense importance to a system of rebates. Have you ever thought of that?—The reason I attach importance to that is that we have a better service now than we had some years ago.

12217. That is equally true between here and New York, is it not?—Yes. Instead of 8-knot boats we have boats going double the speed from here to Australia.

12218. Going double the speed?—Going 16 knots instead of 8 knots.

12219. Would you like to reconsider your position, or do you still adhere to your statement that a system of rebates is really essential, when we can point out to you trades in the front rank without it?—I think the system of rebates is essential, and I hold to my opinion.

12220. In spite of the fact?—Yes, in spite of everything that has been said against it.

12221. In spite of the fact that the most important trade in one sense, namely, the trade from here to America out and home, is conducted without it?—Yes. I think circumstances alter cases.

12222. The same holds good to the Mediterranean; there are no rebates there?—I have no experience of the Mediterranean trade.

12223. You may take that from me?—Yes.

12224. I do not know whether there are conferences, but there are no rebates, as far as I know, to the Mediterranean. Would you say that is a trade which is differentiated from other trades in such a way that it furnishes no argument?—I only speak of what I know, and that is that the system of rebates has been beneficial, as far as I know, in the Australian trade.

12225. Then we come to this, that your experience is confined to the Australian and New Zealand trade, and when you say that a system of rebates is advantageous, you only mean in that trade, as your experience is only

confined to that trade?—I am interested in the Australian and New Zealand trade, and also in the import trade from China, the tea trade.

12226. That you have left?—No; I have left the Ceylon trade.

12227. How long is it since you left the Ceylon trade?—I have practically done with it.

12228. I suppose you know what the rates of freight are still, do you not?—I do not exactly know when I cleared out of the Ceylon trade, and I am not aware that I am altogether out of it yet, for I am open to take on fresh business whenever it comes along.

12229. Are you aware that the rates of freight on tea have gone up since the rebate system was introduced?—No, I am not aware of that?

12230. That is so; I speak subject to correction, but I think I am right when I say that we have had evidence and tabulated statements which show that?—I do not wish to say anything about that; but do not the vessels arrive here very much quicker than they used to do.

12231. I was not on that point; I understand they are exactly the same vessels since the rebate system as ran before the rebate system, the reason being that they did not run because of the rebates or anything else, but because they went to Ceylon to coal, and must go to Ceylon to coal?—I think any of the vessels must call there on their way to coal.

12232. All the vessels went to Colombo to coal, and they took the tea as they found it?—I get the bulk of my tea home by the P. & O. Company, and they are bound to go to Colombo under their present system.

12233. So why do you want a rebate system there when the steamers of one of the finest lines in the world are bound to go to Colombo and bring the tea for you? Why do you want to pay them a rebate for doing so, as they are bound to go there? What advantage is the rebate to you?—We get the benefit of their services.

12234. But you would have that, and you have always had that? What it means is this, that no outside steamer can bring tea from Ceylon if so desired; that is the only difference the rebate system makes, is it not?—I think you will find nearly all the vessels are in the Conference. There are very few outside the Conference, I think.

12235. I agree there are very few outside the Conference, because the Conference has taken good care there should be very few?—That is one of the reasons we do not object to it.

12236. That is the reason you do not object to it, because it has eliminated outside competition, and you like that?—We do not mind the Conference as it is worked at present; if it became oppressive we should cry out.

12237. I must say it is really a curious thing that the Ceylon trade should fall into this position—that the tea comes home in steamers that are bound to call there, and that you find some pleasure in paying the shipowners for doing what you admit they have got to do without payment. That is a remarkable business position for a business man to take up?—I do not quite understand what you are saying. I find it suits me very well.

12238. Then we will not quarrel further with it. You made a statement that you never felt inclined to go outside the Conference with your shipments, because you did not care about the rebate that you would sacrifice—I understood that was a mere detail—but what you did care about was your word?—That is so.

12239. So that if you have £5,000 in the hands of a shipping company, which you might sacrifice by going outside, the loss of that money would not trouble you so much as your breaking your agreement with them?—That is so, but I only mentioned £1,000, not £5,000.

12240. I suppose the shipowners that you deal with in this Conference are honourable men?—Yes, I believe so.

12241. We are all honourable men, and they are honourable men?—I have every reason to think so; I have never found them to the contrary.

12242. Why do they not extend to you the same touching confidence that you extend to them?—I think they do.

12243. Why do they insist, then, in holding so much of your money so as to make sure—in fact, why do they insist upon holding the money at all? Why do they not take your word?—I think they will take my word.

12244. Why do they hold back a part of the money? (Chairman.) Why do they want security when you do not? (Mr. Taylor.) I do not quite see why they should want security?—I would rather not.

12245. Do you think it is fair of them?—Of the Conference to hold the money? I do not see how they would be able to work the Conference without it.

12246. Why not?—Because there are some people that require to be held.

12247. Then there are black sheep in the Australian trade as well as white ones?—I make no comparisons.

12248. One word about this American export trade. Are not, as a matter of fact, the rates of freight lower from America to the Colonies than from the United Kingdom? Has it not been a matter of complaint with British manufacturers?—There has been a three-cornered fight on in the New York market as to freights, and of course that has put them down very much.

12249. Has not the British manufacturer and merchant, or, at any rate, the British manufacturer, complained that he has been unjustly treated by shipowners giving lower freights from America to Australia than from the United Kingdom to Australia; have you not heard of such complaints?—I have got very low freights from America.

12250. How much lower than from England—a third of the amount?—I have paid as low as 7s. 6d.

12251. 7s. 6d. as against what from this country?—25s. Those are not the exact figures; those are only for the purposes of comparison.

12252. That has been going on for some years, has it not?—It is over now.

12253. But it went on for some years, did it not?—No, I think not. It was a spasmodic thing. First of all there would be a cheap vessel, and then there would be normal rates, and then perhaps there would be another cheap vessel, and so on.

12254. Taking them year in and year out, were not the rates of freight very much lower from America?—Take last year; I only had one offer of a cheap vessel. The rates were pretty regular last year.

12255. Do you think that the lower rates of freight from America to Australia have had no effect whatever on the export trade from America?—No. I think there is a desire for American goods at the present time in the Australian Colonies, and they import them in consequence of that.

12256. And the freight really does not matter—even a difference between 7s. 6d. and 25s.?—I do not think the freight makes so much difference as that. People have got an idea that they like American goods, and they suit the market and import them in consequence.

12257. Do you study details in your own business?—Yes.

12258. Would not a difference like that in your commission strike you?—I cost nearly everything out myself.

12259. I suppose to decimal points?—No, I do not go quite so close as that.

12260. You do not go to decimals?—No.

12261. They do in cotton. Do you know whether many tramps are employed in the trade from America to the Colonies?—No.

12262. Tramps—the objectionable steamers?—There are several very good lines.

12263. Are there any tramps from America to Australia?—I really do not know.

12264. Why do you say tramp-owners pick up the first captain they can find? You told one of the commissioners that?—The regular liners educate their own captains.

12265. Do you not think tramp-owners might do the same?—It depends. I do not see how a tramp-owner can, because the tramp-owner is a man who is not a liner, and he cannot have any regular establishment.

12266. I suppose he can keep his steamer if he finds it as profitable as you found your sailing ships for 10 years, can he not? And if he has more than one of them he can educate his officers to be captains?—Suppose a man has 10 steamers, he would probably be in an established line.

12267. Is that your idea of tramp-owning?—Yes, that is my idea of tramp-owning. I meant by a tramp a man who has not much interest in the trade and puts a vessel in where it will pay. That is what I call a tramp.

12268. Do you think that a man who has 10 steamers must necessarily be a liner?—No, certainly not; but I think in all probability he will be.

12269. Would it surprise you to hear that there are owners of 30 or 40 steamers—Mr. Commissioner Reeves says 60, but I now say 40—who are not liners at all?—Is there not a distinction without a difference there? I would like to know what you call tramps and what you call liners.

12270. I am afraid you are getting me on to a metaphysical point now?—When I speak of a tramp I mean what you called just now an objectionable steamer.

12271. Every objectionable steamer should be classified as a tramp. The tramps that are not objectionable, how would you classify them? Perhaps you would like to consider that general denunciation of tramp shipowners?—I consider a tramp an inferior steamer; that is what I call a tramp.

12272. Do you say that the rates of insurance by these steamers are lower than by the lines?—The liners are lower than the others.

12273. What opportunity have you of testing that?—My broker's quotations at Lloyd's.

12274. What broker?—My insurance broker's quotations. I think you rather misunderstand what I say there. I never ship by a vessel that I have to pay a high rate of premium on.

12275. You never ship by a tramp, I understand; but how do you test the market?—Just ask for a quotation.

12276. Are there any tramps going to Australia from England? Are there any steamers on the berth outside the regular lines to Australia?—There is an occasional vessel put on.

12277. There is an occasional vessel put on, which is an inferior article?—It need not be; it might be a better vessel; but there are outside vessels put on every now and again by people who wish to creep into the trade.

12278. You reprobate that?—Well—

12279. You do not take advantage of it?—No.

12280. (Mr. Reeves.) When did you leave the Ceylon trade?—I cannot exactly give you that date without reference.

12281. About when?—I cannot answer that question accurately, and I would rather send you the answer to that question.

12282. Could you tell me to within four years?—Yes. I should say I have been comparatively out of the Ceylon trade, not doing any matter in it, for five years.

12283. Speaking generally, were you satisfied or dissatisfied with the shipping freights and arrangements at the time you gave up, or decided to retire from the Ceylon trade?—Yes.

12284. That is, you were satisfied?—Yes.

12285. Had you always been satisfied, or generally had you been satisfied?—Yes.

12286. In the Ceylon trade?—Yes.

12287. For many years in fact you have been generally satisfied?—Yes.

12288. Then you must have had considerable experience of the Ceylon trade before there was ever a conference there?—No, I think not.

12289. Before there were rebates?—I do not think the rebate question affected me very much in the Ceylon trade.

12290. According to the dates you have given us, you must have been trading with Ceylon and must have been in the Ceylon trade before there was a conference system imposing rebates?—Yes.

12291. And you were generally satisfied with the conditions in those days?—Yes.

12292. Practically then, they were just about as satisfactory before the rebate system came into force as

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they were afterwards?—Yes, just about; I had nothing to complain of whatever.

12293. Then I will not say any more about that. You have been in the New Zealand trade for 40 years, I think?—Yes, more or less.

12294. Is there what you would call a shipping conference in the New Zealand trade?—Yes.

12295. For how long would you say there has been a conference?—I should say there had been a conference in the New Zealand trade since the Tyser Line came in. I cannot quite give the date when the Tyser Line came into the trade.

12296. What has been the effect of the Conference there? Perhaps that is rather too vague a question; has the effect of the Conference in New Zealand, in your opinion, been good or bad?—I think the Conference has given a very good service to New Zealand.

12297. Do you mean continued a good service?—Yes. There are the Shaw Savill Co., the New Zealand Shipping Co., and the Tyser Co.; I think they have given a very good service.

12298. You had all that before, of course. Has the Conference system raised freights or lowered them, in your opinion?—I think the freights have been lowered.

12299. Has it introduced a rebate system?—I think the rebate system in New Zealand is a certain percentage up to 300 tons, and over 300 tons there is a bigger rebate. Then certain big shippers have a special rebate too.

12300. When do you remember that system coming in?—My only information on that is that I found out some time ago that these conditions were existing, and I applied for them to be applied in my case.

12301. You found that rebates were being granted?—Yes.

12302. When did you first get rebates in the New Zealand trade?—I am not sure that I have received rebates in the New Zealand trade.

12303. You are not sure that you received them?—I am not sure.

12304. But you said just now that you applied to get them?—I applied to get them.

12305. When did you apply to get them?—I can answer that by reference to a memorandum I have here. (After referring)—I should think it would be in 1903.

12306. But you really cannot say whether you have got rebates or not, nor whether you have ever had them; do you stick to that?—I do not think I receive any rebate direct.

12307. What is the reason of your not knowing?—I beg your pardon?

12308. Why is it you do not know? Is your business with New Zealand very small?—No; but a lot of the shipments to my clients on the other side go direct from the manufacturers.

12309. That is, the manufacturers ship them?—Yes, the shipments do not pass through me actually.

12310. When they do not pass through you actually, who gets the rebates in those cases—who lifts the rebates?—I presume my correspondents on the other side get the rebate.

12311. You said rather distinctly that you usually ship in the Australian trade direct to the consumer, I think?—No, I do not ship direct to the consumer; I ship to the man who sells to the consumer.

12312. I understood you to say that you shipped frequently, at any rate, direct to the consumer?—I said my relations were direct with the consumer.

12313. I do not know what you mean. What do you mean by saying that your relations with the consumer are direct?—I mean that we have no wholesale house on the other side.

12314. Bless me, what has that got to do with direct relations with the consumer?—We have shops on the other side.

12315. You have shops?—Yes, and sell direct.

12316. Your own shops?—They are more or less our own.

12317. "More or less" your own?—Yes.

12318. Pardon me?—The name may be different, but—

12319. The shop is yours?—It is not my own in full—all and all of it.

12320. But it is virtually your own?—There are others interested.

12321. (Lord Inverclyde.) You have an interest in it?—I have an interest in it.

12322. (Professor Gouner.) That is dealing direct with the consumer?—I buy the goods here in London, and they are sold direct to the consumer on the other side.

12323. (Mr. Reeves.) You ship to these shops over there?—Yes.

12324. And they sell to the consumer?—Yes.

12325. Where are the shops?—In Sydney, partly.

12326. We are talking about the New Zealand trade?—In the New Zealand trade, I only ship to one of the large wholesale firms in Wellington.

12327. And you do not ship direct to the consumer?—No, not in the New Zealand trade.

12328. I am sorry I misunderstood you. I understood from you that you do not know anything about the rebates in the New Zealand trade, except you told us that you understood there were rebates which are governed more or less by the question of tonnage?—If you ask me whether my friend get it or not I say I believe they do, but I do not collect it myself for them.

12329. What is the percentage of the rebate?—According to my letter here, the shippers of 300 tons a year receive a rebate of 1s. per ton.

12330. Do the shops in which you are interested get this rebate?—I could not answer that question: I do not deal direct.

12331. In Sydney do you assume they get it?—In Sydney the conditions are entirely different.

12332. In the case of New Zealand, you ship to this firm in Wellington?—Yes.

12333. Who gets the rebate there?—My friends in Wellington get the rebate.

12334. And you do not?—No. I keep no rebate in any case.

12335. You do not know anything about the rebate question, then, as it affects the New Zealand trade, practically?—No; I do not know what they do with it.

12336. Then you are not in a position to express an opinion, I am sure you will admit, upon how the granting or collection of rebates affects the New Zealand trade?—Yes, I think so.

12337. If you know nothing about rebates, how are you in a position to express an opinion?—I think, considering we have had Manchester and Scotland and other ports thrown open for the use of New Zealand buyers, owing to the efforts of the Conference in the last two or three years, that it has benefited the trade considerably.

12338. Do you know anything about the Federal Shipping Line?—Yes.

12339. Do you consider that the coming of the Federal Shipping Line to the west coast of this country was due to the efforts of the Conference?—In the interests of New Zealand, certainly.

12340. Do you think it was the Conference which brought the Federal Line to the west coast of this country?—I do not quite understand.

12341. Pardon me, but you said most plainly that you regarded the throwing open of those west coast ports to the New Zealand trade as due to the efforts of the Conference; I asked you whether you had ever heard of the Federal Shipping Line, and you said "Yes." I then asked you "Are you prepared to assert that it was the efforts of the Conference which brought the Federal "Line to the west coast ports"?—I think the Federal Line said that they thought they should have a share of the New Zealand trade, and the other brokers gave it them and agreed with them.

12342. I do not think that is an answer to my question. If you were told that the coming of the Federal Line to the west coast ports of this country was due to negotiations with the New Zealand Government, chiefly, would you contradict that?—No. I should think that was perfectly

true. I should think the New Zealand Government had relations with the managers of the Federal Line as to the meat contracts.

12343. If it was the Government got the Federal Line to go to the west coast, what had the Conference to do with it?—The Federal Line understands all about the meat trade, and it was only natural that if the New Zealand Government wished to be represented in Manchester and other ports—which, of course, they did—they should turn to the Federal Line and enter into negotiations with them.

12344. Why? They do not know anything more about the meat trade than any other lines, do they?—I beg your pardon?

12345. They do not know more about the meat trade than other shipping lines know?—I think they do myself.

12346. I am very glad to hear it, but I do not know that Shaw, Savill & Co. and the New Zealand Shipping Company would bear you out there. In trading with New Zealand, do you invariably use one line?—No, I ship by any of the lines.

12347. Which lines do you use practically?—If time is not a great element, I ship by the Tyser Line via Sydney; and if time is an element I ship by the first mail steamer that is going.

12348. By mail steamer, do you mean direct steamer?—I call the Shaw, Savill boats and the New Zealand boats mail boats.

12349. Of course, that is a matter of opinion?—Yes.

12350. Why should you call the Shaw, Savill boats and the New Zealand Shipping Company's boats mail boats?—There is generally half a crown more freight charged, or more.

12351. I will not try to spoil that answer; it is too good to spoil. You are satisfied with the rates of freight to New Zealand as existing?—Yes.

12352. Are you equally satisfied with the rates of insurance, or do you pay insurance, by the way, under your system?—I do not practically pay the insurance; I charge it to my friends whatever it is.

12353. You charge it to your friends at the other end?—Or it may be that the policy is opened in New Zealand.

12354. Do you know whether they are satisfied?—Yes.

12355. They are?—Yes.

12356. Are they satisfied with the system of the bills of lading, and the way in which they are drawn up and the provisions in them generally, do you think?—I find no objection to the bills of lading. Of course, there are clauses that we should all like to see a little modified.

12357. You do admit, then, that it would be possible to improve the bills of lading?—We had a conference in London some few years ago in which all the merchants and others and the ship-brokers combined, and the bills of lading were altered then.

12358. Do you consider the bills of lading between here and New Zealand perfect now?—I think they are fairly fair.

12359. Fairly fair?—I do not wish any alteration made in them myself; but I am open to listen to what other people have to say about them.

12360. You really are satisfied with them?—Yes.

12361. (Sir Alfred Bateman.) I think you belong to the Australasian Chamber of Commerce in London?—Yes.

12362. But you do not give evidence on their behalf?—They asked me, and I think my name was sent in by them.

12363. You did not settle at all with the Council of the Chamber what sort of evidence you would give?—No.—They did not ask me any question about it. I have got their letter here.

12364. Never mind; you probably can recollect its contents?—I would rather look at it, if you will allow me, and see what they said to me. (After referring.) They simply told me they had given my name in, and they would be glad if I would attend and give such evidence as I could.

12365. Such evidence as you could?—They did not bind me in any way on their behalf.

12366. Can we take it that you think your evidence is in accord with the views of the great bulk of the Australasian Chamber of Commerce?—I have not spoken to any of them on the subject, but I think that the bulk of the large merchants and shippers in London agree that the Conference has been an advantage to the trade, and that the system under which it is worked is as good as could be.

12367. Anyhow, you can go as far as this, that you have not heard complaints against the rings and rebates as applied to the Australasian trade?—No, not in London.

12368. About the trade which you do, I gather that you have bought your goods in the cheapest market whether they were produced in England or in Germany or in the United States?—That is true to a certain extent. But I only buy the goods that I want.

12369. You buy the goods that you want, naturally. Can you tell me whether there has been any great change in your long experience? Do you find more of the goods sent to Australasia come from Germany than you used to do?—The trade has increased in the course of years. I think a great deal of trade that is now done with Germany used to go *via* London.

12370. As regards the goods, are they German goods more than they were?—Since the Act, "Made in Germany," has come into vogue, the people know more about where the goods really do come from.

12371. I will not ask you about that "Made in Germany" question; it would take some time. You must know as to the goods which you sell; you know whether you sell more or less of German goods than you did, say, 10 years ago?—As I get larger, and my inquiries get more important, I go closer and closer to the works; and where I used to buy goods in London, I very often now go direct to the source where they are made.

12372. Is that Germany?—Not necessarily; it might be France.

12373. You cannot answer my question, then, as to whether you supply now in your trade more foreign goods than you did formerly?—Yes, I can. I do supply more foreign goods than I used to supply.

12374. Has that been caused by anything connected with shipping rings and rebates?—I think not. I get my rebates from Germany also.

12375. Do you think the increase in the foreign goods you supply to Australia has been caused by the nature of the goods themselves, and the way in which they are produced?—Yes, I think so, owing to cheaper labour conditions and other conditions.

12376. The cheaper labour conditions in Germany?—Yes.

12377. As regards the United States, do you supply more United States goods to Australia than you did?—Yes; the trade is largely developed in American goods.

12378. Is that owing to cheaper freights?—No, I do not think it is owing to cheaper freights. I think there are a lot of goods produced in America in the shape of agricultural machines and others which are very suitable for a new country like Australia. There has been a demand for bridge work, locomotives, and other goods which we could not cope with in England—for instance, rails and things of that sort; and everything had to go direct from there.

12379. Could we not cope with them as regards rails or hardware generally?—I do not think we could have turned them out quick enough.

12380. Then you do not think, in the case of the trade in goods from America—which has increased in volume, you say, in the last 10 years—that that has been caused by the cheaper freights from America than from this country?—No, I do not think so.

12381. With regard to those ships of yours that you have sold, to whom did you sell them?—They were sold to foreigners.

12382. Were they sold to Frenchmen?—I think not. I think one was sold to an Italian and I think one was sold to a Norwegian. I do not know whom the third ship was sold to.

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