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BRITISH TROPICAL AFRICA.

REPORT of the Committee appointed by the Secretary of State for the Colonies to consider and report whether, and if so what, measures could be taken to encourage Private Enterprise in the development of the British Dependencies in East and West Tropical Africa, with special reference to Existing and Projected Schemes of Transportation.

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CONSTITUTION OF THE COMMITTEE.

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Ms. J. C. C. Davidson, C.H., C.B., M.P., Chancellor of the Duchy of Lancaster.

MR. C. E. GUNTHER.

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SIR JAMES STEVENSON, BART., G.C.M.G.

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MR. P. LIESCHING, Colonial Office (Secretary)

The expenses incursed in assession with the Committee were £36 18s. 4d., exclusive of the contraction of the 11s. 6s at the publication of its report in this paper.

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CONSTITUTION OF THE COMMITTEE.

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Mr. P. Liescoing,	Calonial Office (Secretary).

The expenses incurred in seansoion with the Committee were 436 18s. 4d., exchasive of themost assumpting to 13s 11s. 4d of the publication of its report in this paper.

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G.C.I.E.	(Chairman).					

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The expenses incurred a seamenton with the Committee were 236 18s. 4d., exclusive of the cost automating to \$15 17s. 66 at the publication of its report in this paper.

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HIS GRACE THADLE SON NORTHER FR. P.C., G.C.M.G.,
G.C.V.O., SEC. DART OF TATE IC TALE COLONIES.

YOUR GRACE.

We were appointed in July, 1923, "to mider whether, and if so what measures gould be taken to encourage private enterprise in the development of the Brit. Dependencies in East and West. Tropical Africa, with space of framework of the schemes of transfergation."

T .- PRELIMINARY AND GENERAL

- 2. We have hald 13 meetings and have examined 30 witnesses, including the Governors of the greater aumber of the tentories concerned, enginers and railway officials, representatives of the Chambers of Commerce of London, Mancles ter and Liverpools and of business house said corporations specially interested in the tentories of the countries and individuals with the color interests in, or knowledge of, the countries falling within the sphere of our enquiry.
- 3. These territories comprise the Gambia Colony and Protectorate, Sierra Leone Calony and Protectorate, the Gold Coast Colony with Ashant and the Northern Territories, the British spheres of Togoland and the Cameroone, and Nigeria on the west; the Nyasaland Protectorate in the centre; and Kenya Colony and Protectorate. Tangany Territory and the Uganda Protectorate on the cast. They have an Stea of more than 1,000,000 square spiles in 2 and a native population of upwards of 30,000,000. They have an external trade—exports und imports—of approximantly 290,000,000 a year and an aggregate railway mileage at present open to traffic of about 4,000 miles.
- 4. With very few exceptions alloes railways have been constructed and are managed departmentally, the mean exceptions to this ride being the railways of Nyseshand which have been built and are managed by private companies; the Magadi Railway of 90 railes running from the Magadi Soda Lake to the Uganda sailway, which was constructed by the Magadi Soda Company under an agreement entiting it to one half of ske net profes so long as it holds the lease of the lake or until the Bowarment extraines its right of purchase, but which is operated by the State; the Central Railway in Canganylin, which was built and managed by a German private company in cooperation, with the German Government until the Was resulted in the loss of this territory to Berman; and the Denia Glain Railway, a private true until season of the territory to Berman; and the Denia Glain Railway, a private true until season of the services of the service

- II.—LIMITED ACTIVITY OF UNAIDED PRIVATE EXPERIES IN RAILWAY CONSTRUCTION AND MANAGEMENT TO THE PRIMERY DATE.
- 5. The rapidity with which the development of railway communications has taken place has varied considerably in the different territories. and at present depends mainly on the question whether the expenditure on the service of the loans can be justified by the financial resources of the Colonies. The opinion was expressed both by official and by newofficial witnesses that is Nigeria and the Gold Coast expension had recently been taking place repidly as was expedient in the existing state of the resources of the countries. On the other hand there are other areas where railways appear to be urgently needed but are being held up by the uncertainty of their financial prospects. A case in point is that of a projected line to link up the northern and of the Shire hiands Railway in Nyssaland with the southern end of Lake Nyssa. The lake itself provides a valuable waterway some 350 miles in length tentre of a large productive area of great potentialities, and the sected line of 125 miles would bring it into direct railway communicawith the port of Beira on the Indian Ocean.

The company which built and managed the Shire Highlands Ratiway failed to avail shelf of the option which it possessed of constructing the extension by Dalke Nysas, with the result that it was decided its construct the line as a Government railway with money to be advanced by the Imperial Treasury. The project fell into abovance during the War and has not hopen proceeded with since. It appears to be constant the extension would not be the company that the extension would be a week advanced by your their own ungained resources.

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[•] There is at present no bridge across the Zambosi, passengers and corpolated devised from Chincks, the terminus of the Control Arico Religios, to Museus, the terminus of the Trans-Zambosia Rallway on the southern bank of the rever.

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But before we touch further upon this aspect of the question we of that referred to above, by which the assistance of private enterprise may be enlisted. The first is in reference to construction only. Thus, when the building of a railway or a harbour has been decided on, tenders for construction may be invited and a contract for the work given to the successful tendering firm. The other is in reference to the operation of existing railways. For example, an arrangement might be come to by which the management of an existing State railway might be taken over by a private company. We propose to deal first with the question of construction.

7. As we have already stated, nearly the whole of the railways in the territories with which we are concerned have been built departmentally. The reasons for this are not far to seek. The railways have not been built solely as commercial undertakings. The Uganda railway was the outcome of a philanthropic and patriotic impulse upon the part of the British public; and in many cases the railways were constructed in the first instance for administrative convenience as much as for commercial advantage. The physical conditions were such as to deter private enterprise from stepping in. In the case of East Africa the potentially wealthy hinterlands were cut off from the coast by a broad fringe of unproductive country offering little attraction to the railway pioneer; while knowledge of the physical and geological features of the country to be traversed was insufficient to provide the data on which the detailed specifications necessary if tenders were to be invited could be based, and in almost every case urgent administra tive reasons precluded delay. Under these circumstances Government itself undertook the construction of the lines.

111. -Examination and Depinition of Departmental Construction.

S. Considerable controversy has raged round the policy of "Departmental Construction," and it is desirable that a clear distinction should be drawn between the earlier and later methods which are both usually referred to by this term.' The earlier railways in Africa were, as we have said, constructed under conditions of extreme administrative urgency, which rendered it necessary to reach a certain objective without delay. Detailed surveys were impossible, nor was there any organized Railway-department in London or in any Colony. Consulting engineers were appointed in London and selected their own resident engineer, who corresponded directly with them. A resign estimate was made but was invaniably encessed. There was no design on the quality of the work and materials by the local Government, which had practically any since at all in the raise, though it had not the total of the work of the content of the cont

unsatisfactory of all. It is largely due to this system that the early railways were both costly and defective in construction, involving subsequent re-alignments; but in the circumstances it may well be doubted whether private enterprise or contractors would have done much better. The present system, to which alone we refer when using the term "Departmental Construction" in this report, differs essentially from the older method. The Government itself builds the railway, selecting its own consulting engineers for any large bridge. appoints its own construction staff, and makes its own survey, lets out any portion to contract, utilises the whole machinery of Government to recruit and train labour, and adopts any standard of construction it may see fit in order to reach its objective, leaving non-essential works. even ballasting where possible, to be added later as traffic justifies improvements. The results of this method, as shown by the Baro-Kano line in Nigeria (where it was inaugurated), contrast very favourably with the earlier system.

9. The opponents of departmental construction, possibly confusing the two, have urged before us that it has proved unnecessarily costly. hat departmental estimates of the capital outlay required have almost avariably been largely exceeded in the result, and generally that trade as had to pay the penalty of the excessive capital cost in the shape if high freights. On the other hand, it has been affirmed with equal emphasis that, under the conditions under which the railways have ... n built, the Governments, with their knowledge of the countries and their superior facilities for handling the native labour which had necessarily to be employed, were in a position to undertake construction more economically and with less delay than any private firm could have time. In support of the contention that the freights charged on the Government railways in British Africa are unduly high, certain figures have been laid before us purporting to provide a comparison between the rates charged on certain goods in British territory on the one hand and in the adjacent countries under French and Belgian administration on the other. We have examined these figures but have found them valueless for purposes of comparison. Quite apart from the difficulty of comparing rates in currencies whose ratio of exchange is as unstable as is that of the French and Belgian franc with the pound sterling at the resent time, the systems of freight charges are themselves not comparable. It sprease that the charges on the Congo railways, for example, are designed to stimulate exports at the expense of imports. while the rates on the French line in Dahomey are supplemented by various taxes; and if it can be shown that the rates charged on the Nigerian railways are higher in the case of pertain commodities than those charged on the same sommon out the Com or Franch those charged on the same sommon out the Com or Franch railways, it can squall be sown to ether good, notably in receiving the first or be for the way are larged in excess of the control of t which the actual railways could have been built at a smaller cost (n 3/4/7)o

railways unaided by Government in the present stage of development of Propical Africa.

But before we touch further upon this aspect of the question we of that referred to above, by which the assistance of private enterprise may be enhisted. The first is in reference to construction only. Thus, when the building of a railway or a harbour has been decided on, tenders for construction may be invited and a contract for the work given to the successful tendering firm. The other is in reference to the operation of existing railways. For example, an arrangement might be come to by which the management of an existing State railway might be taken over by a private company. We propose to deal fir with the question of construction.

7. As we have already stated, nearly the whole of the railways in the territories with which we are concerned have been built departmentally. The reasons for this are not far to seek. The railways have not been built solely as commercial undertakings. The Uganda railway was the outcome of a philanthropic and patriotic impulse upon the part of the British public; and in many cases the railways were constructed in the first instance for administrative convenience as much as for commercial advantage. The physical conditions were such as to deter private enterprise from stepping in. In the case of East Africa the potentially wealthy hinterlands were cut off from the coast by a broad fringe of unproductive country offering little attraction to the railway pioneer; while knowledge of the physical and geological features of the country to be traversed was insufficient to provide the data on which the detailed specifications necessary if tenders were to be invited could be based, and in almost every case urgent administra tive reasons precluded delay. Under these circumstances Government itself undertook the construction of the lines.

[11]. -Examination and Definition of Departmental Construction.

8. Considerable controversy has raged round the policy of "Departmental Construction," and it is desirable that a clear distinction should be drawn between the earlier and later methods which are both usually referred to by this term. The earlier zailways in Africa were, as we have said, constructed under conditions of extreme administrative urgency, which rendered it necessary to reach a certain objective without delay. Detailed surveys were impossible, nor was there any organised Railway department in Lipidon of in any Colony. Consulting engineers were appointed in London and selected their own resident engineer, who corresponded directly with them. A resign estimate was made but was invariably accessed. There was no check on the quality of the work and materials by the local Government, which had functionally as time as a failurable mixture, shough it had put the light. The consulting engineers to the posterior with no time limit, no think of the system of the most constraints of the work and materials by the local Government.

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to try to compare the cost of constructing railways in little known and unsurveyed country with the corresponding cost of railways in countries in which all the geographical and geological factors are well known. The conditions are not comparable.

IV. RELATIVE ADVANTAGES OF DEPARTMENTAL CONSTRUCTION AND CONSTRUCTION BY CONTRACT, AND THE RELATION OF THESE TWO METHODS TO THE ENCOURAGEMENT OF PRIVATE ENTER

(a) Railways.

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10. If, however, little profit is to be derived from any attempt to adjudicate upon the controversy which has raged round this question in the past, it is, nevertheless, necessary to endeavour to estimate, from the broad point of view of the general interests of the Colonies and Protectorates themselves, the relative advantages of departmental construction and construction by contract in the future.

To the question which has been submitted to us-whether, and if so what, measures could be taken to encourage private enterprise in the development of Tropical Africa in the matter of communications-it appears at first sight to be a somewhat obvious reply that one such measure that could be taken would be the adoption of a definite policy of putting all such work as the construction of railways up to tender. Closer examination proves, however, that as a matter of actual fact the part played by private enterprise under these two systems does not differ to nearly so great an extent as at first sight might appear. Under the one system as under the other, all materials required such as rails, rolling stock and plant of all kinds are obtained from private firms. Equally under the one system as under the other the greater part of the actual work of construction-earthworks, cuttings, etc.-may be carried out by sub-contracts; while under the system of State con struction, special works, such as large permanent bridges, workshops. and terminal facilities, may be put up to tender. From the particular point of view from which we are at the moment considering the matter. the main difference between the two systems is that in the case of construction by the State the direct employment by Government of their own constructional engineer obviates the necessity for the employment of a middle man in the shape of a contractor. If, then, the part actually played by private enterprise differs no more than this, the relative advantages of the two systems call for consideration from other points of view.

11. The advantages of construction by the Garstragent are found at their maximum is the case of a country like Nigeria, where a programme of construction are added on a country like Nigeria, where a programme of construction are added on the possible for the Colony to be to and naturally it manufact employments a thoroughly efficient construction and materials a fluid class milway

engineer. Without this condition the recruitment and maintenance of such a staff would be impracticable. When, however, this condition is fulfilled, there are claimed as advantages of the State system that contractors' profits tenhanced possibly in the case of undevelored countries by inflated estimates to cover unknown risks) are saved: that the cost of the expert staff required for measuring up quantities and checking materials in order to see that they are in accordance with contract specifications is saved; that plans can more easily be modified during the progress of the work as new information renders changes advisable, and that sections of the line can be brought into use as completed and so earn receipts without incurring contractors' claims : that an immediate start can be made as soon as the location survey of the first section is complete; that Government can make full use of its existing railways and steamers to assist in construction work: that its political staff is in a far better position to handle indigenous labour with a minimum disturbance of the labour market than the contractor, who necessarily enters as a competitor against other employers, including the State itself: that railway construction under such conditions can be made a potent educative influence among a primitive people unused to, and timid of, service under Europeans; that the staff employed becomes as well trained to team work as a contractor's and has greater knowledge and experience of local conditions; that so long as the railways are constructed and operated by the State, all special plant required, instead of becoming derelict on the completion of any one project, is in continuous use, either on new construction or heavy works on existing lines.

12. The edvantages claimed for the contract system are, in the main, that it introduces the element of competition from which, under a system of State construction, the party undertaking the work, i.e., the Government, is immune; that when a work has been put up to tender and a tender has been accepted the colony knows the extent of its liability, whereas there is no gravantee against any excess over the estimate when the work is undertaken by the State; that fixus of wide experience and reputation, whose life business is work of this kind, can carry through such projects more efficiently, more sagainst and more economically than any Government; that with such firms ready to undertake the work the recruitment and entertainment by Government of a constructional staff of its own is neither fineessary was economically sound.

13. The roply, these, so the question whether in the case of Trobical Africa exponeral policy of putting up railway constitution to entire should be adopted as a incessor of escuragement to private enterprise, depeads a constitution of escuragement to private enterprise, depeads a constitution of escuragement to the enterprise of exponent and the enterprise of exponent policy of priving such that the enterprise change of enterprise enterprise and the enterprise enterpr

if complete surveys of the route had been in existence at the time when construction took place is probably true. But the railways were in many cases built before such surveys were in existence, and it is useless to try to compare the cost of constructing railways in little known and unsurveyed country with the corresponding cost of railways in countries in which all the geographical and geological factors are well known. The conditions are not comparable.

IV. RELATIVE ADVANTAGES OF DEPARTMENTAL CONSTRUCTION AND CONSTRUCTION BY CONTRACT, AND THE RELATION OF THESE TWO METHODS TO THE ENCOURAGEMENT OF PRIVATE ENTER-PRISE.

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Equain, those who think that the balance of advantage rests with a system of State construction are all opinion that in the smaller dependencies, where conditions is not admit of the maintenance of a permanent construction staff, the contract system may prove the best.

14. The procedure which those who desire as see the contract system adopted as the rule, and State construction only as the exception. would recommend is the issue of invitations to tender to particular firms whose names should be placed on a list kept up to date Colonial Office. They have made no attempt to draw up such a list themselves, though they accept the opinion which has been expressed before us in evidence that there should be no difficulty in securing the names of a reasonable number of experienced firms of repute who would be prepared to compete. We are all agreed that the fature of the contract to be made would require careful consideration. We doubt the advantages of a percentage contract, or a contract at much per mile. A lump sum contract is less open to objection, though in parts of the country where the geographical and geological conditions are still imperfectly known, there might probably be a tendency on the part of contractors to said an unduly high sum for contingencies, and we think, therefore, that a schedule of rates contract would prove the most satisfactory. It is understood that considerable progress has been made, in some of the countries at least, with the production of complete topographical contoured maps, the importance of which in the framing of a railway policy, it i deciding routes and in assisting a railway location survey, requires no emphasis from us. The necessity of a detailed location survey, with the specifications required when tenders are to be invited, is unden he . Indeed, we all agree as to the desirability ut he city both top'll a thical maps and location surveys, whether railways are to be construct of by contract or departmentally; and we desire to urge first the completion of such man; with ut delay, and secondly, that, based upon these, constant progress at and be maintained with the detailed survey of future railway roubes as that a definite programme of railway development may be drawn up, and the various Governments may be in possession of the data necessary when construction is decided on.

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16. On the other hand, 'truse who think that the balance of advantage lies in the adoption, where financial and other condir's permit of a policy of construction by the State, do not share these fears. They doubt, too, whether sich a number of independent firms would be found coming forward to tender as would result in real competition for the work offered, and they rate at their full face value the advantages claimed for the system in paragraph 11 above. The consider, however, that the full benefit of the system will only be secured if the work of construction is carried out under conditions which are made to approximate in certain essentials to those prevailing in the case of work let out by contract. They would stippingle that:—

(i) The engineer in charge of construction should be as competent as any others a somewhor would employ, and should therefore, by paid a salary small to that which he would require from a nature of the should be given a wall wride powers in this machine and dismused of his staff, and their resides. To not those serving under lifts should be permanent or positionable civil servants.

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- (ii) That construction work should be inspected not merely on completion, but periodically by a competent expert, who would report as to efficiency and rapidity of construction work, and would give advice during his inspection as a consulting engineer.
- (iii) That the location survey should be fully completed for at least the first section before construction is commenced.
- (iv) That the construction engineer should have at his disposal a thoroughly efficient agency in England, to keep him informed of prices current, to place contracts and orders for materials and supplies, and to sesset, iff need be, in the engagement of staff. At present the Grown Agente do this work, but we have not attempted to investigate their methods, as a very thorough enquiry was made a few years age by a mixed committee.

Since we have been unable to come to a unanimous conclusion as to where the balance of advantage between these two systems lies, the Committee makes no recommendation in favour of a hard and fast application of one system or the other. We agree, however, that tenders for the carrying out of railway work should be invited unless the Colonial government concerned shows definite reasons against this course. The tenders should be compared with the estimate of the cost, made locally, on the strength of which this project hes been approved, and if the tenders exceed that estimate the Colonial government shall be at liberty to carry out the work departmentally. It is true that the head of the appropriate department in the colony could not be compelled to make good any excess incurred, but he is dependent on his reputation for the continuation of employment, and on the other hand, while a penalty clause exists in most such contracts, it is the general experience that in practice it may be difficult and expensive to enforce. It could hardly be expected that a Colonial government would agree to accept a contract if it believed that it could do the work more cheaply itself. On the other hand, the tenders obtained would, we believe, ofton show a lower cost, and there is no sufficient reason, in the absence of special administrative circumstances, for omitting to apply this test.

(b) Harbours.

17. We have referred hitherto to the building of raiways. We are unanimusely of opinion that in the case of harbours, construction should be by contract. Harbour works are in progress at the present time, both in West and Rest Africa. Some are being built by contract, some departmentally, and in one case, the Takonshi Harbour in the fold Casat, by the State with the assistance of a figure of consulting and constructional engineers at a fixed see. We think that works of this kind, which require special plant site a special sed staff, and precisely this type in restrect of which the maximum advantages of the contract system are to be gained. And we recommend that unless some special reason for not doing so exists all such works should be facilities to put up to tender.

\ -RELATIVE ADVANTAGES OF STATE MANAGEMENT AND MANAGEMENT BY PRIVATE COMPANIES.

(a) Railways.

18. We have next to consider the question of the management of visting railways As we have stated earlier, the railways with very few exceptions are managed departmentally. The working of the railways has been criticised by some of those who have some before us as umbrous, inelastic, unnecessarily costly and too little inclined to tudy the needs of the commercial community as business develops. Reasons for these alleged shortcomings have been given to us and have been declared to be inherent in the system of departmental managements tself. On the other hand, opinion as to the expediency of attempting to transfer the management of existing State railways to private ompanies is curiously divided. While the representatives of some mportant business interests in East and West Arrive arge this course, the representatives of other constity suportant interests, notably of the Manchester, Liverpool and Lording Chambers of Commerce. oppose it. There is a similar distance a sung official witnesses though, us is perhaps not unnatural, official opinion is preponderatingly inlayour of the existing system. Few or chose who have advocated such a transferent have explained to us the precise process by which they think that it should be brought about, and we have been given little reason to suppose that if the railways were for sale, purchasers ould be forthcoming. No private company, we feel sure, would be willing to negotiate for any existing railway without a heavy writing down of the capital value at which they now stand, and we are equally convinced that, in view of their development value from the point of new of the State, no Government would be found willing to agree to such a writing flown as would be demanded. The conclusion which we have reached, after carefully weighing the evidence which has been -ubmitted to us, is that the transference of the existing railways from the State to private lands, whether by sale or by leuse, even if it were desirable, is not at the present time a practical proposition.

19. We think however, that much might be done to meet the critisems which are at present levelled against the management of the railways. That mirways in Africa can be run to the satisfaction of the public by the Stata is proved by the railways of the Union of South Africa, which have been described to in as being as well managed as any in Africa. We should be travelling beyond the scope of our reference if we were to attempt to deal in any great detail with the changes is the crieding system of management which were to be required. But it was inevitable that good deal of evidence with regard to the prevailing system of management should be attendated to us and the change of the control of the state of the system of management is based upon defects in the system which are caused by the management is based upon defects in the system which are caused by them among the state of the control of the

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- (iii) That the location survey should be fully completed for at least the first section before construction is commenced.
- (iv) That the construction engineer should have at his disposal a thoroughly efficient agency in England, to keep him informed of prices current, to place constructs and orders for materials and supplies, and to sesset, iff need be, in the engagement of staff. At present the Grown Agents do this work, but we have not attempted to investigate their methods, as a very thorough enquiry was made a few years ago by a mixed committee.

Since we have been unable to come to a unanimous conclusion as to where the balance of advantage between these two systems lies, the Committee makes no recommendation in favour of a hard and fast application of one system or the other. We agree, however, that tenders for the carrying out of railway work should be invited unless the Colonial government concerned shows definite reasons against this course. The tenders should be compared with the estimate of the cost, made locally, on the strength of which the project hes been approved, and if the unders exceed that estimate the Colonial government shall be at liberty to carry out the work departmentally. It is true that the head of the appropriate department in the colony could not be compelled to make good any excess incurred, but he is dependent on his reputation for the continuation of employment, and on the other hard, while a penalty clause exists in most such contracts, it is the general experience that in practice it may be difficult and expensive to enforce. It could hardly be expected that a Colonial government would agree to accept a contract if it believed that it could do the work more cheaply itself. On the other hand, the tenders obtained would, we believe, ofton show a lower cost, and there is no sufficient resson, in the absence of special administrative circumstances, for omitting to apply this test.

(b) Harbours.

17. We have referred hitherto to the building of railways. We are unanimously of opinion that in the case of harbours, construction should be by contract. Harbour works are in progress at the present time, both in West and Rest Africa. Some are being built by contract, some departmentally, and in one case, the Takonal Harbour in the fold-Casat, by the State with the sustance of a fixen of consulting and constructional engageers at a fixed fee. We think that works of this kind, which require appears at a fixed fee. We think that works of this kind, which require appears after a peculaised staff, are precisely that type in respect of which the maximum advantages of the contract system are to be gained. And we recommend that unless some special reason for not doing at arises, at small works should be facility to tender.

V. -RELATIVE ADVANTAGES OF STATE MANAGEMENT AND MANAGEMENT BY PRIVATE COMPANIES.

(a) Railways.

18. We have next to consider the question of the management of existing railways. As we have stated earlier, the railways with very few exceptions are managed departmentally. The working of the railways has been criticised by some of those who have one before us as umbrous, instastic, unnecessarily costly and too little inclined to study the needs of the commercial community as business develops. Reasons for these alleged shortcomings have been given to us and have been declared to be inherent in the system of departmental management reelf. On the other hand, opinion as to the expediency of attempting to transfer the management of existing State railways to private ampanies is curiously divided. While the representatives of some mportant business interests in East and West Africa arge this course. the representatives of other country apportant interests, notably of the Manchester, Liverpool and Lordon Chambers of Commerce, oppose it. There is a similar distance ganing official witnesses though. as is perhans not unnatural, official opinion is preponderatingly in favour of the existing system. Few of those who have advocated such a transference have explained to us the precise process by which they think that it should be brought about, and we have been given little remon to suppose that if the railways were for sale, purchasers would be forthcoming. No private company we feel sure, would be willing to negotiate for any existing railway without a heavy writing down of the capital value at which they now stand, and we are equally convinced that, in view of their development value from the point of view of the State, no Government would be found willing to agree to such a writing down as would be demanded. The conclusion which we have reached, after carefully weighing the evidence which has been submitted to us, is that the transference of the existing railways from the State to private lands, whether by sale or by lease, even if it were desirable, is not at the present time a practical proposition.

19. We think, however, that much might be done to meet the critisms which are at present levelled against the management of the railways. That misways in Africa can be run to the satisfaction of the sublic by the State is proved by the railways of the Union of Scuth Africa. Which have been described to its as being as well managed as any in Africa. We should be travelling beyond the scope of our reference if we were to attempt to deal in any great detail with the choices is the excitating system of management which seem to be required. But it was inevitable that good deal of evidence with regard to the providing system of management should be submitted to us and was always that, where it criefs, the demand for the transference of the railways from State to private management is based upon defects in the system which are capable of being smeated. Under these circumstances we estimus to make the soldering other validors.

20. The our standing descriptions attaching to the exacting system appear to arise out of the light tions improved upon the powers of the

General Managers. The personnel of the higher staff under them consists of civil servants, and the control of the General Managers over them is subject, consequently, to the limitations imposed by the tolonial Regulations. Neither in the matter of dismissal, in the case of mefficients, nor in the matter of pay have they the discretionary power which they would possess in the case of privately managed railways Broadly speaking, we think that the railway administration should be separated off completely from the general administration of the country; that salaries sufficient to compete with those offered by private concerns should be made available for the higher railway officials, and that the latter should be vested with powers comparable with those exercised by officials of similar status in the case of railways under private management, subject to consultation with the local indvisory bound referred to below; in short, that the railways, while remaining the property of the State, should be de-bureaucratised and commercialised. To this end we offer the following suggestions. The tailway budget should be wholly separate from the budget of the Colony. The budget of the Colony should only take in a single figure from the railway budget, viz., the amount, if any, which the Colony is required to find to meet the difference between the net radway revenue and the interest on the railway debt. If there is a profit after meeting capital charges and a depreciation account, it should go to railway improvement or to reduction of rates, and about not be used to meet the general expenses of the Government. The Colomal Secretariat as such should have no responsibility for, or right to interfere in, the management of the railways, and there should be in every Colony a local advisory board such as we are told, is to be established in East Africa to see that in the desire to show a niere railway profit public interests are not lost sight of, and to advise on all important proposals affecting rankay policy or changes which the General Manager may wish to put forward. Such boards, containing representatives of Government and of general commercial interests, sitting under the chairmanship of the General Manager, would go far to meet the criticism that the rankways as at present managed possess no intelligence depart ment and that they are consequently indifferent to the varying require ments of the trading community as the development of the country takes place. We think, further that the radways of the separate Colonies suffer at present from the fact that they are isolated from one another. We think that this isolation is avoidable. The Colonial Africa, East and West, but in Cevlon, the Wast Indies and elsewhere Railways are a technical subject, and railway management is a street profession. Yet the resingue of the several Colleges report to London not to a technical prepared, but through the Governor to the Secretary of State, and are dealt with by the Assistant Secretary responsible for the political affairs of East Africa, or West Africa, or wherever the particular railway may be situated. We think that the Colonial railway service should be treated as a whole. Further, we feel persuaded that no commercial concern would attempt to control a number of widely scattered businesses without possessing technical expert knowledge at the head office, and we think the Colonial Office ought to have a Railway Inspectorate, to which all the separate railways should report. Such an Inspectorate would continuously supervise their management and keep in personal touch with their progress by inspection from time to time and by full discussion with the various general managers when they are home on leave.

21. We are aware that improvements are being effected in the management of some of the existing railways, that considerable sconomies are expected in the working of the Gold Coast railways as a result of recommendations contained in recent reports by Colonel Hammond; and that large changes are being made in the system of management in the case of the Kenya and Uganda railways. Figures have been given to us which show approached reductions in recent running costs, and from the outline of the scheme of re-organisation given us the changes contemplated appear to be in the direction which we advocate.

(b) Harbours

22. We think that the harbours should be managed by the railways concerned, with the assistance, if necessary, of subsidiary advisory boards.

VI.—Possibilities of Future Construction and Management of Railways.

(a) By private components

23. There remain to be considered the possible advantages of offering concessions to private syndicates for the construction and management of future lines, as was done in the case of the Shire Highlands and Central Africa Railways. We have already spoken of the desirability of this railway system being extended to Lake Nyasa, and we would add that we are impressed with the importance of the construction of a bridge across the Zambesi to link up the Central Africa and Trans-Zambesia lines more conveniently than is now done by the ferry service, and more especially in order to avoid the interruption to traffic now caused by the periodic flooding of the river which takes place. This would require a large capital outlay, If it were possible, we think there would be great advantages in treating the existing Nyasaland railways together with the Trans-Zambesia Railway. and the projected extension to the Lake as one scheme. The problemis one of great difficulty, and the following suggestions are put forward testatively in the hope that they may at least indicate the lines along which scolution of it may be found.

(b) On the presented of joint enemorship and control by private companies and the State.

24. We have said that we do not think that it is possible to hand over selecting State railways to private documents; but we think that the system adjoints ownership and management of enterprises of rule of utility by the state and private company, has now stood the test of experience in other countries was

General Managers. The personnel of the higher staff under them consists of civil servants, and the control of the General Managers over them is subject, consequently, to the limitations imposed by the Colonial Regulations. Neither in the matter of dismissal, in the case of mefficients, nor in the matter of pay have they the discretionary power which they would possess in the case of privately-managed railways. Broadly speaking, we think that the railway administration should be separated off completely from the general administration of the country; that salaries sufficient to compete with those offered by private concerns should be made available for the higher railway officials, and that the latter should be vested with powers comparable with those exercised by officials of similar status in the case of railways under private management, subject to consultation with the local advisory board referred to below, in short, that the railways, while remaining the property of the State, should be de-bureaucratised and commercialised. To this end we offer the following suggestions. The calway budget should be wholly separate from the budget of the Colony. The budget of the Colony should only take in a single figure from the railway budget, viz., the amount, if any, which the Colony is required to find to meet the difference between the net radway revenue and the interest on the railway debt. If there is a profit after meeting capital charges and a depreciation account, it should go to railway improvement or to reduction of rates, and aboutd not be used to meet the general expenses of the Government. The Colonia Secretariat as such should have no responsibility for, or right to interfere in, the management of the railways, and there should be in every Colony a total advisory board such as we are told, is to be established in East Africa to see that in the desire to show a mere railway profit public interests are not lost sight of, and to advise on all important proposals affecting railway policy or changes which the General Manager may wish to put forward. Such boards, containing representatives of Government and of general commercial interests, sitting under the chairmanship of the General Manager, would go far to meet the criticism that the rankways as at present managed possess no intelligence depart ment and that they are consequently indifferent to the varying require ments of the trading community as the development of the country takes place. We think, further, that the radways of the separate Colonies suffer at present from the fact that they are isolated from one another. We think that this isolation is avoidable. The Colonia Office controls at present many thousand miles of rankey, not only in Africa, East and West, but in Ceylon, the West Indies and elsewhere Railways are a technical subject, and railway entangement at a suche profession. Yet the railways of the several Solicies report in Landon not to a technical superior, but through the Governor to the Secretary of State, and are dealt with by the Assistant Secretary responsible for the political affairs of East Africa, or West Africa, or wherever the particular railway may be situated. We think that the Colonial raffway service should be treated as a whole. Further, we feel persuaded that no commercial concern would attempt to control a number of widely scattered businesses without possessing technical expert know

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that serious consideration should be given to the question, whether there may not be room for the introduction of the system in Tropical Africa. This system of what may be called "the public private company" was introduced in Mexico about 25 years ago by Dr. Lamantonr, then Finance Minister. The principal Mexican railways were in the hands of American capitalists.

The capitalists wanted more money for improvements and extensions; the Government wanted more control. It was agreed that the Government should guarantee a large issue of new bonds and in return should receive such an amount of deferred ordinary shares as would enable them to control the vote of a general meeting. The management of the undertaking remained in commercial hands, but the Government could in the last resort vote the directors out of office and change the policy. The system worked apparently with entire su-cess for a good many years till Mexico collarsed at the end of the Diaz régime. A system substantially the same had been adopted in many places in Germany before the War, not, however, by the State Governments, but by the Provincial and Municipal Governments. We understand that the principle is one which is meeting with growing favour on the Continent. The difference is that, whereas Mexico guaranteed bonds to be issued by a company, the German provinces and manicipalities subscribe directly to companies for electric power and light, for tramways and similar purposes, while the remainder of the capital is subscribed by some one of the great parent development companies, such as the Allgemeine Electrizitäts Gesellschaft. The control is joint, but the public authority representatives concern themselves mainly with policy and finance, while the conmercial directors see that the business is operated on commercial lines.

25. We think that it should be seriously considered whether this system, which is new, as far as we are aware, in English-speaking countries, except in the case of commercial companies such as the Angle-Persian Od and British Dives, could not be applied in Nyasaland. The situation there is extremely complicated and by no means satisfactory The through route from Lake Nyasa to the Ocean may be described us of Imperial importance. It is about 500 miles in length. Railways over the greater part of the distance have been built by private companies, partly guaranteed, partly unguaranteed; and the financial position of the latter is far from being such as would encourage other private companies to adventure capital in similar enterprises The 125 miles connecting Lake Nyasa with the Shire Highlands Railway is usgently needed. To complete the scheme a bride across the Zambesi is highly desirable. It is impossible to expect that this bridge, which we are told would cost approximately £800,000, can be built by private enterprise alone. Nor can Nyssaland assume the responsibility unsided. The bridge would be whelly in Postar territary which clearly would make it impossible for the imperial described to baild it. On the assumption that the British Governdifficulties could be minimised while formation of a company on the lines which we have indicated.

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We are not in a position to specify any extensions or branches of existing railways now in sight whose prospects are sufficiently attrac tive to induce a private syndicate to undertake them. But assuming that there may be, we think that the difficulties of dual control referred to above could be got over by the adoption of the principle of joint public and private ownership which we have put forward in connection with the Nyasaland railways. A simple illustration will serve to show how the principle might be applied in the case of such railways. A private syndicate would be invited to provide the capital for the construction of an extension of an existing State railway. The main line and the extension would then be regarded as a single system owned jointly by the State and the syndicate, the share of the latter in the whole system being determined by the proportion which the new capital provided by it hore to the capital value of the original main the line. Thus, if a main State railway was valued at £1,000,000 a stream was constructed by a private syndicate at a cost of stricted.

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VII. GUARANTEES OF INTEREST LAW COMPANIONS.

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VII.—GUARANTEES OF INTEREST LES COMPASSIONS.

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TRAI PORTATION BY L. SID.

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Since motor lorries, more especially of course of the heavier class, quality of a up the roads and render them unusable, or involve the Government in greater cost for construction and maintenance than it may be able to afford, we are of opinion that special encouragement should-be given by the local governments to those forms of transport which are free from this objection.

(a) Narrow-gauge feeder lines should be encouraged by permits tru slongside Government roads, and by carriage free, or at nominal rates, of their construction materials, rails, desperas, peliciles, &c. In order to avoid complication of gauges and daplication of wantshops, they should be operated as transveys rather than as railways, and, where possible by animal traction to save seed.

(b) Rollerstrack vehicles on the Tank principle, being without wheels, improve instead of outling us the grants. They should we suggest receive special encouragement.

IX. -TRANSPORTATION BY LAKES AND RIVERS.

29. There is also the case of lake and river steamers. The steamers plying on Lake Victoria are run by the Uganda Railway, and we think hat this is the most satisfactory arrangement from all points of view. In Nyasaland, steamers are run both by Government and a private company the African Lakes Company and no suggestions have been this connection The Chief Secretary to the Government wilk Perritory suggested in evidence before us that there was a great or both on the coast and on Lake Tanganyika for d that any firm coming forward with proposals for meeting that any firm coming forward with proposals necessary to give wide publicity to h which await exploitation. On the overnment and by the Niger Company, of that there are Government rivercreeks near the seaboard, connecting ark We have been given to understand that the Government of Nigeria has long been anxious to transfer these services to private enterprise, and to enter into a contract for the carriage of wils, provided that there is no discrimination as to the cargo offered, that the interests of the small traders are safeguarded. We usider that there is here an opening for private enterprise by either merchants or the shipping company, and we suggest that the net ost to Government of these services might be given as a subsidy to a private company if to would undertake to run them for a term of years, the subsidy to decrease annually and be extinguished in a specified time. This would reduce the costly Government Marine Department.

X .- THE UDI COALFIELD IN NIGERIA.

30. In Southern Nigeria there is a railway running from Port Harcourt rather more than 150 miles inland to the Ud: confident. At present, the coasheld is worked by Government, no leases being granted to private volumeanies, and it is claimed by the Nigerian Government that they are in a position to supply all and more than all the coal for which a market can be found. On the other hand it has been represented to us that the market is limited by the price of the coal, which could be considerably reduced if the railway freight, which is declared to be abnormally high, were lowered. Both the railway freight and the shipping rates bitherto charged appear to be heavy. and we think it likely that both might be lowered and a more extended market found for the coal if the commercial community had a direct interest in its production and distribution. If the question at issue involved business considerations only, we should have little hegitation in recommending that leaves for working the coalfield should be granted to private companies. Stress was, however, laid upon an aspect of the case by the Governor of Nigeria which we are unable to ignore. We were told that the advent of other employers would inevitably create difficulties in connection with the labour supply. This is a political matter upon which we do not feel competent to pass judgment, and if

VIII. SURE TRAI PORTATION BY L TO

28. W . base ow ... with railways generally, and the en nair. cotten sus diarge, e of transportation to be considered. Roads the is ves and a ally a matter for Government; but we think i at somethi a hart the done to promote private enterprise by neon aging ... for of roed transport as feeders to the railways. it openes that a move uses such evstems of motor transport as exist we run he Go , ment who are at an advantage as compared with private ompan - in that they escape the licence fees and import. duties I the upon vehicles (in the case of some of the territories) and petre' to which the latter are subject. It is difficult to see how private enterprise can compete with Government in such circumstances, and we consider that commercial vehicles employed for a public transport service should enjoy every advantage as regards import duties, both for the vehicle and for liquid fuel actually used by them, which similar Government vehicles suits. Light commercial lorries for private use and their fuel should. We suggest, be subjected to the minimum taxation. All forms of transport which bring freight to therailways should receive a honus per ton.

Since motor forries, more especially of course of the heavier class, quackly cut up the roads and render them unusable, or involve the Government's in greater cost for cognetivation and makingmance than it may be able to afford, we are of opinion that special encouragement should-be given by the local governments to those forms of transport which are free from this objection.

(a) Narrow-gauge ferder lines should be encouraged by permits to run slongside Government roads, and by carriage free, or at nominal rates, of their construction materials, rails, desputs, whiches, &c. In order to avoid complication of gauges and deplication of workshops, aboy should be operated as transveys rails than as railways, and, where possible, by anisant traction to save seed.

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XI. General Measures to encourage Private Enterprise. Preights, Duties and Customs Facilities.

3: In accordance with our terms of reference we have investigated ... question submitted to us with special reference to existing and projected schemes of transportation. It has been urged before us that the greatest general measure of encouragement that could be given to private enterprise in the development of Tropical Africa would be a reduction in the expenses duties, railway rates, shipping freights, harbour charges which fall upon the exportable products of the countries with which we are concerned. The necessity for the imposition of export duties arises out of the general financial position of the Colonies and Protectorates, and is a matter with which the legislative councils with their first hand knowledge are in a better position to deal than ourselves. Indeed, it would be unpossible for us to make any recommendation on the subject without first undertaking an exhaustive enquiry into the financial resources and requirements of the various administrations. There is, however one matter of procedure rather than of principle in connection with the Customs duties levied in East Africa which we should like to see altered. At present, dutiable goods passing from Kenya and Uganda to Tanganyika and vice versa have, on reaching the frontier, to obtain a refund of the duties which have been paid at the port of entry and then to pay duty to the country which they are entering. Such a process is cumbrous and dilatory and calculated to hamper trade. We think that now that a Customs Union between these territories has been established, means should be found which, without depriving any of them of their legitimate revenue, would do away with the customs barrier along the frontier.

XII RESTRICTIONS AFFECTING COTTON GINNERIES IN THE TANGANYIKA TERRITORY.

32. Objection has also been taken before us to a rule framed under the Tanganyika Cotton Ordinance of 1920, which prohibits the usue of a licence for the establishment of more than one cotton ginnery within a radius of ten miles. It is urged that the averhead charges of the ginnery owner who is thus restricted are necessarily higher than they would be if he were at liberty to erect a group of three or four ginneries, and that the price which he is able to pay to the grower of raw cotton is proportionately reduced. It is claimed that in a new field like Tanganyika the establishment of ginneries is the greatest possible inducement to the native population to increase the cultivation of cotton and that granted reasonable facilities, there is here wide scope for a sublament by private enterprise. We have been maple, to accept in the case of our this restriction, and

XIII. SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS.

33. Summed up, our conclusions and recommendations are as follows:---

- (i) That it is not to be anticipated that private enterprise will be found willing to finance, construct and operate railways unasided by Government in the present stage of development of Tropical Africa.
- (a) Owing to the widely differing requirements and conditions in the various Tropical African Dependencies, we have not, after a careful examination of the respective merits of the two systems, found it possible to make a recommendation of general application in favour either of departmental construction of railways or of their construction by contract as being invariably the better policy. We have, however, in paragraphs 10 to 16, set out fully what appear to us to be the relative advantages and disadvantages of the two policies: and we have recommended that in every case where departmental construction is contemplated, unless definite and sufficient reasons against this course are shown by the Colonial Government, tenders for the work should be invited and compared with the estimate made locally : that departmental construction should not be permitted if satisfactory tenders for the execution of the work at a lower cost are received, and that this test should invariably be applied before departmental construction is sanctioned.
- (iii) That in the case of harbours, construction should be by contract.
- (iv) That to avoid delays and enable accurate estimates and tenders to be made, constant progress should be maintain d with the detailed survey of future railway routes.
- (v) That, while the transference of existing State-owned railways to private ownership and management is not at present a practical proposition, it would be in the interests of efficiency and economy and greatly to the benefit both of Colonial Governments and private trading interests that the railway departments should be de-bureaucratised and commercialised. The reforms recommended by us include:—
 - (a) Separation of the railway budget from the budget of the Colony.
 - (b) The grant of wider powers to general managers.
 - (c) The constitution of railway advisory boards.
 - (d) The appointment of a Railway Inspectorate at the Colomal Office.
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- (viii) That where Colonial Governments require additional water transport services, or are willing to transfer to private companies such services as they control at present, wide publicity should be employed with a view to enlisting the activities of private enterprise in this direction. We regard this sphere as offering an opening of which private enterprises should be encouraged to avail itself with the assistance, if necessary, of an annually decreasing subsidy from Government.
- (ix) That among the measures which are desirable to choapen and facilitate the movement of produce there is urgent need for reform in the customs arrangements for the free interchange of commodities between Kenya, Ugands and the Tanganyika territory. We have drawn attention also to a restriction on the erection of cotton ginneries in the Tanganyika Territory.
- 34. In conclusion we desire to record our appreciation of the services rendered by Mr. P. Liesching in his capacity as Secretary to the Committee.

RONALDSHAY (Chairman).
W. M. ACWORTH
J. C. C. DAVIDSON.
C. E. GUNTHER.
F. D. LUGARD.
W. H. MERCER.
J. STEVENSON

P. Liesching (Secretary). November, 1923.

MINORITY REPORT BY SIR EDWIN STOCKTON M.P.

I feel that, while agreeing with much of the above report, which is of a historical character, it is incumbent upon me to explain why. I am unable to endorse conclusions which are, I am convinced, undesirable from the point of view of public policy.

It-ought, in my epinion, in the first place, to be accepted as an axion of administration that our Colonial Empire in Bast and West Africa has reached a stage, at which development must be regarded, and should to undertakene on surfely pushings these. An insist we used in this work which to my min the whole in the property of the pr

mistakes—and they have been many and coarly—the Colonial Office merits the gratitude of all patriotic citizens, but I do not share the siew that either paternalism or exclusiveness should any longer be characteristics of the attitude of any Government towards the further opening up of the territories over which the Colonial Office exercises suthority.

I do not propose to enter minutely into the conflict between lepartmental construction and private enterprise, though I think it should be pointed out that the evidence given before the Committee in favour of the former policy was supplied by officials who had held foveriment positions and who could not naturally be expected to condemn or criticise adversely their own work for which they had been responsible. Such independent evidence as was given by engineers and contractors, by no means all interested in railway construction potentialities in East and West Africa, was admittedly and entirely adverse to departmental construction. It may be for that reason that the report, in its presentation of the advantages of departmental construction, seems to me to over accentuate aspects of them which I can hardly regard as borne out by the evidence.

No doubt, the recommendations of the Committee represent an endeavour to evolve a compromise document midway between the extreme views on either side, but it seems to me in its present form to be so ineffective and invertebrate that its practical utility is small. As a business man I have always felt that both the requirements of the British public and the fortunes of the Colonies concerned themselves demand the application of business methods to all Colonial undertaking. There may have been reasons years ago why such a policy was undesirable, but to my mind there are none now. I am, therefore, of opinion that, generally speaking, the territories of Tropical Africa have now reached a stage of development when tenders for all future railway construction can be invited with advantage. I see no reason why, in the interests of sound finance and efficient work, the element of competition should not be introduced into every railway enterprise which may be either plaumed or thought desirable.

The view put forward in the Majority Report (para, 16) to the effect that the Colonial Government concerned should be granted the power of withdrawing contemplated railway construction from public policy. The principle of free competition should be introduced on all occasions without reservation, since, in the Arat place, it is the only guarantee of efficient and oheap construction, it is the only check upon Government expenditure, which is the case of reserved lines would have no absolute limits to which it might be called upon to childram and to which it ought to conform, and it further would offer opportunities to a permanent callway State staff maturally authors confined its exquasions.

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No doubt, the recommendations of the Committee represent an endeavour to evolve a compromise document midway between the extreme views on either side, but it seems to me in its present form to be so ineffective and invertebrate that its practical utility is small. As a business man I have always felt that both the requirements of the British public and the fortunes of the Colonies concerned themselves demand the application of business methods to all Colonial undertakings. There may have been reasons years ago why such a policy was undesirable, but to my mind there are none now. I am therefore, of opinion that, generally speaking, the territories of Tropical Africa have now reached a stage of development when tenders for all future railway construction can be invited with advantage. I see no reason why, in the interests of sound finance and efficient work, the element of competition should not be introduced into every railway enterprise which may be either planned or thought desirable.

The view put forward in the Majority Report (para, 16) to the effect that the Colonial Government concerned should be granted the power of withdrawing contemplated railway construction from public tender is not one which I can accept as sound from the point of view of public policy. The principle of free competition should be introduced on all occasions without reservation, since, in the first place, it is the only guarantee of efficient and cheap construction, it is the only check upon Government expenditure, which is the case of reserved lines would have no absolute limits to which it might be called upon to conform, and to which it ought to conform, and it further would offer opportunities to a permanent pulmay State staff naturally anxiona to continue its occupations a monotonic in a city of the recommend the drawn, from private as our process a number of material baselient period of two materials and the city of the continue of materials and the city of the continue of the city of the continue of the city of the continue of the city of the city

porcover, to my mind, not justified by any considerations which have

been laid before us. Great efforts have been mane by those interesting in departmental construction to addice evil after tending to discount private enterprise, but I have endeavoured not to allow that it is as fly judgment. It is the accepted principle of business life that even if what is to red "direct action" is contemplated, it is the only eligible pole, to compare with the estimates of the cost of such action the competitive quotations supplied by private firms. The Maje ty Repor brakes, as I say, reservations in the acceptance of the principle and place, such reservations in the hands of the Colonial Covernments, who would, of course, be advised, and have to be advised, by the very effect, who were personally interested in the acceptance of their views.

" and i another aspect of the tendency in Colonie! railway or traction to which I equally object. It is the principle of State tracing. Nothing in my career breauduced me to accept the view that " ing is desirable from any pounts of view, except that of those w'a r. v it on There may be very rare exceptions like the Post Office, but they are negligible in point of numbers. I do not wish do be official world an investice but it is mute clear that if the recoms udations of the Majority Report are carried into effect we shall creats at Imperial State Railway Department. Paragraph 16 of the Report recommends the establishment of a thoroughly efficient railway agency in Londer, which will evidently have most extensive powers, and in connection therewith (paragraph 20) they also to be an Imperial Bailway Inspectorate. Although its attrib-es are vaguely sketched, it is clear that thereby we should bring into existence a vast organisation both controlling the existing and constructing the new radways, not merely in East and West Africa, but in all Crown Colonies, and it needs but little unagination to realise that what power it has it will hold. and what more it can get it will strive for. These are neither the day . for mcreasing the total of Government Departments nor for widing to the burdens which rest upon the public by any avoidable add tions to the number of tiovernment officials. It is relatively easy to create a Department but it is a Herculean job to get rad of it. If the State is now permitted to call a new one into existence, it will perpetuate for years to come the present system of State trading, and will, in my opinion, profoundly distillusion those who hoped that at last the Government railway undertakings were to be conducted on business lines, and that development would be expedited by private enterprise, which has been so successful in all other countries which are not under the control of the Colonial Office. I might even add that I fail to see why most of the arguments in favour of State trading in East and West Africa would not be applied to similar State trading in this country, and as doubt, they will be by those who like the I am, though, not

among them.

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production of complete topographic services, in the discingletes, since the importance of cases, in the discingletes specifications required when tenders are its beginning to consider the services of the se

The view of the fact that there is undoubted beed for gert here are the construction of the private received by the construction of the constructi

The principle of open tender should be adhered to in receivements of the existing I ganda Railway, and certain railway west Africa, the construction of which, according voifficial statements now projected departmentally. Even in cases where such work already been commenced departments. Successful tendering fit should undertake to take over the chin test person with the statement employed thereon.

These recommends one I art servace not only in the interests of commic and efficient construction, but from the Imperial Point of view of attracting capital to territories which need development.

With the section of the Report on harbours I agree, as is unfursified may views already expressed in regard to railways. With respect to the management of the existing railways, which the evidence also shown to be, for the most part, extremely indifferent I favour-the gradual introduction of private enterprise either in whole, or, if this is not possible, in part, as occasion offers, though without doubt these railways should be, as they assuredly are not now, conducted on business and commercial lines, and made independent self-supporting concerns.

Apart from the aspects of development to which I have alluded, the educate has been far too incoellusive and too partial to permit any considered opinion on other lines of policy. Although this Committee has concluded its labours, I would very strongly urge a new inquiry to consider ways of developing our Tropical African Dependencies other than those with which we were called on to deal.

I desire, in conclusion, to add my tribute to the gesst patience and unfailing courtesy of the Charman, and to the work done by the Secretary of the Committee.

EDWIN STOCKTON

APPENDIX.

- THE COMMITTEE
- sa George Smith, E.C.M.G., Governor of Nyasaland.
- Sir Hugh Chiford, G.C.M.G. Governor of Nigeria.
- Mr. A.C. Hollis, C.M.G., C.B.E., Chief Secretary Tanganyika Ter
- Sir Robert Coryndon, K.C.M.G., Governor of Kenya.
- Major General W. H. Grey, t. B., C.M.G. representing the West Africal Section, London Chamber of Commerce.
- Mr. A. A. Cowan, Chairman of the African Trade Security Abol Chamber of Commerce.
- Mr. Norman Melland, C.B.E., Chairman of the African Section, Manchester Chamber of Commerce.
- M. Follet Holt.
- M. Robert Williams, representing Tanganyika Concessions, Ltd.
- Sir John Norton Griffiths, K.C.b., D.S.O., M.P.
- Major E. S. Grogan, D.S.O.
- Mr. E. N. Bland, General Manager of the Nigerian Railways.
- Sir Humphrey Leggett, D.S.O.
- Lieutenant-Colonel F. D. Hammond, C.B.E., D.S.O., R.E.
- Mr. J. H. Batty.
- Mr. D Hav.
- Major General Sir Gordob-Guggisberg, K.C.M.G., D.S.O., R.E., Governor of the Gold Coast.
 - Mr. J. Cox.
 - Major H. Blake Taylor, C.B.E. for, "erly General Manager of the Uganda Railway.
 - Mr. I Scott, representing Messrs. Parking & Co., Ltd.
 - Y .. N Dickson, Tepresenting the Shire Highlar de Bailway Company of Nyasalatal
 - Mr. T. L. Gilmour, representing the Central Africa Railway Company of Nyasaland Major J. E. Fletcher, M.B.E.
 - Mr. A Cooks, of the Gold Coast Department, Colonial Office.
 - Mr. A. C. C. Parkinson, O.B.E., of the East Africa Department, Colonial Office.
 - Mr E. H. Porritt, President of the Liverpool Cotton Association.
 - Mr. W H Himbury, General Manager of the British Cotton Growing Association
 - Mr. A. J. Harding, O.B.E., of the Nigerian Department, Colonial Office.
 - Mr. E. G. Machtig, N.B.E., of the Tanganytha Department, Colonial Office.
 The Master of Esbank.

Written Memoranda of evidence were also invited and received from the following:

Lord Kylsant, G.C.M.G. Mr. A. R. Slater, C.M.G., Governor of Sierra Leone.

A joint meeting of the East African and West African Sections of the London Chamber of Commerce

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APPENDIX.

- LICE OF WITNESSES IN THE ORDER IN WHICH THEY WAY LOCAL EVIDENCE DEPORT.
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- Mr. A.C. Hollis, C.M.G., C.R.E., Chief Secretary, Tanganyika Tegatery
- Sa Kobert Coryndon, K.C.M.G., Governor of Kenya.
- Major General W. H. Grey, C.B., C.M.G., representing the West African London Chamber of Commerce.
 - Mr. A. A. Cowan, Chairman of the African Trade Section about Chamber of Commerce.
 - Mt. Norman Melland, C.B.E., Chairman of the African Section, Manchester Chamber of Commerce.
- M. Faller Holt.
- M. Robert Williams, representing Tanganyika Concessions, Ltd
- Su John Norton Griffiths, K.C.b., D.S.O., M.P.
- Major E S Grogan, D.S.O.
- Mr. E. N. Bland, General Manager of the Nigerian Radways.
- Sir Humphrey Leggett, D.S.).
- Lieutenant Colonel F. D. Hammond, C.B.E., D.S.O., R.E.
- Mr. J. H. Batty.
- Mr. D Hav.
- Major General Ser Gordon Guggusterg, K.C.M.G., D.S.O., R.E., Governor of the Gold Coast.
- Mr. J. Cox.
- Major H. Blake Taylor, C.B.E., for parly General Manager of the Uganda Raniway. Mr. J. Scott, representing Messrs, Passing & Co., Ltd.
- Y .. N. Dickson, leavesenting the Shire Highlands Pailway Company of Nyasalatal.
- Mr. T. L. Gilmour, representing the Central Africa Railway Company of Nyassland Major J. E. Fletcher, M.B.E.
- Mr. A Coules, of the Gold Coast Department, Colonial Office.
- Mr. A. C. C. Parkinson, U.B.E., of the East Africa Department, Colonial Office.
- Mr E. H Porntt. President of the Liverpool Cotton Association.
- Mr. W. H. Himbury, General Manager of the British Cotton Growing Association.
- Mr. A. J. Harding, C.B.E., of the Nigerian Department, Colonial Office.
- Mr. E. G. Machtig, M.B.E., of the Tanganyika Department, Colonial Office.
- The Master of Bibeuk.

Written Memoranda of evidence were also invited and received from the following:

Lord Kylsant, G.C.M.G.

Mr. A. R. Sister, C.M.G., Governor of Sierra Leone.

A joint meeting of the East African and West African Sections of the London Chamber of Commerce.

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with reference to the macompanying press press of a Command paper on the subject of Private Enterprise in Tropical Africa, it is understood that, as a matter of Commality, nothing can be presented until after the King's Speach is delivered, but to avoid inlay the demails in respect of this paper will be in the hunds of the Note Office officials as Twenday mounting, and it is desired that publication by officials as muon after presentations as

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The Superintendent of Publications, S.O.

14 Jany.1924.

P.D./10. 52

Bear Sir.

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decretary of State for the day report, whether, and if be taken to encourage Private coment of the British and fest Propical Africa, with wisting and projected schemes

Constitution of the Committee.

The Right Henourable the Earl of Ronaldshay,

G.C.S.I., G.C.I.E. (Chairman)

Sir William Acworth, K.C.S.I.

Mr. J.C.C. Davidson, C.H., C.B., M.P.,

Chancellor of the Duchy of Lancaster.

Mr. C.E. Gunther.

The Right Honourable Sir Frederick Lugard,

G. C. M. G. , C.B. , D.S.O .

Sir William Mercer, K.C.M.G.

Sir James Stevenson, Bart., G.C.M.G.

Sir Edwin Stockton, M.P.; and

Le line senting, Colonial Office (Secretary).

- I. Preliminary and General.
- II. __ Limited activity of unaided private enterprise in railway construction and management to the pre_nt date.
- III. Examination and definition of departmental construction.
- IV. Relative advantages of departmental construction and construction by contract, and the relation of these two mothods to the encouragement of private enterprise.
 - (a) Railways.
 - (b) Harbours.
- V. Relative advantages of State management and management by private companies.
 - (a) Railways.
 - (b) Harbours.
- 7I. Possibilities of future construction and management of reilways.
 - (a) By private companies.
 - (b) On the principle of joint ownership and control by private companies and the State.
- VII. Guarantees of interest, and concessions.
- VIII . Subsidiary forms of transportation by land.
- IX. Transportation by lakes and rivers.
- X -- The Udi Comifield in Nigeria.
- General measures to encourage private enterprise. Freights, duties, and customs facilities.
- XII. Restrictions affecting ootton-ginneries in the Tanganyika Ferritory.
- MIII. Summary of conclusions and recommendations

Minority Report by Sin Edwin Stockton, H.P.

Appoint - List of witnessos.

His Grace the Dake of Devonshire, K.G. P.C G.O. M.O. 3.0.V.O. Secretary of State ? the Colonies .

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examined 30 stragges including the Governors of the greater number of the territories conderned, engineers and rail ay officials, representatives of the Chambers of Commerce of London, Manchester and Liverpool and of business houses and corporations secuelly

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His Grace the puke of Devenshire, K.C., P.C G.C.M.C., 7.0. O., Decrevary of State for the Colonies.

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interested in the trade of Impical Africa,
and individuals with special interests in or
knowledge of the countries falling within
the sphere of our enquiry.

These territories comprise the Cambia Solony and Protectorate, Sierra keone Colony and Protectorate, the Cold Coast Colony with Ashanti and the Northern Tarritories, the British spheres of Togoland and the Cameroons and Nigeria on the West; the Nyare Jand Protectorate in the centre; and Kenya Colony and Protectorate, Tanganyika Territory and the Uganda Protectorate on the east. They have an area of more than 1,000,000 square miles in all and a native population of unwards of 30.000.000. They have an external trade exports and imports - of approximately £90,000,000 a year and an aggregate railway mileage at present open to traffic of about 4,000 miles.

Pith very few expections these railways
have been sumetruoted and are managed departmentally, the main exceptions in this rule.

being the railways of Nyasaland which have built and are managed by private companies: the Magadi railway of 90 miles running from the Magadi Soda Lake to the Uganda railway which was constructed by the Magadi Soda Company under an Agreement entitling it to one half of the net profits so long as it holds the lease of the lake or until the Government exercises its right of purchase but which is operated by the State; the Central Railway in Tanganyika which was built and managed by a German private company in co-operation with the German Government until the War resulted in the loss of this territory to Gormany; and the Uasin Gishu railway, a branch of the Ugan da railway in Kenya now being constructed by a private firm under contract for the Government.

enterprise in railway construction and Can

The rapidity with which the development of railway communications has taken place has varied some derably in the different territories, and art present depends mainly on the question whether the expenditure on the service of the loans can be justified by the finencial resources of the Colonies.

The opinion was expressed both by official and by non-official witnesses that in Higeria and by non-official witnesses that in Higeria and the Gold Coast expansion had recently been taking place as rapidly as was expedient in the existing state of the resources of the countries. On the other hand there are other areas where railways appear to be urgently needed but are being held up by the uncertainty of their financial prospects. A case in point is that of a projected line to link up the northern end of the Shire highlands railway in Nyasaland with the southern end of take syasa.

The lake stadif provides a valuable waterway some 350 miles in length in the centre of a large goductive or sa of great poter, cialities, and the projected line of 125 wiles would maing it into direct railway communication with the port of Beira on the Indian Ocean. * The company which built and m maged the Shire Highland railway failed to avail itself of the option which it possessed of constructing the ension to lake Myasa, with the result that it was decided to construct the line as a overnment railway with money to be advanced by the Imperial Treasury. The project fell into abeyance during the "lar and has not been proceeded with since. It appears to be considered by the Company that the extension

Note: There is at present no orline across the same at, passengers and cargo being ferried from Chindo, the termious of the Central Africal Railway, to huraca, the terminus of the Trans-Zambesia Asilway on the southern bank of the river.

. .

would not be justifiable unless the Zambesi is bridged, and that this would be a work altogether beyond their own unaided resources / The history of the Nyasaland railways is of interest as an example of an attempt to secure the assistance of private enterprise in the opening up of communications. In this case the fullest nossible scope was given to private enterprise. Both the raising of the capital required, the schual construction of the lines -..d their subsequent management were entrusted to the concessionaires the responsibility of Government towards the enterprise being limited to certain subsidies, land concessions and guarantees which formed part of the terms of the concession. It is stated however, in the evidence which was submitted to us that it was from patriotic rather than from business motive that the promoters embarked upon the projects: and experience of the working of the lines

time shows

10

financial assistance given by the Covernment. the enterprise is one which has involved the promotors in loss and is devoid of attraction from the investor's point of view. indeed, little reason to suppose that private firms will be found willing to finance, construct and operate railways unaided by Government in the present stage of development of Tropical Africa. But before we touch further upon this as sect of the question we propose to discuss two other means, falling short in completeness of that referred to above. by which the assistance of private enterprise may be enlisted. The first is in reference to comstruction only.

Thus, when the building of a railway or a harbour has been decided on, tenders for construction may be invited and a contract for the work given to the successful tendering firm. The other is in reference to the operation of existing railways.

physical and geological feetures of the country to be traversed as insufficient to provide the data on which the detailed specifications necessary if tenders were to be invited, could be based, and in almost every case urgent administrative reasons precluded aclay. Under these circumstances Government, undertook the construction of the lines (itself.

mallets

111. Examination and definition of departmental

Considerable controversy has reced round the policy of "pepartmental Construction" and it is desirable that a clear distinction should be drawn between the earlier and later methods which are both usually referred to by this term. The earlier railways in africative reas we have said, constructed under conditions of extreme administrative urpeacy, which rendered it necessary to reach a certain objective without delay. Detailed surveys were impossible nor was

ny organised dailway department in London Consulting Engineers were or in any Colony. appointed in London and selected their own Resident Engineer who corresponded directly with them. A rough estimate was made but was invariably exceeded. There was no check on the quality of the work and materials by the local Government which had practicelly no voice at all in the matter, though it had to pay the bill. The Consulting Engineers we in the position of contractors with no time limit, no penalty clauses and no check on work. We agree with those who hold that thi system was the most/unsatisfactory of all. It is largely due to this system that the early railways were both costly and defective in construction involving subsequent realignments; but in the dircumstances it well be doubted whether private enterprise of entractors would have done much better. present system to which alone we refer when ueing the term Departmental Jonstruction in

this report, differs essentially from the old method. The Covernment their builds the Amilyay, selecting its own Consulting Engineers for any large bridge, specimes its cwn Construction Staff, and makes its own and y, lets out any portion to contract, utilises the whole machinery of Government to recruit and train labour and adopts any standard & f. const. uction it may see fit in order hear its cujective leaving non-essential wor V, even ballasting where possible, to be adde lister asitraffic justifies improvementa. he regulate of sethod as shown by the she tare line in Wigeri (where it a invitated) contract very favourably with the earlier system.

The opponents of countmental construction, possibly confusing the two, have urged before us that it has proved unnecessarily costly, that domantmental estimates of the capital outlay required have almost invariably been largely exceeded in the result, and generally that trade has had to pay the penalty of the excessive

cumital cost in the chape of high freights hand it has seen afficied with equal emphasia that, under the conditions under whitehouse railways ye been built, the Covernments with their knowledge of the countries and their superior railities for handling t'e native labour which ed not be crity wo be amployed, were in a ion to undertake construction more rally and ith less delay than an. firm could have done. In suppor o. ation that the freights churged on 3. (-... nt cailways in British Africa are ndul . . . rtain ils uree l' been laid afor. irporting to provide a comparison elwee. ; les onarged on certain so de in British territory on the one hand and gd jacent countries amost granch and believe administration on the other. We have examined these figures but have found them valueless for purvoses of comparison. Mite apart from the difficulty of comparing rates in currencies whose ratio of exchange is as unstable as is

of the french and selgian francis that pound sterling at the present time, the systems of reight charges are themselves not comparable. It appears that the charges on the Congo railways, for example, are designed to stimulate exports at the expense of imports, while the rates on the French line in Dahomey are supplemented by various taxes; and if it can be shown that the rates a arged on the Nigerian railways are higher in the case of certain commodities than those charged on the same commodities on the Congo or French railways, it can equally be shown that on other goods, notably on cotton goods, the freights on the Congo railways are largel, in excess of those on the Nigerian rail ways. Nor do we think that the controversy over the capital cost of the railways in British Propinal Africa can be. profitabl; pursued for the reason. her. that there are no standards of comparison available to us. That there are cared in shich the satual railways could have been built at

a smaller cost if complete surveys of the route had been in existence at the time when construction took place, is probably true. But the railways were in many cases built before such surveys were in existence and it is useless to try to compare the cost of constructing railways in little known and unaurveyed.

country with the correst ording cost of railways in countries in which all the geographical and geological factors are well known. The conditions are not comparable.

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tion and construction by soutract, and the relation of these of the two we ods to the encouragement of prints

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rea my ster to adjudicate upon the congression in the past, this meres the logs necessary to endeavour to estimate in the broad point of view of the general function of the Colonies and Protectorates them from the relative advantages of departmental construction and construction by contract in

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development of tropical Africa in the matter of communications - it appears at first eight to be a somewhat obvious reply that one such measure that could be taken would be the adoption of a definite policy of putting all such work as

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a somewhat obvious reply that one such measure

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he construction of railways up to tender Closer examination proves, however, that as matter of actual fact the part played by private enterprise under these two systems does not differ to nearly so great an extent as at first sight might appear. Under the one system as under the other all materials required such as rails; rolling stock and plant of all kinds are obtained from private firms. Equally under the one system as under the other the greater part of the actual work of construction - earth-Lings etc - may be carried out by contracts; wille under the system of state construction special works such as large permanent bridges workshops and terminal facilities, may be put up to tender. the particular point of view from which we are at the moment considering the matter the main difference between the two systems is that in the case of construction by the scate he direct employment by Government of their

own constructional engineer obviates the mecessity for the employment of a middle man in the shape of a contractor. If, then, the part actually played by private enterprise differs no more than this, the relative advantages of the two systems call for consideration from other points of view.

The advantages of construction by the Government are found at their maximum in the case of a country like Nigeria, where a programme of construction extending over a number of years makes it possible for the Colony to create and maintain in nonstant employment a thoroughly officient construction staff under a first class rail way bogineer. Without this condition the recruitment and maintenance of such a staffwould be impracticable. When, however, this condition is fulfilled, there are claimed as advantages of the state system that contracto (enhanced possibly in the case of

undersloped countries by influted estimates to cover unkrown risks) are seved; that the cost of the expert staff required for mousuring up untities and checking met to in order to Bdo that they are in accordance with co .rast specif cutions is saved; that plans . . more leasily to modified during the pro res of the work as new offer attor render | tanges advisable, and that so, 'i to to line is the brought into uso as . . 1 m and so .g. . toceipts without ince re g contractors sheins; that an immediate start can be made as soon as the location survey of the is suction the somplete: that Covernment out m. 13 full use of its existing raine a mi steamers to assist in construction work; that its political staff is in a far better position to handle indigeneus labour with a minimum disturbance of the labour market than the contractor, who necessarily onters as a competitor equinet other employers including that railway construction the State itsulf;

under such conditions can be made a potent educative influence emong a primitive people unused to and timid of service under Europeans; that the staff employed becomes as well trained to team work as a contractor's and has greater knowledge and experience of local conditions; that we long as the realways are constructed and operated by the state, all special plant required, instead of becoming dereliet on the completion of any one project, is in continuous use either on now construction or heavy works on existing.

System are, in the main, that it introduces the comment of competition from which, under a system of state construction, the party undertaking the work, i.e., the Government, is immune; that when a work has been put up to tender and a tender has been accepted the colony knows the extent of its limbility, whereas there is no guarantee against any excess over the estimate when the work is undertaken by the State;

that tirus of wide experience and reputation,

whose life business is work of this kind, can carry
through such projects more efficiently, more
rapidly and more economically than any
Government; that with such firms ready to
undertuke the work the recruitment and chtertain—
ment by Government of a constructional staff of
its own is neither necessary nor economically
sound.

13. The reply, then, to the question whether in the case of Tropical Africa a general policy of putting up railway construction to tender should be adopted as a measure of encouragement to private enterprise depends upon the view which is taken as to where the balance of advantuge between the two systems lies. We do not think that any absolute rule can be laid down. Those who think that the balance of advantage lies in the adoption of a general policy of putting such works up to tender realise that there may be cases in which special reasons, particularly reasons connected with the labour supply, may render the introduction of an outside contracto inadvisoble

Equally those who think that the balance of advantage rests with a system of State Construction are of opinion that in the smaller dependencies, where conditions to not admit of the maintenance of a permentat construction staff, law contract system may prove the

The procedure which those who desire

ses the centract system adopted as the rule, and State construction only as the exception, would recommend is the lasue of invitations to tender to perchaular ,firms whose numes should be placed on a list kept up to date by the Columnal Office. They have made no attemp to draw up such a list themselves, though the accept the opinion which has been expressed before us in evidence that there should be no difficulty in securing the names of a ressonable number of experienced firms of repute who would be prepared to compete. Wo are all agreed that the nature of the contract to ... made would require careful consideration. We doubt the advantages of a percenta

A lump sum contract ls loss open to objection. though in parts of the country where the geographical and geological conditions are still imperfectly known, there might probably be a tendency on the part of contractors to add an unduly high sum for contingencies, and we think therefore, that a songials of rates contract would prove the most satisfactory. It is understood that versiderable progress has been made, in actor of the countries at least, with the product on of complete topogruphica. contoured make the importance of which in the framing of a railway policy, L deciding routes and in assisting a rail ay location survey, requires no empt sis from us. The necessity of a detailed location survey, with the specifications required when tenders are to be invited is undeniable. Indeed we all agree as to the desirability of having both topographical maps and location eurveys whether rullways are to be constructed by contract or departmentally; and we desire to urge first the completion of such maps without delay and secondly that, based upon

these, constant progress should be maintained with the detailed survey of future railway routes, so that a definite programme of railway development may be drawn up, and the various Governments may be in possession of the data necessary when construction is decided on.

Those who advocate the contract system are of opinion that the policy outlined above would be attended by the advantages of simed for the system in paragraph 12. But economical and efficient construction is not the only advantage which they think will follow from the policy of thus inviting outside oid. They have been struck by what can best be described, perhaps, as a sertain attitude of shyness on the part of British enterprise towards the Tropical African Colonies and Protectorates. comparison has been drawn, for example, by some of the witnesses who have come before us, between the meagne achievements of British enterprise in Tropical Africa on the one hand, and on the other the striking results which it can show in many parts of South America to which

British capital has flowed freely, particularly for such enterprises as the construction of railways. Of the various reasons for this apparent neglect of territories under the-British flug which have been suggested to us. they note that in some quarters there appears to exist an impression more or less vague, but none the less real, that private enterprise is not welcome to the administrations of the territories concerned; that the system of Frown Colony government tends to obstruct rather than smooth the wa for the would-be concessionaire; that in ung cuse, so far as communications are concerned, a fixed policy of departmental construction and State ownership has been deliberately decided on: that the result has been that private enterprise has passed them by, that interest in them has flagged and their potentialities have remained but little known. They do not ignore the fact which is putent to all of us, that in the absence of special inducements offered by coverament, the prospects offered by ruilway clocks are not such as to ettrace

tut they do th nk that the extent capital; which the State has tended to monopolise the construction no less than the operation of will age in the past, has been a contributing factor in the creation of the atmosphere of alcorness to Which we have referred, and they think that an avowed adoption of the course which they recommend would result in exciting a more widespread interest in the development of this part of the Impire. What they fear is that if in a vast territory such as Nigeria, for example, or in a combination of territories such as nenya and signific, a permanent Government construction stuff is to be organised for the propose of carrying through a programme of railway considerable over a considerable term of years, the impression will be created that within these areas the departmental eystem is to be entrenched more firmly even than in the past, and that no openings need be expected for the activities of those large contracting firms whose special business is railway construction I work. In their view the effect of such an impression would be to intensify

rather than to dissipate the atmosphere which they are anxious to see dispelled.

7. On the other hand those who think that the bulance of advantage lies in the adoption, where innancial and other conditions permit, of a policy of construction by the State do not share these fears. They doubt, too, whether such a number of independent firms would be found coming forward to tender as would result in real competition for the work offered, and they rate at their full face value the advantages claimed for the system in paragraph 11 above. They consider, however, that the full benefit of the Bystem will only be secured if the work of construction is carried out under conditions which are made approximate in certain essentials to those prevailing in the case of work let out by contract. They would stipulate that:-

(i) The Engineer in charge of construction should be as competent as any whom a contractor would employ, and should, therefore, be gold a salary equal to the

mound

wide powers in the selection and dismissed of his staff, and that neither he nor those serving under him should be permanent or pensionable civil servents.

- (ii) That construction work should be inspected not merely on completion but periodically by a competent expert who would report as to efficiency and rapidity of construction work and would rive advice during his inspection.
- (iii) That the location survey should be fully fust.

 completed for at least the section before construction is commenced.
- have at his disposal a thoroughly efficient agency in England, to keep him informed of prices current, to place contracts and orders for materials and supplies; and to assist, if need be, in the engagement of staff. At present the Crown Agents do this werk but we have not attempted to

enduiry was made a few years ago by a mixed committee.

Since we have be n unable to unanimous conclusion as to where balance of advantage between systems lies, the Committee recommendation in favour of Aard and fast application of one se em or the other. We agree however that tenders for the carrying out of _ilw_y work should be invited un2886 the Colonial government concerned show definite reasons uguinst this outres. The tenders should be compared with the en imate of the cost, made locally, on the stra which the project has been approved, and if the tenders exceed that estimate the colonial government shall be at liberty to carry out the work departmentaliy. It is true that the head of the appropriate deportment in the colony could not be compelled to make good any excess incurred, but he is dependent on his reputation fo

the continuation of amployment, in a cu th

other hand, while a pencity clause exists in most such contracts, it is the general experience that in practice it may be difficult and expensive to enforce. It could hardly be expected that a colonial government would agree to accept a contract if it believed that it could do the work more chouply itself. On the other hand the tenders obtained would, we believed, often that a lower cast, and there is no sufficient reason, in the absonce of space of administrative circumstances, for emitting to apply this test.

(b) Barbours. Uhl.

editains of rail ays. We are unanimously of opinion that in the olse of harbours constitution should be by contract.

Harbour works are in progress at the present time both in west and East Africa. Some are being built by contract, some departmentally, and in one case, the Takeradi harbour in the wold Coast, by the State with the assistance of a firm of consulting and constructions.

ngineers at a fixed foo. ... think that works

not itale

of this kind, which require special plant and a specialized stuff, are precisely the type in respect of which the maximum advantages of the contract system are to be gained. And we recommend that unless some special reston for not doing so exists, all such works should in future be put up to tender.

urge this course, the representatives of other equally important interests, notably of the Manchester, Liverpool and London Dhembers of Commerce. There ?" . e similar different s smone official witnesses est . perhaps not unmatural, officis [opinion reponderatingly in feveur of th rexisting ag tem. Few of those who have ad mestad h a transference have explained to us the precise process by which they t binks not it a ould be brought about, and we have beer Fiven title reason to sup ose that if the railways many for salay purchasers would be forthcoming. No y gote company, feel sure, would be willing to negotiate for any existing railway without a heavy writing down of the capital value at which they now stand, and we ere equally convinced that in view of their development value from the point of view of the State, no Covernment sould be found willing to

sgree to such a writing down as would be demended. The conclusion which we have reached, after carefully weighing the evidence which has been submitted to us, is that the transference of the existing rail mays from the State to private hands whether by sale or by lease, even if it were desirable, is not at the present time a practical proposition. We think, however, that much might be done to meet the criticisms which are at present levelled a sinst the management of the reilweye That reilweye in Africa cen be run to the satisfaction of the public by the State is proved by the reilways of the Union of South Africa, which have been described to us as being as well managed as any in Africa. We should be travelling beyond the scope of our reference if we were to attempt to deal in any great detail with the changes in the existing system of management which seem to be requi But it wes mevitable that a good deel of evidence with regard to the preveiling

of management should be submitted to us and wethink that, here it exists, the demand for the

transference of the reilages from State to

crivate management is based upon defects in the

system which are canable of being round [6].

Ther those circumstances we venture to make

the following objervations.

20.

The putstanding dicedvante, os attaching to the existing System appear to arise out of the limitations impreser upon the power of the General Managers. The personnel of the higher staff under them consiets of civil servants, and the control of the General Managers over them is subject, consequently, to the limitations imposed by the Colonial Regulations. Meither in the matter of dismissel in the case of ine ficients, nor in the metter of pays have they the discretionery nower which they would possess in the case of privately-mansand reilways. Broadly speaking, a think that the reilway administration should be separated off

completely from the general administration of the country; that salaries sufficient to compete with those offered by private concerns should be made evailable for the higher officials, and that the latter should be vested with powers comparable with those evercised by officials of similar status in the case of reilways under private management subject to consultation with the local advisory board referred to below; In short that the reit while remaining the property of the State should be de-bureaucretised end commercialised. To this end we offer the following suggestions. The railway budget should be wholly asperate from the budget of the Colony. The budget of the Colony should only take in a single figure from the railway budget, viz. the smount, if any, which the Colony is required to find to meet the difference between the net seilway revenue and the interest on the If there is a profit after

meeting Cepitel charges and stepreciation secount, it should go to railway improvement or to reduction of rates, and should not be used to meet the general expenses of the Covernment. The Colonial Secretariat as such should here no responsibility for, or right to interfere in, the management of the relimite: and there should be in every colony's local savisory board such as, we are told, is to be established in East Africa to see that in the desire to show a mere reilway profit/ public interests are not load sight of, and to adviso on all important proposels effecting reilway policy or changes which the General Manager may wish to put forward. Such boards containing representatives of Government and of general commercial interests, atting under the chairmanship of the General Managar, would go for to meet the criticism that the reilways st present mensed possess no intelligence depertment and that they are dendequently different to the verying requirements of the

trading community as the development of the country takes place. We think, further, The reilways of the seperate Colonies suffer at present from the fact that they ere isolated from one another. we think that this isciption is avoidable. Colonial Office controls at present many thousand miles of railway, not only in Africa Esst and West, but in Caylon, the West Indias and else there. Reilways ere a technical and ject and reflwey management is a distinct profession. Yet the railways of the several, Colonies report in Tonden, not to a technical superior but through the Covernor to the Secretary State and or icalt with by the Assistant Secreter responsible for the political effairs of East Africe, or West Africa, or wherever the perticular relivey may be situated. , To think that the Colemial reilway service should be trested as a whole. Further we real persuaded that no commercial comparn would shtempt to control a number of

iding scettered businesses without possessing Allert knowledge at the head office, and we think the tolonial Office ought to have a Reilway Inspectorate, to which all the "te reilways should report. Such en te would condingualy supervise tement and - p in personal touch with . ess by it ation from time to time full discu - Ath the verious general the then the pop lesve. e mo nwere ments are a If the the man want of some of the of the The considerable shoples Sol to Working of the GR d Count endetibles of ion and it reavet to y colone democtd end that large chas as ere baing made the ystem of monegement in the case of the Kenys United reilways. The show appreciable rec ni running costs, and 23m the catiline of

the scheme of reorganisation gives its the

changes contemplated appear to be in the direction thich we advocate.

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'e think that the herbours should be

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VI. Possibilities of future construction and management of railways.

(a) By private companies.

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There remain to be considered the possible advantages of offering concessions to private syndicates for the construction and management of future lines, as was done in the case of the Shire Righlands and Central Ifrican Railways We have already spoken of the desirability this railway system being extended to Lake Nyasa, and we would not that we are impressed with the importance of the construction of a bridge across the Zambosi to link up the Contral African and Trans-Zambosi lines more conveniently than is now done by the ferry service, and mere especially in order to avoid the interruption to traffic now caused by the periodic flooding of the river which takes place. This would require a large capital outlay. it were possible, we think there would be great adventages in troating the existing Nyasaland railways together with the Frans-Zembest Railway and the projected extension to the lake

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may at least indicate the lines a ling which a solution of it may be found.

(b) On the principle of joint ownership and

control by private company and 'me Star

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We have said that we do think hat it is possible to hand over existing State is ways to private companies; but we think that the system of joint ownership and management of enterprises of public utility by the State and private capital organised in the form of a company, has raw stood the test of experience in other downtrate and the greatest consideration should be given to the juestion whether there may not be foom for the introduction of the system in "pivel Africa.

This system of what may have a "the publication of the system in "pivel Africa."

Minister. The principal Mexican railways were in the hands of American capatalists.

The capitalists wanted more money for the Government wanted mo . control. It was agreed that the Covernment should guarantes a large issue of new bonds and in return should real ansh an antiof deferred ordinary states es yould brable them to control the vote of a general meeting. The mana mement of the undertaking remained in commercial hands, but the povernment suld in the last report vote the directors out of office and change the policy. The tom whited apparently with entire successifor . . . went years till Mexico collapsed at the ene of the Diaz regime. A system substantially the same had been adopted in many places in Germany before the Wart not however by the State Governments, but by the Provincial and Emmicipal Governments. We unagratand that the principle is one which is meeting with around favour on the continer The different to the A hes There guaranteed bonds to be issued by a company, the German provinces and municipalities subscribe

and lisht, for transvays and similar surposes,
while the remainder of the capital is subscribe by some one of the great parent
divelopment companies such as the Allgemaine
Electrizitäts Cesellschaft. The control is
joint, but the sublic authority representatives
concern themselves mainly with policy and
finance, while the compensated on conveycial
lines.

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We think that it should be seriously considered whether this system, which is new, as far as we are aware, in English-speaking countries, except in the case of commercial companies such as the ingle-Persian (if and British Dyes, could not be applied in Nyasaland. The situation there is extremely complicated end by no means satisfactory. The through routs from Lake Ryasa to the Ocean may be described as of Imperial importance. It is about 500 miles in leasth. Reilways over the greater part of the

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partly guaranteed, partly unguaranteed; the financial position of the latter as far from being such as would encourage other private companies to adventure capital in similar enterprises. The 125 miles connecting Lake Myaea with the Shire Highland Rellway is urgently needed. To complete the asheme a bridge across the Zambesi is highly desirable. impossible to expect that this bridge, which we are told would cost approximately 2800,0 %, can be built by private enterprise alone. Nyasaland assume the responsibility unuide. The bridge would be wholly in Portuguese territory, which clearly would make it impossible for the Imperial Government to build it. On the assumption that the British Government adopts the view that the scheme as a whole is deserving of Imperial support, we suggest that all international difficulties of uld be extrapaged by the formation of a company on the lines which have indicated.

dias

The Dominion of Canada owns de facte some I ton direct er sail way in the United States and county mently but Jut to the domestic logisis ion both State and Faderal. Conadia ownership takes the form of Government ownership of the entire share capital of a orivite to man, the Canadian Mational Railw and consequently all possybility of conflict the Sween the Og adian and the United States Gov armounts, to a via ted. We have not been able to inc astife. ", this Nyssaland question sufficiently therow aly to be a post that the Naki Nyasa - Beira scheme ought at this time to be carried through in its entirety; or that, if it is to be carried through, the publicprivate company will be post agency for the purpose. But so to think that this selution might well prove to be the best way out of a Salaryoult and whom the situation, ecommend that the whole "atter be

fully investigated in the light of the forecoing

observations.

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In considering the possibilities of seouring the assistance of private companies in t construction and management of future railways in other parts of the territories with which we are concerned, it has to be borne in mind that the main lines have already been marked out. that many hundred miles of them are already built and are being run by the State, and that future lines must, for the most part, consist of extensions or of branch lines to pem. been laid by many of those whom we have examined upon the difficulties and inconveniences which must inevitably arise if a part of what is in reality one system were to be owned and managed privately, while the major part of it was owned and managed by the State. We are not in a position to specify any extensions or branches of existing railways now in sight whose prospects are sufficiently attractive to induce a private

syndicate to undertake them.

N. L. C.

There ou

But assuming that there may be, we think that the difficulties of dual control referred to above andld be got over by the adoption of the principle of joint applic and private ownership which we have put forward in connection with A simple illustration Nyasaland railways. will serve to show how the principle might be applied in the case of such railways. private syndicate would be invited to privide the capital for the construction of an exist, of an existing State railway. The main 15.00 the extension would then be reparted as a - di system owned jointly by the state and the syith cate, the share of the latter in the whole system weing determined by the proportion which the new capital provided by it bore to the capital value of the original main state line. Thus, if a main state railway was valued at £1,000,000 and an extension was constructed by a private syndicate at a cost of £500,000, the latter would become a third owner of the whole and would share the igement, control being vested in a board on

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which both parties were represented.

January Tile a routage of interest, and concessions,

Government is prepared to grant

appearant forms of an ignor to private companies,

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anterprise will never build a development

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help. In the circumstances of the Colonies

of Tropical Africa the granting of such concessions, particularly concessions of land, involves political considerations upon which we feel that we are not competent to pronounce; and we are content, therefore, to state the position as it appears to us without on this particular issue offering any recommendation.

VIII. Subsidiary forms of transpor-

nand.

we have now dealt with a ilways generally and there remain certain subsidiar means of transportation to be considered Roads in themselves are essentially, a me « Mor Government; but we think that something might be done to promote private enterprise encouraging all forms of road transport ag fueders to the Mailways. It appears that i many ouser such systems of motor transport as exist are run by Government, who are at an' advintage as compared with private companies in that they escape the licence fees and import duties both upon vehicles (in the case of some of the territories) and retroi to which the latter are subject. This difficult to see how private enterprise can compete with Government in such circumstances, and we consider that commercial vehicles employed for a public transport service should enjoy every advantage as regards import duties, both for the vehicle and for liquid fuel actually used by them, which similar Government

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(b) "Roller-track" vehicles on the mank

Principle, being without wheels, improve

Principle, being up the roads. They should,

receive special encouragement.

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IX. Transportation by lakes and rivers:

There is also the case of lake and river steamers, The steamers plying on Lake Victoria are run by the Uganda Railway, and we think that this is the most satisfactory arrangement from all points of view. In Nyasaland steamers are run both by Government and a private commany - the African Lakes Company - and no suggestions have been made to us in this connexion. The Chief Secretary to the Government of Tunganyika Territory suggested in evidence before us that there was a great opening both on the coast and on Lake Tanganyika for steamer services, and that any firm coming forward with proposals for meeting this went would be welcomed with open, arms by the administration. It only seems necessary to give wide publicity to the possibilities in this direction which

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or the Mast Be on the Mast Begans ira zun bat A to Government and by the Niger Company and we ave also been informed that there are tovernment river teamer services through the creeks new the namboard sonnecting towns and markets we have been given to understand that the Government of Figerta han long bean anytods to transfer these gartages to private enter prise, spa to opter fato a contract for the carriage of maile, provided that there is no discrimination at the cargo offer and that the interests of the small be are safe-growand, We nonsider that here an openi of for pravate enterprise either the merchante of the shipping and we suggest that the rust cost to some of these services with be iven as a substay to a private company if 14 would and or take to ran thouse for a torn of poors, the merbandy to designee annually and be extinguished in a specified time. This would reduce the costly Government Marins Departmen

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preights, duties and customs

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In accordance with our terms of reference we have investigated the question suppitted to us with special reference to ozisting and projected, schemes of transport-It was urged before us that the greatest yeater general measure of encouragement that could a given to private enterprise in the Forologment of Tropical Africa would be a requestion in the expenses - duties, railway rates, ship ing freights, harbour oharges which the upon the exportable products of the countries with which we are comperned necessity for the imposition of expert asside arises of the general financial position the delanies and Prateotoxiffes and is a matter with which the legislative councils with their first hand knowledge are in a better position to deal than ourselves.

XII. Wastrictions affecting cotton

ginn; jos in the Tangaryika Territory.

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practical proposition, it would be in the