

1923

E. AFRICA
W. AFRICA

256

58368

29 NOV 23

FORM

C.O.

DATE

29th November, 1923.

CIRCULATION

W. Lambing 29.11.23

SUBJECT

Report of the Private Enterprise Committee

U.S. of S.

In Herbert Read

29/11/23

U.S. of S.

U.S. of S.

Secretary of State.

PRINTED BY PARLIAMENT
[Cind 2016] January, 1924

Previous Paper

MINUTES

I submit the Report of the Private Enterprise Committee. Disappointment on the terms of the report made it impossible to submit it before the dissolution of Parliament; his 3. Stockton's minority report was received on Nov. 27th only.

Printing

In view of the interest shown in the Committee by very numerous questions in the House of Commons, and the bearing of the Report indirectly on the unemployment question it would seem preferable to print as a Command Paper rather than as a Stationery Office

P.T.O.

22.11.23
422
48062
23 Jan. 1924
Report to Sir J. Storer
Miss G. Langer
Miss G. Langer
Miss G. Langer
Miss G. Langer

Subsequent Paper

48062
60660

Publication.

Evidence.

The report does not refer directly to particular passages in evidence without quoting them, and it does not seem necessary to incur the heavy expense of publishing the minutes of oral evidence and written memoranda of evidence, which I have assembled in the file marked A below. Other material which was submitted to the Committee including Departmental memoranda will be found in file marked B.

I have been fully into the estimated cost of printing the evidence contained in file A which contains 500 pages of sheets. Printed in a separate volume in double columns the cost would be anything from £150 up to £200.

Mr. Leech, in the
Report for courses & for
authorities to publish.

? Short delivery.

As regards publication.

This can be effected a day or
so after presentation of the
Report to Parliament, which
cannot take place until
after the King's Speech on the

15th inst.

1886
1
Sir J. Macintosh-Smith

One or two minor corrections made.

For authority for short ^{delivery} ~~copy~~ please

M. 7. 1. 24

H. J. R.

7/1/24

Advised

12.10.1.

Advised

Mr. Leech,

The Report has been
published as Cmd. 2016. You
have already received 3 copies.

Further copies can be obtained

from the Library 1886
19

in the Road

258

The Commission was
submit after sending copies
of the report to the Chairman
and members with an
expression of thanks for
their services.

? Recipients as to sending
to the Tropical African
Department

14. 21. 1944.

at once

4 1 11

21/2/44

Press Copy

259

PRIVATE ENTERPRISE IN 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.

*Presented to Parliament by Command of His Majesty.
January, 1924.*



LONDON:
PUBLISHED BY HIS MAJESTY'S STATIONERY OFFICE

To be purchased through any bookseller or directly from
H.M.S. STATIONERY OFFICE at the following addresses:
PARLIAMENT HOUSE, KINGSTON, LONDON, W.C.2. and 25, ABINGDON STREET, LONDON, S.W.1.
100, NASSAU ST., LONDON, E.C.4. and 1, ST. ANDREW'S PLACE, GARRICK, LONDON, W.1.
10, SOUTH BURY PLACE, LONDON, E.C.4. and GEORGE STREET, EDINBURGH.

Price 6d. Net.

Cms. 2016

Press Copy

259

PRIVATE ENTERPRISE

IN

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.

Presented to Parliament by Command of His Majesty.

January, 1924.



LONDON:

PUBLISHED BY HIS MAJESTY'S STATIONERY OFFICE.

To be purchased through any Bookseller or directly from
HIS MAJESTY'S STATIONERY OFFICE at the following addresses:
HARRISON AVENUE, KING'S CROSS, LONDON, W.C.1. and 25, ABINGDON STREET, LONDON, S.W.1.
10, MARK STREET, LONDON, E.C.3. and 1, ST. ANDREW'S PLACE, DUBLIN.
15, GARDNER STREET, BATHURST.

Price 6d. Net.

Cmd. 2016

CONSTITUTION OF THE COMMITTEE.

THE RIGHT HONOURABLE THE EARL OF RONALDSMAY, 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.

MR. P. LIESCHING, Colonial Office (*Secretary*).

The expenses incurred in connection with the Committee were
£36 18s. 4d., exclusive of charges amounting to £18 17s. 6d. at the
publication of its reports in this paper.

TABLE OF CONTENTS.

	PARAS.	PAGE
I.—Preliminary and General	2-4	4
II.—Limited activity of unaided private enterprises in railway construction and management to the present date ...	5-7	3
III.—Examination and definition of departmental construction	8-9	6
IV.—Relative advantages of departmental construction and construction by contract, and the relation of these two methods to the encouragement of private enterprise—		
(a) Railways... ..	10-16	8
(b) Harbours	17	12
V.—Relative advantages of State management and manage- ment by private companies—		
(a) Railways... ..	18-21	13
(b) Harbours	22	15
VI.—Possibilities of future construction and management of railways—		
(a) By private companies	23	15
(b) On the principle of joint ownership and control by private companies and the State	24-26	16
VII.—Outlets for interest, and concessions	27	17
VIII.—Subsidiary forms of transportation by land	28	18
IX.—Transportation by lakes and rivers	29	19
X.—The Udi Coalfield in Nigeria	30	19
XI.—General measures to encourage private enterprise. Freights, duties, and customs facilities	31	20
XII.—Restrictions against water-carriage in the Tanganyika Territory	32	20
XIII.—Security of communications and communications Ministry Department for the Administration of Communications	33	20

CONSTITUTION OF THE COMMITTEE.

THE RIGHT HONOURABLE THE EARL OF RONALDSEY, G.C.S.I.
G.C.I.E. (*Chairman*).

SIR WILLIAM ASWORTH, 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.

MR. P. LIESCHING, Colonial Office (*Secretary*).

The expenses incurred in connection with the Committee were
£36 18s. 4d., exclusive of those amounting to £18 17s. 6d. of the
publication of its report in this paper.

TABLE OF CONTENTS.

	PARAG.	PAGE
I.—Preliminary and General	2-4	4
II.—Limited activity of unaided private enterprise in railway construction and management to the present date ...	5-7	5
III.—Examination and definition of departmental construction	8-9	6
IV.—Relative advantages of departmental construction and construction by contract, and the relation of these two methods to the encouragement of private enterprise —		
(a) Railways	10-16	8
(b) Harbours	17	12
V.—Relative advantages of State management and manage- ment by private companies —		
(a) Railways	18-21	13
(b) Harbours	22	15
VI.—Possibilities of future construction and management of railways —		
(a) By private companies	23	15
(b) On the principle of joint ownership and control by private companies and the State	24-26	16
VII.—Guarantee of interest, and concessions	27	17
VIII.—Subsidiary forms of transportation by land	28	18
IX.—Transportation by lakes and rivers	29	19
X.—The Udi Coalfield in Nigeria	30	19
XI.—General measures to encourage private enterprise. Freights, duties, and customs facilities	31	20
XII.—Examination of existing water-gauges in the Tanganyika Territory	32	20
XIII.—Necessity of engineering and communication Highway proposals of the Government	33	23
Highway proposals of the Government	34	26

CONSTITUTION OF THE COMMITTEE.

THE RIGHT HONOURABLE THE EARL OF RONALDSEY, G.C.B.
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.

Mr. P. LIESCHING, Colonial Office (*Secretary*).

The expenses incurred in connection with the Committee were
£36 18s. 4d., exclusive of those amounting to £15 17s. 6d. of the
publication of its report in this paper.

TABLE OF CONTENTS.

	PAGES	PAGE
I.—Preliminary and General	2-4	4
II.—Limited activity of unaided private enterprise in railway construction and management to the present date .. .	5-7	5
III.—Examination and definition of departmental construction .. .	8-9	6
IV.—Relative advantages of departmental construction and construction by contract, and the relation of these two methods to the encouragement of private enterprise —		
(a) Railways	10-16	8
(b) Harbours	17	12
V.—Relative advantages of State management and manage- ment by private companies—		
(a) Railways	18-21	13
(b) Harbours	22	15
VI.—Possibilities of future construction and management of railways—		
(a) By private companies	23	16
(b) On the principle of joint ownership and control by private companies and the State .. .	24-26	16
VII.—Quantities of interest, and economies	27	17
VIII.—Subsidiary forms of transportation by land	28	18
IX.—Transportation by lakes and rivers	29	19
X.—The Udi Coalfield in Nigeria	30	19
XI.—General measures to encourage private enterprise. Fringes, berths, and customs facilities	31	20
XII.—Restrictions affecting other enterprises in the Tanganyika Territory	32	20
XIII.—The agency of construction and communication .. .	33	21
Managing Director of the African Development Corp. Managing Director of the African Development Corp. Managing Director of the African Development Corp.	34-35	21-22
Managing Director of the African Development Corp.	36	22

REPORT

HIS GRACE THE DUKE OF YORK AND GLoucester, P.C., G.C.M.G.,
G.C.V.O., SECRETARY OF STATE FOR THE COLONIES.

YOUR GRACE,

We were appointed in July, 1923, "to consider 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."

I.—PRELIMINARY AND GENERAL.

2. We have had 13 meetings and have examined 30 witnesses, including the Governors of the greater number of the territories concerned, engineers and railway officials, representatives of the Chambers of Commerce of London, Manchester and Liverpool, and of business houses and corporations specially interested in the tropics of Africa, and individuals with special 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 Colony and Protectorate, the Gold Coast Colony with Ashanti and the Northern Territories, the British spheres of Togoland and the Cameroons, and Nigeria and Protectorate, Tanganyika Territory and the Uganda Protectorate on the east. They have an area of more than 1,000,000 square miles, a total and a native population of upwards 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.

4. With very few exceptions these railways have been constructed and are managed departmentally, the main exceptions to this rule being the railways of Nyassaland which have been 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 Germany; and the Uasin Gishu Railway, a branch of the Uganda Railway in Kenya now being constructed by a private firm under contract to the Government.

II.—LIMITED ACTIVITY OF UNASSISTED PRIVATE ENTERPRISE IN RAILWAY CONSTRUCTION AND MANAGEMENT IN THE PRESENT 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 non-official witnesses that in Nigeria and the Gold Coast expansion had recently been taking place "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 Nyassaland with the southern end of Lake Nyasa. The line itself provides a valuable waterway some 350 miles in length to the centre of a large productive area of great potentialities, and the projected line of 125 miles would bring it into direct railway communication with the port of Beira on the Indian Ocean.

The company which built and managed the Shire Highlands Railway failed to avail itself of the option which it possessed of constructing the extension to Lake Nyasa, with the result that it was decided to construct the line as a Government railway with money to be advanced by the Imperial Treasury. The project fell into abeyance during the War and has not been proceeded with since. It appears to be considered by the Company that the extension would not be profitable until the Zambesi is bridged, and that this would be a work altogether beyond their own unaided resources.

6. The history of the Nyassaland Railway 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 possible scope was given to private enterprise. Both the raising of the capital required, the actual construction of the lines and their subsequent management were entrusted to the concessionaires, the responsibility of Government towards the enterprises 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 motives that the promoters embarked upon the project; and experience of the working of the lines up to the present time shows that, even with the financial assistance given by the Government, the enterprises which have undertaken the construction in fact are devoid of attraction from the investor's point of view. There is, indeed, little reason to suppose that private firms will be found willing to finance, construct and operate

* There is at present no bridge across the Zambesi, necessitating a long haul from Victoria Falls, whence the terminus of the Central African Railway to Beira, to the terminus of the Trans-Zambesi Railway on the southern bank of the river.

REPORT

HIS GRACE THE DUKE OF YORK AND ALBANY, P.C., G.C.M.G.,
G.C.V.O., SECRETARY OF STATE FOR THE COLONIES.

YOUR GRACE,

We were appointed in July, 1923, "to consider 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."

I.—PRELIMINARY AND GENERAL.

2. We have held 13 meetings and have examined 30 witnesses, including the Governors of the greater number of the territories concerned, engineers and railway officials, representatives of the Chambers of Commerce of London, Manchester and Liverpool, and of business houses and corporations specially interested in the trade of tropical Africa, and individuals with special 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 Colony and Protectorate, the Gold Coast Colony with Ashanti and the Northern Territories, the British spheres of Togoland and the Cameroons, and Nigeria on the west; the Nyassaland 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 upwards 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.

4. With very few exceptions these railways have been constructed and are managed departmentally, the main exceptions to this rule being the railways of Nyassaland which have been built and are managed by private companies; the Magadi Railway of 80 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 Germany; and the Uasin Gishu Railway, a branch of the Uganda Railway in Kenya, now being constructed by a private firm under contract for the Government.

II.—LIMITED ACTIVITY OF UNAIDED PRIVATE ENTERPRISE IN RAILWAY CONSTRUCTION AND MANAGEMENT TO THE PRESENT 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 non-official witnesses that in Nigeria and the Gold Coast expansion had recently been taking place rapidly as was evident 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 Nyassaland with the southern end of Lake Nyasa. The line itself provides a valuable waterway some 350 miles in length to the centre of a large productive area of great potentialities, and the projected line of 125 miles would bring it into direct railway communication with the port of Beira on the Indian Ocean.

The company which built and managed the Shire Highlands Railway failed to avail itself of the option which it possessed of constructing the extension to Lake Nyasa, with the result that it was decided to construct the line as a Government railway with money to be advanced by the Imperial Treasury. The project fell into abeyance during the War and has not been proceeded with since. It appears to be considered by the Company that the extension would not be profitable unless the Zambesi is bridged, and that this would be a work altogether beyond their own unaided resources.

6. The history of the Nyassaland 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 possible scope was given to private enterprise. Both the raising of the capital required, the actual construction of the lines and 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 motives that the promoters embarked upon the project; and experience of the working of the lines up to the present time shows that, even with the financial assistance given by the Government, the enterprise is one which has kindled the promoters in love and is devoid of attraction for the investor's point of view. There is, indeed, little reason to suppose that private firms will be found willing to finance, construct and operate

* A bridge of permanent structure across the Zambesi, between the camp being built at the terminus of the Central Africa Railway, so named, and the terminus of the Trans-Zambesia Railway on the southern bank of the river.

REPORT

HIS GRACE THE DUKE OF DEVONSHIRE, K. G. C. M. G.,
GOVERNOR, SECRETARY OF STATE FOR THE COLONIES.

YOUR GRACE,

We were appointed in July, 1923, to consider 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.

I. PRELIMINARY AND GENERAL.

2. We have held 13 meetings and have examined 30 witnesses, including the Governors of the greater number of the territories concerned, engineers and railway officials, representatives of the Chambers of Commerce of London, Manchester and Liverpool, and of business houses and corporations specially interested in the tropics of tropical Africa, and individuals with special 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 Colony and Protectorate, the Gold Coast Colony with Ashanti and the Northern Territories, the British spherules of Togoland and the Cameroons, and Nigeria on the west; the Nyassaland 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 upwards 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.

4. With very few exceptions these railways have been constructed and are managed departmentally, the main exceptions to this rule being the railways of Nyassaland which have been 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 Germany; and the Usin Gishu Railway, a branch of the Uganda Railway in Kenya now being constructed by a private firm under contract for the Government.

II.—LIMITED ACTIVITY OF UNAIDED PRIVATE ENTERPRISE IN RAILWAY CONSTRUCTION AND MANAGEMENT TO THE PRESENT 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 non-official witnesses that in Nigeria and the Gold Coast expansion had recently been taking place 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 Nyassaland with the southern end of Lake Nyasa. The lake itself provides a valuable waterway some 350 miles in length in the centre of a large productive area of great potentialities, and the projected line of 125 miles would bring it into direct railway communication with the port of Beira on the Indian Ocean.*

The company which built and managed the Shire Highlands Railway failed to avail itself of the option which it possessed of constructing the extension to Lake Nyasa, with the result that it was decided to construct the line as a Government railway with money to be advanced by the Imperial Treasury. The project fell into abeyance during the War and has not been proceeded with since. It appears to be considered by the Company that the extension would not be feasible unless the Zambesi is bridged, and that this would be a work altogether beyond their own unaided resources.

6. The history of the Nyassaland 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 possible scope was given to private enterprise. Both the raising of the capital required, the actual construction of the lines and their subsequent management were entrusted to the concessionaires, the responsibility of Government towards the enterprise being limited to certain subsidies and 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 motives that the promoters embarked upon the projects; and experience of the working of the lines up to the present time shows that, even with the financial assistance given by the Government, the enterprise is one which has involved the promoters in loss and is devoid of attraction for the investor's point of view. There is indeed little reason to suppose that private firms will be found willing to finance, construct and operate

* There is at present no bridge across the Zambesi, passengers and cargo being ferried from Chindia, the terminus of the Central Africa Railway, to Muzoa, the terminus of the Trans-Zambesia Railway on the southern bank of the River.

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

But before we touch further upon this aspect 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 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 administrative reasons precluded delay. Under these circumstances Government itself undertook the construction of the lines.

III. — 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 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 organised 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 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 practically no voice at all in the matter, though it had to pay the bill. The consulting engineers stood in the position of contractors with no firm limit, no penalty clause, and no check on their work. We agree with those who hold that this 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 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, that departmental 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 capital cost in the shape of high freights. On the other hand, it has been affirmed with equal emphasis that, under the conditions under which the railways have been 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 done. 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 that of the French and Belgian franc with the pound sterling at the present time, the systems of freight 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 charged 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 in cotton goods, the freights on the Congo railways are largely in excess of those on the French line. It is clear that the comparison of the cost of railway construction in British Africa can be profitably pursued in the reasons for construction, that there are no standards of comparison available to us. That there are cases in which the actual railways could have been built at a smaller cost

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

But before we touch further upon this aspect 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 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 administrative reasons precluded delay. Under these circumstances Government itself undertook the construction of the lines.

III. — 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 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 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 practically no voice at all in the matter, though it had to pay the bill. The consulting engineers took the position that they were not to be bound by any time limit, nor could they claim to be held responsible. We agree with those who hold that this system was

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 its 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, that departmental 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 capital cost in the shape of high freights. On the other hand, it has been affirmed with equal emphasis that, under the conditions under which the railways have been 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 done. 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 present time, the systems of freight 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 charged 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, in other goods, notably in cotton goods, the freights on the Congo railways are largely in excess of those on the French line. It is not surprising, therefore, that the controversy over the question of freights in the territories of West Africa can be profitably pursued on the reasons just stated, and that there are no standards of comparison available to us. That there are cases in which the colonial 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 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 ENTERPRISE

(a) Railways.

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-contractors; while under the system of State construction, 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 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 constant employment a thoroughly efficient construction staff, while a first-class railway

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 (enhanced possibly in the case of undeveloped 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 advantages 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 guarantee against any excess over the estimate when the work is undertaken by the State; that firms 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 undertake the work the recruitment and entertainment 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 means of encouragement to private enterprise, depends upon the view which is taken as to whose the balance of advantage lies between the two systems. We do not think that any absolute answer can be given to those who think that the balance of advantage lies in favour of the State. A general policy of putting such work up to tender may be desirable in some cases, while special reasons may be advanced in other cases that there may be reasons which would be particularly apposite in connection with the labour supply, any special conditions of the country, or the construction of an outside contractor inadvisable.

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 ENTERPRISE.

(a) Railways.

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 construction, 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 Government are found at their maximum in the case of a country like Nigeria, where a programme of construction embracing over a number of years makes it possible for the Colony to create and maintain a permanent employment of a thoroughly efficient constructional staff. In such a caseless railway

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 (enhanced possibly in the case of undeveloped 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 advantages 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 guarantee against any excess over the estimate when the work is undertaken by the State; that firms 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 undertake the work the recruitment and entertainment 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 means of encouragement to private enterprise depends upon the view which is taken as to whom the balance of advantage lies. We do not think that any amount of argument will convince those who think that the balance of advantage lies with the contractor. A general policy of putting such work to tender means, therefore, that there may be cases in which special reasons, such as the unusually meagre supply of the labour supply, may make the employment of an outside contractor inadvisable.

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 do not admit of the maintenance of a permanent construction staff, the contract system may prove the best.

11. The procedure which those who desire to 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 by the 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 regions who would be prepared to compete. We are all agreed that the nature of the contract to be made would require careful consideration. We doubt the advantages of a percentage contract, or a contract as 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 add 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, in 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 understood. We indeed, all agree as to the desirability of having both topographical maps and location surveys, whether railways 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 those, constant progress should be maintained with the detailed survey of future railway routes, so that a definite programme of railway developments may be drawn up, and the various Governments may be in possession of the data necessary when construction is decided on.

15. Those who advocate the contract system are of opinion that the policy outlined above would be attended by the advantages claimed 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 aid. They have been struck by what can best be described, perhaps, as a certain attitude of animosity on the part of British enterprises towards the Tropical African Colonies and Protectorates. A comparison has been drawn, for example, by some of the witnesses who have testified to us, between the meagre achievement of British enterprise in Tropical Africa on the one hand and on the other the striking results which it has shown 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

the apparent... of territories under the... they note that in... more or less vague... the less... private enterprise... seems to the... system of Crown... both the way for the... communications are concerned, a... of department... and State ownership has... it has been that private enterprise... them has flagged and their potentialities... own. They do not ignore the fact... in the absence of special inducement... is offered by railway projects... but they do think that the... monopolise the construction... the past has been a... sphere of aloofness... avowed adoption... exciting a mood... of the Empire... they fear is... Nigeria, for example... a comb... and Uganda, a... a Govern... organised for the purpose of carrying... programme of railway construction over a considerable... departmental system... to be entrenched more firmly even than... past, and that no openings need be expected for the activities of the... large contracting firms whose special business is railway construction... work. In their view the effect of such an impression would be... intensify rather than to dissipate the atmosphere which they are... anxious to see dispelled.

16. On the other hand, those who think that the balance of advantage lies in the adoption, where financial 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 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 stipulate that:—

- (1) The engineer in charge of construction should be as competent as any whom a contractor would employ, and should, therefore, be paid a salary equal to that which he would receive from a contractor. That he should be given equally wide powers in the selection and dismissal of his staff, and that neither he nor those serving under him should be permanent or pensionable civil servants.

Equality, 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 do not admit of the maintenance of a permanent construction staff, the contract system may prove the best.

11. The procedure which those who desire to 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 by the 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 nature of the contract to be made would require careful consideration. We doubt the advantages of a percentage contract, or a contract at so 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 sidle 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, in 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 undeniable. Indeed, we all agree as to the desirability of having both topographical maps and location surveys, whether railways are to be constructed by contract or departmentally; and we desire to urge first the completion of such maps with all 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 developments may be drawn up, and the various Governments may be in possession of the data necessary when construction is decided on.

13. Those who advocate the contract system are of opinion that the policy outlined above would be attended by the advantages claimed 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 aid. They have been struck by what can best be described, perhaps, as a certain attitude of shyness on the part of British enterprise towards the Tropical African Colonies and Protectorates. A comparison has been drawn, for example, by some of the witnesses who have testified to us, between the immense 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

the apparent... of territories under the... they note that in... more or less vague... private enterprise... system of Crown... both the way for the... communications are concerned, a... and State ownership has... result has been that private enter... them has flagged and their potential... wn. They do not ignore the fact, with... the absence of special inducement of red... ts offered by railway projects... but they do think that the... monopolise the construction... in the past has been a... sphere of adoption... avowed... exciting a more... of the Empire. They fear... Nigeria, for example, a... and Uganda, a... organised for the purpose of carrying... programme of railway construction over a considerable... departmental system... to be entrusted more fully even than... past, and that no openings need be expected for the activities of the... large contracting firms whose special business is railway construction... work. In their view the effect of such an impression would be... intensify rather than to dissipate the atmosphere which they are... anxious to see dispelled.

16. On the other hand, those who think that the balance of advantage lies in the adoption, where financial 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 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 stipulate that:-

- (1) The engineer in charge of construction should be as competent as any whom a contractor would employ, and should, therefore, be paid a salary equal to that which he would receive from a contractor. He should be given equally wide powers in the selection and dismissal of his staff, and that neither he nor those serving under him should be permanent or pensionable civil servants.

- (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 assist, if need be, in the engagement of staff. At present the Crown 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 has 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, often 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 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 East Africa. Some are being built by contract, some departmentally, and in one case, the Takoradi Harbour in the Gold Coast, by the State with the assistance of a firm of consulting and constructional engineers at a fixed fee. We think that works of this kind, which require special plant and a specialised staff, 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 reason for not doing so exists, all such works should in future be put up 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 come before us as cumbersome, inelastic, 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 itself. On the other hand, opinion as to the expediency of attempting to transfer the management of existing State railways to private companies is curiously divided. While the representatives of some important business interests in East and West Africa urge this course, the representatives of other equally important interests, notably of the Manchester, Liverpool and London Chambers of Commerce, oppose it. There is a similar difference among official witnesses though, as is perhaps not unnatural, official opinion is preponderatingly in favour of the existing system. Few of those who have advocated such a transfer 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 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 hands, 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 criticisms which are at present levelled against the management of the railways. That railways in Africa can be run to the satisfaction of the public by the State is proved by the railways 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 required. But it was inevitable that a good deal of evidence with regard to the prevailing system of management should be submitted to us and we think that, where it exists, 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 remedied. Under these circumstances we venture to make the following observations.

20. The outstanding objections attaching to the existing system appear to arise out of the following causes imposed upon the services of the

- (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 assist, if need be, in the engagement of staff. At present the Crown 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 has 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, often 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 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 East Africa. Some are being built by contract, some departmentally, and in one case, the Talmudi Harbours in the Gold Coast, by the State with the assistance of a firm of consulting and constructional engineers at a fixed fee. We think that works of this kind, which require special plant and a specialised staff, 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 reason for not doing so exists, all such works should in future be put up 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 come before us as cumbersome, inefficient, 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 itself. On the other hand, opinion as to the expediency of attempting to transfer the management of existing State railways to private companies is curiously divided. While the representatives of some important business interests in East and West Africa urge this course, the representatives of other equally important interests, notably of the Manchester, Liverpool and London Chambers of Commerce, oppose it. There is a similar divergence among official witnesses though, as is perhaps not unusual, official opinion is preponderantly in favour of the existing system. Few of those who have advocated such a transferance 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 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 transferance of the existing railways 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.

19. We think, however, that much might be done to meet the criticisms which are at present levelled against the management of the railways. That railways in Africa can be run to the satisfaction of the public by the State is proved by the railways 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 required. But it was inevitable that a good deal of evidence with regard to the prevailing system of management should be submitted to us and we think that, where it exists, the demand for the transferance of the railways from State to private management is based upon defects in the system which are capable of being remedied. Under these circumstances we venture to make the following observations.

20. The outstanding disadvantages attaching to the existing system appear to arise out of the limitations imposed upon the powers of the

(a 3047)

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 inefficient, 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 railway 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 railway 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 should not be used to meet the general expenses of the Government. The Colonial Secretary 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 future 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 railways as at present managed possess no intelligence department and that they are consequently indifferent to the varying requirements of the trading community as the development of the country takes place. We think, further, that the railways 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 Office controls at present many thousand miles of railway, not only in Africa, East and West, but in Ceylon, the West Indies and elsewhere. Railways are a technical subject, and railway management is a distinct profession. Yet the railways of the several Colonies report in London, 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 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 know-

ledge 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.

31. We are aware that improvements are being effected in the management of some of the existing railways, that considerable economies 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 appreciable 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 companies.

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 problem is one of great difficulty, and the following suggestions are put forward tentatively in the hope that they may at least indicate the lines along which a solution of it may be found.

(b) On the principle of joint ownership and control by private companies and the State.

24. We have said that we do not think that it is possible to hand over existing State railways 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 now stood the test of experience in other countries and

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 inefficiency, 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, so 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 railway 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 railway 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 should not be used to meet the general expenses of the Government. The Colonial 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 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 railways as at present managed possess no intelligence department and that they are consequently indifferent to the varying requirements of the trading community as the development of the country takes place. We think, further, that the railways 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 Office controls at present many thousands miles of railway, not only in Africa, East and West, but in Ceylon, the West Indies and elsewhere. Railways are a technical subject, and railway management a specialist profession. Yet the railways of the several Colonies report in London, 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 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 know-

ledge 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 economies 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 appreciable 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 companies

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 problem is one of great difficulty, and the following suggestions are put forward tentatively in the hope that they may at least indicate the lines along which a solution of it may be found.

(b) On the principle of joint ownership and control by private companies and the State.

24. We have said that we do not think that it is possible to hand over existing State railways 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 now stood the test of experience in other countries and

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. Limantour, 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 success for a good many years till Mexico collapsed at the end of the Diaz regime. 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 municipalities 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 Electricitäts Gesellschaft. The control is joint, but the public authority representatives concern themselves mainly with policy and finance, while the commercial 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 Anglo-Persian Oil and British Dyers, 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 as 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 urgently needed. To complete this scheme a bridge across the Zambezi is highly desirable. It is impossible to expect that this bridge, which we are told would cost approximately £500,000, can be built by private enterprise alone. Nor can Nyasaland assume the responsibility unaided. 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 accepts the view that the scheme as a whole is deserving of Imperial support, we suggest that all international difficulties could be minimised by the formation of a company on the lines which we have indicated.

The Dominion of Canada owns *de facto* some 1,000 miles of railway lying in the United States, and consequently subject to the domestic legislation both of Canada and Poland. But the Canadian ownership takes the form of Government ownership of the entire share capital of a private company, the Canadian National Railways, and consequently all possibility of conflict between the Canadian and the United States Governments is obviated. We have not been able to investigate this Nyasaland question sufficiently thoroughly to be in a position to say that the Lake Nyasa-Berra scheme ought at this time to be carried through in its entirety; or that, if it is to be carried through, the public-private company will be the best agency for the purpose. But we do think that this solution might well prove to be the best way out of a very difficult and unsatisfactory situation, and we recommend that the whole matter be fully investigated in the light of the foregoing observations.

26. In considering the possibilities of securing the assistance of private companies in the 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 started out, that many hundreds of 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 them. Stress has been laid by many of those whom we have examined upon the difficulties and inconveniences which must inevitably arise if a part of what 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. 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 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 the third owner of the whole and would share the management of the line being vested in a Board on which both parties were represented.

VII.—GUARANTEES OF INTERESTS AND CONCESSIONS.

27. Unless Government is prepared to grant special forms of assistance to private companies, it is on the lines suggested above that we think the best hope of attracting private enterprise to Tropical Africa

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. Lamantour, 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 success for a good many years till Mexico collapsed at the end of the Diaz regime. 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 municipalities 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 Elektricitäts Gesellschaft. The control is joint, but the public authority representatives concern themselves mainly with policy and finance, while the commercial 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 Anglo-Persian Oil and British Dives, could not be applied in Nyassaland. The situation there is extremely complicated and by no means satisfactory. The through route from Lake Nyasa to the Ocean may be described as 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 urgently needed. To complete the scheme a bridge across the Zambezi 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 Nyassaland assume the responsibility unaided. 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 accepts the view that the scheme as a whole is deserving of Imperial support, we suggest that all international difficulties could be minimised by the formation of a company on the lines which we have indicated.

The Dominion of Canada owns in fact some 1,000 miles of railway lying in the United States, and consequently subject to the domestic legislation both State and Federal. But the Canadian ownership takes the form of Government ownership of the entire share capital of a private company, the Canadian National Railways, and consequently all possibility of conflict between the Canadian and the United States Governments is obviated. We have not been able to investigate this Nyassaland question sufficiently thoroughly to be in a position to say that the Lake Nyasa-Berira scheme ought at this time to be carried through in its entirety; or that, if it is to be carried through, the public-private company will be the best agency for the purpose. But we do think that this solution might well prove to be the best way out of a very difficult and unsatisfactory situation, and we recommend that the whole matter be fully investigated in the light of the foregoing observations.

26. In considering the possibilities of securing the assistance of private companies in the 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 hundreds of 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 them. Strays has been laid by many of those whom we have examined upon the difficulties and inconveniences which must inevitably arise if a part of what 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. 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 Nyassaland 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 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 management, the whole being vested in a Board on which both parties were represented.

VII.—GUARANTEES OF INTEREST AND COMPENSATION.

27. Unless Government is prepared to meet tropical territories of assistance to private companies, it is on the lines indicated above that we think the best hope of attracting private enterprise to Tropical Africa

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. Limantour, 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 success for a good many years till Mexico collapsed at the end of the Diaz regime. 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 municipalities 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 Electricitats Gesellschaft. The control is joint, but the public authority representatives concern themselves mainly with policy and finance, while the commercial 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 Anglo-Persian Oil and British Dyes, 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 as 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 especially needed. To complete this scheme a bridge across the Zambesi is highly desirable. It is impossible to expect that this bridge, which we are told would cost approximately £300,000, can be built by private enterprise alone. Nor can Nyasaland assume the responsibility unaided. 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 could be minimized by the formation of a company on the lines which we have indicated.

The Dominion of Canada owns *de facto* some 1,200 miles of railway lying in the United States, and consequently subject to the domestic legislation both State and Federal. But the Canadian ownership takes the form of Government ownership of the entire share capital of a private company, the Canadian National Railways, and consequently all possibility of conflict between the Canadian and the United States Governments is obviated. We have not been able to investigate this Nyasaland question sufficiently thoroughly to be in a position to say that the Lake Nyasa-Betra scheme ought at this time to be carried through in its entirety, or that, if it is to be carried through, the public-private company will be the best agency for the purpose. But we do think that this solution might well prove to be the best way out of a very difficult and unsatisfactory situation, and we recommend that the whole matter be fully investigated in the light of the foregoing observations.

26. In considering the possibilities of securing the assistance of private companies in the 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 made out, that many hundreds of miles of them are already built and are being run by the State, and that future lines are, for the most part, consist of extensions or of branch lines to them. Stress has been laid by many of those whom we have examined upon the difficulties and inconveniences which must inevitably arise if a part of what 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. 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 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 State would be the owner of two-thirds of the whole and would share two-thirds of the revenue, the private syndicate being vested in a board on which both parties were represented.

VII.—GUARANTEES OF INTEREST AND CONCESSIONS.

27. Unless Government is prepared to grant special forms of assistance to private companies, it is on the lines sketched above that we think the best hope of attracting private enterprise to Tropical Africa

for the purpose of... at the... by ten... ments in... of inter... a... r... may... never... of this... the Govern... Africa... land... of... the post... any...

VIII.—SUBSIDIES IN CONNECTION WITH TRANSPORTATION BY LAND.

28. We have already seen that, with railways generally, and the same certainly applies to other forms of transportation to be considered. Roads, for example, are a matter for Government; but we think that something should be done to promote private enterprise by encouraging, in the case of road transport as feeders to the railways. It appears that in many cases such systems of motor transport as exist are run by Government, who are at an advantage as compared with private companies in that they escape the licence fees and import duties which upon vehicles (in the case of some of the territories) and petrol 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 enjoy. 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 the railways should receive a bonus per ton.

Since motor lorries, more especially of course of the heavier class, quickly cut 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 to run alongside Government roads, and by carriage free, or at nominal rates, of their construction material, rails, sleepers, vehicles, &c. In order to avoid complication of gauges and duplication of workshops, they should be operated as tramways rather than as railways, and, where possible, by animal traction to save cost.

(b) Roller-track vehicles on the tank principle, being without wheels, improve instead of cutting up the roads. 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 that this is the most satisfactory arrangement from all points of view. In Nyassaland, steamers are run, both by Government and a private company, the African Lakes Company, and no suggestions have been made in this connection. The Chief Secretary to the Government of Tanganyika Territory suggested in evidence before us that there was a possibility of doing both on the coast and on Lake Tanganyika for steamers, and that any firm coming forward with proposals for meeting this need would be welcomed with open arms by the administration, and it is necessary to give wide publicity to the possibilities in which await exploitation. On the Niger, we are informed that there are Government river-steamers, and that there are private steamers near the seaboard, connecting towns and villages. 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 goods, provided that there is no discrimination as to the cargo offered, and that the interests of the small traders are safeguarded. We consider that there is here an opening for private enterprise by either Government or merchants or the shipping company, and we suggest that the net cost to Government of these services might be given as a subsidy to a private company if it 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 Udi coalfield. At present, the coalfield is worked by Government, no leases being granted to private companies, 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 hitherto 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 hesitation in recommending that leases for working the coalfield should be granted to private companies. There 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

for the purpose of...
 at the...
 by ten...
 in...
 of...
 a...
 rail...
 may...
 never...
 of this...
 the...
 Africa...
 line...
 out...
 the...
 any...

VIII.—ROADS AND TRANSPORTATION BY LAND

28. We have already seen that, with railways generally, and the...
 certain...
 the...
 but...
 encouraging...
 it...
 as...
 private...
 duties...
 and...
 petrol...
 enterprise...
 and...
 service...
 and...
 Government...
 Light...
 All...
 receive...

Since motor lorries, more especially of course of the heavier class,
 quickly...
 Government...
 they...
 which...

(a) Narrow-gauge feeder lines should be encouraged by permits
 to run alongside Government roads, and by carriage free, or at nominal
 rates, of their construction material, rails, sleepers, vehicles, &c.
 In order to avoid complication of gauges and duplication of workshops,
 they should be operated as tramways rather than as railways, and,
 where possible, by animal traction to save cost.

(b) "Roller-tracks" vehicles on the Tank principle, being without
 wheels, improve instead of cutting up the roads. 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
 that this is the most satisfactory arrangement from all points of view.
 In Nyassaland, steamers are run both by Government and a private
 company, the African Lakes Company, and no suggestions have been
 made in this connection. The Chief Secretary to the Government
 of Tanganyika Territory suggested in evidence before us that there
 was a great opening both on the coast and on Lake Tanganyika for
 steamer traffic, and that any firm coming forward with proposals
 for meeting this need should be welcomed with open arms by the
 administration, so long as it was necessary to give wide publicity to
 the possibilities of the coast, which await exploitation. (On the
 Niger, the Government and the Niger Company, and the Government
 steamer service, are based near the seaboard, connecting
 Government... 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
 goods, provided that there is no discrimination as to the cargo offered.
 It is clear that the interests of the small traders are safeguarded. We
 consider that there is here an opening for private enterprise by either
 the merchants or the shipping company, and we suggest that the net
 cost to Government of these services might be given as a subsidy to a
 private company if it 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 Udi coalfield.
 At present, the coalfield is worked by Government, no leases being
 granted to private companies, 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 hitherto 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 hesitation in
 recommending that leases 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

objection to the leasing of coal areas is based on this ground, we feel that it is not open to us to urge a change in the decision which has been taken.

XI. GENERAL MEASURES TO ENCOURAGE PRIVATE ENTERPRISE. FREIGHTS, DUTIES AND CUSTOMS FACILITIES.

31. In accordance with our terms of reference we have investigated the 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 impossible 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 cumbersome 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 issue of a licence for the establishment of more than one cotton ginnery within a radius of ten miles. It is urged that the overhead 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 development by private enterprise. We have been unable to ascertain the reason for this restriction, and we think that it should be reconsidered.

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 unaided by Government in the present stage of development of Tropical Africa.
- (ii) 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 maintained 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 Colonial Office.
- (vi) That the system of joint ownership of railways by the State and by private companies should be adopted as a means of enabling the cooperation of private enterprise in the re-organisation of existing railway systems (particularly in Nyasaland) and the construction and management of new lines or of extensions to existing lines.

objection to the leasing of coal areas is based on this ground, we feel that it is not open to us to urge a change in the decision which has been taken.

XI. GENERAL MEASURES TO ENCOURAGE PRIVATE ENTERPRISE. FREIGHTS, DUTIES AND CUSTOMS FACILITIES.

31. In accordance with our terms of reference we have investigated the 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 impossible 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 cumbersome 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 issue of a licence for the establishment of more than one cotton ginnery within a radius of ten miles. It is urged that the overhead 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 development by private enterprise. We were here unable to ascertain the reason for this restriction, and we are unable to recommend

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 unaided by Government in the present stage of development of Tropical Africa.
- (ii) 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 maintained 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 Colonial Office.
- (vi) That the system of joint ownership of railways by the State and by private companies should be more extended as a means of enabling the cooperation of private enterprise in the re-organisation of existing railway systems (particularly in Nyasaland) and the construction and management of new lines or of extensions to existing lines.

- (vii) That private enterprise should be encouraged to develop light tramways and all forms of road transport as feeders to railways by the abatement or remission of import duties on vehicles, materials and fuel, their carriage free or at special rates, and the payment of a bonus per ton on freight brought to the railway.
- (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 enterprise 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 cheapen and facilitate the movement of produce there is urgent need for reform in the customs arrangements for the free interchange of commodities between Kenya, Uganda 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.
P. 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, in my mind, undesirable from the point of view of public policy.

It ought, in my opinion, in the first place, to be accepted as an axiom of administration that our Colonial Empire in East and West Africa has reached a stage at which development must be regarded, and should be undertaken, on purely business lines. Arguments are used in this report which to my mind are not only entirely inapplicable to the circumstances of the Colonies, but also to the development of any country. It is not possible to regard all its

mistakes—and they have been many and costly—the Colonial Office merite the gratitude of all patriotic citizens, but I do not share the view 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 authority.

I do not propose to enter minutely into the conflict between departmental 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 Government positions and who could not naturally be expected to condemn or criticize 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-accutate 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 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 constructions 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 in 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 railway State staff naturally anxious to continue its occupation of Government activity by government the withdrawal from private enterprise of a number of unbusinesslike tenders to afford it constant employment.

Such reservation of railway construction for departmental staffs is, moreover, to my mind, not justified by any considerations which have

- (vii) That private enterprise should be encouraged to develop light tramways and all forms of road transport as feeders to railways by the abatement or remission of import duties on vehicles, materials and fuel, their carriage free or at special rates, and the payment of a bonus per ton on freight brought to the railway.
- (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 enterprise 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 cheapen and facilitate the movement of produce there is urgent need for reform in the customs arrangements for the free interchange of commodities between Kenya, Uganda 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.
P. 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, in my opinion, undesirable from the point of view of public policy.

It ought, in my opinion, in the first place, to be accepted as an axiom of administration that our Colonial Empire in East and West Africa has reached a stage at which development must be regarded, and should be undertaken, purely as a business enterprise. Arguments are used in this report which, to my mind, are not applicable to the application to the Colonies of the principle of Government development.

mistake—and they have been many and early—the Colonial Office merits the gratitude of all patriotic citizens, but I do not share the view 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 authority.

I do not propose to enter minutely into the conflict between departmental 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 Government 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 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 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 in 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 railway State staff naturally anxious to continue its occupation of Government activity by recommending the withdrawal from private enterprise of a number of unprofitable lines in order to afford to constant employment.

Such reservation of railway construction for departmental details is, moreover, to my mind, not justified by any considerations which have

been laid before us. Great efforts have been made by those interested in departmental construction "to advance every line tending to discount private enterprise, but I have endeavoured not to allow this to bias my judgment. It is the accepted principle of business life that even if what is termed "direct action" is contemplated, it is the only reliable policy to compare with the estimates of the cost of such action—the competitive quotations supplied by private firms. The Majority Report makes, as I say, reservations in the acceptance of this principle and places such reservations in the hands of the Colonial Governments, who would, of course, be advised, and have to be advised, by the very officials who were personally interested in the acceptance of their views.

When I mention another aspect of the tendency in Colonial railways to State trading, to which I equally object. It is the principle of State trading. Nothing in my career has induced me to accept the view that State trading is desirable from any point of view, except that of those who carry it on. There may be very rare exceptions like the Post Office, but they are negligible in point of numbers. I do not wish to do the official world an injustice, but it is quite clear that if the recommendations of the Majority Report are carried into effect we shall create an Imperial State Railway Department. Paragraph 16 of the Report recommends the establishment of a thoroughly efficient railway agency in London, which will evidently have most extensive powers, and in connection therewith (paragraph 20) there is also to be an Imperial Railway Inspectorate. Although its attributes are vaguely sketched, it is clear that thereby we should bring into existence a vast organisation both controlling the existing and constructing the new railways, not merely in East and West Africa, but in all Crown Colonies, and it needs but little imagination 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 increasing the total of Government Departments nor for adding to the burdens which rest upon the public by any avoidable addition to the number of Government officials. It is relatively easy to create a Department, but it is a Herculean job to get rid 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 disillusion those who hoped that at least 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 could not be applied to similar State trading in this country, and, we doubt, they will be by those who like it. I am, though, not among them.

As regards, I therefore recommend the issue of invitations to tender to be issued in those cases where names should be placed on a list kept up to date by the Colonial Office. The type of contract should necessarily be left to the Colonial Governments, though, personally, I think that a Schedule of Rates Contract would prove the most satisfactory. The

production of complete topographical maps of the territories should be expedited, since the importance of these in the drawing up of the specifications required when tenders are to be invited is not to be underestimated. In other words if we are to have better constructed railways, a complete railway programme is essential, and this necessitates the preparation of what may be termed topographical surveys, in connection with the surveys of these should not be given only a contract.

In view of the fact that there is undoubtedly need for more railways in West Africa, the construction of which is to be undertaken by the Colonies, I recommend the Colonial Governments to be given in hand and offered to private enterprise, the opportunity of securing such a guarantee or other inducement as will ensure private enterprise to do the work and so not only do the Colonies themselves benefit, but the trade to British manufacturers may decrease unemployment at home. Or, alternatively, the Government, through the Colonial Office, at once arrange for the finance of such lines, calling for public subscriptions for their construction and relieving the particular Colonies of the payment of interest for a limited number of years, so as to enable them to reap the benefit of the railway revenue before paying interest.

The principle of open tender should be adhered to in regard to extensions of the existing Uganda Railway, and certain railways in West Africa, the construction of which, according to official statements, is now projected departmentally. Even in cases where such work has already been commenced departmentally, successful tendering should be undertaken to take over the completed portion with the staffs already employed thereon.

These recommendations I put forward not only in the interests of economic 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 I indicated from my views already expressed in regard to railways. With respect to the management of the existing railways, which the evidence shows to be, for the most part, extremely inefficient, 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 evidence has been far too inconclusive 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 great patience and unfailing courtesy of the Chairman, and to the work done by the Secretary of the Committee.

EDWIN STOCKTON.

26th November, 1923.

APPENDIX.

LIST OF WITNESSES IN THE ORDER IN WHICH THEY GAVE ORAL EVIDENCE BEFORE THE COMMITTEE.

- Sir George Smith, K.C.M.G., Governor of Nyasaland.
 Sir Hugh Clifford, G.C.M.G., Governor of Nigeria.
 Mr. A. C. Hollis, C.M.G., C.B.E., Chief Secretary, Tanganyika Territory.
 Sir Robert Coryndon, K.C.M.G., Governor of Kenya.
 Major General W. H. Grey, C.B., C.M.G., representing the West African Section, London Chamber of Commerce.
 Mr. A. A. Cowan, Chairman of the African Trade Section, Liverpool Chamber of Commerce.
 Mr. Norman Melland, C.B.E., Chairman of the African Section, Manchester Chamber of Commerce.
 Mr. Eber Holt.
 Mr. 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. Hay.
 Major General Sir Gordon 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., formerly General Manager of the Uganda Railway.
 Mr. J. Scott, representing Messrs. Pilling & Co., Ltd.
 Mr. N. Jackson, representing the Shire Highlands Railway Company of Nyasaland.
 Mr. T. L. Gilmour, representing the Central Africa Railway Company of Nyasaland.
 Major J. E. Fletcher, M.B.E.
 Mr. A. Coker, 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. Mächig, M.B.E., of the Tanganyika Department, Colonial Office.
 The Master of Zibank.

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

- Lord Kyisant, 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.

APPENDIX.

LIST OF WITNESSES IN THE ORDER IN WHICH THEY GAVE ORAL EVIDENCE BEFORE THE COMMITTEE.

- Sir George Smith, K.C.M.G., Governor of Nyassaland.
- Sir Hugh Clifford, G.C.M.G., Governor of Nigeria.
- Mr. A. C. Hollis, C.M.G., C.B.E., Chief Secretary, Tanganyika Territory.
- Sir Robert Coryndon, K.C.M.G., Governor of Kenya.
- Major General W. H. Grey, C.B., C.M.G., representing the West African Section, London Chamber of Commerce.
- Mr. A. A. Cowan, Chairman of the African Trade Section, London Chamber of Commerce.
- Mr. Norman Melland, C.B.E., Chairman of the African Section, Manchester Chamber of Commerce.
- Mr. Edgar Holt.
- Mr. 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. S. 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. Hay.
- Major General Sir Gordon 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., formerly General Manager of the Uganda Railway.
- Mr. J. Scott, representing Messrs. Parsons & Co., Ltd.
- Mr. N. Dickson, representing the Shire Highlands Railway Company of Nyassaland.
- Mr. T. L. Gilmour, representing the Central Africa Railway Company of Nyassaland.
- Major J. E. Fletcher, M.B.E.
- Mr. A. Coules, 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. Mächtig, M.B.E., of the Tanganyika Department, Colonial Office.
- The Master of Esibauk.

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

Lord Kysant, 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.

The Superintendent of Publications,
S.O.

14 Jany. 1924.

P.D./No. 51

Dear Sir,

With reference to the accompanying press proof of a Command paper on the subject of Private Enterprise in Tropical Africa, it is understood that, as a matter of formality, nothing can be presented until after the King's speech is delivered, but to avoid delay the duplicates in respect of this paper will be in the hands of the Vote Office officials on Tuesday morning, and it is desired that publication be effected as soon after presentation as possible.

Will you please expedite publication as much as possible, and also enter the cost in the space left blank for that purpose in the note on page 2.

Yours faithfully,



The Superintendent of Publications,
S.O.

14 Jany. 1924.

P.D./No. 52

Dear Sir,

With reference to the accompanying press proof of a Command paper on the subject of Private Enterprise in Tropical Africa, it is understood that, as a matter of formality, nothing can be presented until after the King's speech is delivered, but to avoid delay the duties in respect of this paper will be in the hands of the Vote Office officials on Tuesday morning, and it is desired that publication be effected as soon after presentation as possible.

Will you please expedite publication as much as possible, and also enter the cost in the space left blank for that purpose in the note on page 2.

Yours faithfully,



Note of the expenses of the Private Enterprise
Committee, exclusive of printing the
Report. These expenses have been
met from C.O. vote.

Travelling expenses of M. N. Melland
who came to give evidence £ 50 - 0 - 0

Duplicating of minutes and Evidence
by Stationery office £ 14 - 8 - 1

Reporting and typing by
Messrs Gurney £ 12 - 9 - 0

Teas 3 - 0

Total - £ 36 - 18 - 4

R E P O R T

O F T H E

C O M M I T T E E

of the Secretary of State for the Colonies to
report whether, and if so, what steps
should be taken to encourage Private
Enterprise in the Development of the British
Colonies and West Tropical Africa, with
reference to existing and projected schemes
for the improvement of the Colonies.

275
PRINTED FOR PARL
And. 2016. Jan: 1924

Constitution of the Committee.

The Right Honourable 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.E., 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

Mr. F. Dawsoning, Colonial Office, (Secretary).

Table of Contents.

- I. Preliminary and General.
- II. - Limited activity of unaided private enterprise in railway construction and management to the present date.
- III. - Examination and definition of departmental construction.
- IV. Relative advantages of departmental construction and construction by contract, and the relation of these two methods 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.
- VI. Possibilities of future construction and management of railways.
 - (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 Coalfield in Nigeria.
- XI. - General measures to encourage private enterprise. Freights, duties, and customs facilities.
- XII. - Restrictions affecting cotton-ginneries in the Tanganyika Territory.
- XIII. - Summary of conclusions and recommendations

Minority Report by Sir Edwin Stockton, M.P.

Appendix - List of witnesses.

REPORT

to

Com

His Grace the Duke of Devonshire, K.G., P.C.,
G.C.M.G., F.R.S., Secretary of State for
the Colonies.

Your Grace,

We were appointed in July 1913
Secretary of State for the Colonies to
enquire whether and if so what measures could
be taken to encourage private enterprise in
the development of the Empire in dependence
on the West African continent with special
reference to existing and proposed schemes
of "inspiration".

2. We held 15 meetings and have
examined 30 witnesses including the Governors
of the greater number of the territories con-
cerned, engineers and railway officials,
representatives of the Chambers of Commerce of
London, Manchester and Liverpool and of
business houses and corporations especially

REPORT

to

Can

His Grace the Duke of Devonshire, K.G., P.C.,
G.C.M.G., F.R.S., Secretary of State for
the Colonies.

Your Grace,

We were appointed in July 1931
Secretary of State for the Colonies to
consider whether and if so what measures could
be taken to encourage private enterprise in
the development of the British Dependencies
in the West African Colonies with special
reference to existing and proposed schemes
of transportation.

Secretary of State

2. We have had 13 meetings and have
examined 30 witnesses including the Governors
of the greater number of the territories con-
cerned, engineers and railway officials,
representatives of the Chambers of Commerce of
London, Manchester and Liverpool and of
business houses and corporations specially

interested in the trade of Tropical Africa, and individuals with special 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 Colony and Protectorate, the Gold Coast Colony with Ashanti and the Northern Territories, the British spheres of Togoland and the Cameroons, and Nigeria on the West; the Nyasaland 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 upwards 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.

4.

With very few exceptions these railways have been constructed and are managed departmentally, the main exceptions to this rule

being the railways of Nyasaland which have been 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~~ War resulted in the loss of this territory to Germany; and the Uasin Gishu railway, a branch of the Uganda railway in Kenya now being constructed by a private firm under contract for the Government.

II.- Limited activity of unaided private enterprise in railway construction and management to the present date.

Small
Cham

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 non-official witnesses that in Nigeria 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 Lake Nyasa.

The lake itself provides a valuable waterway some 350 miles in length in the centre of a large productive area of great potentialities, and the projected line of 125 miles would bring it into direct railway communication with the port of Beira on the Indian Ocean. *

The company which built and managed the Shire Highland railway failed to avail itself of the option which it possessed of constructing the extension to lake Nyasa, with the result that it was decided to construct the line as a Government railway with money to be advanced by the Imperial Treasury. The project fell into abeyance during the War and has not been proceeded with since. It appears to be considered by the Company that the extension

130

* Note:- There is at present no bridge across the Zambezi, passengers and cargo being ferried from Chindio, the terminus of the Central African Railway, to Murraca, the terminus of the Trans-Zambesia Railway on the southern bank of the river.

9

would not be justifiable unless the Zambezi is bridged, and that this would be a work altogether beyond their own unaided resources.

6. 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 possible scope was given to private enterprise. Both the raising of the capital required, the actual construction of the lines and 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 motives that the promoters embarked upon the projects; and experience of the working of the lines up to the present time shows that, even with the

financial assistance given by the Government, the enterprise is one which has involved the promoters in loss and is devoid of attraction from the investor's point of view. There is, 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 aspect 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 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.

11

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
 administrative reasons precluded delay. Under
 these circumstances Government, undertook the
 construction of the lines itself.

III. Examination and definition of departmental
 construction.

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

02
 Knapp

8

there any organised 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 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 practically no voice at all in the matter, though it had to pay the bill. The Consulting Engineers were in the position of contractors with no time limit, no penalty clauses and no check on work. We agree with those who hold that this 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 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

/ L

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 work, even ballasting where possible, to be added later as traffic justifies improvements. The results of this method as shown by the Lagos-Kano line in Nigeria (where it ~~is~~ implemented) 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; that departmental 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

capital cost in the shape of high freights.

On the other hand it

has been affirmed with equal emphasis that,

under the conditions under which the railways

have been 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 done. In support of

the statement that the freights charged on

the Government railways in British Africa are

unduly high certain figures have been laid

before me purporting to provide a comparison

between the rates charged on certain goods in

British territory on the one hand and 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 present time, the systems of freight 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 charged 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 largely in excess of those on the Nigerian railways. Nor do we think that the controversy over the capital cost of the railways in British Tropical Africa can be profitably pursued for the reason, if for no other, that there are no standards of comparison available to us. That there are cases in which the actual 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 unurveyed 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.

18

IV. Relative advantages of departmental construction and construction by contract, and the relation of ^{these} two methods to the encouragement of private enterprise.

(a) Railways.

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 so what measures should 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

IV. Relative advantages of departmental construction and construction by contract, and the relation of ^{these} ~~these~~ two methods to the encouragement of private enterprises.

(a) Railways

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 progress of the Colonies and Protectorates themselves, the relative advantages of departmental construction and construction by contract, in

nature

To the question which has been submitted to us - whether, and so what measures should 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 - earth-works, ~~excavations~~ etc - may be carried out by sub-contracts; while under the system of state construction 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 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 constant employment a thoroughly efficient construction staff under a first-class railway 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 contractor's profits (enhanced possibly in the case of

undeveloped countries by inflated estimates to cover unknown risks) are saved; that the cost of the expert staff required for measuring up quantities and checking measurements in order to see that they are in accordance with contract specifications is saved; that plans are more easily be modified during the progress of the work as new information renders changes advisable, and that some of the lines are brought into use as a line and some receipts without incurring contractors' claims; that an immediate start can be made as soon as the location survey of the line 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.

13. The advantages 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 guarantee against any excess over the estimate when the work is undertaken by the State;

that firms 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 undertake the work the recruitment and entertainment 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 advantage 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 contractor inadvisable.

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 do not admit of the maintenance of a permanent construction staff, the contract system may prove the best.

14. The procedure which those who desire to 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 by the 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 nature of the contract to be made would require careful consideration. We doubt the advantages of a percentage contract, or a contract at so 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 add 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, in 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 undeniable. Indeed, we all agreed as to the desirability of having both topographical maps and location surveys whether railways 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

26

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.

15. Those who advocate the contract system are of opinion that the policy outlined above would be attended by the advantages claimed 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 aid. They have been struck by what can best be described, perhaps, as a certain attitude of shyness on the part of British enterprise towards the Tropical African Colonies and Protectorates. A comparison has been drawn, for example, by some of the witnesses who have come before us, between the meagre 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 flag 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 Crown Colony government tends to obstruct rather than smooth the way for the would-be concessionaire; that in any case, 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 patent to all of us, that in the absence of special inducements offered by Government, the prospects offered by railway projects are not such as to attract private

capital; but they do think that the extent to which the State has tended to monopolise the construction no less than the operation of railways in the past, has been a contributing factor in the creation of the atmosphere of aloofness 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 Empire. What they fear is that if in a vast territory such as Nigeria, for example, or in a combination of territories such as Kenya and Uganda, a permanent Government construction staff is to be organised for the purpose of carrying through a programme of railway construction over a considerable term of years, the impression will be created that within these areas the departmental system 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 constructional 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.

4- 16. On the other hand, those who think that the balance of advantage lies in the adoption, where financial 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 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 stipulate that:-

- (i) The Engineer in charge of construction should be as competent as any whom a contractor would employ, and should, therefore, be paid a salary equal to that which he would receive from a

Indirect

contractor. That he should be given equally wide powers in the selection and dismissal of his staff, and that neither he nor those serving under him should be permanent or pensionable civil servants.

(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 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 assist, if need be, in the engagement of staff. At present the Crown 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
balance of advantage between
systems lies, the Committee
recommendation in favour of Road 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 show 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 has 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 believed, often 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. *U.S.*

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 East Africa. Some are being built by contract, some departmentally, and in one case, the Takoradi Harbour in the Gold Coast, by the State with the assistance of a firm of consulting and constructional engineers at a fixed fee. We think that works

of this kind, which require special plant and a specialised staff, 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 reason for not doing so exists, all such works should in future be put up to tender.

*Understand
not it's*

business interests in West and East Africa urge this course, the representatives of other equally important interests, notably of the Manchester, Liverpool and London Chambers of Commerce. There are similar differences among official witnesses though, and perhaps not unnatural, official opinion is preponderatingly in favour of the existing system. Few of those who have advocated a transference have explained to us the precise process by which they think it could be brought about, and we have been given little reason 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 hands, 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 criticisms which are at present levelled against the management of the railways. That railways in Africa can be run to the satisfaction of the public by the State is proved by the railways 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 required. But it was inevitable that a good deal of evidence with regard to the prevailing system

of management should be submitted to us and we think that, where it exists, 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 remedied. Under these circumstances we venture to make the following observations.

~~20.~~

The outstanding disadvantages attaching to the existing system appear to arise out of the limitations imposed 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 Colonial Regulations. Neither in the matter of dismissal, in the case of inefficient, 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 railway 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 railway revenue and the interest on the railway debt. If there is a profit after

5
/

meeting capital charges and a depreciation account, it should go to railway improvement or to reduction of rates, and should not be used to meet the general expenses of the Government. The Colonial 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 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 railways as at present managed possess no intelligence department and that they are consequently indifferent to the varying requirements of the

trading community as the development of the country takes place. We think, further, ~~that~~ the railways 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 Office controls at present many thousand miles of railway, not only in Africa, East and West, but in Ceylon, the West Indies and elsewhere. Railways are a technical subject and railway management is a distinct profession. Yet the railways of the several Colonies report in London, 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 railway service should be treated as a whole. Further we feel persuaded that no commercial concern would attempt to control a number of

scattered businesses without possessing

expert knowledge at the head office,

and we think the Colonial Office ought to have

a Railway Inspectorate, to which all the

the railways should report. Such an

te would continuously supervise

ement and in personal touch with

ess by inspection from time to time

full discussion with the various general

when the on leave.

and were arrangements are being

in the management of some of the

with considerable economies

working of the Gold Coast

conditions

Colonel Hammond;

and that large charges are being used as

system of management in the case of the Kenya

and railways. Figures have been given

which show appreciable

reduced running costs, and the outline of

the scheme of reorganisation gives us the

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

id. (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 companies.

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 African 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 African and Trans-Zambesi 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-Zambesi Railway and the projected extension to the lake.

as one of the greatest is one of great
 following suggestions are
 respectively in the hope that they
 may at least indicate the lines along which a
 solution of it may be found.

(b) On the principle of joint ownership and
control by private companies and the State.

24

We have said that we do not think that it is
 possible to hand over existing State railways 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 now stood
 the test of experience in other countries and 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-
 company" was introduced in Mexico about
 25 years ago by Dr. Limantour, then Finance
 Minister. The principal Mexican railways were
 in the hands of American capitalists.

The capitalists wanted more money for

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, 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 success for many years till
Mexico collapsed at the end of the Diaz regime.

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 between Mexico

guaranteed bonds to be issued by a company,

the German provinces and municipalities 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 Electricitäts Gesellschaft. The control is joint, but the public authority representatives concern themselves mainly with policy and finance, while the commercial 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 Anglo-Persian Oil and British Dyes, 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 as 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 Highland Railway is urgently needed. To complete the scheme a bridge across the Zambesi is highly desirable. It is impossible to expect that this bridge, which we are told would cost approximately 2800,000, can be built by private enterprise alone. If our Nyasaland assumes the responsibility unaided. 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 would be minimised by the formation of a company on the lines which we have indicated.

The Dominion of Canada owns de facto some
 I. C. C. lines of railway in the United States
 and consequently subject to the domestic
 legislation both State and Federal. But the
 Canadian ownership takes the form of Government
 ownership of the entire share capital of a
 private company, the Canadian National Railway,
 and consequently all possibility of conflict
 between the Canadian and the United States Gov-
 ernments is avoided. We have not been able to
 find ^{any} ~~any~~ this Nyasaland question sufficiently
 thoroughly to ~~be~~ ^{take} a position to say that the
 N. N. Nyasa - Beira scheme ought at this time
 to be carried through in its entirety; or
 that, if it is to be carried through, the public-
 private company will be the best agency for the
 purpose. But do think that this solution
 might well prove to be the best way out of a
~~very difficult and what is a~~ situation,
 and we recommend that the whole matter be
 fully investigated in the light of the foregoing
 observations.

26.

In considering the possibilities of securing the assistance of private companies in the 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 them. Stress has 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.

(over)

N. L. f.
reshpara.

(Annex 2) 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 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 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 one-third owner of the whole and would share the management, control being vested in a board on

①

which both parties were represented.

Small cap. VII.

... of interest, and concessions,

Government is prepared to grant

special forms of assistance to private companies,

it is the firm belief above that we think

the best hope of success private enterprise

to Tropical Africa for the purpose of railway

development. It is assumed that

at the present stage Government no wholly

private company would be able to embark

upon railway projects without

inducements in the form of land concessions,

mineral rights, or other grants of interest

at a rate which would justify construction

by the state in the economic

interest. It is an example of the

Hyderabad always has, and one ex-

perienced witness has told us that it may be

taken as an incontrovertible fact that private

enterprise will never build a development

railway in Tropical Africa within the

future of this generation without Government

help. In the circumstances of the Colonies

and more particularly the Protectorates 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.

Small
copy

VIII. Subsidiary forms of transportation by land.

28. We have now dealt with railways generally, and there remain certain subsidiary means of transportation to be considered. Roads in themselves are essentially a matter for Government; but we think that something might be done to promote private enterprise by encouraging all forms of road transport as feeders to the Railways. It appears that in many cases such systems of motor transport as exist are run by Government, who are at an advantage 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 petrol 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

Wf

(b) "Roller-track" vehicles on the tank principle, being without wheels, improve instead of cutting up the roads. They should, we suggest, receive special encouragement.

Small cars
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 that 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 made to us in this connexion. The Chief Secretary to the Government of Tanganyika 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 want would be welcomed with open arms by the administration. It only seems necessary to give wide publicity to the possibilities in this direction which

swift exploitation. On the Niger Steamers
 are run both by Government and by the
 Niger Company, and we have also been
 informed that there are Government river-
 steamer services through the creeks near
 the seaboard connecting towns and markets.
 We have been given to understand that the
 Government of Nigeria has long been anxious
 to transfer these services to private enter-
 prise, and to enter into a contract for the
 carriage of mails, provided that there is
 no discrimination as to the cargo offered,
 and that the interests of the small traders
 are safe-guarded. We consider that there is
 here an opening for private enterprise on
 either the merchant's or the shipping company,
 and we suggest that the cost to Government
 of these services might be given as a
 subsidy to a private company if it 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.

C.O. 533
 301
 PUBLIC RECORDS
 OFFICE OF THE ARCHIVES

SI General

to encourage private

Amalgamated
Co.

freights, duties and customs facilities.

31

In accordance with our terms of reference we have investigated the question submitted to us with special reference to existing and projected schemes of transportation. It has been urged before us that the ~~greater~~ ^{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.

... of ...
our ... and ...
are as follows:-

(1) That it is not to be anticipated that
private enterprise will be ...

...
railways included in the ...
present stage of development in the ...
Africa.

(11) Owing to the wide ...
and ...
Africa ...
a ...
merits of ...
possible ...

general application of ...
departmental construction ...
of their construction ...
invariably the better ...
however, in paragraph ...

fully ... appear to ... the relative ...
... and ... of the ...
...; and we have recommended that in

is contemplated, unless

sufficient reasons against this course are

shown by the Colonial Government, tender a

for the war should be

and approved

Department

1941

1941

1941

1941

1941

1941

Harbour

stand of the

the

State-owned

and managed

practical proposition, it would be in the