

# STATISTICAL AND SOCIAL INQUIRY SOCIETY OF IRELAND.

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## AN ANALYSIS OF THE LEGISLATION, PUBLISHED ACCOUNTS AND OPERATING STATISTICS OF THE GREAT SOUTHERN RAILWAYS CO., 1924-1937.

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In 1922 there were 46 different railways in Ireland, 28 of which were under separate and distinct managements, and the remainder were worked by one or other of the 28. The total capital upon which interest or dividend was payable was £46 85 million, while the total route mileage was 3,454 miles, of which 2,896 had a standard gauge of 5' 3", the remainder being on a narrow gauge, mainly 3'. In addition, there were three colliery railways, 24 miles in length, connecting the collieries at Castlecomer, Wolfhill and Arigna, constructed by the British Government at a cost of £160,000, £125,000 and £60,000 respectively.

In the two years following the cessation of the British Government control over the Irish Railways, which lasted from January, 1917 to August, 1921, the annual net receipts showed a considerable decline below the 1913 figures, due chiefly to the damage and destruction consequent on the Anglo-Irish strife and civil war, and partly to the larger wages and salaries bill, and greater expenditure on materials and equipment resulting from higher prices. In consequence of government control, the altered conditions of service involving the employment of additional working personnel and the higher cost of living which led to increased wages and salaries, the total expenditure on wages and salaries on the Irish railways in 1922 had advanced to about three times the pre-war figure. With a view to paying the usual dividends to stockholders in 1922 and 1923, a number of the companies were forced to draw upon the money paid to them by the British Government as compensation for the period of control. Further, the deficits in the working expenses of the baronial guaranteed railways were so large in 1922, £107,000 and in 1923 about £30,000, that the guaranteeing baronies or districts were not required to pay the amounts due, which were met by some of these companies by transfers from the compensation fund with a view to keeping them open.

The unsatisfactory financial position of the railways lying wholly within the Saorstát forced the Government to take measures for their radical reorganisation and more effective business control. The most obvious method of achieving this object was to unify them into a single system of administrative control, which was recommended by different government commissions from 1837 to 1922. As railway nationalisation was not approved by the Government, the Railways Act, 1924, was passed with the object of bringing about a united system by voluntary amalgamations and absorptions, and in the event of non-agreement by compulsion.

## THE RAILWAYS ACT, 1924.

By the Railways Act, 1924, all the railways lying entirely within the Saorstát, except one electric and two steam railways, were combined into one system, i.e. the Great Southern Railways Co. The latter was composed of four amalgamating companies: the Great Southern and Western Railway Co., the Midland Great Western Railway of Ireland, the Dublin and South Eastern Railway Co., and the Cork, Bandon and South Coast Railway Co. and twenty-two absorbed companies of which fifteen were baronial guaranteed lines. The total issued capital, with nominal additions, of all these companies on the 31st December, 1923, was £273 million, of which that of the amalgamating companies: G.S. & W., M.G.W., D. & S.E., and C.B. & S.C. was 14.2, 6.5, 2.4 and .9 £ million respectively, making 88 per cent. of the total. The issued capital of the baronial lines was about £11 million, on which an annual dividend of £50,000 was guaranteed to stockholders.

As most of the baronial lines failed to pay their way, the deficits in their working expenses were, for the most part, made good by the guaranteeing county areas. In the case of five lines the working companies fully indemnified the shareholders of the baronial lines from all loss. The guaranteed dividend on 41 per cent. of the aggregate issued capital of these lines was at the rate of 5 per cent. per annum, while on the remainder it was 4 per cent. In most cases the British Treasury undertook, under the Tramways and Public Companies Act, 1883, to contribute, if necessary, up to a maximum of 2 per cent. per annum on the paid up capital. The maximum Treasury contribution for dividend was £20,586, while that of the guaranteeing county areas amounted to £28,102, and in one case, the Great Southern and Western Railway, bore the loss, when necessary, of the guaranteed dividend. The contributions of the Treasury and the guaranteeing areas to meet deficits in dividends for 1913 were £14,927 and £21,298 respectively, the latter being reduced by a payment of £6,500 out of local taxation account. The actual Treasury contribution in respect of dividend for the year 1921, which was an abnormal year on account of the Anglo-Irish strife, was £16,592, while the guaranteeing areas had to pay £29,222 for the same period in respect of guaranteed dividends and deficits in revenue. In point of fact, at least four of these baronial lines incurred a net revenue loss in each year from 1909 to 1923; while the total net deficiency, that is, excess of expenditure over receipts in all the baronial guaranteed lines taken over by the G. S. Rys. Co. for 1924 amounted to £53,519.

## MAIN PROVISIONS OF THE RAILWAYS ACT, 1924

The Railways Act, 1924, was, for the most part, based on a similar Act passed in 1921 for Great Britain, which led to the merging of practically all the main lines into four groups. The chief provisions of this Act were: the unification of all, except a few minor, railways lying entirely within the Saorstát; the establishment of a railway tribunal\* of three persons to hold office in the first instance for five years, who would assume the functions and jurisdiction of the Railway and Canal Commission and be empowered to deal with problems of amalgamation

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\* In Great Britain three courts—the Amalgamation Tribunal, the Railway Rates Tribunal, and the Railway and Canal Commission—were entrusted to perform the functions committed to one court, the Railway Tribunal, in the Saorstát.

and absorption of the railways, classification of merchandise, standard rates and fares, subject to the provisions laid down in the Act, conditions relating to the packing of articles liable to damage in transit or to cause damage to other merchandise, and articles, etc., that may be conveyed as passengers' luggage; the abolition, on and from the day on which the schedules of standardised charges settled by the railway tribunal are to become operative, of all prior exceptional rates, with certain specified exceptions, and the adoption of new exceptional rates as sanctioned by the railway tribunal, provided that such rates shall not be less than 5 per cent. or more than 40 per cent. below the standard chargeable; the amalgamated company was permitted to collect and deliver by road any merchandise which is to be or has been carried by rail; the determination by the railway tribunal of such standard charges in the first instance as will with other sources of revenue yield an annual net revenue, called the standard revenue, equivalent to the average annual aggregate net revenue for the three years of account ended next before the 1st January, 1914, of the amalgamated and absorbed companies together with certain other allowances; provision for the regulation of wages and salaries, working hours and other conditions of service of railway employees in accordance with agreements made between trade unions representative of such employees and the railway company. In a schedule to the Act there are provisions for terms of compensation to employees of any amalgamating or absorbed company whose positions are abolished or whose remuneration or emoluments are reduced on the ground of a diminution of duties or who otherwise suffer any direct pecuniary loss by reason of amalgamation or absorption.

The four amalgamating companies were required to submit a scheme of amalgamation on or before 31st August, 1924, to the Minister for Industry and Commerce, who would refer it to the railway tribunal for consideration and sanction. Three of the amalgamating companies, viz., Great Southern and Western Railway, Midland Great Western Railway, and Cork, Bandon and South Coast Railway, came to an arrangement as regards stock holdings in the new company and formed what came to be known as the Great Southern Railway Company, as incorporated from 12th November, 1924, but could not reach any agreement with the Dublin and South Eastern Railways Company. The various debenture, guaranteed preference, preference and ordinary stocks of the G. S. & W. Rys. Co. were exchanged into equal amounts of stocks of the same denomination in the new company. Stockholders in the M. G. W. Co. 4 per cent. debentures received the same amount of debentures in the new company, holders of  $4\frac{1}{4}$  per cent. and  $4\frac{1}{2}$  per cent. stock received similar stocks of £106 5s. and £112 10s respectively for each £100 held, £100 5 per cent. preference stock was converted into £125 £4 per cent. preference stock and the £100 ordinary stock into £70 ordinary stock in the new company. The same terms were granted debenture and preference stockholders in the Cork, Bandon and South Coast Railway Co., while £80 ordinary stock in the new company was given for each £100 ordinary stock in the C., B. & S. C. Co. As a result of these adjustments and transfers the original capital including debenture stocks of the G. S. Ry. Co. amounted to £21,068,958.

The chief difficulty preventing the D. & S. E. Ry. Co. from coming into the first amalgamation scheme was the fact that the London and North Western Railway Company had granted a loan in 1902 of £100,000 for the construction of the New Ross and Waterford Extension Railway, which was referred to in an agreement schedule in the L. & N. W. Ry.

Act, 1905, providing that this company (afterwards the London, Midland and Scottish Ry. Co., by the Railways Act, 1921) should have the right to appoint a nominee on the Board of the D. & S. E. Co. The L. M. & S. Co. insisted on their right, so long as this loan remained unpaid, of nominating a director on the new amalgamated company which the other amalgamating companies refused to accept. Another source of disagreement was the claim by the D. & S. E. Co. to receive special recognition on account of an arrangement between the L. M. & S. and themselves, whereby the latter received an income of about £20,000 p.a. arising out of a division of cross-Channel receipts. Eventually an agreement was reached and sanctioned by the railway tribunal on the same terms for debenture and preference stock holder in the D. & S. E. Co. as those given to similar holdings in the other amalgamating companies and £100 consolidated ordinary stock was transferred into £47 10s. ordinary stock of the new company. Certain stock holdings such as £100,000 4 per cent. New Cross and Waterford Extension railways guaranteed stock, etc., were transferred intact to the capital of the G. S. Rys. Co., which was the new name of the amalgamation. An Act was passed in December, 1924 giving the L. M. & S. Co. the right to nominate a director on the new company in consideration of the L. M. & S. Ry. Co. granting the same concessions to the amalgamated company as those given to the D. & S. E. Co.

By the 1924 Act, the baronial guaranteed and other minor railways were absorbed into the G. S. Rys. system. As a result of the statutory rules and orders issued by the railway tribunal in 1925, the capital of 4 per cent. baronially guaranteed shares was exchanged into an equal amount of 4 per cent. Preference Stock in the new company, while holders of 5 per cent. guaranteed shares received £125 G. S. Rys. Preference stock for every £100 shares in their original holdings.

When the final adjustments and transfers of stocks were completed the nominal capital, including debenture stock, was found to be £26,008,707, a reduction of £1·3 million on the aggregate of the value of all the stocks of the separate companies included in the new company.

The Act also provided that the Minister for Industry and Commerce should pay £48,688 per annum for five years (1925-'29) to the amalgamated company in respect of the absorption of the baronial lines, which was the combined maximum contribution of the British Treasury and the county areas involved to meet deficits in their dividends, and for the following five years ending in 1934 an annual sum of £47,288. The guaranteeing county areas were to redeem their contingent liabilities by the payment to the Minister of £19,898 per annum for the ten years, 1925-'34, and the Local Taxation account was to pay the Minister £6,804 per annum for the same period, after which the losses on these inefficient and uneconomic lines were a charge against the general revenue of the G. S. Rys. Co.

### THE CHIEF EFFECTS OF THE 1924 ACT,

It is difficult, on account of the subsequent variable economic conditions, to estimate the main results of the 1924 Act. It is manifest that most of the railways, especially the baronial lines, would not have stood the strain of the intensive road transport, if they had remained independent units, and of the economic depression from 1930. The annual payment for ten years to the company by the Government of £47,000 to £48,000

per annum was not adequate compensation for the absorption of the baronial railways. Immense economies were effected as a result of the unification of so many managements, reduction of staffs, better use of rolling stock, etc., which are referred to in the statistical table on the expenditure in relation to railway working. These large savings helped to lessen the effects of the downward tendency of the traffic receipts. There was a very marked reduction in the value of stocks of stores and materials on hand at the end of 1937, £395,000 compared with the value of stores, etc., of the various units within the combine at the end of 1924, about £850,000, due largely to centralised control, and partly to lower relative prices in the former period. The assumptions on which the Act was passed of affording the company a monopoly of inland transport over the districts through which it passed, subject to certain State regulations and its ability to earn the standard revenue as fixed by the railway tribunal were not justified on account of the advent of the competition of road transport. The nominal capital of the company should have been reduced to a lower level at the time of the amalgamation instead of allowing the stockholders, except the ordinary, of the various units to retain practically the same nominal interest in the united company. This would have enabled the company to pay normal rates of dividends on its different stocks, afford a larger surplus for maintenance and repairs, maintain the market values of the railway stocks within satisfactory limits on the stock exchange, and introduce a degree of confidence and stability in the railway system.

#### THE RAILWAYS (ROAD MOTOR SERVICES) ACT, 1927.

Prior to 1927 the railways were precluded from undertaking road motor services with a view to meeting the intense competition of private owners of road vehicles for the carriage of passengers and goods. Some of the railway companies, afterwards included in the G. S. Rys. system, had been given limited powers to carry on certain road services under Acts of Parliament. For instance, an Act passed in 1900 for the G. S. & W. Ry. Co., another Act in 1903 obtained by the Dublin, Wicklow and Wexford Railway Co. and in the same year an Act for the M. G. W. Ry. Co. empowered these companies to run road services between their hotels and their stations and to places of interest in the neighbourhood. On the other hand, road motor vehicles, owned by private individuals, subject to no legislative or administrative restrictions in respect to routes or charges had, for a number of years, been skimming the cream of the short distance traffic, especially in the conveyance of passengers, with disastrous effects on the gross and net revenue of the G. S. Rys. Co. So, the Government decided to introduce a Bill giving permission to the railway companies, whose lines lay wholly or partly within the Saorstát, to provide, own, maintain and run motor services subject to certain conditions, which, when passed into law, became known as the Railways (Road Motor Services) Act, 1927.

In granting the railway companies the privilege of running road services, the legislature decided to qualify it with certain restrictions on the assumption that they would gain a virtual monopoly of transport as a result of their great financial resources and general economic and strategic position in the country. This fear, a relic of 19th century railway legislation, should not have existed in view of the fact that numerous privately owned commercial road services, unfettered by legislation,

had begun to entrench themselves as public road carriers. In accordance with this view, the following provisions were included in this Act: the sanction of the Minister for Industry and Commerce was required in the case of the road transport routes and services provided by the railways and the schedule of maximum charges for these services, on report submitted by the Rates Advisory Committee. Further, the permission of the Minister was necessary in the event of the railway company discontinuing road motor services or demanding charges in excess of the lowest heretofore levied for the particular road traffic. The main aim of the latter was to prevent a railway company undertaking road transport in a district with a view to beating competitors, and having accomplished its object, either to withdraw or reduce its road services or increase its rates. Section 10 enacted that a road motor service run by a railway company shall be deemed to be a business carried on by the company as ancillary or subsidiary to the railway, the charges for which are not subject to the jurisdiction of the railway tribunal. Accordingly, the latter could not, in fixing the standard revenue, take into account losses incurred by a railway in its road transport business.

### ROAD TRANSPORT ACT, 1932.

This Act introduced the compulsory licensing system for passenger road transport, repealed the Railway (Road Motor Services) Act, 1927, and placed the railways and the Dublin United Tramways Co. on the same footing, even to the extent of purchasing other road enterprises, as other persons engaged in road transport, thus relieving them from handicaps imposed by previous statutes.

A person carrying on, for twelve months ending 31st October, 1931, a continuous service identical with or substantially the same as the passenger road transport service to which the application was made could not be refused a licence unless the existing service was not efficient, frequent or otherwise adequate to satisfy public requirements, or the organisation and equipment at the disposal of the applicant did not conform to the conditions imposed by the Minister. The latter had full discretion to grant or refuse all other applicants. Any passenger or merchandise carrying company formed under royal charter, statute, special statute or statutory order to transact the business of road transport in all or any of its branches in any part of the Saorstát, was empowered to purchase any interest in any road transport undertaking, to build and repair road motor vehicles, and enter into contracts in connexion with road transport.

This Act was intended to have ultimately in operation in the Saorstát, as a result of the purchase or absorption powers conferred on the statutory companies and by limiting passenger road transport to licensed operators, three extensive passenger road transport organisations: one serving an area connected with the G.S. Rys.; one operating in the area associated with the G.N. Rys.; and another in Dublin City and suburbs, where the D.U.T. Coy. conducted important bus services in competition with a large number of uncontrolled competitors.

### RAILWAYS (MISCELLANEOUS) ACT, 1932.

On account of the intense competition of road vehicles and the heavy losses resulting from the running of branch lines and other services, relief provisions were inserted in the Railways (Miscellaneous) Act,

1932, by which the Minister for Industry and Commerce was empowered to modify and even close down, under definite conditions, certain railway services. In addition, the following miscellaneous provisions were included: a railway company was given authority to purchase its own debenture stock, and to sell or lease any land not required for railway purposes; all transport business carried on directly or indirectly by the G.S. Ry. Co. was deemed to be ancillary or subsidiary to the railway, the charges for which were not to be subject to the jurisdiction of the railway tribunal; while the legal number of directors was reduced from 9 to 8.

The problem of branch or minor lines of the railways presented obstacles to the cessation of any part of their services, on account of the conditions under which they were conducted, unless specially provided by legislation. Railways constructed from public monies and controlling baronially guaranteed lines were subject to statutory service conditions, which did not apply to other railways. This Act reimposed these service obligations on the former and provided that the latter should continue the same facilities as afforded during the last seven days of November, 1931. It then authorized the Minister to make an order, on application of the railway, relieving the company from running an obligatory service of trains or any trains over a particular railway line, provided that he shall have regard to the alternative facilities which are or will be available in the particular district served by the railway, and, if necessary, a public inquiry may be held prior to the order.

#### ROAD TRANSPORT AND RAILWAYS ACTS, 1933.

At the time of the introduction of the Road Transport and Railway Acts, 1933, the G.S. Rys. had adopted the policy of purchasing the rights and interests of its passenger road competitors and possessed almost a monopoly of their business; the G.N. Ry. had not effected agreements with its principal competitors, while the D.U.T. Co. did not avail of the purchase provisions of the 1932 Act. The latter did not affect road transport of merchandise, which was not subject to State control. In fact, any individual, on payment of certain licensing fees, could run a lorry for the carriage of merchandise without any restriction. Private traders engaged in operating lorries for their own use occasionally used them for transporting other goods for hire and charged low rates for doing so. The railway companies had availed of the powers provided by the 1932 Act to engage in road transport.

The Road Transport Act, 1933, introduced the licensing system for existing road merchandise carriers, except those operating within certain exempted areas, empowered the statutory (known as "authorised") companies, within the area served by them, to purchase, by Order, the interests of other licensed road passenger and merchandise operators, and provided for a determination of the classification and rates charged for the carriage of merchandise by authorised companies.

All existing merchandise road carriers, as defined by the Act, that is, those engaged in merchandise road services between July, 1932, and 8 Feb., 1933, except those operating within certain exempted areas: (a radius of 15 miles from the principal post office in Dublin and in Cork, and of 10 miles from the chief post office in the case of 8 other less populous centres,) were compelled to take out a merchandise licence

Such licensees were obliged to accept for a reasonable reward merchandise of the class and between the places specified in their licence. The Minister for Industry and Commerce could, by Order, transfer a particular merchandise or passenger licence to an authorised (merchandise or passenger carrying) company or a shipping company at the instance of either the licensee or authorised company.

The compulsory licensing and purchase provisions of this Act were adopted to implement the considered opinion of the Government that the era of uncontrolled road transport should cease and that measures should be taken to relieve the resultant serious financial position of the railways, as indicated by the speech of the Minister for Industry and Commerce in introducing its second reading: "If the railways are to be maintained and enabled to play their part efficiently under modern conditions, they must be made part of a wider but a centrally controlled organisation" . . . "The Government has taken the view that competition in transport is neither necessary for efficiency nor desirable for its own sake. The facts . . . seem to indicate that unless existing competition in its most intense form could be ended, the continued operation of the railways will be seriously jeopardised." At the last annual meeting of the company, 4/3/'38, the chairman stated that "owing to widespread and ingenious evasion of the Road Transport Act, the road freight department of the business had been subject to much unlawful and intensive competition," and that representations were being made to the government to introduce amending legislation which would eventually prevent unauthorized haulage either by individuals or associated groups. He also referred to the fact that there were nearly 1,000 road hauliers licensed and operating under the Road Transport Act.

By the Railways Act, 1933, certain debts due by the G.S. Rys. Co. to the State were remitted, the capital of this company was reconstructed, and a modified standard revenue had to be determined in view of the anticipated normal return on the reduced capital, the Minister for Industry and Commerce could, by Order, on the application of the railways, sanction the discontinuance of certain services, provided that alternative facilities were available, the legal number of the directors was further reduced to 7.

The total remission of the indebtedness of the G.S. Rys. Co. to the State amounted to £285,900, viz., £41,500 due on account of advances by the Commissioners of Public Works to the late Southern Ry. Co. (which existed only in name at the time of the 1924 Act), £65,000 to the late Cork, Blackrock and Passage Ry. Co., and £179,400 advanced in 1918 by the British Government to the late D. & S.E. Ry. Co.

The drastic reconstruction of the capital, which gave rise to so much discussion and no little surprise to debenture- and other stock-holders, resulted in a deduction of £14,885,495 from the receipts on capital account, £28,822,073. This reduction was effected by diminishing the 4 per cent. debenture stock by 15 per cent., the 4 per cent. guaranteed preference stock by 50 per cent., the 4 per cent. preference stock by 65 per cent., and the ordinary stock by 90 per cent. As a result, the percentage income on £100 nominal stock was reduced to £3 8s. in the case of existing debenture holders, £2 for guaranteed preference stock holders, and to £1 8s. on preference stock holdings. Undoubtedly the company was overcapitalised, and its aggregate nominal amount was out of all proportion to the real value of the undertaking, but it is difficult to



understand the basis of the percentage reductions of the nominal holdings of the various stocks.

A brief consideration of the arguments in favour of and against the capital reconstruction of the G.S. Rys. Co. will help to reveal important aspects of this complex problem, which may be termed the wholesale legislative liquidation of its capital.

The debenture holders were secured creditors of the undertaking, their stockholding interests being a permanent liability until repaid in full, and as such they had a right to the recurrent and unalterable payment, out of gross revenue, of interest at the fixed rate of 4 per cent. per annum on the nominal value of their holdings. They could not be regarded as share- or stockholders whose dividends would be paid out of net revenue. The Minister for Industry and Commerce, when speaking on the Second Reading of the Bill, recognised the special position of the debenture holders thus: "I recognise, and in fact it could not be otherwise contended, that the debenture holders are in a special position." "It is a debt due by the company and is secured upon its assets, and does not represent a share in the ownership of the company. If the debenture holders put in a receiver to-morrow, it is an open question whether it would be possible for them to realise the face value of the debentures, particularly in view of the fact that adequate expenditure upon the maintenance and repair of the system had not been undertaken. If adequate expenditure for this purpose is undertaken, it seems clear that unless there is a very substantial alteration in the position there will be no debenture interest to pay." He further asserted that "it is not at all inequitable that the debenture holders should be asked to take their share in the general sacrifice."

The debenture holders could well have retorted that the unsecured creditors were not compelled to share in the general sacrifice, but were paid in full. The Minister's statement was a serious condemnation of the policy of the Board of Directors and of the general management of the company that they failed to keep the railway in an adequate state of maintenance which appears to conflict with the certified declarations in the annual reports to the stockholders by the chief permanent way and mechanical engineers for the years, 1925-33, that "the whole of the company's permanent way, etc., . . . plant, engines, tenders, carriages, wagons, etc., have been maintained in working order and repair." These certificates would be more definite if the word "adequate" were added to "working order and repair." In fact, the company has, through the following statement of its chief accountant before the Railway Tribunal, 29/6/'36, acknowledged the inadequacy of the maintenance of the railway: "Expenditure on maintenance had gone up, but was not sufficient for proper maintenance. The company had not done much more than maintain the assets with complete safety. They had not been able to maintain the standard as it used to be, or as they would like it to be."

The Minister advanced the same reasons for the reduction of the capital of the two classes of preference and of the ordinary stocks: "It is quite clear, I think, to the minds of most people, that the equipment purchased by capital investment in the G.S. Ry. Co. is, in great part, no longer capable of earning revenue. The allegation is frequently made—so far as the facts at our disposal can be analysed, it seems to be justified—that the railways have been starved, that adequate provision has not been made either for the maintenance of the permanent way or renovation of the rolling stock. The branch lines, to be placed

in a position in which they would be regarded as in a reasonable state, would require an expenditure for five years of £800,000. What has happened is that because of the inflated capital of the company, and the natural desire of the directors to make a return upon that capital, money has been taken out of earnings which should have gone into maintenance. Money which should have gone towards keeping the assets up to date and providing the country with a suitable railway service has gone to the payments of dividends upon the shares which the earnings did not justify." . . . "Unless there is a reorganisation of capital, unless there is an alteration in the conditions prevailing, I think it is quite clear that most classes of railway stock are going to be quite valueless in a short period."

The Minister's arguments for the reconstruction of the capital were directed more against the policy of the Board of Directors and the general management of the company than to prove directly that a reduction in capital was vitally necessary, although it would be possible to suggest that the monies allocated from the Compensation Fund, amounting to £826,000, should not have gone to swell the revenue account for the payment of dividends of 4 per cent. on the preference stock and 1 per cent. on the ordinary stock, which stopped in the year 1931, but should have been used, if necessary, for the upkeep and repair of the railway property. It was obvious that the company was over-capitalised in 1925, as a result of the amalgamations and absorptions arising out of the Railways Act, 1924; that it was carrying in 1933 a large number of uneconomic units, which should have been scrapped at least five years previously, and replaced by motor services; but a railway company cannot act like an ordinary commercial concern, being subject to the powerful arm of the legislature, in which political influences are dominant. Further, its inability to earn a normal net revenue in relation to its nominal capital for many years was an indication of over-capitalisation.

## STATISTICS.

### ROUTE MILEAGE (NEAREST MILE)

Running Track	Owned		Leased or Worked		Total	
	1925	1937	1925	1937	1925	1937
1st ... ..	2,053	1,956	128	120	2,181	2,076
2nd ... ..	433	272	6	5	439	277
Rest ... ..	11	13	—	—	11	13
Total (single) ...	2,497	2,241	134	125	2,631	2,366
Sidings (single) ...	285	286	—	—	285	286

The reduction of total mileage of the 1st and 2nd tracks owned by the company, viz., 2,486—2,228=258, or 10·4 per cent., has been the result of the singling of certain lines and the closing of branch railways. The latter has been due to the statutory powers conferred by the legislation already referred to, while the process of singling 2nd tracks practically ceased in 1931 (276 miles).

## RECEIPTS AND PAYMENTS ON CAPITAL ACCOUNT.

	(Million £)		
	1925	1937	
Receipts—shares and stocks, debentures &c.	28·87	14·57 15·94	(reduced) (adjustments under Railway Act, 1933 and transfers to Depre- ciation Fund)
Expenditure ... ..	29·67	31·05	
Bal (Deficit) ... ..	·80	·54	

A railway company's accounts are drawn up somewhat differently from those of the ordinary industrial or commercial concern, being subject to what is called the double account form of balance sheet, as stipulated by the Regulation of Railways Act, 1868. The distinctive features of this system are: the fixed assets and liabilities are separated from the floating assets and liabilities, the latter forming the General Balance Sheet of the Company, while the former are kept in the Receipts and Expenditure on Capital Account. This account is credited with receipts from share or loan capital, and is debited with the capital expenditure incurred in the acquisition of the property or in the construction of the works as authorised by Act of Parliament. The excess of the capital expenditure over capital receipts ending 1937, viz., £54 million, represents revenue expenditure on fixed assets. As there is no provision in the Act of 1868 for any periodical valuation of the properties, they are left at their original cost in the accounts. Once the total capital receipts have been expended as authorized, it is expected that the works should be maintained in a state of repair and efficiency out of the revenue receipts.

## THE DIVISION OF THE MAIN HEADS OF CAPITAL EXPENDITURE ENDING 1937.

	£ million	% of total	Corresponding percentages of 4 British Rys ending 1930
Lines open for traffic ... ..	23·82	76·7	69·2
Railway Stock ... ..	3·68	11·9	12·9
Manufacturing and Repair Works and Plant ... ..	·65	2·1	2·0
Lines under Construction and Leased Lines ... ..	—	—	·1
	28·15	90·7	84·2
Road Transport (vehicles, horses, garages, etc) ... ..	1·16	3·7	·5
Canal ... ..	·33	1·0	·7
Docks, etc ... ..	·10	·3	5·7
Hotels, etc ... ..	·30	1·0	·8
Land, etc., not part of the railway	·45	1·5	3·2
Subs to other companies ... ..	·55	1·8	1·4
Miscellaneous ... ..	·01	·0	3·5
	31·05	100·0	100·0

It will be noted that a vast amount of capital, £31 million, has been expended on the various undertakings of the company, 90 per cent. being invested in the permanent way, stations, equipment, etc., for the railway proper as distinct from capital for auxiliary enterprises, which forms 7·8 per cent. of the total. It is an interesting fact that the net receipts from road transport provided 20 per cent. of the net revenue of the company for the last year, although the capital expenditure on road undertakings is only 3·7 per cent. of the total. The Royal Canal has been a most unprofitable concern, there being a deficit in net revenue each year from 1925 to 1937; the average deficit amounts to £6,400 per annum. The average annual excess of expenditure over receipts for the same period in the case of docks, etc., is £2,900. The hotels and refreshment rooms show a surplus revenue each year, 1925-37, the average net income being £11,000 per annum.

## RAILWAY RECEIPTS IN £ MILLION.

	PASSENGER TRAIN				GOODS TRAIN					Total Traffic Receipts
	Passen- gers	Mails	Parcels etc	Total	Merchan- dise	Live- stock	Coal	Other Minerals	Total	
1925	1 50	·18	·31	1·99	1·54	·46	·23	·04	2·27	4·27
1926	1 43	·18	·33	1·94	1·55	·46	·18	06	2 25	4 21
1927	1·15	·16	·34	1·64	1 62	·54	·22	·08	2·46	4·13
1928	1·30	·17	·34	1·81	1·61	·50	·24	·08	2·43	4·26
1929	1·07	·16	·33	1·56	1·58	·51	·22	·08	2·40	3·99
1930	1·00	·16	·33	1·48	1·50	·50	·23	·08	2·31	3·81
1931	·87	·16	·32	1·35	1 41	·43	·21	·07	2·11	3 49
1932	·87	·16	·29	1·32	1·16	·29	·18	·07	1·70	3·04
1933	·80	·16	·27	1·23	1 10	·27	·17	·08	1 63	2 87
1934	·82	·16	·27	1·25	1·20	·25	·19	·12	1·76	3·03
1935	·85	·16	·28	1·24	1·24	·30	·19	·15	1·88	3·18
1936	·85	·16	·28	1·29	1·30	·31	·20	·13	1·94	3·26
1937	·85	·16	·29	1·29	1·26	·30	·19	·14	1·89	3·20

The total diminution of railway receipts for the years 1926-37 on the 1925 figures amounted to slightly over £8½ million, or an average of almost £¾ million per annum, consisting of a decline in passenger receipts of £6 14 million; merchandise, £1·95 million; and livestock, £·98 million, dating mainly from 1932, while the aggregate increase in "other minerals" (chiefly beet since 1934) was £·56 million.

The reduction in traffic revenue for 1937 compared with 1925 was £1 07 (passenger and goods trains, £·7 and £·38 million respectively), or 25 per cent. less than the 1925 total. The total traffic receipts for each year, 1926-33, except 1928, show a great decrease on the previous year, the reduction for 1933 being £1·4 million, or one-third lower than that for 1925. After 1933 an upward movement in total receipts for each year, mainly in merchandise and other minerals, set in until last year, in which there was a decline of £60,000 compared with 1936.

The greatest declivity in traffic income is evidenced in passenger receipts, which reached their lowest depth in 1933, a reduction of £7 million on those for 1925. This was largely due to the widespread intensive competition of bus traffic, which could not be countered by the company to any extent on account of the statutory restrictions on its road transport powers until their removal by the Road Transport Act, 1933. Other causes, of a lesser nature, were the general economic,

especially the agricultural, depression, with the consequent heavy fall in prices, which set in about 1930, the consequences of which are very marked by the steep decline in passenger revenue in 1931-33 compared with previous years. These causes were accentuated by the effects of the Anglo-Irish economic war on the spending ability of the travelling public, which contributed to the £70,000 decline in passenger revenue in 1933 on the figures for the previous year.

The maintenance of an almost uniform income each year, 1925-37, from parcels and sundry goods by passenger train testifies to the fact that where good service and speed are afforded, the railways can retain the greater bulk of their traffic in spite of intensive competition from road transport.

It is an interesting fact that, while the figures for passenger receipts for the years 1926-29 are much lower than those for 1925, the revenue from the carriage of merchandise and of livestock in these years exceeded the 1925 levels. The merchandise receipts show a decline of £40,000 and £130,000 in 1930 and 1931 respectively, to be accounted for partly by the general economic depression, and partly to the competition of the public motor lorries, and to the fact that private firms were using their own lorries to an increasing degree, even to the extent of carrying goods belonging to other firms. The published accounts of the company for 1930 and 1931 do not give any idea of the gross receipts from road motor transport, except references to the payments of net sums of £33,000 and £16,000 respectively for these years to road undertakings under working agreements. The merchandise revenue for 1932 and 1933 discloses a still greater reduction on that of 1925, viz., £380,000 and £440,000 respectively, the receipts for merchandise traffic being the lowest during the period, 1925-37, under consideration. This fall may be accounted for by the causes already mentioned, and in addition, the Anglo-Irish economic dispute. It is possible that commercial lorry owners were intensifying their competition during these years, possibly in view of the prospect of being taken over by the railway company.

The reduction on the 1925 total in the revenue from the carriage of livestock, which was well maintained in 1926-30, was first noted in 1931 (£30,000). A sharp decline set in in 1932, 1933 and 1934, due mainly to the penal British tariffs, the total receipts reaching their lowest levels, £250,000, in the latter year, after which there was a recovery to a little above the 1929 standard.

#### EXPENDITURE IN RESPECT OF RAILWAY WORKING (£ MILLION)

	Ways and Works	Rolling Stock	Locomotive Running	Traffic	Other Expenses	Total
1925...	·89	·70	·89	1·04	·38	3 90
1926...	·83	·61	·94	1·00	·37	3 75
1927...	·78	·60	·90	·94	·37	3 59
1928...	·72	·57	·80	·90	·38	3 37
1929...	·66	·51	·77	·86	·37	3 17
1930...	·57	·52	·77	·84	·37	3 07
1931...	·54	·42	·73	·78	·37	2 84
1932...	·44	·42	·68	·72	·37	2 63
1933...	·46	·43	·66	·66	·36	2 57
1934...	·46	·50	·68	·68	·40	2 72
1935...	·48	·52	·70	·69	·40	2 79
1936...	·48	·52	·74	·72	·40	2 86
1937...	·52	·50	·74	·73	·46	2 95

The total saving in the years 1926-37 on the 1925 figures amounted to £10½ million. This reduction was well spread over the four main sections of railway working, and was due partly to the huge economies resulting from the 1924 Act, and partly to reduced prices for materials and equipment. A continuous diminution in expenditure was effected each year until 1933, after which an increase took place on account of higher wages bill, greater costs of materials, etc., while the Conditions of Employment Act, 1936, and the Widows' and Orphans' Pensions Act, 1936, have resulted in an increased burden of £42,000 per annum. Direct increases in wages in 1937 over 1935 amounted to £124,000, while the increased cost of materials in 1937 compared with 1936, due to upward trends in prices, was £58,000. It is an interesting fact that 50 per cent. of the total expenses was incurred in 1925 and in 1937 in locomotive running and in traffic combined, and only in maintenance of way and works, apart from other expenses, was there any percentage variation in the figures for 1925 and 1937. It may also be noted that the total expenditure for 1937 was about one million pounds less than that for 1925.

## NET REVENUE (in £000's)

	Railway	Road Transport	Canal	Docks, etc	Hotels, etc	Miscellaneous	Compensation Fund	Total
1925...	391.9	—	—11.3	— 6.2	5.9	86.1	376	842.5
1926...	459.1	.6	—11.2	—11.0	11.8	93.4	300	842.8
1927...	671.4	1.7	— 9.0	— 3.8	14.1	78.5	100	852.9
1928...	764.6	1.3	— 7.4	— 2.7	9.1	99.4	—	864.2
1929...	819.0	— 9.9	— 6.5	— 3.2	17.9	110.6	—	928.0
1930...	743.6	—33.2	— 6.3	— 4.3	14.2	111.1	—	825.1
1931...	641.8	—16.3	— 5.2	— 5.7	10.7	109.6	50	784.9
1932...	404.8	2.8	— 4.9	— 5.0	7.0	116.0	—	520.7
1933...	305.3	15.0	— 3.9	— 1.1	6.6	113.8	—	435.7
1934...	313.3	80.4	— 4.0	2.4	7.9	106.8	—	506.9
1935...	394.0	86.7	— 4.3	2.1	9.4	58.0	—	505.8
1936...	405.0	56.1	— 4.2	1.4	14.0	36.5	—	508.8
1937...	306.5	89.4	— 5.4	— .6	14.8	41.7	—	446.4

There was a decided upward trend in the railway net revenue from 1926-29, which reached its peak, £819,000, in the latter year, not as a result of higher traffic receipts, which decreased to the extent of £28 million in 1929, compared with 1925, but in consequence of the immense economies effected. After 1929, a downward tendency in railway net revenue becomes very marked, with abnormal reductions in 1931, 1932 and 1933 on the previous years, reaching its lowest level in 1933 in receipts, expenditure and net revenue. During 1934-36 a continuous rise took place, but in 1937 there was a decline of £98,500 compared with the previous year, due to a reduction of £60,000 in traffic receipts and an increase of £38,000 in expenditure. In this year, the railway net revenue constituted only 69 per cent of the total revenue of the company.

ROAD TRANSPORT.—Apart from the revenue receipts in 1930 and 1931, road transport becomes significant from the income viewpoint in 1934 and subsequent years, when the company utilized its full trans-

port powers under the 1933 Act. Its net revenue, £89,400 in 1937, constituting 20 per cent. of the total net revenue of the company, yields an income of about  $7\frac{1}{2}$  per cent. on the capital invested in road transport undertakings.

The total sum transferred from the Compensation Fund to the net revenue account to enable the company to pay dividends was £826,000.

The losses on the working of the Royal Canal and Docks, etc., and the gains arising from hotels, etc., evident from the above figures, have been already referred to in explaining the main heads of capital expenditure.

VOLUME OF PASSENGER TRAFFIC (IN MILLIONS)

	CLASS				TOTAL
	1st	2nd	3rd	Workmen	
1925 ...	·79	·14	11·51	·20	12·65
1926 ...	·72	·13	11·52	·21	12·59
1927 ...	·59	·13	10·43	·17	11·32
1928 ...	·50	·11	9·66	·15	10·42
1929 ...	·60	·08	9·98	·19	10·84
1930 ...	·46	·04	8·56	·11	9·17
1931 ...	·43		8·15		8·57
1932 ...	·36		8·00		8·16
1933 ...	·42		8·34		8·76
1934 ...	·34		8·23		8·57
1935 ...	·41		9·87		10·28
1936 ...	·31		8·01		8·32
1937 ...	·30		7·71		8·01

There was an almost continuous annual reduction in the number of first class passengers, due chiefly to the increased use of private motor cars, the numbers in 1924 and 1937 being 13,380 and 44,491 respectively, and probably by the more comfortable third class accommodation on the main section of the railway. The enormous diminution in the volume of third class traffic was largely the result of the more direct and easily adaptable bus transport, which covers most of the towns, many of which are located some distance from railway stations. The second class and the workmen's fares ceased in 1930.

In comparisons of the total volume of passenger traffic, account must be taken of the number of season ticket holders and assume that each holder makes, on the average, about 600 journeys in the year. In doing so, it is unnecessary to set out a separate table for each year, the years 1925 and 1937 being sufficient for comparative purposes. The total number of 1st, 2nd and 3rd class season ticket holders for 1925 was 890, 470 and 3,814 respectively, amounting to 5,174 or 3·10 million single passengers, while the number of 1st and 3rd class holders in 1937 was 696 and 6,547 respectively, totalling 7,243 or 4·35 million single journeys. These figures would make the total volume of passenger traffic in 1925 and 1935, 15·75 and 12·36 millions respectively, the total for 1937 being 21 per cent. less than that for 1925.

## VOLUME OF GOODS TRAFFIC

	No of livestock in millions	Million Tons			
		Merchandise	Coal, etc.	Other Minerals	Total
1925...	2.17	1.59	.57	.14	2.30
1926...	2.29	1.62	.43	.17	2.21
1927...	2.59	1.73	.58	.28	2.30
1928...	2.75	1.76	.55	.29	2.60
1929...	2.52	1.72	.55	.30	2.57
1930...	2.50	1.63	.57	.30	2.50
1931...	2.39	1.62	.53	.25	2.39
1932...	1.42	1.40	.47	.24	2.12
1933...	1.55	1.35	.48	.27	2.11
1934...	1.48	1.50	.54	.43	2.47
1935...	1.65	1.53	.55	.57	2.65
1936...	1.73	1.60	.55	.51	2.67
1937...	1.55	1.53	.54	.53	2.60

The volume of traffic in livestock shows great annual fluctuations, and may be considered as some criterion of the general tendency of the industry. The total traffic for the last six years, 1932-37, was 38 per cent. less than the previous six years, 1926-31, which is largely accounted for by the Anglo-Irish economic war, so disastrous to the livestock industry, the increased use of motor lorries, and the cumulative effects of the agricultural depression from the high prices in (say) 1928. It is interesting to note that when the statistics of rail transport of livestock in 1925 and 1937 are analysed, the numbers in thousands originating on the company's system in these respective years were: cattle, 777 and 771; calves, 164 and 148; sheep, 590 and 299; pigs, 610 and 317; and horses, 15 and 11.

The average annual tonnage of merchandise carried for the past six years is 7 per cent. less than that of 1925, or about 11½ per cent. lower than the average for the preceding six years. There is no means of estimating the relative volume of merchandise carried by road transport in these periods, but it may be assumed that these percentages would be much reduced if public road and private mercantile transport were taken into account. Were it not for the establishment of factories in various parts of the country requiring materials and equipment and transport for the sale of their products, these percentages would have been higher.

With the exception of 1926, the year of the great coal dispute in Great Britain, the annual tonnage of coal, etc., carried is very uniform, in spite of the more extensive use of coal merchants' lorries over a greater part of the period. The yearly traffic of slightly over half a million tons looks small, considering the average annual import amounted to 2.28 million tons for 1933-35; but it must be considered that, according to the Irish Census of Distribution for 1933, the retail trade in coal in Dublin accounts for 51.4 per cent. of the aggregate for the twenty-six counties, that it is imported direct into the ports of Dublin, Cork, Limerick, Waterford, Sligo, Dundalk and Drogheda, which supply districts close at hand, that the coal traffic from Dublin for a radius of from 50 to 60 miles can be transacted by road, and that, outside the towns, turf is extensively used.



The increased traffic in "other minerals" dating from 1927 and 1934 was due to the carriage of beet for the Carlow Sugar Factory in the former year, and, in the latter, for the Thurles, Mallow and Tuam Sugar Factories.

Having regard to the decreasing revenue from the transport of merchandise and other goods within recent years, it is interesting to note that the total volume of the goods traffic, apart from livestock, for the last three years, 1935-37, 792 million tons, was greater than the combined volume of the three previous highest years, 1927-29, 777 million tons.

The number of tons of merchandise, etc., carried on a railway affords no indication of the work imposed on or performed by the goods department, as the average or total tonnage may be moved long or short distances. Hence a much better test of work done is ton miles, i.e., the number of tons of goods traffic multiplied by the miles hauled.

## TON-MILES (MILLION)

	General Merchandise	Live stock	Coal Coke, etc	Other Minerals	Total
1925 ...	99.11	26.99	30.61	6.02	162.73
1930 ...	103.71	31.14	30.13	13.30	178.28
1936 ...	125.17	28.56	33.14	20.79	207.66

The total figures for 1936, last year, for which the Government statistics are available, are much higher than any previous year. In fact, the ton-miles for the main divisions of traffic for the years 1935 and 1936, except for live-stock, exceed those of any year prior to 1930, in spite of increasing competition from road haulage and other causes already referred to. The increase in "other minerals" has been due to the carriage of beet for the beet sugar factories.

Statistics are given in the railway returns of the number of wheel types of tender and tank engines. For instance at the end of 1925, there were 395 tender and 175 tank engines, whereas at the end of 1937, the corresponding figures were 376 and 132, with 5 wheel types for the tender engines in each year, and 15 and 14 wheel types for the tank engines in 1925 and 1937 respectively. Such figures and comparisons are practically useless as there is no indication of the haulage capacity of the engines at the two comparative periods.

## ROLLING STOCK OF MERCHANDISE AND MINERAL VEHICLES

Year	OPEN WAGONS			COVERED WAGONS			MINERAL		Cattle Trucks	Total
	Under 8 tons	8-12 tons	Over 12 tons	Under 8 tons	8-12 tons	Over 12 tons	Under 8 tons	Special		
1925	292	4,020	20	2,131	3,286	4	60	16	2,258	12,671
1937	215	4,355	20	1,509	3,561	4	50	29	2,062	12,345

The total goods rolling stock in 1937 was 2.6 per cent. less than in 1925; and if allowance were made for wagons under and awaiting

repairs at the end of each year, there were actually 139 more ending 1937 in active use than ending 1925. Compared with 1925, there was a reduction in 1937 of 700 wagons under 8 tons capacity, and an increase of 610 between 8-12 tons. Omitting cattle and timber trucks, 81 per cent. of the remaining traffic vehicles in 1937 consisted of 8-12 ton wagons as against 70 per cent. in 1925; indicating the tendency to load and carry merchandise in larger ton trucks. It may be suggested that the margin 8-12 is too wide and does not indicate where the vehicle haulage is concentrated.

AVERAGE LENGTH OF HAUL OF GOODS TRAFFIC IN MILES

	General Merchandise	Live Stock	Coal, Coke, etc	Other Minerals	Total
1925 ...	61.34	60.90	47.40	41.40	57.09
1936 ...	77.76	68.21	52.41	40.20	65.35

There has been a tendency for the average length of haul in most classes of goods, except in "other minerals," to increase between 1925 and 1936, due mainly to competition from road transport, which, as a matter of convenience, apart from rates, will capture most of the short distance goods traffic.

TRAIN MILEAGE (000's) IN RELATION  
TO THE COMPANY'S EXPENDITURE  
OVER THE COMPANY'S OWNED  
OR LEASED OR OTHER COMPANIES'  
LINES

	Loaded	
	Coaching	Goods
1925 ...	5,602 99.3%	2,895 93.0%
1937 ...	5,680 98.2%	3,163 88.8%

In the case of passenger trains the number of loaded train miles has increased in 1937 compared with 1925, while the relative percentage of loaded to unloaded has declined 1 per cent. There is a large increase in the train mileage of the goods trains, but a percentage reduction of 4 per cent. of loaded to unloaded. Though statistics of the train mileage of loaded and unloaded coaches are a fair indication of work done, yet there are difficulties in the calculation of loaded and unloaded freight trains, as a few or a large number of empty wagons may be coupled with loaded ones as a matter of convenience. Even the word "loaded" may mean two or more wagons.

As an index of efficiency, wagon miles, which are not furnished in the returns to stockholders, but are contained in the Government statistics relating to the operation of the railways, are more reliable and more

informative. In 1936, the loaded wagon mileage was 59·80 million miles or 68·6 per cent. of the total wagon miles, while the corresponding figures for 1925 were 56·76 millions and 73·4 per cent.

	Average Wagon Load	=	Ton miles loaded wagon miles
	tons		
1925 ...	2·87		
1930 ...	2·98		All British is about 5½ tons
1936 ...	3·47		

The average wagon load has been considered a test of economical loading of goods traffic and of the general efficiency of the goods department, provided consignors co-operate, inasmuch as an increase in the average load would indicate a smaller number of wagons would be required to haul a definite amount of traffic. More useful conclusions could be drawn if separate figures were given for the main divisions of traffic. It may be mentioned that a change in the proportionate distribution of the main classes of freight and in the size of wagons in relative periods may result in general averages being altogether unreal. As in the calculation of standardised death rates where account is taken of the age and sex distribution of the population, some form of standardised average should replace the present crude average load which is a mere average of sets of figures and is no criterion of real efficiency.

	Average freight train load	=	Net ton miles train miles
	tons		
1925 ...	52·28		
1930 ...	53·03		All British 127·71 tons—U.S.A. 600 tons.
1936 ...	56·97		

There has been an increase in the average freight train load 1925–36. No useful comparison can be made with British or American railways, as in both countries the traffic is more dense, the length of haul is longer and the tractive power is greater than in Éire.

Apart from taking a general average which obscures the tendency in the main classes of freights and the fact that there has been a reduction in the route mileage over the period, account should be taken of the average speed of the movement of goods trains :

	(a) Freight train miles per train hour		(b) Freight train miles per engine hour	
	G. S. Rys.	British	G. S. Rys	British
1925...	12·48	8·23	5·35	3·34
1930...	13·14	8·83	5·63	3·53
1936...	13·09	—	5·77	—

One outstanding fact from the above figures is that the average speed of our freight trains is 50 per cent. faster than those in Great Britain. It may be explained that (a) takes account of the speed of loaded freight trains on the journey while (b) includes time spent in shunting, etc., as well as actual movement on the journey and emphasises the enormous decline in speed when these factors are taken into consideration.

The corresponding figures for passenger trains show a higher speed in 1936 compared with 1925 and indicate that our passenger trains are, on the average, about 50 per cent. faster than the British :—

	Coaching train miles per train hour		Coaching train miles per engine hour
	G. S. Rys	British	G. S. Rys
1925 ...	15.75	10.82	12.52
1930 ...	17.72	11.55	13.86
1936 ...	18.52	—	13.83

## DISCUSSION.

**Mr. Ingram**, proposing a vote of thanks to Professor Shields, said that since the close of the Great War there had been a veritable spate of transport legislation in the three Parliaments of these countries, and it had been no easy task to collate and explain the various Acts passed by our own Legislature. Professor Shields had performed that task in an admirable manner, and he hoped it would receive a wide circulation, because he believed there was a widespread and lamentable ignorance on the economics of transport. Three additional matters from the paper he considered deserved notice. Section 58 (sub-section 2) of the Railways Act, 1924, provides: "The Minister may by order require the amalgamated company or any other railway company in respect to that portion of its undertaking situate in Saorstát Éireann to comply with any recommendation of an inspector duly appointed under the Regulation of Railways Act, 1871." In Great Britain, when a railway accident occurred, an inspecting officer held an inquiry, made a report to the Minister of Transport and recommendations, which were sent to the railway company and in most cases were accepted. Should there be a conflict of opinion, the matter was dropped. Here the Minister had taken power under the section to see the recommendations were carried out. It was an admirable power, and he (Mr. Ingram) was sure he would not be unduly harsh in the exercise of it.

Section 19 of the Railways (Miscellaneous) Act, 1932, provides: "Notwithstanding anything contained in Section 3 of the Railway Companies (Operation) Act, 1911, the Minister may, if and whenever he thinks proper, by order made on the application of a railway company or without any such application, alter (by addition, omission or variation), the first Schedule to that Act." Railway accounts were prepared to-day in the form prescribed by the 1911 Act and Schedule appended to it. If the British railway companies required the Schedule amended they could apply to the Minister for Transport. On the other hand, should the Minister desire to make alterations, there was a considerable amount of procedure to be gone through. Here if the railway company desired an alteration, the Minister, by order, could say it could be carried out. That was a fair arrangement.

Section 14 of the Railways Act, 1933, empowered railway companies to engage in air transport. British railways were deeply involved in that traffic, and who could say that the Irish railways would not at no distant date be involved in it? The power had been given them. Their Government had blazed a trail, for shortly after their Act was passed, similar Acts were passed in Northern Ireland and in the British House of Commons.

He had to admire Professor Shields's caution in refraining from drawing any conclusions from the facts and figures contained in his paper. Professor Shields had left them to draw their own conclusions. As a private

individual and one with no official responsibility, he (Mr. Ingram) would venture to look to the future, necessarily in a general way, of Irish transport. The Irish railway system, as a whole and as he saw it, was never a very successful financial proposition. It was generally accepted that 1913 was the peak year for Irish railways. In that year there was no competition, and the railways possessed a virtual monopoly. Working costs, compared with to-day, were then very low. To-day there were reduced carryings, greatly increased prices for all materials, salaries and wages much higher, a disappearance of dividends on Ordinary and Preference Stock, and, more important than all, two forms of transport. He had no doubt on the question of whether that state of affairs could continue. He happened to be Chairman of a Committee appointed a few years ago by the Government to investigate transport in Donegal. In their report the Committee stated "they believed that the traffic available in Co. Donegal is not sufficient to support both rail and road, one or other must go." That applied to many parts of the country other than Donegal. All factors taken together proved conclusively that Irish railways were particularly vulnerable to road competition. There would be, of course, public agitation, deputations and petitions against the closing of even the most unimportant branch lines, but past experience has not shown that any district suffered a very serious loss when a line was closed. Notwithstanding the existence of the privately-owned lorry and motor car, there still remained a large volume of traffic available for the public transport companies. It was interesting to note that the present Minister for Industry and Commerce and his predecessor always visualized the future of the Great Southern Railways, not as a railway, but as a transport concern. It was difficult for men trained in the railway atmosphere, and who had, for so long, enjoyed a virtual monopoly of inland transport, to attune themselves to changed conditions, but he was convinced the railway management contained men with the necessary foresight and ability to evolve a system which would be alike satisfactory to the general public and fairly remunerative to the stock holders.

**Mr. Hartnell Smith**, seconding the vote of thanks, said that Professor Shields had admirably set out the details of his subject. It was beyond him (Mr. Smith) to debate what had been done by the railways in bygone years. Referring to Professor Shields's remarks (contained in page 89) on the fixing of rates, Mr. Smith said the Tribunal dealt with the procedure in respect of rates, which were not less than five per cent. nor more than forty per cent. below the standard chargeable.

In connection with Professor Shields's remarks—"Section 10 enacted that a road motor service run by a railway company shall be deemed to be a business carried on by the company as ancillary or subsidiary to the railway, the charges for which are not subject to the jurisdiction of the Railway Tribunal. Accordingly, the latter could not, in fixing the standard revenue, take into account losses incurred by a railway in its road transport business"—Mr. Smith said that that was not his view, because the tribunal had the duty placed upon it of considering whether the charges in respect of such subsidiary businesses, as hotels, or canals,

were too low, and if they were not satisfied with those charges they could assume a profit from the working of such subsidiary business. That was what they did in the fixing of the standard revenue. In the case of canals, for instance, the loss was struck out. This loss was more a book figure than a reality—as the Company took a great deal of water from the canals on which they did not assess a value. The Act of 1924 was passed after much discussion between representatives of the Ministry and representatives of the Railway Company, but the Act was framed on what are now out-of-date ideas.

The year 1913 was the best the railways ever had ; it was the peak year—then the Great War came and was followed by the Anglo-Irish strife, and there was a long period of abnormal conditions. As a case in point, the increasing of fares was done deliberately to try to prevent people from travelling because it was not possible to fully maintain the railway in war time, and so had to reduce as far as possible the necessity for work of this kind. The Company did not recover from the abnormal conditions. They were, he thought, nevertheless, at the time of the passing of the 1924 Act, justified in hoping they might get back to pre-war conditions, and in 1925, 1926 and 1927 there were appropriations from reserve which enabled small dividends to be paid on the ordinary stock, and the spending of the money on dividends was a policy that could be justified. This money had been granted to the Company for this specific purpose—the equalisation of the payment of dividends over the period of re-organisation—and the Company were looking forward to a brighter future.

He differed with Professor Shields's statement that the Company was over-capitalised. Alluding to the statement on the top of page 98, Mr. Smith said that the 31 millions referred to had been reduced by 15 millions.

**Colonel Eoghan O'Brien** joined with the other speakers in congratulating Professor Shields on having made a most valuable contribution to the history of railways. The paper showed clearly the difficulties of a railway with large mileage in a sparsely inhabited country. One of the difficulties in a country like theirs was the question of cattle traffic in fairs. Looking at the table of revenue receipts, one of the things which the Great Southern Railways Company had to consider was cattle traffic. If that traffic revived to the figures of 1931, it would seem that the company would have to pay a dividend on Ordinary Stock. Traffic on the branch lines was mostly confined to traffic from fairs, and as long as the cattle trade was one of the staple industries, the branch lines must be in operation. One of the most important questions to his mind was the maintaining of the plant of a railway in good working condition, and he regarded that as the only sane policy for a railway.

In the transfer of traffic from the railways to the roads, there was the question of the enormous expenditure which would have to be incurred on roads. Who was to pay for that expenditure ? It would have to be paid by the motorists and nobody else.

**Mr. George Shanahan**, speaking as one who had been connected with transport for the most of his official years, said that he regarded Professor

Shields's paper as a most useful contribution to the history of railway development in Ireland. The paper gave an excellent resumé of the legislation of the Government in the matter of railway amalgamation. He knew the dilemma of the railways and he also knew the difficulty in compiling a paper such as Professor Shields had given, because he, as Secretary, had the responsibility of drafting the report of the Viceregal Commission on Railways in 1910. He was very glad to find from the paper that there was no suggestion of inefficiency on the part of those who controlled the railways in this country. Road transport was the enemy of the railways system. Even though the companies had been authorized to extend their operations to include such transport, the fact remained that they were duplicating services and expenses which it was almost impossible to cut down to the proper level. He did not quite agree with Mr. Ingram : he was rather inclined to the opinion that the two methods of transport would have to co-exist, but something should be done to regularize things because he had reason to know and believe that the law was being evaded by people working road transport. The present Government had done a great deal to help the railways in the matter of closing down branch lines.

**Mr. Haughey** said that on page 90 of Professor Shields's paper the statement occurred that the annual payment for ten years to the company by the Government was not adequate compensation for the absorption of the baronial railways. Immediately following was a reference to the immense economies effected as a result of unification, which gave the lie direct to that statement. The possibility of those economies must have been present to the mind of the Legislature when fixing the amount of compensation. Commenting on that portion of the paper relating to cattle traffic, he regretted that they had not the actual statistics, as the number of cattle carried last year was more than in 1931, the falling-off being in other classes of livestock. In his (Mr. Haughey's) opinion the explanation of the great increase in the volume of passenger traffic in 1935 was the tramway strike.

**The President** associated himself with the speakers in their appreciation of the paper, which, he said, covered a matter of vital concern in the general economics of the country.

Motor traffic in this country was still limited, and if by reason of cheapness they were to have an intensified development of motorization, the problem of the railways would, presumably, become intensified. It was difficult to foresee a solution of the problems raised on the figures contained in Professor Shields's paper, except on the basis of a general increase in the national income and involving an increased movement of goods and a higher level of economic activity.

**Professor Shields**, in his reply to the vote of thanks, said that the views of the speakers were very helpful. The Railway Tribunal was in a very difficult position in regard to the baronial lines. The dividends on them were guaranteed, while most of them, if not all, were in an unsatisfactory position, and their future prospects, in view of the competition of road



transport, were gloomy. The future policy of the railways was a serious national problem. In his opinion, all uneconomic branch lines should be closed, and adequate road services substituted. The present condition of the railway company was one of serious concern to the country, shareholders and railway employees, in view of the huge losses incurred in the market values of the various capital stocks since 1925, mostly borne by Irish nationals and small holders.

#### CORRIGENDA.

**P. 98**—The heading of the table “Total Traffic Receipts” should be “Total Receipts,” which include miscellaneous receipts amounting to about £·02 million each year, not stated under above headings. The figures for total receipts for 1925 should be 4·29. The figures for 1927 and 1928 should be reversed, making totals of 4·26 and 4·13 respectively, which leads to a substitution of the year 1927 for 1928 in the second paragraph following the table.

**P. 99**—The figures under “Other Expenses” in the table, ‘46, for 1937 should be ‘40, and the total for this year should be 2·89, and not 2·95.

**P. 106, line 9**—The words “about 50 per cent” should be omitted. In the table headed “Coaching train miles per train hour—British,” the figures for 1925 and 1930 should be 13·90 and 14·59 respectively.