

At all events the currency system should be dealt with as a whole, and on clearly defined principles; while the budget proposal is faulty in that it deals with an isolated matter in an over-subtle way. It might be conjectured that the ingenuity displayed is due to the deviser of the budgets of 1853 and 1860, which have marked epochs in English finance; but the complicated expedients of those budgets would never have produced the effect they did, unless they had been in harmony with the main tendencies of English economic legislation, and had appealed to intelligent public opinion for support. It may fairly be asked that no step shall be taken until the whole question of monetary reform has been submitted to a searching investigation by a Royal Commission. I believe that the main element of merit in this new proposal—the economy of a certain amount of gold—may be obtained in a far better way by the extension of paper-money, issued under sound regulations. Our currency legislation, as far as note issue is concerned, is in great need of unification, which could only be successful when based on complete and careful inquiry.

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X.—*Baronial Guarantees under "The Tramways Act, 1883."*

By William F. Bailey, B. A., Barrister-at-Law.

[Read Tuesday, 24th June, 1884.]

ANYONE who has watched the progress of business at the last spring assizes in Ireland, must have been struck by the interest exhibited in, and the time and attention devoted to the question of the construction of tramways in accordance with the provisions of the Tramways Act of 1883. No sooner was the act passed than many energetic individuals set themselves to the promotion of numberless schemes for opening up the more inaccessible parts of the country by the construction of tramways and light railways. Many of these schemes had little substance in them, and were apparently started more with a view to the profit of the promoters than to the good of the public. Persons who had been aware that tramway legislation had been going on for over twenty years with regard to Ireland, were rather surprised at the sudden interest now exhibited in the subject. The cause of the change, however, lay in the fact that under previous acts all the risk and expenses of constructing, maintaining, and working the lines had to be borne by the promoters themselves, while the act of last session introduced the important principle of allowing baronial guarantees to be given for such purposes.

In a paper read before the Statistical Society in May, 1882, Mr. John A. Walker gave a useful and interesting epitome and review of the tramway legislation since the Act of 1860. He also added some suggestions as to how advantage should be taken of this legislation, and how the benefits which it was intended to bestow should be secured. The difficulties which stood in the way were twofold—first, to obtain the order in council permitting the construction of

the line, and, second, and more serious, to obtain the capital wherewith to work it. Mr. Walker suggested three methods by which the latter difficulty might be got over. One—to get a number of gentlemen interested in opening up a certain district to become security to a bank for a sum sufficient to construct the line and provide a reasonable amount of rolling stock. Another, to get a contractor with plenty of capital, to pay him a good price in shares, and let him finance the scheme. The third and better plan was to obtain a baronial guarantee. The act of the past session recognizes the principle of the last method, and hence the activity exhibited in every part of the country by tramway promoters. Much disappointment has however been expressed in various directions at the unwillingness of grand juries to give the necessary guarantee, and in many instances even to approve of the schemes submitted to them. The opposition offered by ratepayers has been, in the majority of cases, successful. This has resulted from the doubt that naturally has arisen, whether the proposed line will pay the dividend at 4 per cent. or 5 per cent. asked for, over and above the expenses of working and maintaining the undertaking. When grand juries reflected that few even of the most successful of Irish tramway and railway lines have been able to pay a similar dividend on their capital, they might well pause before they involved themselves, and the ratepayers whose interest they represented, in such a liability. Thus—of forty Irish railway companies included in the Board of Trade returns for 1882, upwards of twenty-three paid no dividends at all on their ordinary capital, while nine paid under 4 per cent., and only eight exceeded that amount.

The justice and propriety of the principle of giving baronial guarantees has been doubted by many. It is argued that if there be any fair chance of a line paying, it will be constructed by private enterprise, and that it is unjust to impose on the ratepayers a burthen that the private speculator would renounce. On the other hand, it is urged that if the proposed line is intended to open up a district that has suffered from inaccessibility, it is just that those who will benefit should bear some of the burthen and risk. If ordinary country roads were left to private enterprise for their construction, many places would be altogether unprovided with such necessities of traffic, and it is absolutely essential that some expense should be thrown on those who will ultimately receive the benefit. Arthur Young, in his description of his visit to Ireland towards the end of the last century, was much struck by the superiority of the Irish roads over English. He writes:—

“For a country as far behind us as Ireland, to have got suddenly the start of us in the art of roads, is a spectacle that cannot fail to strike the English traveller exceedingly.”

This superiority resulted from the fact that the legislation of the Irish parliament, in the early part of the reign of George III., empowered the grand juries to make presentments on the county and barony rates for the construction of roads—thus preparing the way for the abolition of that most disagreeable of institutions—the turnpike. Hence it happens that in Ireland has long been

recognised and practised a system that is still struggling for support in England and Scotland—namely, the principle of paying for the construction of the country roads by taxing the land which has been increased in value by the introduction of improved means of transit. The supporters of the guarantee system would argue, on the same principle, that there is nothing unjust or improper in requiring that those who will benefit by the introduction of improved communication, resulting from the making of steam or horse tramways, should incur some of the liability. That that liability should however be imposed with caution and after careful consideration of the prospects of the proposed line, is acknowledged by all.

As the population of the whole country participate to a certain extent in the advantages derived from the opening up of any particular district, it is also just that they should incur some of the responsibility and risk. Hence the principle of a treasury contribution to the local guarantee. This was introduced into the Act of 1883, and was made much use of as an argument to grand juries by promoters of companies at the late assizes. It was argued that little risk was encountered by baronies who guaranteed even the full amount of 5 per cent., as the Treasury undertook to contribute 2 per cent. of that charge, leaving a possibility only of 3 per cent. at the most, of falling on the cesspayers. It was not, however, noticed that while the baronial liability is very wide and complete, that of the Treasury is very carefully guarded and circumscribed.

Section 10 of the Act of 1883 (46 & 47 Vic. c. 43) provides that every order in council which confirms a presentment of a grand jury for a baronial guarantee, shall contain all such provisions as may be necessary for securing that the line shall be completed and maintained in good order, and shall be efficiently worked by the company; and if default be made in such working, or if the receipts are insufficient to defray the expenses of management, then such sums as may be necessary shall be contributed by the guaranteeing baronies. The order must also provide that in two cases the line shall become the property of the grand jury, and shall be worked by them:—first, if the guaranteeing baronies have been obliged to pay any money for completing the tramway, and secondly, if they have continued to pay any money for maintaining or working the undertaking for a period of not less than two years. In such cases, the whole cost of working and maintaining the line shall fall on the guaranteeing baronies, together with all other liabilities incurred by the company.

Thus we see that if the line from any cause prove a failure, or be unable to pay the dividend guaranteed to the shareholders, or even be unable to pay its working expenses, all the cost and liability fall immediately on the ratepayers. They will be obliged to keep up the line and work it even at a loss—thus finding themselves involved in a position much more onerous than the shareholders of an ordinary private company, who can, at any rate, dispose of their line if it prove a failure.

Next comes the question as to what relief will be afforded to the ratepayers by the Treasury. Section 9 of the Act of 1883 provides

that when in any half-year after the opening for traffic of a tramway constructed under a baronial guarantee, any sum has been paid to the company in respect of such guarantee, exclusive of any sum paid in respect of the completing, working, or maintaining of the undertaking, it shall be lawful for the Treasury, if and so long as the tramway is maintained in working order and carries traffic, to contribute a sum not exceeding one-half the sum paid by the barony during such half-year. The amount so contributed is not in any case to exceed a sum sufficient to pay interest at the rate of 2 per cent. per annum, on the paid-up capital.

From this we see that the Treasury contribution will in no case be available until the tramway has been opened for traffic. Thus when a baronial guarantee has been given and the promoters find themselves unable to complete their undertaking, all the cost of such completion will fall exclusively on the ratepayers, without any help from the Treasury. Still more important is the *exclusion clause* of this section. The Treasury will give no assistance whatsoever, where sums are paid in respect of the completing, working, or maintaining of the undertaking. That is, if a scheme proves such a failure that not only does it not yield any return with which to pay a dividend on its share capital, but does not even pay its working expenses, in such a case the Treasury contribution will not be given. In fact, in the cases in which the ratepayers may reasonably think themselves most deserving of support, none will be accorded them. Such a result is certainly sufficiently serious to warrant the ratepayers of a district which does not promise much traffic, to offer a very strenuous opposition to the schemes of tramway promoters. It also justifies the slowness of grand juries to impose such a guarantee, unless they can see clearly the absolute need of the line or at any rate its likelihood of attaining to a certain measure of success.

Such a clause as this is not altogether fair to the cesspayers of a barony guaranteeing a line. If a tramway which has been approved of by the grand jury or by the Privy Council afterward fail from any reason to pay its working expenses, it is not just that the Treasury contribution to the local burthen should be withheld. In such a case it is that the ratepayers are most in need of assistance, and most deserving of help from the government.

The guiding principle of legislation in the present age seems to be ever divorcing itself from the *laissez faire* doctrines that once were so much in favour. Every class in the state seems to think that there is no reason why they should not get the active assistance of the government in effecting the improvement of their condition. Political reformers and theorists, as well as the majority of practical politicians, have to a great extent accepted the principle and are ever ready to invoke or to accord state aid. The constant interference of government, so characteristic of continental countries, has ever been distasteful to British legislators. The exigencies of events and the glaring evils of a complete system of *laissez faire* have, however, compelled a gradual but very apparent alteration in the methods of government, and every important legislative measure for the past few years, shows conclusively marks of the advancing spirit of state

socialism. Ireland has been specially favoured in this respect. The interposition of government in what has hitherto been generally regarded as matter of contract and private arrangement is strikingly shown in the Land Act of 1881, and the Labourers Dwellings Act of the following year. It has been again manifested, although in somewhat a different manner, in the Tramways and Public Companies Act of 1883, but it must be confessed with questionable prudence. It seems hard on the heavily burthened ratepayer that he should be expected to guarantee a dividend of 5 per cent. to the shareholders of a private company which, if it really had a good prospect of paying, would assuredly have been undertaken on its merits by some shrewd and enterprising body of capitalists. Naturally, numberless companies will be found willing to undertake any scheme, no matter what its ultimate prospects of success, if a certain return is guaranteed them. Five per cent. will be paid no matter what is earned, and it is needless to say that under such a state of affairs the zealotry and constant vigilance so characteristic of private undertakings will in all likelihood be altogether wanting. These considerations will show that the grand juries, in exhibiting a disinclination to give baronial guarantees to tramway schemes, were only acting with reasonable caution and commendable foresight.

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XI.—*Proceedings of the Statistical and Social Inquiry Society of Ireland.*

THIRTY-SEVENTH SESSION.—FIRST MEETING.

[Tuesday, 27th November, 1883.]

The Society met at the Leinster Lecture Hall, 35 Molesworth Street, Jonathan Pim, Esq., ex-President, in the chair.

Professor Bastable read a paper on "Some Economic Conditions of Industrial Development, with special reference to Ireland."

On behalf of the Council, The Registrar-General proposed—"That the resolution adopted at a meeting of the Society, held on the 27th of June, 1882, altering the time for the election of Officers and Council from June to November, be rescinded, and that in future the Officers and Council for each year shall be elected in June, as provided by the laws of the Society, chap. ii. rule 2."

The motion was seconded by Mr. Molloy, Q.C., and passed unanimously.

The ballot having been examined, the following gentlemen were declared elected members of Council for the ensuing session:—Jas. G. Alcorn, Esq. B.L., Chas. Eason, Jun. Esq., J. J. Shaw, Esq. B.L., W. H. Dodd, Esq. B.L., Professor Bastable, T.C.D., Professor Sigerson, M.D., William J. Hancock, Esq. F.I.A., Richard M. Barrington, Esq. LL.B., Walter R. Crofton, Esq., Murrugh O'Brien, Esq., John H. Edge, Esq. J.P., and A. H. Bates, Esq. M.A.