

# THE WASTE OF PUBLIC MONEY.

BY ERNEST E. WILLIAMS,

*Author of "The Imperial Heritage," "Made in Germany," "Marching Backward," and "The Foreigner in the Farmyard."*

NOTE.—I wish at the commencement of these articles to remove a possible cause of misapprehension. It is necessary, in the course of them, to say hard things of members of the present Government; but that is because the present Government has been in office for a number of years beyond which, in order to keep the illustrations of bureaucratic methods up to date, it has not been thought desirable to travel. Criticisms involving the acts of Ministers are not to be interpreted as in any sense a party attack, and it is not suggested that had the Opposition been in office, its members would have done better.—E. E. W.

"THERE is something almost British in the want of ordinary business method in the Peking Government Bureaus." Thus wrote an Englishman, the Shanghai correspondent of the *Times*. Could a more humiliating confession be made? Wanting to bring home vividly before the minds of his English readers the scandalous lack of business methods which pervade the effete despotism of China, this correspondent could think of no more telling image than the methods of bureaucracy at home.

It is, indeed, a heavy indictment. But it is an indictment the truth of which has to be admitted with the more perfect assent in proportion as the methods of British bureaucracy are pursued in their ramifications. In succeeding articles I purpose to bring before you but one side of this appalling condition of mismanagement, but that side is big enough to claim most serious attention. Leaving alone the many other ways in which the Government and its servants hold up models to the world of how not to do it—their red tape, their marvellous aptitude for rubbing people's feelings the wrong way without reason or advantage, for example—it will suffice to concentrate our attention upon one aspect: the scandalous waste of public money which is involved in the methods of unbusinesslike officialdom.

## A GRAVE AND INCREASING MENACE.

This is a subject of crying moment in any State at any time where the evil exists, but in England to-day the matter is specially urgent. Until a few years ago Chancellors of the Exchequer used as a normal feature of their work to present Parliament with Budgets showing surpluses which admitted of decreases in taxation. First one impost was decreased, and then another knocked off, and the British taxpayer came quite to regard these diminutions of calls upon his purse as one of the incidents of progressive civilisation. While such an agreeable process lasted, criticism was obviously at a discount. It would have been churlish to have picked holes in the expenditure of the country in the circumstances, and no one did it. But those circumstances have ceased to operate. Since the Budget of 1899 an opposite process has been at work. The Chancellor of the Exchequer has had each year to ask for more revenue to meet increasing expenditure, and though a great deal of this new expenditure has been for the conduct of the South African war, yet a substantial part also has been for permanent purposes. And increased expenditure of the permanent kind we have been seriously and officially warned has not reached its zenith yet. What with the need for a bigger and more efficient Army and Navy, what with the need for spending more freely upon Education, what with the problems of expenditure for social purposes—Old Age Pensions and the like; questions which for the moment have been forced into the background, but will soon press forward again—it is clear that the taxpayer will be forced to make more contributions in the future than he is doing even to-day; and in such circumstances he can no longer afford to shut his eyes to Governmental laches. The bill is getting so tremendous that each item in it must be checked; and where waste is discovered, where it can be shown that full value is not received for the money which is expended, there must be rigid scrutiny, followed by thorough reform. Just

as we are supposed nowadays to have reformed, or to be reforming, the War Office, so every branch of the public service must be overhauled; and it is to be hoped that the overhauling will be more effective than in the case of recent changes in the War Department. The waste practised by our bureaucracy is exhibited alike in the overburdened permanent charges of the various Departments and in the different works—the occasional charges—undertaken by the Departments.

#### ABOUT THOSE CONTRACTS.

Much of the waste is of a sort which does not obtrude itself upon the general gaze, but from time to time instances come conspicuously before the eyes even of the man in the street. Of such are the chronic scandals regarding Government contracts; and the South African war has furnished a goodly crop of them. Inquiries into some of these contracts have already been forced upon the Government. It is unfortunately necessary to use the word "force," for the present Government has displayed a deplorable reluctance to question the alleged misfeasances of its servants, and particularly to make those misfeasances public. The habit of secrecy is unfortunate, not only because it leads to the hushing up of scandals upon which publicity would act as a check in regard to future repetition, but also because it is applied all through the Government business and in matters where the advantages to be gained from secrecy are more than outweighed by the disadvantages.

#### THE FUNGUS WHICH GROWS IN DARKNESS.

The Government, for example—and here I am speaking of the present Government's predecessors as well as of itself—has displayed a rooted objection to making tenders and contracts public. It is the taxpayer who foots the bill, but he is not allowed to learn the details of the bill. This matter was discussed in the House of Lords in February last in connection with the South African meat contracts, and it may be well to give the official defence of secrecy. Lord Raglan said: "It might often be the cause of great loss to a firm, when they made a quotation for ordinary purposes, to have thrown in their teeth the rate at which they had quoted to the Government under a contract for, probably, very much larger quantities." Lord Raglan fortified this argument by asserting that when, in 1888, the Directors of

Navy and Army Contracts were instructed to consult the leading commercial authorities in the country with the view to making tenders public, they consulted one hundred and three individual firms and seventy chambers of commerce, and the answers they received "were almost unanimously in favour of the existing practice of not making tenders public." Upon the occasion of this debate the Marquis of Lansdowne came to the assistance of his colleague by recalling to the House the evidence contained in the replies of the commercial persons and bodies referred to by Lord Raglan. Let us quote from Lord Lansdowne: "The evidence was overwhelming in the direction of establishing that it was most unfair to the trade, as well as most inconvenient to the public, that particulars of tenders of this kind should be generally made known. Among the reasons were these: They said the manufacturers, as a rule, were ready to quote to Government Departments rates lower than those which they gave to private persons, the reasons being that sometimes they desired to keep their workmen employed, the magnitude of Government orders, the security against bad debts, the prestige of holding Government contracts. Those persons who were consulted believed that if once the habit of publishing these tenders were adopted, the effect would be to encourage cutting prices amongst the different firms which would have for result that, after perhaps a tender had been accepted from a well-known and thoroughly trustworthy firm, another firm would come in and put in a price fractionally lower, a price which would be unremunerative, but which it would be difficult for the Government to refuse, and which at the same time might lead to its having to depend on much less reliable sources of supply. Hence they would have inferior goods sent in, a large proportion of rejections, and bad blood and ill feeling engendered."

#### THE MINISTER AS MAN OF BUSINESS.

I have quoted this official defence of the practice at some length because the laboured arguments used by Lord Lansdowne and Lord Raglan are their own refutation. Look at Lord Raglan's contention about manufacturers having thrown in their teeth a lower rate granted to the Government for, as Lord Raglan naïvely observes, "probably very much larger quantities." Why, this is the very essence of business; it is what

happens all over the world in every trade. There is always "a reduction on taking a quantity," and if any small consumer threw in the teeth, to use Lord Raglan's phrase, of a manufacturing firm the lower rate given for a much larger quantity, that trader would be very quickly invited to learn the elements of business. No man of business expects the same terms for a small quantity of goods as for a large quantity, and to Lord Raglan's contention that it might be the cause of great loss to a firm if the small trader found out that the big Government Department got its stuff cheaper, it may be replied that the small trader is aware of the

of commerce are in a somewhat different category, but chambers of commerce are often small bodies run by a few energetic individuals, and strange things are sometimes done in the name of bodies so constituted. How publicity could be "most inconvenient to the public," Lord Lansdowne should have told us, for the bare statement is certainly absurd.

#### WHY THEY WANT SECRECY.

The real objection to publicity which is felt by the firms interested peeps out in their curious argument that the effect of publication



"Can we make contractors?' plaintively asked Mr. Brodrick."  
From one of Mr. Ralph Cleaver's sketches at the Debate on the War Contracts.

fact, and even if he were not, the manufacturing firm could lose nothing by the fact being published, any more than a railway company suffers harm from publishing the fact that it will carry full truck-load consignments at a lower rate than odd parcels.

As to the one hundred and three firms and the seventy chambers of commerce who objected to publicity, I imagine that those one hundred and three firms were firms upon the Government list or with prospects of getting there, and naturally they preferred a system which would keep Government contracts as far as possible a close preserve. Their opinion is certainly not of much weight in this question. The chambers

would be to encourage cutting prices. The encouragement of cutting prices is—so the plain man has always thought in his innocence—the very object for calling for tenders at all, and certainly it is an object with which the taxpayers, the men who have to pay the bill, would sympathise. And how pitiful is the contention that price-cutting competitors would oust trustworthy firms and foist inferior goods upon the Government! Are the firms which the Government employs always so trustworthy? Scandals which have been revealed do not bear out this assertion. Again, are there not Government officials capable of discovering whether the goods sent to them under the tender

come up to the agreed standard of quality? And if the standard is not complied with, does not that break the contract? Finally, no one contends that the Government should in all cases accept the lowest tender. In any case, when the lowest tender came from a firm of whose ability to execute it properly the Government had doubts, that tender would of course cease to be, in the real sense of the word, the lowest.

In point of fact, the advantages of publicity are outweighed by the disadvantages. Publicity would stimulate healthy competition, would remove from the public the suspicion, sometimes too well founded, that under the present system they do not get value for their money, and would help materially to avoid the scandals and bad bargains whose recurrence is so lamentably frequent.

#### THE STORY OF THE MEAT CONTRACTS.

A grave assertion was made in the House of Commons during the debate on the war contracts last March. "The country," said Mr. Whitley, "has received only fifty millions of value out of the one hundred millions spent on supplies for the Army in South Africa, the other fifty millions having gone into the pockets of the contractors." That is a concise and emphatic statement of what had been common talk since the very beginning of the war. In the early days men were whispering as to the gigantic profits made by certain providers of supplies, and later came the revelations concerning the scandalous prices paid for horses, meat, and the like. At the moment let us glance at the meat contracts, for here we shall find a most clamant illustration of the way in which our expensive Government organisation wastes the public's money when it gets the chance.

Mr. Whitley reiterated in detail the assertion I have just quoted, and he said that "as far as the meat supply was concerned, we had not got ten shillings value for every pound spent." That is a round assertion, but an examination of the matter shows that its author is only guilty of pardonable exaggeration, if of that.

Here are the essential facts. In the early stages of the South African war the Government entered into a contract with a Company for the supply of meat and fruits. Under this first contract, which lasted for a year and a half, the Government paid 10*d.* to 11*d.* per lb. for meat. After the expiration of this contract it made another

with the same Company, which lasted for twelve months, and under this it paid 7*d.* per lb. The obtaining of this second contract at 7*d.* is, upon the face of it, a condemnation of the Government officials who paid the 10*d.* and 11*d.* under the first contract.

But that is not the whole story. So far from the 7*d.* of the second contract representing a fair price—the lowest price which the Government could obtain—it was itself seriously in excess of the price at which the meat might have been obtained. Mr. Bergl, who obtained a subsequent contract, stated to a representative of the *British Australasian* that at the time the Government was paying the above-named prices under the old contracts, the Company receiving those prices was buying meat from him at 3*d.* to 3½*d.* per lb. Mr. Bergl, who may be credited with expert knowledge upon this subject, and had certainly no object in minimising the cost of distribution, said that the utmost which could be charged for carriage was 2*d.* per lb. Upon this computation, then, the meat should have been obtained at the rate of about 5*d.* per lb.—half of what was paid under the first contract; while under the second contract, nearly 50 per cent. too much was paid. It will be seen that Mr. Whitley was not so far out when he declared in the House of Commons that "we had not got ten shillings value for every pound spent."

#### THE GIANT PROFITS.

Further proof of the scandalous waste involved in these contracts is shown in the enormous profits made by the Company in question. What those profits really did amount to, I cannot find out. Lord Raglan, the Under Secretary for War, stated in the House of Lords that he had no information. Mr. Bergl stated to the *British Australasian* interviewer that in his opinion the Company during the first year and a half must have made 4½ millions, and in the next year another 1½ millions. The ostensible figure appears to be 2 millions, for in two years a million was paid in dividends and another million was put to reserve (the Company's capital only amounted to £450,000). This was up to June, 1901, and the Government contract ran for nine months subsequently. No wonder our war has been expensive!

Moreover, as if the contract price for meat were not high enough, the Government put even more money into the pockets of

the contractors by its arrangement for selling captured cattle in South Africa to the contractors, who resold it to the troops at an exceedingly handsome profit, the price paid by the contractors being 8*d.* per lb., and that charged by them when they resold to the Army being 11*d.* per lb. And there are stories in circulation of the same cattle being captured and recaptured several times over, with a fresh profit for the contractors each time. The officials further went out of their way to put more money into the contractors' pockets by compelling the military authorities to hand over the wagons which they had previously themselves been hiring from the Boers at 30*s.* a day to the meat contractors, and the meat contractors charged £3 per day for these wagons; so that it has been calculated, after allowing 10*s.* a day for deficiencies and contingencies, that the contractors cleared a profit of £1 per day per wagon.

#### MINISTERIAL APOLOGIES.

The Government, when brought to book, fell back for its defence upon the alleged heavy cost of distribution of the meat. Lord Raglan spoke of "the very great difficulty of distributing this enormous amount of meat over a very large country during a state of war. If it were merely a question of the carriage of so many live animals over the railway, it would be very easy to calculate the cost; but under this contract the contractor was liable not only to carry the beasts from one place to another, but also to provide herdsmen and butchers, the appliances for killing and weighing, and so forth." The poverty of the Government's case is exposed in this reply. The Army authorities gave every facility for carriage and distribution, and the circumstances under which these services were conducted, though difficult in a way, cannot have been so extraordinarily expensive to the contractors. It is no unusual thing for herdsmen to accompany cattle, and it is verging upon the ridiculous to make a display of "the appliances for killing and weighing"—a poleaxe and a pair of scales. Lord Carrington said he was informed upon good authority that there was no expense whatever in distribution, and obviously that is so in regard to railway carriage, meat, like other things, having been carried free.

And the fact of the enormous profits remains to show that the prices paid to the contractors were totally unjustifiable. Lord

Lansdowne tried to make a point out of the long delay in the military operations at the Modder River, when, as it was possible to supply the troops with frozen meat carried by rail, the contractors made a better profit than when the Army was on the march. But the delay at the Modder River, after all, covers only a small part of the war period, and even when it lasted only applied to a part of the Army. That circumstance, therefore, can only go an insignificant way towards justifying the enormous profits.

Nor was it such exceptionally good meat that the Government was justified in paying extraordinary prices. The Agent-General for New Zealand contended that "for two years the War Office has been buying meat for South Africa which any butcher would tell you was inferior to New Zealand"; and New Zealand meat could have been landed in South Africa at between 3½*d.* and 4*d.* per lb.

#### ITS POOR BEST.

But the defence upon which the Government really relied chiefly appears to have been that mentioned by Lord Lansdowne in the House of Lords on the 20th of February, that the contracts were the best which the Government was able to enter into in the circumstances—those circumstances being the risk involved in doing business in a disturbed country, on account of which no contractor would undertake the work except with the prospect of big profits.

The complete answer to this contention is that numbers of people, when the contracts became known, expressed their willingness to supply meat at much cheaper rates, and that the Government itself, while the war was still in progress and the country was still gravely disturbed, entered into a third contract at lower prices, from which they expected to save some £700,000 over even the second contract.

#### HOW MONEY MIGHT HAVE BEEN SAVED.

Here are some instances of the offers which were made to them. In January last the Agent-General for New South Wales complained that he had been unable to obtain from the War Office any information as to tenders for the new contract, the War Office not even replying to his letters, though his Government had requested him to place two tenders before the War Office, one of which offered to supply 3,000 tons of frozen beef and mutton per month at 4*d.* per lb., the other

offering to supply them at  $3\frac{3}{4}d.$  per lb. These were not tenders for a partial supply; one of them would have been large enough for the whole South African army. Again, Sir Montague Nelson, Chairman of the Colonial Consignment and Distributing Company, called at the War Office and offered to supply all the meat necessary for South Africa at about  $\frac{1}{2}d.$  above cost price, this quotation to include cost, freight, and insurance to port.

These two instances, with the prices mentioned by the New Zealand Agent-General, referred to previously, dispose of Lord Lansdowne's contention that the Government in the first two contracts did the best it could in the circumstances. They also prompt the suggestion that even in the third and latest contract made by the Government, after all the exposure of the old contracts, the Government did not make such a marvellously good bargain.

#### THE LATEST PERFORMANCE.

The prices in this new contract were: For live meat about  $8\frac{1}{2}d.$  per lb., and for frozen meat about  $5\frac{1}{2}d.$  per lb. These prices include distribution, whereas the  $4d.$  per lb. for frozen meat offered by the Colonial Government was for delivery to port only. But does the cost of distribution come to as much as  $1\frac{1}{2}d.$  per lb.? The gentleman who got this contract was Mr. Bergl, whose published statement that the utmost cost of distribution during the worst days of the war was  $2d.$  per lb. I have already quoted. It was not Mr. Bergl's business to cry down the cost of the services he was engaging to perform, and if in the worst days of the war distribution must have cost something less than  $2d.$  per lb., it ought to have been considerably less than  $1\frac{1}{2}d.$  per lb. when the country was comparatively settled and the work of distribution in consequence easy. Anyway, it seems difficult to understand why the Government, with an adequate military organisation available for distributing its own food supplies, should have been so enamoured of the middleman and his profits that it should have refused to attempt to save money by buying meat at  $4d.$  per lb. delivered at the ports, instead of paying what look like unduly high charges, and are certainly uneconomical charges, for middleman's services. It is not even as though the contractors undertook any risk in their work of distribution. The contract provides for the payment of full compensation for any loss or damage by the

enemy sustained in respect to animals ordered to accompany columns in the field; risk, as well as cost, was reduced to a minimum. Nor is it that the meat was to be of such superior quality, for in the conditions of contract it is stipulated that cow beef may be used.

#### "CAN WE MAKE CONTRACTORS?"

Why, then, did the Government make the present contract? Its own explanation is that tenders were hard to get. "Can we make contractors?" plaintively asked Mr. Brodrick, when defending the new contract in the House of Commons. There was no necessity to try to make contractors; they were there already—thirty of them; and all but three were ruled out because most of the others, though cheaper, did not offer to undertake the work of distribution. And it is curious that one of these three should afterwards turn out to be the backer of another of the three—the man who actually got the contract. All this sounds like excellent business from the contractors' point of view, but not from that of the public; and it is not surprising that ministers resisted giving any information on the subject until it was literally dragged out of them.

One would naturally look for an explanation in the contention of Lord Lansdowne, which I have already quoted, about the need for accepting only the tenders of "well-known and trustworthy firms"; but there were well-known and trustworthy firms among the tenders rejected; while the gentleman who got the contract had not a pre-eminently strong financial record.

At least, in such circumstances, one would have imagined that the Government would have kept a sharp eye and plenty of control over the way in which the contract was to be carried out. But here again natural expectation is doomed to disappointment. Mr. James Lowther asked the Financial Secretary for the War Office whether any of the contracts were sub-let. Lord Stanley didn't know. "I do not know what the nature of the arrangements made by Mr. Bergl is"; and added, with unconscious irony, "our business was to secure as far as we could due economy to the public." An extraordinary way of setting about that business! And when Mr. Lowther pressed that the authorities should be asked to procure information as to sub-letting, Lord Stanley answered: "I do not think we can possibly call upon them to do so."

## THE BOREDOM OF BUSINESS.

The above are the leading facts in connection with the South African war contracts for meat. They show, from the first contract made without any preliminary open tender, and made at most exorbitant and extravagant prices, down to the new contract made last spring, when Colonial tenderers, who had been already badly treated and neglected, were again turned out in the cold, though at least as good and probably better contracts might have been made with them, that the War Office has acted throughout in the most unbusinesslike way, has proceeded upon methods which would have landed any

private firm in bankruptcy, and has wasted millions of public money at a time when the country was being heavily taxed to support almost unparalleled war charges. It is fair to ask whether a bureaucracy capable of wasting money upon this prodigious scale, at a time when necessary expenditure was so high that not a penny should have been thrown away, is likely to practise economy in ordinary seasons.

When the meat business contract was being debated in the House of Commons, Mr. Balfour said: "For myself, I may confess to being rather bored with it." There is food for meditation in that remark.

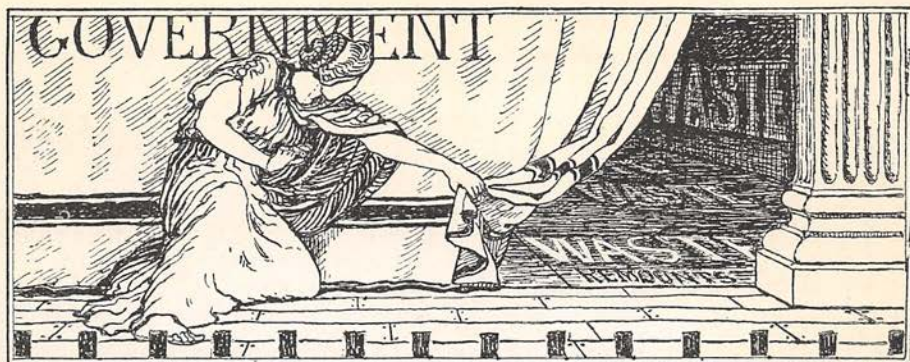
(The "text" for the second article in this series will be "The Remount Scandals.")

## TWO.

By KATIE WHITING PATCH.

I AM two women, though the world at large  
 Knows me for one—the woman you see here:  
 Impulsive, thoughtless, thoughtful, weak and strong,  
 Impatient, faulty—yet by some held dear  
 Because she loves them, and because her ways  
 Have grown familiar to their blame or praise.

The other woman wears a diadem.  
 She dwelleth only in my lover's eyes.  
 No others see her crown—'tis not for them.  
 She is a queen, all beautiful and wise—  
 The woman he believes me! On my knee  
 I pray that I may yet that woman be!



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### No. II.—THE REMOUNT SCANDALS.

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IT has been seen that the lack of business-like instinct and the general inefficiency which characterise our great spending Departments is illustrated in the meat contract scandals which were a feature of the South African war; but a kindred scandal, of an even more serious character, remains to be recalled, if that lack of business capacity and that inefficiency are to be adequately measured.

In the meat contracts we got good enough meat, though we paid far too much for it; but in the horse purchases, though we again paid extravagant prices, we did not get serviceable horses, in so much that our military operations suffered seriously in consequence. The enemy was always getting away when he ought to have been caught,

and he got away because our horses were unequal to the work required of them. Many and many a victory was not followed up because the horses could not be called upon for the further exertion which the Boers were able to get out of their horses. And so it is reasonable to assume—serious though the assumption be—that the war was prolonged because of the inefficiency of our horses; that, therefore, many men lost their lives, much treasure was spent, and the various horrors and inconveniences of war were lengthened because the horses put into the field were not good enough.

"Since the beginning of the war," said Mr. McKenna, in the House of Commons,\* "37½ millions have been spent on the two items of transport by the War Office and remounts purchased by the War Office. At least 10 of these 37½ millions have gone in over-payments to contractors. Two-thirds of the extra income-tax had gone to line the greedy pockets of the exorbitant contractors, all on account of either the ignorance of the War Office or its unwillingness to probe these facts to the bottom."

It was to the horses purchased in Hungary that what are known as the Remount scandals chiefly relate, though the Irish scandal, which has been the subject of criminal proceedings, is within recent memory, and there is strong ground for suspicion that had like oppor-

\* March 18, 1902.

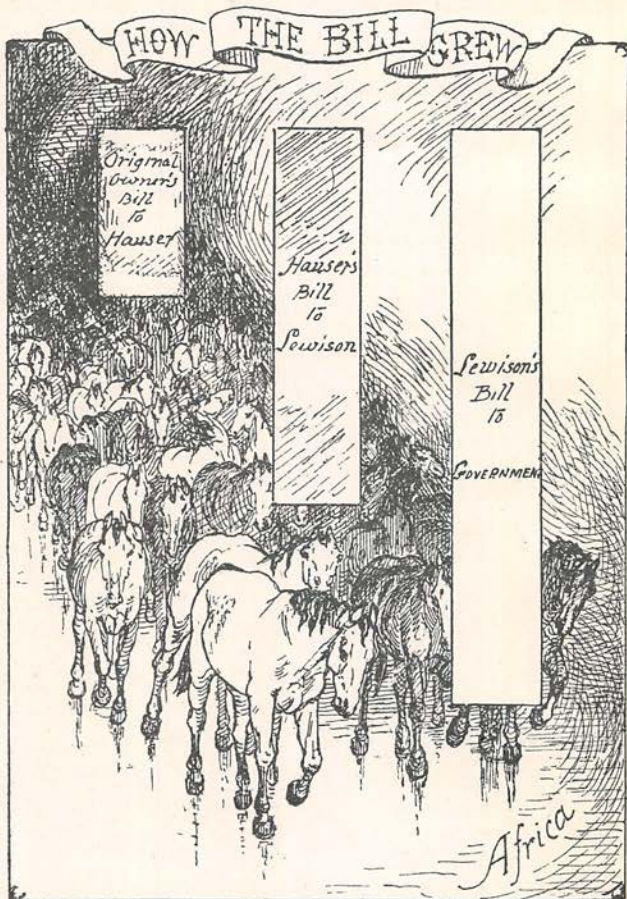


tunities of exposure arisen, scandals nearly, if not quite, as bad might have been found in respect to the horses purchased in other parts of the world.

During the early, dark days of the war, when the need for largely reinforcing the troops in South Africa became pressing, the War Office delegated some of its work to an Imperial Yeomanry Committee. This Committee was charged with the purchase of horses for the Yeomanry. The work was placed particularly in the hands of Colonel St. Quintin, who, having no information of his own or at his command, asked a Captain Hartigan if he knew where horses could be obtained. Captain Hartigan produced one Lewison, having first arranged with him for a 2½ per cent. commission. Lewison obtained a contract for 1,000 horses from Hungary, to be delivered free on board at Fiume, at £35 each, a figure which is only paid for the best cavalry mounts. A somewhat similar contract had been made with another man named Ranucci. Lewison bought Ranucci's contract for £8,000, subsequently reduced to £7,000, as the War Office Committee by this time had induced Lewison to accept £33 16s. 8d. instead of £35. Lewison, who was not himself a horse-dealer, or in a position to buy horses directly, went to Vienna, and there met a dealer named Hauser, with whom he contracted for the horses at £22 per head, delivered at a place called Szebadka. The transport charges thence to Fiume were about £3 per head. Hauser bought the horses for from £8 to £12 per head, and some, it is said, for £6 or £7. Now see what this comes to. If we allow £10 per horse and £4 for transport, the Government was buying for £33 16s. 8d. animals for which it should not have paid more than £14, delivered at the port of embarkation. Here at once is more than justification for Mr. Whitley's charge, which I quoted in my last article, that for every £1 we have spent on the war, 10s. have gone into contractors' pockets.

It appears that 1,500 horses were purchased

at £33 16s. 8d. A month later Lewison was given another contract, for 2,300 cobs at £26; and when Colonel St. Quintin was asked to justify the difference, he said that in the interval he had learned something about prices. He had agreed to the original £35 because he was told that that was the price the Austrian Army paid for its horses, taking no note of the fact that the cobs he was ordering were a different kind of animal altogether from the cavalry horses for which



the Austrian Army paid the higher figure. But even when the second contract of £26 was entered into, it will be seen from the figures I have given above that the Government was paying £10 or £12 per horse more than it should have paid.

At a later date the War Office itself (not the Yeomanry Committee) also bought Hungarian horses. This time one middleman, Lewison, was discarded, and the Government went straight to the second middleman, Hauser. By doing so it managed to save a

bit, obtaining the horses—5,346—at £20 per head. This, it will be seen, still left the worthy Hauser in possession of so big a profit that it is no wonder that, as our military *attaché* at Vienna said, Hauser, a small man before the war contracts, became afterwards one of the leading men in the Hungarian horse-dealing world. Yet when these purchases were brought before the Government by Sir Blundell Maple, it refused to send out to investigate, and merely scolded its informant; nor did it appoint a committee of inquiry until after the matter had become a public scandal.

And what of the quality of the animals for which these exorbitant prices were paid? Lord Rosebery told in the House of Lords a story of a traveller in Hungary who said he had seen no bad horses there, and upon mentioning the circumstances got the reply: "No, they have all been sold to the British Government." Lord Rosebery did not vouch for the truth of this anecdote. But, according to Mr. T. P. O'Connor, a native observer of what went on in Hungary said: "God grant more opportunities of purifying our native breeds from its dregs! On the other hand, I was filled with anxiety when I asked myself: What conception will the foreigner have of Hungarian horse-breeding when such specimens are described as Hungarian horses?" And another observer said: "The rubbish of the Hungarian stock of horses was exported for the poor British soldiers." Such statements as these, applied to all the horses purchased, may be exaggerated, but we have the word of Colonel Wardrop, our military *attaché* at Vienna, and one of the best living judges of horse-flesh, that the majority of horses bought in Hungary were more of the class of ladies' phaeton ponies than animals suited for a rough country. The most favourable official report upon these horses was that by Colonel Birkbeck, who described them as "showy little horses, full of quality, but have done very badly, and are universally condemned as 'flat-catchers.'" And there is Lord Kitchener's own telegram about horses in January, 1901: "Some arriving are not well selected. . . . Yesterday I inspected Bays, who have hitherto done no work; their horses are the wrong stamp to last in this country, and fear we shall lose many of them when they begin work." Probably this telegram does not refer entirely to the Hungarian horses, but as altogether about 24,000 horses came from Hungary, it is fair to assume that some of them are included in

the condemnation. And the Commander-in-Chief's fears as to losing many of the horses were only too completely realised all through the war. Pitiful stories have been told of the deaths of horses in large numbers almost before they had started work at the front; and though this may be due in part to the hurried way in which the animals had to be sent forward immediately after landing from their exhausting sea voyage, much of the loss must also be attributed to the inferior and unsuitable character of the horses themselves.

Now that, in brief, is the story of the Hungarian horse purchases. I have not dwelt upon certain scandals connected with the purchases, which were publicly discussed some time ago, because under the best system reprehensible acts may be committed by individuals. The simple facts stated above suffice to show how the country has been robbed, but the scandalous character of the robbery may be made yet more plain by the recital of some further facts.

And first a word or two about the transport charges. As though not enough money had been wasted in the purchase of the horses themselves, more money was wasted over transporting them to South Africa. Practically the whole of the contracts were made with one firm, a firm which used other vessels besides its own, and so acted as broker as well as contracting ship-owner. By some means or other this firm managed to get rid of all competition. If another firm tendered, it was given to understand that its tender was not wanted; and if its price was lower than that of the favoured firm, the favoured firm was made acquainted with the fact, so that it might alter its prices accordingly. Nasty things have been said in public as to why this particular firm was so favoured, but I need not repeat them here; it will be enough for our present purposes to note the enormous charges paid for transportation during the war. These included prices ranging up to £18 per head for transporting horses to South Africa from Australia, at the same time that another firm in Australia was taking horses for General Baden-Powell at £8 per head; and even this contract was sub-let at £6 10s. a head, and the sub-contractor said he made a good profit out of it. And with regard to the transport of the Hungarian horses to South Africa, a similar desire to pay as much as possible seems to have been cherished. A dealer named Vickers, whose contract for horses was bought out by Lewison, had

made an agreement with Mr. Van Laun to carry the horses to South Africa at £16 per head. Lewison, after Vickers had been set aside, contracted with Mr. Van Laun for the transport of the first 1,500 horses at £26 13s. 4d. per head, and beyond that number at £28. Yet Vickers said that he had informed Colonel St. Quintin, of the Yeomanry Committee, of his arrangement with Mr. Van Laun, so that ignorance of the lower offer can hardly be pleaded, although ignorance would not exonerate men whose business it was not to be ignorant concerning the prices they paid.

To return now to the horse purchases. I have already said that, though the principal exposure was with reference to the Hungarian purchases, it was likely that purchases made elsewhere were also open to accusations of waste. For example, a gentleman with a large business in Buenos Ayres told Lord Tweedmouth that the contracts for horse purchases made there were the subject of scandal and ridicule to the whole British colony; and Lord Tweedmouth contended that the payment of very high prices, not only in Argentina, but in Italy, and in England itself, was a notorious fact. Mr. Philips, in a House of Commons debate upon the subject of the inquiry held into the Hungarian purchases, "ventured to say that if there were an inquiry in reference to the purchase of horses in England and in the Argentine, scandals would be revealed quite as great, and perhaps greater, than those connected with the purchase of Hungarian horses." Nor are the American purchases above suspicion. Mr. C. Hobhouse told the House of Commons, with regard to the purchases at New Orleans, that the Army veterinary officer employed to pass the horses had gained so great an amount that it had become matter of notoriety and gossip in the town. "The officer, indeed, had been told that he must bring an action or take the consequences; but so great had been his illicit gains, that he had abandoned his certainty of promotion and his pension rights, and had been allowed to do what the War Office never ought to have allowed him to do—namely, retire from the service." Mr. Hobhouse referred further to the bad reports which had been made concerning the Australian horses, and declared that the mules purchased in Italy were a source not only of inconvenience, but of danger.

But what could better illustrate the methods of our bureaucracy than the story which the Earl of Lonsdale told the House

of Lords concerning a purchase in England. This expert judge of horses, having assured the House that there was no Department in the public service out of which so much amusement was to be gained, related the following incident, which has doubtless its amusing side, but which must inspire less pleasant feelings as well in the Englishman's mind. "The Inspector of Remounts," said Lord Lonsdale, "sent to examine five horses, the property of a Master of Hounds in the North of England. Four of these horses were registered—three at £80 and one at £100. The officer sent down carefully examined the horses in the stable, and four horses were selected—three at £80 and one at £100. This sagacious officer had selected four horses which were just being sent off to the auction market as absolutely useless. They were to have been put up as 'the property of a gentleman,' because the owner hardly liked to put his name to them. These horses were put into an open truck, without clothing, in frosty weather, and sent to Aldershot, where one of them died from a severe cold." And to this story must be appended the information that the number of horses registered by the Government for requisition amounted to 14,550, for each of which 10s. a year was paid. Yet these horses, Mr. Brodrick told the House of Commons, are examined yearly to see if it is worth while to pay the fee.

Another instance may be quoted, belonging to a late period of the war, by which time one would have thought the bureaucrats would have learned something, if they had the capacity for learning. In the *Times* of Feb. 17th, 1902, that journal's St. Petersburg correspondent reported that the Remount Department had endeavoured to buy horses in Russia in mid-winter, which, as is well known to everybody who has the least acquaintance with the country, is the worst time that could have been chosen. Not content with this preliminary blunder, the Department sent its agents into districts where, indeed, good horses are plentiful, but where it is quite impossible to buy them, because the Russian Remount Department, less haphazard in its methods than the English, has marked off those districts as preserves, and horses cannot be bought in them to any number without the express permission of the Russian War Minister. This fact our Remount Department should have known in any case, and at the least it could have learned it from inquiries in the country; but such inquiries it evidently

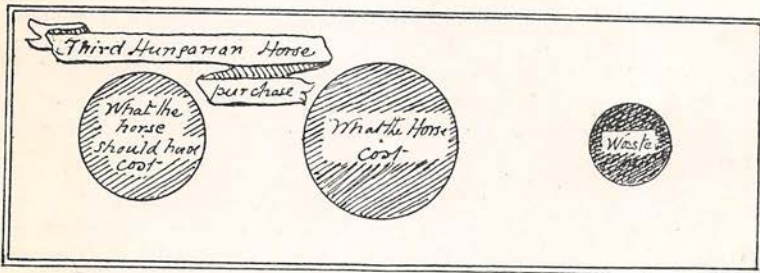
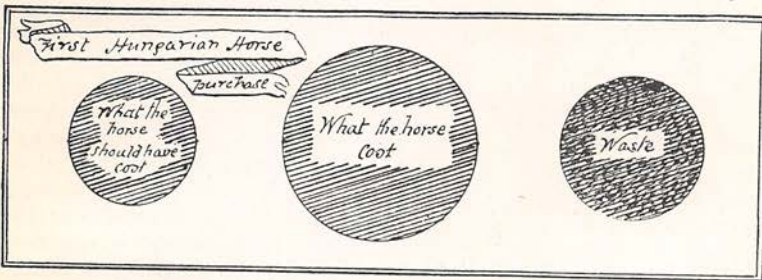
neglected to make, for it sent its agents into one of these very districts. Naturally, when at length the necessary permission from the Russian War Minister was asked, it was refused, and thus some more of the British taxpayer's money was wasted, while delay in making necessary purchases was caused during the learning by a Government Department of some of its business, with which it should have been acquainted all along.

Now we come to the only possible defence on the part of the Government—that a great emergency suddenly arose, in coping with which it was not to be expected that good bargains should be made, and that in the circumstances the Government did all that

April, 1900, when the war had been in progress six months. And not even during those six months, though the need for obtaining a heavy supply had been plain throughout the time, had any steps been taken. All that was known was that horses had been purchased by the Imperial Yeomanry Committee, through Lewison and Hauser, in the extravagant manner I have already related.

Something else, however, was, or might have been, known. Right back in December, 1899, Sir John Blundell Maple sent his trainer, Mr. Alec Waugh, to General Truman, the head of the Remount Department. Mr. Waugh knew Hungary and its

horse capacities intimately. He spoke German, was a member of the Royal Veterinary College, and had also a German diploma. Mr. Waugh collected a lot of information upon the subject of what might be done in Hungary: it was embodied in correspondence which he took with him to General Truman's office. Here was a valuable opportunity for the Department. And how did General Truman treat it? He



could be expected of it. Let us see how far this contention holds.

First with regard to the Hungarian horses. Assuming the need for purchasing horses in Hungary, did the Government set about its task in the right way?

The duty of a Remount Department is to collect information. We have it upon the authority of the Committee appointed to investigate the scandal—a Committee so partial to the Government that, not without reason, it has been termed a whitewashing Committee—that "no steps had apparently been taken since 1884 to ascertain the best sources of supply in that country, the best methods of tapping those sources, or the most reliable people to employ." The large Government purchases, as distinct from the Imperial Yeomanry purchases, began to be made in

told Mr. Waugh that they were not wanting any horses in Hungary—this a few weeks before the Yeomanry purchases began to be made. Mr. Waugh went away, leaving his valuable correspondence behind him for the Department's use, and General Truman promptly lost it. He apparently threw it on one side as being as useless as he confessed to the Committee he regarded Mr. Waugh's own proffered services. "I had purchasing officers," said General Truman, "and I did not think it at all necessary to employ the servant of a civilian." Much money, and perhaps much loss of life, would have been saved if he had omitted this tribute to red-tape conceit.

But the despised trainer was not the only expert whose offer to help was rejected. Read this quotation from the letter of a

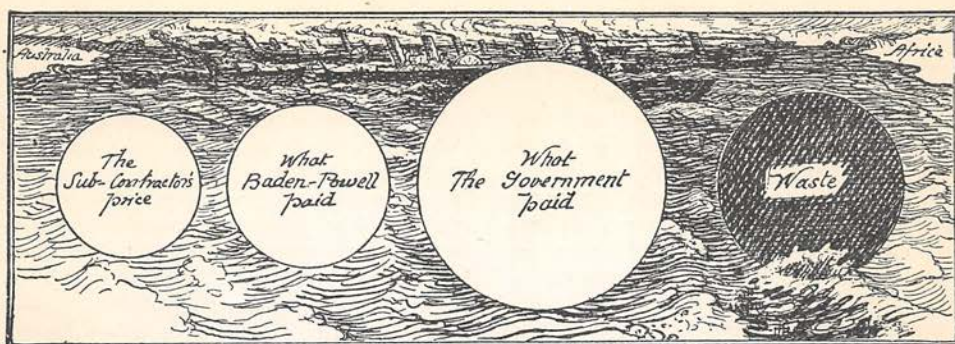
gentleman in the *Times* of Feb. 13th, 1902 : "Being intimately acquainted with Hungary and Roumania and the leading people there, when the demand for horses became urgent, on Jan. 10th, 1900, I gave the War Office and Imperial Yeomanry five first-class introductions, and information generally, in the hopes that through them not only would the War Office obtain proper supplies and fair treatment, but also that trustworthy advice and guidance that only local gentlemen of position and experience could give. I am informed that not the smallest use was made of these introductions in any shape or form by the authorities. I then set the cables in motion, and was enabled to make an offer of large quantities of horses at £20 each or less, to be inspected and prices fixed at Budapest and Bucharest, stating also that up to 20,000 suitable animals could be obtained from Russia, through Bucharest, in addition. The offer was refused. May I mention that the horses, which are common to the rough Herkulesbad (Hungary), to Tunn-Severin (Roumania) country, and which are famous for their extraordinary strength, pluck, and surefootedness, fetch (or did so in August, 1898, when I was offered as many hundreds as I wished) £9 to £10 each?"

It is worth while comparing the prices mentioned in this letter with the prices the Government paid. Both this gentleman's offer and Sir Blundell Maple's are worth noting in connection with Mr. Brodrick's contention that it was necessary to go to Hauser. It may also be mentioned that at a later period the New South Wales Agent-General offered from 1,000 to 3,000 suitable horses at about 16 guineas for a cavalry horse, 30 guineas for an artillery horse, and 12 guineas for a mounted infantry horse.

But after all, private citizens must, perhaps, not complain too much of neglect at the hands of the Government; for the Government actually omitted to avail itself of the services of Colonel Wardrop, our military *attaché* at Vienna, an officer who, by reason of his position, was obviously able to afford valuable advice respecting the purchase of horses in Hungary, and who was besides, since he is well known as one of the best horsemen and judges of horses living, peculiarly well fitted to render service. True, Colonel St. Quintin, on behalf of the Imperial Yeomanry, did send one telegram unsigned and *en clair* to Colonel Wardrop, who sent at once to the War Office for further instructions. But afterwards neither Colonel St. Quintin nor the

War Office made the slightest effort to communicate with Colonel Wardrop, though he was anxious to offer his services. Needless to say, the military *attachés* in the other countries in which horses were purchased were neglected in the same manner. Captain Lee, M.P., who, in the earlier days of the war, was military *attaché* at Washington, complained to the House of Commons that he was not informed that there was any intention of buying horses in the United States, or asked to give such assistance "as his position implied he was competent to do." He only learned that British officers were buying in the United States by reading the American newspapers. Lord Lansdowne, defending this remarkable negligence, said: "I doubt extremely whether anything would have been gained by dragging the military *attachés* into the matter. I should certainly be inclined to suggest that it would be impossible to use them as agents for the purchase of horses." "The utmost use they could have been," he added, "was to give the names of vendors." Well, even that might have saved some of the scandals. Happily Lord Lansdowne's is not the general view. Even the Hungarian Purchase Committee declared its surprise at the failure to communicate with the military *attachés*, and recommended "that in future the Remount Department should be held responsible for obtaining such information, and for keeping it up to date by systematic reference to the military *attachés*."

The above facts demonstrate that even under the existing system the scandals in connection with the Remount purchases might have been avoided. But the system itself has broken down under the test of war and proved its incapacity. When speaking just now of the attempt to purchase horses in Russia, I mentioned that the Russian War Office organises its supply of horses with foresight. Now, foresight and preparedness for emergencies are just what are lacking at our own War Office. As a service correspondent of the *Financial News* wrote in that journal: "The fault lay with the War Office system, which, like most War Office systems, consisted in letting things drift into a hopeless condition, and then making heroic efforts to retrieve that condition. If we can imagine, by a wide stretch of imagination, the War Office in the position of a private trading company, it is not difficult to foresee what would have been done. Imagine a private trading company, with any pretensions to good management,



knowing that it would have to meet an enormous demand in a certain article, not making arrangements far in advance to obtain that article in sufficient quantities from every quarter of the globe where it could be obtained. Apparently the War Office never troubled itself in the matter till the demand was acute, and then sent its agents out hastily to repair the oversight as best they could."

It is not easy to say how much of this unreadiness is due to individual incapacity or carelessness, or the influence of the bureaucratic atmosphere, and how much is the result of inadequate organisation. Doubtless all these factors are present, but it is worth noting here that, according to the best expert opinion, the Remount Department had been starved prior to the war; notwithstanding the representations pointing to the serious nature of starving such a department had been made to the military authorities, the Remount Department was understaffed. Now, the last thing I wish to impress upon my readers is that understaffing of Government Departments is a general feature of the service, for, speaking generally, the exact opposite is the case; the small modicum of work, and much of it of an unnecessary kind, which is performed in Government offices is a public reproach. But among the unbusinesslike, cheeseparing economy here and there is a normal accompaniment of wastefulness in the main and in big matters. And this understaffing of the Remount Department is a case in point. Not enough men were employed to organise the vital task of securing a proper and adequate supply of horses, though at the same time in other offices you find rows of clerks trying to kill their few hours of office duty by reading newspapers or writing dramatic and literary criticism. The understaffing was not found oppressive in the ante-war days by the Remount staff—simply

the work was left undone; but when the time of stress came, there came the inevitable breakdown, so that the Government was forced to fall upon the defence that the Department was not constructed to meet the pressure put upon it during the war. But the Englishman, whom this unreadiness has cost so dear, will want to know why the Department was not so constructed as to be ready to deal with emergencies.

Nor is it only of under-organisation that this complaint has to be made. Such organisation as there was was inefficient. The Department should be a storehouse of information. From what I have already written about the lack of information concerning horses in Hungary, it will be seen that the War Office might be described as anything rather than a storehouse of information. But let me give one more instance. Major Rasch asked, in the House of Commons, of the Secretary of State for War, whether a contract for a supply of mules was made at the price of £35 each at the same time that, according to documentary evidence from officers of the Remount Department of the Natal Field Force, the market price was only £25, and the actual value about £15. Mr. Brodrick brought out the stereotyped reply: "There is no information on this subject at the War Office."

And what little knowledge the War Office possessed it cherished, quite unnecessarily, as secret. When Mr. Dillon asked what price had been given for the Argentine horses, he was told that this was a trade secret. Now, horses are not bought in huge quantities without people concerned finding out what is paid for them. Wider publicity would, if the price were too high, increase the chances of competitive offers at lower rates; and if the prices were not too high, no possible harm could follow by making them generally known.

The scandals of the Remount Department

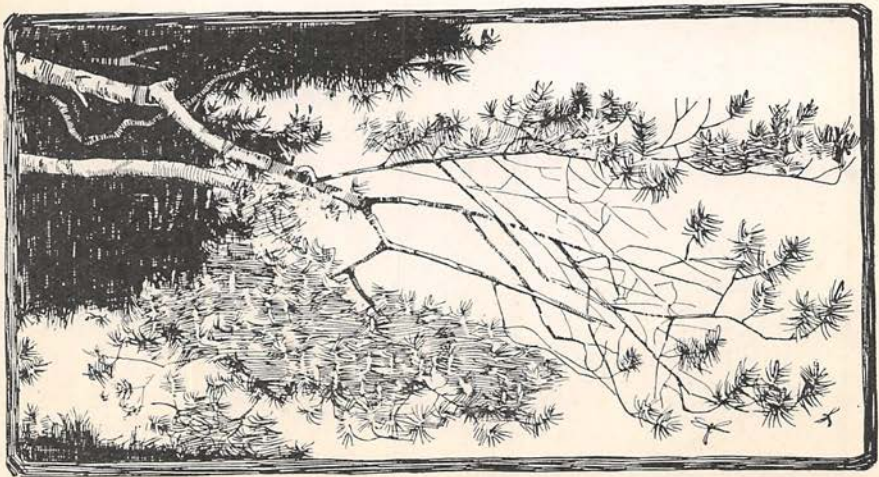
prove but too clearly the wisdom of Sir Blundell Maple's suggestion that a Commercial Board should be appointed at the War Office to deal with all contracts. And I would add, not simply to deal with contracts, but to assist in organising all the commercial work of the Office upon a business-like basis. It is not for me to suggest exactly how the Remount Department and its methods should be organised—that is for soldiers and horsemen—though I would suggest that soldiers and horsemen, having both made such a mess of the work in the past, should take business men into their counsel; and they might consider the suggestions which have been made by Sir Blundell Maple and others for buying young horses and reselling them at a later period if they are not wanted, or for subsidising horse-breeding upon such a scale as would ensure a good home and colonial supply, and avoid future payments of extravagant sums to foreigners.

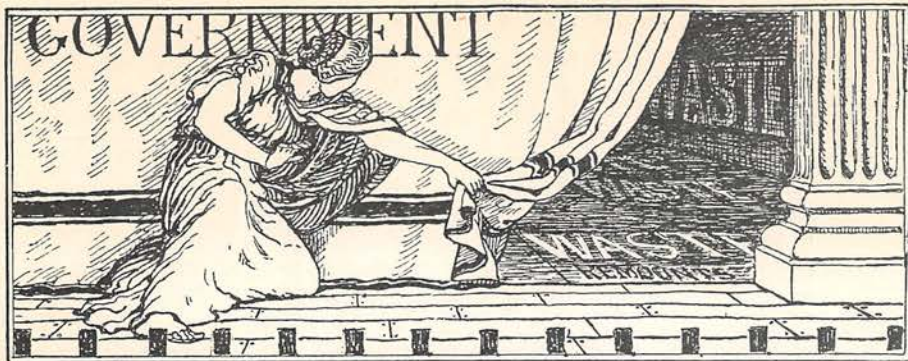
I have dealt at length with this Remount question because it is symptomatic and illustrative. It was all very well to adopt the line taken by Lord Morley in defending the Government in the House of Lords, when he asked: "Was it fair to assume that the revelations as to the Remounts were only the lifting of a corner of the curtain which concealed the utter want of business-like administrative capacity on the part of the Government?" and to assert that such an assumption "was generalising in a very general and hasty way." This will not be the public

view. It is difficult to get at the facts in many matters pertaining to Government work. Ministers and officials themselves take care of that with their policy of secrecy. But they must court publicity, and not struggle against it, if they wish the public to believe that such scandals as have been discovered are the only scandals that exist. The Remount scandals do not stand alone, even among the instances of waste and lack of business which the recent war has brought to light. At the very time the Government apologists were trying to get the public to believe that the Remount scandal did stand alone, the facts concerning the Meat Contracts were being dragged into light—and how scandalous they were I have already related. And though I cannot hope to make a complete record of all the waste of public money which is being perpetrated, I have yet some more instances to bring to your notice. They will form cumulative and presumptive proof of "the utter want of business-like administrative capacity on the part of the Government."

It cannot be contended that these administrative scandals are a temporary incident. Let us accept as evidence of their persistent character Mr. Brodrick's defence against the charges arising out of the South African scandals: "I was at the War Office after the war of '82-3-4. That was a small war, only 30,000 men being engaged in it. But there were ten times as many scandals connected with that war than there have been with this war!"

*(The "text" for the third article in this series will be "Cordite and Expensive Favouritism.")*





## THE WASTE OF PUBLIC MONEY.

BY ERNEST E. WILLIAMS,

*Author of "The Imperial Heritage," "Made in Germany," "Marching Backward," and "The Foreigner in the Farmyard."*

### No. III.—CORDITE AND EXPENSIVE FAVOURITISM.

NOTE.—I wish at the commencement of each of these articles to remove a possible cause of misapprehension. It is necessary, in the course of them, to say hard things of members of the present Government; but that is because the present Government has been in office for a number of years beyond which, in order to keep the illustrations of bureaucratic methods up to date, it has not been thought desirable to travel. Criticisms involving the acts of Ministers are not to be interpreted as in any sense a party attack, and it is not suggested that had the Opposition been in office, its members would have done better.—E. E. W.

LET us now press the charge home a point further. War, the apologists may say, is an exceptional occurrence, and blunders which may be committed in the rush and strain of war-time must not be regarded as typical procedure of all time. The contention may serve up to a point; but what I have previously written shows that it will not serve all the way, even confining our view to the War Contract scandals. In the case of the Meat Contracts, some of the unbusinesslike procedure which we have noted is dated at periods subsequent to the first months of rush and strain; in the case of the Remount scandals, it was evident that had the Department and its work been efficiently organised in peace time, the scandals would never have occurred—at

least, could not have occurred upon the same scale.

But let us leave the war altogether. Let us take an illustration from a scandal for which its apologists cannot plead the rush and strain of war-time—where we come indubitably into the region of permanent mismanagement. I would direct your attention to the Cordite Contracts.

When, in 1894, the War Office requested tenders for the manufacture of the then new explosive, cordite, only three firms responded—the National Explosives Company, Kynochs, and Nobel's; and the prices of the two former were only about two-thirds of that asked by the last-named. It was natural in these circumstances that the National Explosives Company and Kynochs should get a warm place in the Admiralty's heart, as they were the first to make reasonable tenders, and, as time went on, and work was placed in their hands, the Government looked upon them as firms experienced in satisfying its wants, and therefore specially eligible for further contracts. This state of things helps to explain, though it does not justify, the extraordinary story which I am now about to tell.

As time passed on, it should be premised, other manufacturers of explosives applied themselves to the making of cordite, and soon a healthy competition arose, a competition which the Government should, in the interests of economy and efficiency, have hailed, notwithstanding any sentimental or



other tendency it might have felt towards standing by the original caterers, Messrs. Kynochs and the National Explosives Company—Kynochs in particular. Now let us see the sort of welcome which was extended to this competition.

In January, 1900, tenders were invited from the firms on the War Office list for 2,240,000 lb. of cordite for the Admiralty. (Admiralty orders go through the War Office.) Seven firms sent in tenders for the whole or part of the cordite. It would take up too much space here to reproduce the particulars of all the tenders, as there were eight different sizes of cordite, with different prices for each, and various other particulars which make up a complicated table. But you will get at the essential features of these tenders as I go along.

In analysing them for the purpose of arriving at the best, one pays regard to three essential requirements: (1) cheapness; (2) time of delivery; (3) quality.

With regard to cheapness. The National Explosives Company was the cheapest in all the sizes for which it tendered. Nearly half the entire order was for sizes 30 and 20, and in these sizes only did Kynochs compete. Let me set out the prices of the various tenders for size 30.

New Explosives Co. . . . .	2s. 4d.	per lb.
Nobel's Explosives Co. . . . .	2s. 3d.	"
Chilworth Gunpowder Co. . . . .	2s. 3d.	"
Cotton Powder Co. . . . .	2s. 0d.	"
Curtis & Hardy . . . . .	2s. 4d.	"
National Explosives Co. . . . .	1s. 10½d.	"
Kynochs . . . . .	2s. 6d.	"
for whole quantity,	2s. 9d.	and 3s.
for smaller quantities.		

The size 20 tenders were of a similar character. Clearly, then, on the score of cheapness, Kynochs should have been ruled out altogether, and as the National Explosives Company tendered only for 1,000,000 lb. out of a total of 2,030,000 lb. in the sizes for which they competed, the orders for sizes 30 and 20 should have been divided between the National Explosives Company and the Cotton Powder Company, so far as price only was the deciding factor.

With regard to the time of delivery, the best offer was that made by Nobel's Explosives Company, which offered to deliver from 10,000 lb. to 20,000 lb. per week commencing after forty days from receipt of the order. The National Explosives Company offered to deliver 20,000 lb. per week from the 31st of March, and Kynochs 44,800 lb. per week

from the 8th of April. The Cotton Powder Company, on the other hand, only offered 8,000 lb. to 20,000 lb. per week from the 26th of August. This comparative slowness of delivery, of course, has to be set against the cheapness of the Company's offer. At the same time, there does not appear to have been any particular hurry for large quantities of the cordite, and if the order had been divided between the Cotton Powder Company and one or more of the other companies which offered quicker delivery, the Admiralty would not have had its stores depleted while waiting for the delivery of the Cotton Powder Company's order. And with regard to Kynochs' offer of large deliveries in a comparatively short time, we shall see later, when considering their past record, that compliance with delivery arrangements was not that firm's strong point.

With regard to quality, from a report of Colonel Hadden, dated the 30th of March, 1900, it appears that the National Explosives Company, besides being the cheapest and one of the quickest in the delivery which it offered, also, in respect to its previous record, manufactured most successfully. Colonel Hadden reported that this firm had "been very successful all round, especially in the larger sizes, compared with other contractors. I have had no trouble with this firm." (The larger sizes, be it noted, are the most difficult.) The Cotton Powder Company was reported "recently successful with sizes 30 and 5, and better with 20 after a great many failures." Concerning Nobel's, Colonel Hadden reported that they were unsuccessful with size 50, and very successful with size 5, though he added a postscript that "two lots of Nobel's size fifty were proved yesterday and passed," showing that with experience this firm was getting its manufacture right. With regard to the high-priced Kynochs, Colonel Hadden reported: "Unsuccessful with 50, 44, and 30; fairly successful with sizes 20 and 5. Taking all sizes, the proportion of accepted to rejected on present contracts is 46 to 54 per cent. The foreign matter found in a great number of lots during May and June was very unsatisfactory. The large quantity of cordite sent me within the last ten days cannot be considered satisfactory, while the Company give trouble regarding marking and small details." Thus it will be seen that Kynochs did not make up in superior quality for their high prices. But the relative merits of some of the firms, according to Colonel Hadden's report, will perhaps be most conveniently

seen by tabulating the proportion of acceptances to rejections of the cordite sent in by them. Thus :—

	Proportion rejected.
Kynochs . . . . .	54 per cent.
National Explosives Co. . . . .	31 „
Cotton Powder Co. . . . .	11 „

The Cotton Powder Company's very small proportion of rejections should, however, be read in connection with the fact that it chiefly makes the small sizes, which are the easiest.

Now we come to the distribution of the orders. The Director of Army Contracts recommended allocation among each of the seven competing firms. The National Explosives Company, though, as we have seen, the most suitable competitor, and though tendering for 1,000,000 lb., received orders for 880,000 lb. only; and Kynochs, though not given any order for the size 30 they tendered for, were yet awarded the whole of the 160,000 lb. which were required of size 20. From this it will be gathered that Kynochs were treated more favourably than a strict regard to business would seem to permit.

But the Admiralty would not accept this recommendation. It knocked out all firms except the National Explosives Company and Kynochs, allotting to the former Company 1,350,000 lb. (though it had only tendered for 1,000,000 lb.), and to Kynochs 880,000 lb. of size 20, at 2s. 3d. per lb. The Admiralty went to Kynochs and told them they might have this big order if they would reduce their price to 2s. 3d.; all the while the other firms which tendered at 2s. 3d. and less were left out in the cold. Nobel's got to hear of this extraordinary proceeding, and telegraphed on the 8th of March to the Director of Army Contracts, expressing disappointment at having heard nothing as to orders, hoping that they might still count upon receiving a considerable proportion, since they had regulated their other business in that expectation, and adding that they could not suppose price to stand in the way, for they understood speed of delivery was the principal consideration; but they asked that, if absolutely necessary in order to obtain a fair share, they might have an opportunity "to reconsider prices such as had been given on former occasions to rival firms." This complaint, and the delicate hint about the peculiar piece of favouritism shown to Kynochs, led to a conference between the Financial Secretaries of the War Office and the Admiralty; and

in the result the final allocation was left, though contrary to the ordinary practice, in the hands of the Director of Army Contracts, who apportioned the orders between the National Explosives Company, Nobel's Company, the Cotton Powder Company, and Kynochs. Kynochs got 300,000 lb., and they were allowed to charge 2s. 6d. per lb., though the other firms were supplying at 2s., 2s. 1d., and 2s. 3d.

Let us now consider the defence made by the officials concerned when the War Office Contracts Committee examined them upon the scandals.

Questioned respecting the strange offer to Kynochs to reduce their tender, the Director of Naval Ordnance expressed surprise at exception being taken to the act, "seeing it has been done on other occasions without comment. In 1898," he added, "the National Explosives Company quoted certain cordite at 1s. 10½d.; Kynochs quoted at 2s. 4½d. The Director of Contracts asked Kynoch—sent him a tender form, as I understand—to tender at 1s. 10½d. (that was without any reference to the Admiralty), and he did so." Admiral Jeffreys may have thought that precedent excused an unjustifiable act, but I think my readers will agree that the value of his quotation is the indication it affords of the extent of the evil. With regard to this piece of favouritism in 1898, it was pleaded in defence that no other firm asked for reductions. This is a childish plea, for no other firm was given the opportunity. Moreover, Kynochs were only asked to reduce their price to their competitors' level, not below it.

A plea upon which the officials placed much reliance was the necessity for keeping Kynochs employed. There was no necessity at all for keeping them employed if other firms made more satisfactory tenders; and when Mr. Powell Williams was asked if there was not the same urgency to keep other firms employed also, he was obliged to answer "Yes."

But attempts were also made to defend the allocation to Kynochs upon the ground of their superiority. They "are a thoroughly reliable and efficient firm," said the Director of Naval Ordnance. Colonel Hadden's report, which I have already quoted, does not bear out this testimonial in any extraordinary degree; and when Admiral Jeffreys went on to draw comparisons with other firms to the advantage of Kynochs, he floundered rather badly. For his refusal to allocate to two cheaper competitors, the

New Explosives and the Chilworth Companies, he pleaded that the Admiralty had had no experience of them. That is no sort of reason. On the contrary, seeing how advantageous their tenders looked, it was the very reason for following the Director of War Contracts' recommendation to give them a trial. Regarding the refusal to employ Nobel's, the Admiralty officials contended that they had employed them once, and found them unsatisfactory, owing to the high percentage of rejections; but this was on a size 50 order, which is very difficult to make, and a high percentage of rejections was not the monopoly of Nobel's, who, besides, had not the experience given by the Admiralty to Kynochs. Admiral Jeffreys further stated that Nobel's chief experience was with the wet process, with which the Admiralty did not agree. But this assertion was flatly contrary to the fact (made, of course, under misapprehension, but still culpable); for the Company's manager testified before the Committee that his firm had never manufactured cordite except by the dry process. Nor can it be contended that the capacity of Kynochs' works (which it was deemed so necessary to keep fully employed) was greater than Nobel's. Kynochs' chairman, Mr. Arthur Chamberlain, told the Committee that his firm's maximum output was 30 tons a week, say 1,560 tons a year. But it was placed in evidence by Nobel's manager that his company could produce from 2,000 to 2,500 tons of cordite a year, besides 3,000 to 3,500 tons of dry paste by itself. It was, I suppose, this comparatively limited capacity of Kynochs which has caused them to be so overdue with their orders; for it was stated in the evidence given before the Contracts Committee in July, 1900, that of the contracts made in 1898, Kynochs was the only firm which had cordite still due to be delivered. Upon orders given in 1899, the Cotton Powder Company had 10,000 lb. due, the National Explosives Company 30,410 lb., Kynochs 241,000 lb. All the other firms together had only 50,000 lb. undelivered.

Another defence of Kynochs' alleged superiority broke down under inquiry. Admiral Jeffreys testified his belief that they "are the only firm who make cordite who also make the whole of their ingredients, except sulphuric acid; they make their own nitro-glycerine and everything else, whereas every other firm in England, I believe, has to depend on sub-contractors." This, of course, is an important point. It is emi-

nently undesirable that England should depend upon foreign countries for the ingredients of her ammunition. But the attribution to Kynochs of the special fulfilment of this desire was unfortunate. With reference to Admiral Jeffreys' "nitro-glycerine and everything else," it may be said that the main ingredients are nitro-glycerine and gun-cotton. Mr. Chamberlain, Kynochs' chairman, admitted in evidence that his firm imported large quantities of gun-cotton, and when pressed as to whether the gun-cotton was to be used in the manufacture of cordite to be supplied to the Government, replied: "I really could not tell you; it just depends on our own convenience." But, according to the Government's specifications, the use of imported materials is not a question of the convenience of the manufacturers; the schedule attached to every order for cordite contains the condition that the supply must be wholly manufactured in Great Britain or Ireland. The manager of Nobel's, on the contrary, testified that his company, which had made special extensions in 1893 in order to be able at any time to furnish the necessary amount of gun-cotton to keep the cordite plant supplied to its full capacity, and had been one of the largest manufacturers of gun-cotton for some years, adhered to the specification.

Without pursuing much further into what may be wearisome detail this illustration of bureaucratic mismanagement, two other points may just be referred to. The Admiralty officials contended in defence of their knocking out of cheap competitive tenders that they knew the Land Service was going to place large orders, and so they wished to confine their orders to the two firms to which they were accustomed. The allocation, it will be remembered, was made in the early months of 1900, and in May, 1900, two Land Service orders for cordite were given out; the total amount was only 1,892,500 lb. (of which, by the way, Kynochs received 900,000 lb.). But what I have already adduced as to the completion of orders already existing by the different firms demonstrates that this plea, though put forward as the main reason for the Admiralty's action, will not hold water. The statement, alleged with apparent seriousness, that the distribution among all the firms of the Naval order "would both be harassing and forcing the unfortunate contractors to deliver to their respective departments," is, in the circumstances, a curious reason for knocking out the firms which were

up-to-date with their deliveries, in order that the overdue Kynochs might be the more favoured.

The other point is: Why, if the Admiralty did not intend to give the other firms a chance, did they make fools of those other firms by asking them to tender at all, thus exciting hopes which they intended to disappoint, and putting them to trouble which was not destined to be rewarded? This point is worth dwelling upon, because it does not appear to be an isolated instance of Government methods in the matter of contracts. We had another instance of it in the case of the transport contracts of the Remount Department. It would be interesting to know how far this system of apparently putting up work to open competition, while in reality doing nothing of the kind, is followed in the Government service generally.

It is needful that public opinion should be roused on these points, for there seems to be a marked disinclination to bring home Governmental misdeeds to the parties concerned. Most of the details, for example, of these Cordite Contracts which I have given above were proposed to be inserted in the Report of the War Office Contracts Committee. Yet, though the evidence shows them to be incontestable, the Committee, by six votes to two, declined to insert them, but wrote instead a much shorter and modified report of the circumstances. In their "Conclusions" this Committee reported: "Your Committee are satisfied that the orders were allocated with the single object of securing the best results to the public service. Your Committee, however, consider that in any case in which it might be thought desirable to allow a tender to be modified, a like opportunity should be afforded to all the firms tendering." The recurrence of the word "tender" suggests another sense in which it is used. I think my readers will agree that, instead of these Cordite scandals calling for a whitewashing process, they demand to be considered as a grave indication of the general want of businesslike capacity in the public service, and of the consequent waste of public money.

#### OFFICIAL SLACKNESS.

Just for a moment let me revert to the South African War Contracts. At the beginning of these articles, reference was made to the official plea that only trustworthy firms should be employed on Government contracts, because otherwise there might be

poor quality in the supplies. This plea has been advanced in favour of endeavouring to limit the number of contractors, and of treating cheapness in tenders as a minor consideration. When mentioning the plea, I have written down the obvious reply, that it is within the power, and should be the business, of officials to see that the materials supplied to them by contractors are of the quality mentioned or implied in the contract. Yet it is clear that this primary function—the official inspection of supplies—is not carried out as universally as it should be. The South African war brought out two instances at least of such lack of inspection. There was the case of the hay supplied to the steamship *Manchester Port*. Much of this hay was not inspected at all, and amongst the uninspected consignments was hay of so unsatisfactory a character as to be absolutely unfit for the purpose for which it was wanted, and even dangerous to the vessel carrying it, owing to the risk of heating. Yet this hay was loaded upon the vessel and started upon its journey from Liverpool. But one or two gentlemen—a naval officer and Mr. Houston, M.P., the chairman of the Company chartering the ship—gave information to the War Office, and owing to this information, supplied from outside, inspection was tardily made when the vessel arrived at Tilbury Docks. It was only thus, adventitiously, that the bad hay came to be condemned.

Another case of similar slackness was that of the boots supplied to the Volunteer Service Company of the Worcestershire Regiment. The quotation for the boots first given was 10s. 6d. per pair, but it was subsequently raised to 12s. 6d. in order to ensure obtaining the best quality. It subsequently transpired that the contractors bought these boots at 7s. per pair. But the main point is that when these pseudo-best-quality boots were tried on a route march, in wet weather, they proved to be of very inferior quality indeed, and out of 226 pairs about 150 pairs were condemned. Here, again, a proper system of inspection should have avoided the trouble. True, these particular boots were not ordered direct by the War Office, the contract being made by the Volunteer officials themselves. But, as the War Office Contracts Committee pointed out in their report on the subject, if the War Office made arrangements to supply from Government stores boots and similar equipment, efficient inspection and serviceable equipment might be ensured. They might be; but when we

remember the stories of the brown-paper soles in Egypt, it is by means certain.

The point of these two instances is that the Government, in some of its Departments, does not take ordinary businesslike pains to see that its contractors supply the article contracted for, and thus invites contractors to fall short of the stipulated requirements. No business firm could afford to tolerate such slackness with regard to its own sup-

plies; why should the country have to put up with it, to the sacrifice alike of the taxpayers' pockets and the efficiency of the services?

Are we not getting very near cumulative and ample proof of "the utter want of businesslike administrative capacity on the part of the Government" with which Lord Morley thought it unfair to charge the Government?

## THE GRASS.

I ROUSE ere on the tree  
 The south wind bloweth power;  
 I come ere roves the bee,  
 I go not with the flower.

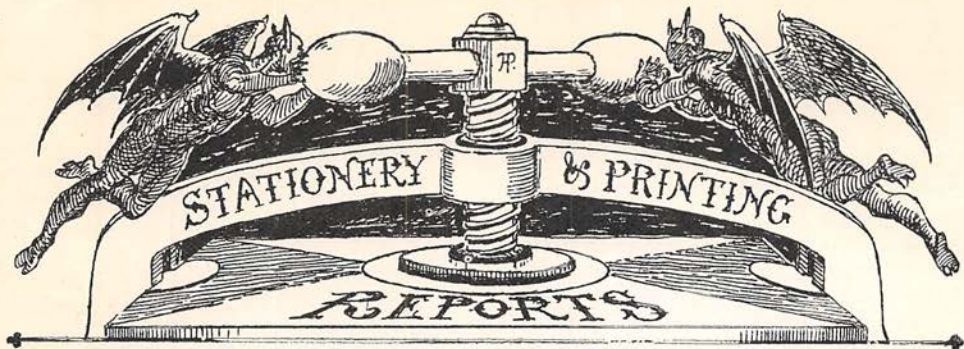
I climb the April hill,  
 I labour with the light;  
 I toil with hope and will,  
 I toil by day and night.

I crown the desert place,  
 I edge the meadow stream,  
 I look into Love's face,  
 And it doth feed her dream

My lot with man is cast,  
 I round him shine and wave,  
 Nor fail him at the last:  
 I lie upon his grave.

JOHN VANCE CHENEY.

*NOTE.*—The Editor regrets that by an oversight the acknowledgment of the permission to reproduce Mr. Solomon J. Solomon's picture, "The Blind Beggar," in the Christmas Number of the WINDSOR MAGAZINE, was inaccurately expressed. It should have ascribed the copyright of the picture solely to Mr. H. W. R. Child, who is issuing a large plate reproduction of the painting. It was by Mr. Child's kind permission that this picture was included in the article on Mr. Solomon's work.



## THE WASTE OF PUBLIC MONEY.

BY ERNEST E. WILLIAMS,

*Author of "The Imperial Heritage," "Made in Germany," "Marching Backward," and "The Foreigner in the Farmyard."*

### No. IV.—STATIONERY AND PRINTING.

NOTE.—I wish at the commencement of each of these articles to remove a possible cause of misapprehension. It is necessary, in the course of them, to say hard things of members of the present Government; but that is because the present Government has been in office for a number of years beyond which, in order to keep the illustrations of bureaucratic methods up to date, it has not been thought desirable to travel. Criticisms involving the acts of Ministers are not to be interpreted as in any sense a party attack, and it is not suggested that had the Opposition been in office, its members would have done better.—E. E. W.

LET me press home my point one stage farther, if my readers will forgive me proceeding upon the method of "the house that Jack built." First, we considered the evidence of bureaucratic incapacity and wastefulness in the case of the Meat Contracts in the South African war. That showed our Government at work under high pressure and emergency. Then came the Remount scandals, showing the same thing in another Department, but showing also inefficient organisation in ordinary times as well as in the time of emergency. Following them we looked at the Cordite scandals, which displayed the bureaucracy at work in normal times, and blundering without any excuse of pressure. These various exhibitions leave little scope for the Governmental

apologist, and drive him back upon the suggestion that the Government only goes wrong when it has in hand the allocation of special contracts: they do not prove, he may say, anything amiss with the great routine organisation of the Government. But how if in this matter also the Government can be accused of wastefulness? An examination of Governmental expenditure under the head of Stationery and Printing will prove this last accusation also.

In the nature of the case the printing and stationery bills for the public service must needs run into money. Paper is cheap and printing is not dear: but when the work is done on a very large scale, one must be prepared for a considerable aggregate bill. But I doubt if the ordinary man of business is quite prepared to hear that the Government's bill, after deducting £90,000 on account of appropriations in aid (obtained from the sale of Government publications, etc.), amounts to no less than £784,000 a year. That is an enormous figure, and notwithstanding the obvious great extent of Governmental printing and stationery wants, it requires a lot of justifying. Let my readers try to imagine the quantities of printing and stationery work which they could get for £784,000, and I shall be surprised if their imagination does not soon begin to gasp.

Moreover, the amount is growing all the time. Take only the three latest years for

comparison. For the year ended March, 1901, the original vote asked for the Stationery Department was £600,060 (more than £20,000 in advance of the original vote for the previous year). Later in the Session the Government asked for a supplementary vote of £110,000. In the Estimates of other Departments provision for stationery and printing charges was also taken to the amount of £12,932. This gives us a total vote of £800,165, practically the whole of which, as the final expenditure returns show, was spent. Deduct appro-



priations in aid—£90,105—and you get a total cost to the country in that year of £722,992.

In the following year, that ended March, 1902, the original vote was £648,037 (a big advance, you will see, upon the previous year); yet the Government had to come for a supplementary vote of £98,000, and the stationery and printing provision taken in other Estimates was £13,603. Thus, allowing for the appropriations in aid—£90,255—you have a net total for the year of £759,640.

For the year ending March, 1903, the Government has estimated an expenditure of £860,400 for the Stationery and Printing Department, and £14,181 provision in other Estimates. Deducting £90,255 appropriations in aid, there remains a net sum for the current year of £784,326. For this year there is no supplementary vote. When defending the original vote in the House of Commons, Mr. Austen Chamberlain described it as "a serious effort to obtain a more correct estimate." It may have been more correct, but it represents, notwithstanding, not only an enormous sum in itself, but an increase of £61,334 over the amount expended upon stationery and printing two years previously. If this ratio of increase proceeds, we shall soon be wanting an amount equal to the entire ordinary revenue of a moderate-sized State to defray the cost of our stationery and printing.

Now, can such tremendous figures for such a comparatively minor item of national expenditure be justified? Waste and extravagance have been admitted by Ministers and officials themselves. It was admitted by the Minister in charge when, upon the discussion of the 1902-3 vote in the House of Commons, Mr. Austen Chamberlain said: "There was no doubt a certain amount of waste, but he and the Controller of the Stationery Department did their best to check the expenditure." And if one examines the accounts for the past two years, it is easy to trace further admissions of extravagance and unnecessary expenditure. In the detailed Estimates one comes across asterisks prefixed to particular salaries, referring the reader to a note to the effect that "this post and its duties will be reconsidered on a vacancy." Remarks of this kind may be taken as evidence of a desire to practise economy; but all the same, and particularly when one bears in mind what a very small amount of work is considered in bureaucratic circles to justify a salaried appointment, one cannot but see in these statements an uneasy conscience as to existing expenditure, and one is prompted to inquire whether these tentative efforts after economy really represent the sum of what might and should be done in that direction.

Take first the matter of salaries. In the year 1899-1900 the salary list for the Stationery Office establishment amounted to £30,164; in 1900-1 to £30,755; in 1901-2 to £31,632; and in 1902-3 to £32,900. This does not look as if the efforts after economy in salaries had achieved very tan-

gible results. It is impossible, unless one is actually in the Office, or has very intimate relations with it, to know whether every man on the staff does regularly the day's work which alone justifies his appointment, but the easy ways of Government offices are notorious; and the salary list itself, particularly when viewed in the light of the frequent notes about reconsidering posts on a vacancy, to which I have already referred, suggests the practicability of further economy, if not in the number of the men employed, at all events in the salaries which they receive. Remember the conditions of Government service — its permanency, its generous pensions, the easy regularity of the work, the usually modest demand which it makes upon the mental powers of those engaged in it, the generally agreeable character of the position — and it must be admitted that Government service ought certainly not to be paid at higher rates than the same class of work would be paid for outside the service. I should be sorry to be thought to advocate starvation rates of pay, and it is often the wisest economy to pay generously in order to get the right man; but this principle can have only an occasional application to the routine work of a Government office.

Let us look at some of the posts in the Stationery Office and the salaries attached to them. The Controller has £1,200 a year and a house allowance of £300 a year, and he is at present aided by an assistant controller at £750 a year, whose post, we learn from the Estimates, is to be reconsidered upon a vacancy. Going a little way down the list we come to a storekeeper, who is paid £550 a year, which seems at least ample. Among the numerous clerks is one batch of five whose united salaries amount to £2,100 a year. There are three examiners of printers' accounts, whose united salaries come to £1,102; one examiner of binders' accounts, who is paid £238 a year. There are twenty-four second-division clerks, whose united salaries amount to nearly £4,000. The year before there were only twenty-two of these clerks; two years previously only nineteen. Then there is an examiner of paper at £500 a year; two assistant examiners of paper, whose combined salaries amount to £582; an examiner of binding, with a maximum salary of £450; an assistant examiner of binding, whose maximum is £300; two extra assistant examiners of binding, whose maximum salaries are £200 each. There are twenty porters paid from

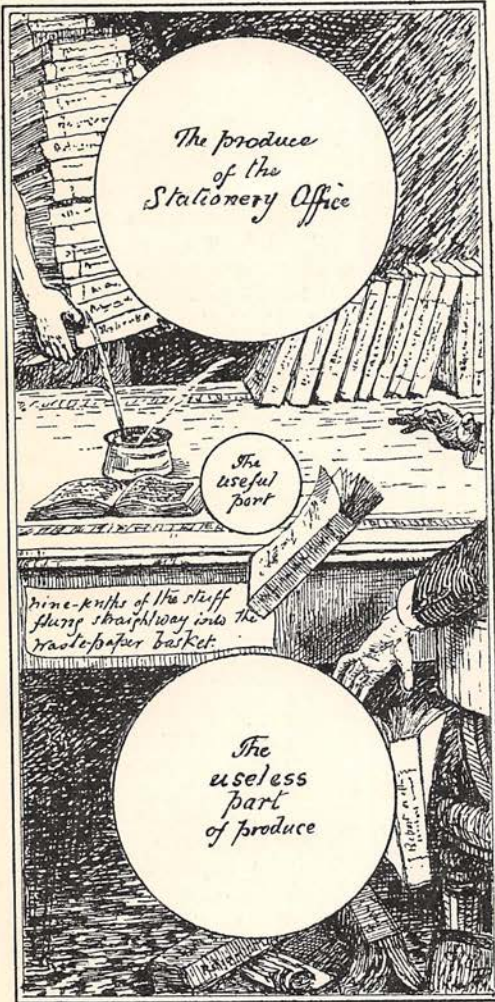
30s. to 36s. a week — the rate which is paid outside for skilled artisans. Then there are numerous extra allowances given to clerks for doing work. The gentleman, for example, who acts as private secretary to the Controller has £50 extra beyond his office salary, and so on. One cannot place one's finger upon any one of these or similar posts in the Office and say positively that it is unnecessary or over-paid, but the general impression which is undoubtedly made is that more might be done in the direction of economy, and that several hundreds, if not thousands, might be saved in this Office alone. And it is fair to assume that the Stationery Office is not organised upon a different plan from the many other and larger departments of the Civil Service, and in that case the total amount which might be saved in salaries would amount to a very large sum.

With regard to the Stationery bill, it may be that it is now of reasonable proportions; but the following circumstance is worth bearing in mind. A few years ago Sir Howard Vincent stirred up the Government in connection with the Stationery Department's practice of buying a large proportion of its goods abroad. This action was taken not on behalf of economy, but for the sake of home industry. The result of the agitation was that Mr. Hanbury, then Secretary to the Treasury, ordered the Stationery Office to place its orders at home instead of abroad. This change not only had the result (which should always be attempted by Government Departments) of encouraging native industry, but it also resulted in reducing the Stationery bill by a sum estimated at £50,000 a year. Here, then, we have the Stationery Department convicted of having wasted the country's money for the purpose of discouraging the country's trade; and it is fair to assume that it would have gone on doing so but for an outside agitation. Again, as in the exposition of all these Governmental scandals, one wonders how many similar things there are behind which circumstances have not yet dragged into light. It is difficult to follow the Ministerial apologists in their contention that the scandals which have been made public are the only scandals which exist.

Let us now consider the Printing bill. The readiness with which Ministers are at all times prepared to grant printed returns upon any subject which may interest a member of Parliament is by some accounted for upon



the theory that an order for a return is a god-send to the clerks and officials in the Service, as providing them with a little work to do, to vary the monotony of their office existence. And there is something more than jocularly in the theory. Obviously, if so many returns were not prepared and printed, there would be no excuse for keeping the



staffs of the offices at their present proportions.

Now, are all these returns wanted or justified? It is convenient, in considering this matter, to take it under the head of the Stationery and Printing Office, but of course it will be seen that it is not alone this Office which is involved, but the other Offices all over the Service where the returns are prepared for the Stationery Office to print.

Everyone who is on the list for receiving Government publications must, until the impression is dulled by constant repetition, be startled at the flood of printed matter which daily pours forth from the Government printers, and it is usual to fling at least nine-tenths of the stuff straightway into the waste-paper basket. Such treatment, however, of any particular publication does not of course prove the publication to be useless; a document which may be absolutely without interest to one man may be of interest and importance to others, and to a sufficient number to justify publication; one therefore needs to examine the documents themselves. But a complete overhauling, even of one year's Government publications, would be really too stupendous a task, and we must content ourselves with one or two random selections.

Let us begin with Ministerial testimony. In the discussion in the House of Commons of the Stationery and Printing vote for 1903, Mr. Austen Chamberlain, who was in charge of the vote, "complained of the constant pressure exercised by the House on Ministers to supply returns, and said that much of the expenditure was money thrown away. One return which had been asked for, in respect of Voluntary Schools, cost £1,500, and that return was necessarily inaccurate owing to the absence of information at the disposal of the Departments out of which to compile it correctly." I think the taxpayer will say it is all very well to make the complaint; but why was the Government so weak or so careless of the public purse entrusted to its charge as to give the return? And the country would be justified in demanding of the person responsible for giving the order that he should refund the money out of his private pocket. If a system of surcharge upon Ministers and officials were adopted, after the manner of the Local Government Board's system of surcharge in the case of unjustified expenditure by local bodies, this waste of taxpayers' money might soon be brought within modest proportions.

Now for one or two more examples. Before me are two volumes (8 and 9 of a series) published under the auspices of the Board of Education. An idea of the bulk of these volumes may be gathered from the fact that these two out of the series are together nearly three inches thick. One contains 621 pages and the other 703 pages. I assume the other volumes are of like proportions. They are entitled "Special

Reports on Educational Subjects," and are compiled by various writers, who, we learn, "are alone responsible for the opinions they express." Their opinions are many, and occupy much space in the setting forth. The point is, Does the public desire these opinions, and especially at the cost which their collation and publication involve? The volumes are marked with prices—2s. 7d. and 3s. 2d. respectively—but the customers who pay these sums must be microscopically few and nowhere nearly sufficient to defray the cost, much the greater part of which falls directly upon the taxpayer. I open volume 8 at random, and find, at page 323, a long quotation from one of Matthew Arnold's works regarding some debate in the Netherlands in 1857 on the subject of religious education. I open again at page 337, and find the beginning of a chronological table of political events in the Netherlands from 1780 onwards. At page 113 I find a series of literary criticisms, the product of Mr. J. G. Legg and Mr. M. E. Sadler. Here the reader learns that Tegner "revived for his compatriots the old Scandinavian poetry"; that another poet, Geijer, is also "the greatest of Swedish historians," and that he and Tegner are "peculiarly representative of the culture and liberal opinions of their day and country." One also learns with relief that Bishop J. O. Wallin, "the compiler of the Swedish official Psalter," is "a powerful religious poet." Yet somehow one would rather see these valuable appreciations in the more widely read columns of, say, the *Athenæum*; and one cannot avoid the reflection that, though Civil Service young men are noted for their industry in turning their leisure office hours to good account by writing for the papers and magazines, yet it is the proprietors of the papers and magazines who pay them for their valuable criticisms; it is novel to learn that the Government also pays for literary pronouncements. I would suggest that periodicals are the proper place for discussions of this character, and that if editors do not want them, it is not quite right to make the country pay for their publication.

In the same volume I find an article by Mr. S. R. Hart upon the teaching of languages in secondary day schools, which surely would be more appropriately left to the editor of a magazine, who would have judged whether there was a market for this particular contribution.

Towards the end of the volume I come across accounts of three school journeys in

Yorkshire. One of these interesting jaunts was made to Roche Abbey, Sandbeck, and Furbeck, by boys from the Thornhill Board School, Rotherham School Board (N.D.). The account begins: "The long-wished-for day arrived with a clear sky and a light breeze, an ideal day for a country ramble." The boys seemed to have enjoyed themselves. They happened against a market cross in the course of their rambles, and apparently quite an animated discussion arose over the meaning of the cross, for it appears that a contested explanation "brought forth mention of other crosses, as for instance, Charing Cross, Holy Cross, and Weeping Cross." All this, of course, was edifying to young boys, but we begin to blush for their edification when we read: "On one of the old houses near the Cross there is a sign to be seen, in the form of a shield let into the wall, and on which" (oh! for the Board School grammar) "is the following inscription: 'Come early to-morrow for good ale, and you shall have it for nothing.'" Now, why on earth is this sort of school magazine matter reproduced at considerable length and great cost in an official Government publication?

Leaving this problem, I pick up another official document. It is a portentous Blue Book of 358 pages; its title is as follows: "Correspondence relating to the Removal of Mr. A. P. Pennell from the Indian Civil Service." Mr. Pennell, it appears from the opening document, signed by Lord Curzon and others, was suspended from his office of District and Sessions Judge of Noakhali, in Bengal, for not referring to the High Court for the confirmation of a sentence of death he had passed upon a native whom he found guilty of murder. In consequence of this omission Mr. Pennell was suspended, and the Government of India justified the action taken by surveying Mr. Pennell's general career, with unflattering results. This official letter occupies seven and a half pages, and surely if, in deference to the opinion of friends at home and in justification of the Indian High Court's action, it was necessary to publish this report, the matter might have ended there, without printing in full the mass of correspondence, newspaper articles (such as one informing us that "Kankabathi was a dear girl who had gone to the middle of the river in a boat to drown herself"), witnesses' depositions, and a host of ordinary court documents connected with the case, which occupy the rest of the 358 long pages. The *dossier* of these documents might have

been available for anyone who had an interest or title to examine them ; but why go to the outrageous expense of printing them and scattering copies broadcast amongst the waste-paper baskets of members of Parliament and newspaper editors ? It is safe to affirm that practically no one read them, and it would be interesting to know how many persons went to the King's Printers and paid the 2s. 10*d.* marked on the book as its price of sale.

Here is another Blue Book containing reports, with diagrams, about mines in the "Manchester and Ireland District No. 6." There is a profusion of information about all sorts of accidents in these mines, prosecutions, etc., which doubtless represents work which it was desirable for an inspector of mines to undertake, but which it was surely unnecessary to publish at length. The diagrams and the information could have been made available at the Home Office to anyone interested, without printing them and sending thousands of copies all over the country to persons who had no interest in reading them. I refer to this particular Blue Book because it is one of an almost endless series ; these reports are annual, and they come from all parts of the country. The saving, therefore, if they were not printed and distributed, would be considerable, and no one would be a penny the worse.

Now I take up a small paper document from the Admiralty. It is a return to the House of Commons asked for by an Irish member "of expenses charged to the Government for medical attendance for each of the coastguard stations respectively in the districts of Youghal, Queenstown, Kinsale, Skibbereen, and Castletown, from the first day of January, 1900, to the first day of January, 1901, with the number of men at

each station, and the name of the medical attendant." Inside we learn that at Ballyally, where five men are stationed, Dr. T. J. O'Meara received 2s. 6*d.* for medical fees ; that at Schull, where six men are stationed, Dr. J. J. Twoling was not called upon for any services ; whereas at Cross Haven the year's medical bill came to nearly £50. It is indeed difficult to know what the Irish member who asked for this return wanted the figures at all for ; but it is still more difficult to understand why the return is printed and circulated broadcast ; for though

it is a small return, the printing and distributing charges were an item in the Government's printing bill.

One more quotation. In 1901 was published a report from the Select Committee on the Civil List, with the proceedings of the Committee as an Appendix. It is a foolscap-sized document of forty-six pages. Two of these pages were accidentally transposed. The Stationery Office, when the mistake was discovered, reissued the entire report with a slip explaining the reason. But why would not the slip itself have been sufficient ? In point of fact, anyone who had occasion to study this report would soon have discovered

for himself the mistake that had been made ; but the explanatory slip would, in any case, have been quite sufficient, without a reprint of the entire document. It really seems as though the Government is anxious to spend as much money upon printing as it possibly can, and goes out of its way to devise means of increasing the bill.

I will leave further quotations for reasons of space ; but if it were not for those reasons I could quote many more like examples, and that without searching beyond the matter lying ready to my hand. Guess,



then, what would be the result of a full exposition of the whole series of Government publications!

I am not advocating cheeseparing economy or the indiscriminate cutting down of Government printing and the compilation of Government returns. In point of fact, the Government in some directions does not publish enough. There are numerous industrial statistics which it would be of great use to have collected and published. But the desirability of these further publications only makes it the more necessary that useless publications should be done away with. And it is clear that were these unnecessary publications abandoned, much useful information could be collected and imparted to the public through the Government, at the same time that the Stationery Office's total bill would be a great deal lower than at present.

The lines of reform are easy. First, Ministers should stiffen their backs against the constant and unnecessary demands for returns by private members. Where the compilation of the return appears to the Minister unnecessary, and would at the same time

involve a considerable amount of labour and expense, the return should be refused. The member might grumble, but the Government would have the public with it, unless the member could make out a strong case of public interest. In other cases, where the mere compilation of a return would not involve much trouble or expense, or where the return would be of undoubted interest to certain persons, and is not of an unreasonable character, the Government might furnish the return in manuscript, hand it to the member asking for it, and leave it to him to give it further publicity at his own expense if he so desired. If in this latter case the return is of real public interest, the member can get all the publicity he desires by sending a few typewritten copies to the principal newspapers, whose editors will be glad enough of the cheap copy. Failing that, the member, if he still desires publicity, can obtain it by incorporating the matter of the return in a magazine article, a pamphlet, or a speech. This simple and businesslike reform would save the country scores of thousands of pounds each year.



## FIRES IN THE CLEARING.

**O!** THE wild keen smell  
Of the smoke that drifts on the hill;  
It stirs my heart when there smoulders  
A fire that can never be still.

At night the flames creep out  
Like tigers, and prowl on the hill,  
They slink in the underbrush,  
They spring and are never still.

DUNCAN CAMPBELL SCOTT.

# THE WASTE OF PUBLIC MONEY.

BY ERNEST E. WILLIAMS,

*Author of "The Imperial Heritage," "Made in Germany," "Marching Backward," and "The Foreigner in the Armyard."*

## No. V.—ROYAL COMMISSIONS AND PENSIONS.

NOTE.—I wish at the commencement of each of these articles to remove a possible cause of misapprehension. It is necessary, in the course of them, to say hard things of members of the present Government; but that is because the present Government has been in office for a number of years beyond which, in order to keep the illustrations of bureaucratic methods up to date, it has not been thought desirable to travel. Criticisms involving the acts of Ministers are not to be interpreted as in any sense a party attack, and it is not suggested that had the Opposition been in office, its members would have done better.—E. E. W.

THE question of waste in Stationery and Printing, which we discussed in the previous article, naturally prompts consideration of the numerous Committees and Royal Commissions whose stationery and printing charges account for no insensible item in the expenditure of the Stationery and Printing Department.

There are who laugh at Royal Commissions, deride them as the Governmental method of stifling an agitation and hanging up needed legislation. Cases may be cited in support. But we will not now pursue this argument, for Select Committees and Royal Commissions have their uses as well as their abuses. They are the method whereby the authorities focus information on a subject that seems to demand inquiry and action, and whereby more or less independent opinion is obtained for Governmental guidance. It may, however, be noted in passing that Royal Commissions cost money, and that this point may usefully be borne in mind when inquiries upon this, that, and the other matter are demanded.

My present subject is more particularly the question whether our Royal Commissions need cost as much money as they do. It is not an easy subject to dogmatise upon in respect to scientific and similar charges, yet an examination of the accounts presented of

expenses incurred in connection with these Commissions does prompt the notion that more economy might be exercised.

Let us take the Estimates for the year 1902-3. The Commissions therein provided for are as follows: Historical Manuscripts, Colonisation Board, Sewage Disposal, Arsenical Poisoning, Tuberculosis, Coal Supplies, University Education in Ireland, Ichthyological Research, and Commissions not specifically provided for. The Vote asked for the expense of these Commissions was £44,000, but that sum does not represent their total cost to the country, since provision for expenditure in connection with the Commissions is made in other Estimates to the amount of £9,134. The country is thus asked to spend £53,134 upon these few inquiries. That is for one year, and they all extend over more than one year, and one or two are of a quasi-permanent character. In view of the nature and variety of these inquiries, it is impossible to say whether the results they will achieve will be worth the money expended upon them; but even were it proved that their value to the country might be expressed in millions, rather than in tens of thousands, that is no reason why more should be spent upon them than is necessary. And that more is spent upon them than is necessary is apparent from the salary list, at any rate.

The Secretary of the Royal Commission on Sewage Disposal is a clerk (presumably well paid) in the Local Government Board, yet he is paid £150 a year extra for looking after the Commission. The Secretary of the Royal Commission on Arsenical Poisoning is a medical inspector under the Local Government Board, yet he gets £300 a year additional for attending to the Commission. The Assistant Secretary to the Royal Commission on Coal Supplies is a second-class clerk in the Treasury, but he is awarded £150 a year for helping the Secretary of this Commission, who himself is paid at the rate of £400 a year. In this last case it is not

quite apparent why a Royal Commission, composed, of course, of gentlemen who give up some of their spare time to sitting upon it, should need at all both a well-paid secretary and an under-secretary, more especially since the salaries of these two officials do not exhaust the payments for clerical work in connection with this Commission. In this year's Estimate another £300 is down for clerical assistance, and £50 for typewriting ;

upon shorthand writing, besides the wages of a couple of messengers.

But to return to the question of double salaries. Here is one more instance. The late Royal Commission on Local Taxation had a secretary who was paid £300 a year, though he was an assistant labour commissioner at the Board of Trade ; it had an assistant secretary who was paid £150 a year, though he was a second-class clerk at the Treasury. Can it be supposed that the staffs of the Treasury and Local Government Board are so overworked that when clerks and officials are wanted for a little work in connection with a Royal Commission, considerable additions are necessary to their salaries ? No one with any acquaintance with Civil Service offices would suggest such an explanation. Most Civil servants are both well paid and underworked, and one is inclined to suggest a Royal Commission upon Royal Commissions.

Though this matter of unnecessary payments in connection with Royal Commissions is a small affair compared with the scandals involving tens and hundreds of thousands of pounds which we have previously discussed, yet it is not to be ignored upon that account. A saving of even a few hundreds a year is worth making ; a waste of a few hundreds a year is, in any case, to be avoided. And, as I have so often impressed upon my readers, these things are symptomatic. It is not possible, without an intimate knowledge of the details of every department of the public service—such knowledge as no one individual can obtain—to ascertain every piece of wastefulness and make a complete tale of every unnecessary and overpaid appointment. It is only the instances which come into the public view which are available to the general student of public expenditure ; and it is, therefore, as instances, as exhibitions of a general tendency, that these cases are to be largely and perhaps chiefly regarded. And, so regarded, they cease to be small affairs.

#### CIVIL SERVICE PENSIONS.

It is desirable to pursue this matter of salaries into a wider field, and to try to arrive at a solution of the question whether Civil servants are generally paid at higher rates than the conditions of remuneration outside the Service justify ; for if this question can be answered in the affirmative, most clearly we must have a change. It would be monstrously unfair that the tax-



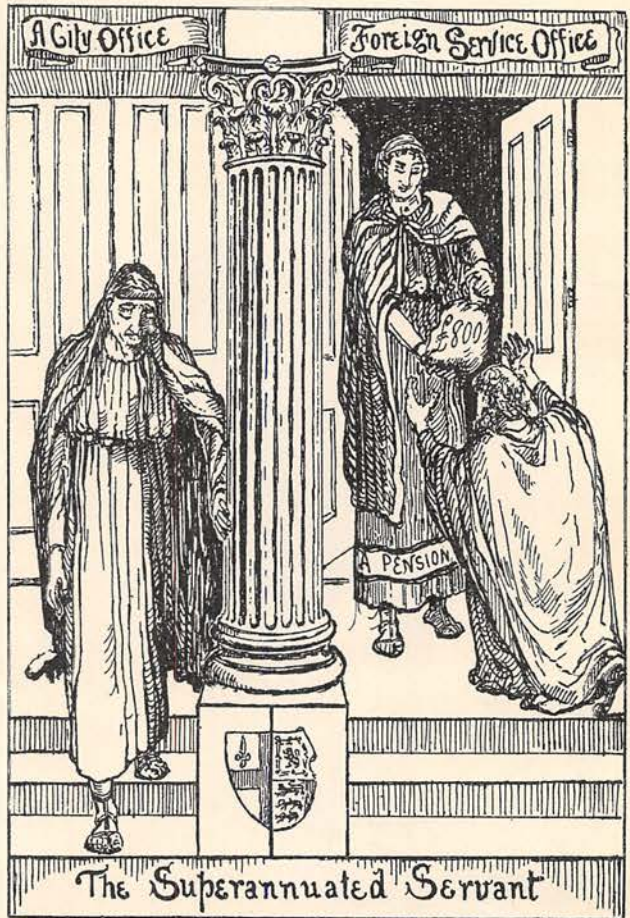
and these secretaries and clerks are not persons who take the notes of the proceedings, for a sum of £480 also appears under the head of shorthand writing. These items of clerical assistance, typewriting and shorthand, appear in the expenses of all the Commissions. Thus, the Royal Commission on University Education in Ireland proposed to spend during the year £416 for clerical assistance, £25 upon typewriting, and £500

payers, who provide these salaries, should have to pay upon a bigger scale than they themselves can earn by proportionate labour and ability. But the subject is very complicated, and elusive in the pursuit. It is extremely difficult to say exactly what any man's work is worth; and even when you have determined that point, there remains the complexity of discovering what is his real remuneration for purposes of comparison. A nominal wage is not the only factor; the conditions of service and any indirect additions to the wage which there may be have to be brought into the reckoning. In the case of our Civil servants there exists one very important form of indirect addition—the pension system. Consideration thereof will aid us materially in forming a judgment upon the general question of Civil servants' remuneration.

A system of old-age pensions for the population at large, or for the working-class majority of it, has been a good deal debated in recent years, and we are likely to hear more about it. Royal Commissions have sat upon the question, and have attempted to discover a feasible scheme. Hitherto, most of these schemes have broken down upon the question of cost. Such of the taxpayers' money as can be swept into the public revenue is, according to the general view, needed for other purposes—defence, education, etc.; and when the citizen, as ratepayer, has provided for the needy according to the existing system of Poor Relief, it is at present thought that he has done as much as can be reasonably asked of him. In adopting this line it is assumed that old-age pensions would be good if sufficient money could be found, but the denial of old-age pensions is often fortified with the further argument that such a system would encourage thriftlessness. Both these points are worth bearing in mind in connection with the fact that we have at present for certain privileged classes in the country systems of old-age pensions involving enormous depredations upon the public revenue. I am not urging this as an

argument why we should give old-age pensions generally, but rather as a reason why we should examine with particular care the systems of pensions which exist.

I will leave upon one side the pensions,



half-pay, etc., which are given in the Army and Navy. They, too, involve an immense amount of money, and we should keep their existence at the back of our minds when considering Civil Service pensions. For the present, however, they need not be brought into more prominence; Civil Service pensions may claim our exclusive immediate attention. And these, like all other forms of public expenditure, are steadily growing. The point they have already reached may be seen from the following. In the Civil Service Estimates for 1902-3, a Vote, under the head of Superannuation and Retired Allowances, was asked for to the amount of £607,950. But this is but a relatively small portion of the total amount spent in

pensions, for, in the same year, there is expended from the Consolidated Fund and from Votes for the purpose included in other Estimates, no less a sum than £1,960,302. The aggregate sum, therefore, is £2,568,272 (two years earlier, £2,404,819). But even this does not quite exhaust Civil Service pensions, since there are retired allowances given to officials of the House of Lords amounting to between £4,000 and £5,000 a year, which are paid out of the Invested Fee Fund or out of fees; and, though not of the same *genre*, the pensions paid to private individuals out of the Civil List may also be named. It will suffice, however, to bear in mind the simple fact that Civil Service pensions and allowances of a similar character cost the country over two and a half millions a year, with every prospect of the cost increasing as the years go on. It is equivalent to more than a penny in the pound of the Income Tax.

Consider this expenditure in the light of the two arguments against general old-age pensions which I have named above. First, we are overburdened with rates and taxes already, and if that fact justifies us in denying old-age pensions to the poor (really in their case only an alteration and extension of the existing Poor Relief system), why should the burdened taxpayer provide old-age pensions for men for whose services he has paid well throughout their working lives, and who are, or should be, less in want of old-age pensions than the vast majority of the people who have to provide them? And with regard to the second argument, if old-age pensions generally are to be denied because they encourage thriftlessness, the argument applies with special force to men who from their boyhood up to the verge of their old age have—without a break on account of illness or slackness of work—received regularly month by month a salary of continuously increasing amount, and a salary which we have every reason to believe is—in the vast majority of cases—at least as much as they could earn by similar work outside the Service. Surely, if anyone can provide for his old age, it is these people, and to relieve them of the necessity is a more blamable encouragement to thriftlessness than it would be in the case of working men, but few of whom have an unbroken life-spell of work and wages. Civil servants may not find all this palatable, but let them regard the question from the point of view of the taxpayers, who provide those pensions. I, for example, am not a Civil servant. No one is providing for my

old age. When I become too old to work or too old to be regarded as worth employment, or—should that event happen sooner—when I become too ill to work, or should the journal for which I write no longer be able to afford my services, I am thrown entirely upon my own resources—notwithstanding that, during the time that I have been at work, part of the money which I have earned by my work I have had to contribute towards the pensions of other men. I do not, however, in using these arguments, wish it to be assumed that I am pushing them to the extent of declaring that I regard any system of old-age pensions as wrong. We may stop well short of that extreme position and yet find no justification for the very generous scale of pensions which now obtains in the Civil Service.

Now let us proceed to consider the pensions in a little illustrative detail. A glance down the Abstract of the Civil Service Estimates, where the amounts debited to various offices for superannuation, compensation, and compassionate allowances are set out, discloses figures which are at least striking. Thus, for these allowances the British Museum costs £12,712 a year (it was £11,815 the previous year); a little office like the Charity Commission costs £3,756 a year; Consular Services run to £47,943 a year (against £46,220 the previous year); Prisons take £81,050 (against £77,610 the previous year).

These lump sums suggest that the scale of payment is generous, and we may, therefore, at this point look at the scale. This will be found in an Act of Parliament of 1859, Section 2 of which sets out the ordinary rate of superannuation in the Civil Service. It is as follows: For ten years' service an annual allowance of ten-sixtieths of the salary and emoluments of the retiring servant; for eleven years, eleven-sixtieths, and so on, with an addition of one-sixtieth for each additional year of service until the completion of a period of forty years' service, when the annual allowance of forty-sixtieths may be granted, and beyond that no further allowance is now made. That is to say, the normal Civil servant, who enters the Service as a youth, and remains in it until he is sixty or sixty-five years of age, retires with a pension equal to two-thirds of his total remuneration at the time he left the Service. Under the Act of 1829 even greater benefits than this were given, but it will be conceded, by anyone not in the Service, that a pension of two-thirds of the



maximum salary implies a generous scale. Nor is even this scale interpreted in any niggardly spirit. There are various exceptions to the ordinary rate, and these exceptions are all in the direction of higher scales. Thus, the Treasury has power to order that in cases where "professional or other peculiar qualifications not ordinarily to be acquired in the public service are required, and it is for the interest of the public that persons should be appointed thereto at an age exceeding that at which public service ordinarily begins," an addition of a number of years not exceeding twenty may be made to the retiring servant's pension when the amount of it is being computed. Under this enactment chaplains and foreign service messengers, for example, have five years added to their service, certain judges in oriental countries have ten years. Again, under an Act of 1876, service in unhealthy climates may be reckoned at the rate of two years' service counting for three; and this enactment seems to be interpreted with a fair amount of liberality, seeing that Nagasaki, Tokio, and Yokohama in Japan, Peking and other towns in China, Porto Rico, and Rio de Janeiro are listed as unhealthy places for the purpose of this higher rate of pension. Further, though the superannuation allowance to Civil servants ceases with the pensioner's death, provision is made in an Act of 1887 for the granting to a man's widow, mother, or children, of gratuities or annual allowances where the servant dies from injuries received in the discharge or attributable to the nature of his duty. And if he does not die from those injuries, an allowance or gratuity may be made to him.

To return to the ordinary rate of pension. Let me try to give the reader who has not the fortune to be in His Majesty's Civil Service an idea of what this pension is worth. Retirement from old age does not in practice occur at a fixed period in the Civil Service; it may begin at sixty, but Civil Service work is usually so easy that many men keep on for much longer. For example, looking through the Estimates for 1902-3, I find a dragoon, with a salary of £750 a year, remaining in the Service until he is seventy-two. In 1901, the Public Accounts Committee had before it the case of a foreign service messenger retained up to the age of seventy-six. But let us, for the purposes of calculation, take the age of permissive retirement—namely, sixty. We will now look at the Foreign Office Salary List, and will take thence two offices as examples of the higher and lower grades of service—the chief clerk and the

second-division clerks. The chief clerk's salary rises to £1,200 a year; his retiring pension will, therefore, be £800 a year. The second-division clerks have a maximum of £350 a year; their retiring pensions would be £233. Now, the chief clerk would answer in private life to the manager of an ordinary City office or a moderately successful professional man; for the purposes of his post he certainly would not require more ability than either. But the City or professional man, desiring at the age of sixty to retire upon a pension of £800 a year, would, if at that age he purchased a Government annuity, have to put down a lump sum of £9,106. To have saved that amount during his working life out of an income rising from the small beginnings of a young man to £1,200 a year, with probably the expense and upbringing of a family in between, would denote both a very considerable amount of thrift and a good share of luck besides. It would mean an average saving of £227 a year for forty years—for just this one purpose only, be it remembered; and during the greater number of those years it would be fair to assume that the man's salary would be less than half the £1,200 maximum, while the expenses of his family would, if he had one of normal proportions, eat heavily into his income during the whole period.

The second-division clerk, with his retiring allowance of £233, would correspond to the ordinary clerk of commerce, but better paid; I wonder how many among these latter would be able to pay £2,675, which is the price of a Government annuity of £233 at the age of sixty.

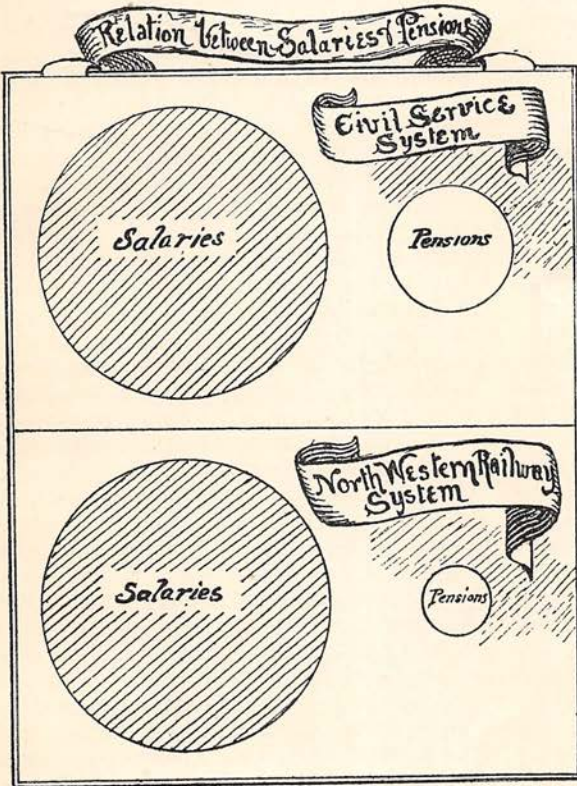
The above gives a fairly vivid notion of the sort of gift which the taxpayers make to the country's Civil servants under the present pension system. A further view may be gained from the fact that, as was put in evidence before the Royal Commission on Civil Establishments, the present non-effective list of the Civil Service (that is to say, the Pension and Compensation List) is equal to from sixteen to twenty per cent. of the effective list, the lower percentage excluding, the higher including compensations. Taking the lower level, we learn, then, that the country through the pension system really pays to its Civil servants sixteen per cent. more than their salaries. So, when we are trying to find out whether Civil servants are properly or overpaid, by comparison with the incomes earned outside the Civil Service, we have to add sixteen per cent. to the Civil servants' salary because of this pension arrangement.

Now, this sixteen per cent. must be carefully borne in mind in another point of view, which I will now lay before you: An even better system of pensions might be given to Civil servants at a considerably less cost to the country than the present system entails. This may sound an extraordinary statement, but if you will read on, I think you will agree that it is proved. I will ask you to look at the system of superannuation adopted by the London and North-Western Railway Company for its salaried staff. The soundness of the North-Western Railway's

amount. The Company also makes use of the Fund's balance, and allows the Fund 4 per cent. interest upon the money. (As this rate is a little generous, it may be regarded as a small addition to the Company's contributions.)

Should the member, before attaining the superannuation age (sixty years permissive, at sixty-five compulsory), resign the service or be dismissed therefrom for any reason except fraud, the whole of his own contributions to the Fund is returned to him. Should he die before superannuation, his representatives receive the whole of his contributions and the whole of the Company's contributions besides, or one half-year's average salary, whichever is the greater sum. After superannuation, should the member die before he has received by way of pension the total of his own and the Company's contributions, the difference between what he has received and the total of his own and the Company's contributions is paid to his representatives.

But supposing that the member remains in the Company's service until sixty, or, if he chooses, until sixty-five, he gets upon retiring a pension calculated upon his average salary and the number of years of his service. If he has only served ten years, his superannuation is 22½ per cent.; eleven years, 25 per cent., and so on; forty-five years' service would give him 109 per cent. of his average salary, and above that in proportion; and as fifteen is a common age for entering the service, it will be seen that members may easily attain to a length of service exceeding forty-five years. But note particularly the scale at forty years' service, as that is the number of



years we have been talking about in the case of the Civil Service pensioners. Upon retirement after forty years' service, the North-Western Superannuation Fund gives the pensioner an annual allowance equal to 94½ per cent. of his average salary.

Superannuation Fund has emerged triumphant from all criticism; it has been carefully and even relentlessly examined, and it is now regarded as the model which other companies and public bodies copy or towards which they endeavour to approximate. The salient features of this Fund are as follows. Each salaried servant of the Company becomes a member of the Fund Association upon his entering the service. He contributes towards it 2½ per cent. of his salary for the time being, that sum being deducted from his salary payment each month. The Company contributes an equal

Now let us make an illustrative comparison between this system and the Civil Service pension system. We will take the case of a second-division clerk in the Civil Service, who gradually rises to a maximum salary of £350 a year, and is eligible to retire at sixty upon a pension of £233. A North-Western railway clerk whose salary had

years we have been talking about in the case of the Civil Service pensioners. Upon retirement after forty years' service, the North-Western Superannuation Fund gives the pensioner an annual allowance equal to 94½ per cent. of his average salary.

followed the same course would at sixty be entitled to retire with a pension equal to 94½ per cent. of his average salary during the forty years' service. That average salary would be £213; his pension would be £201. In this case the Civil Service clerk would have an advantage of £32 a year over the railway clerk. But if each clerk, as so many do, elected to remain on in his employment until the age of sixty-five, the position then would be reversed. The Civil Service clerk would still retire upon £233, but the railway clerk, under the system outlined above, would—assuming that his salary did not increase during the last five years—have increased his average salary to £230, and would be entitled to a pension of 109 per cent. of that sum, equal to £250 a year. Speaking generally, therefore, the two systems, in respect to pensions, are approximately equal in their benefits; but when the death insurance mentioned above as a part of the North-Western Superannuation Fund scheme is added, the advantage lies with the railway system; for there is no death allowance in the Civil Service, only occasionally given compassionate allowances.

There is one point, however, in which the Civil Service clerk has the advantage; he contributes nothing to his pension; the railway clerk contributes 2½ per cent. But I submit that it is only right that the future pensioner should contribute towards his pension. Why should the Civil servant be exempted altogether from the duty of providing for his old age? If he is asked to do as the railway servant does—and, it may be added, as the servants of the London County Council and other administrative bodies and the London School Board also do—that is, contribute half the money to provide his pension, he is still twice as well off as the ordinary individual outside the Civil or municipal or railway services, who has to provide for his old age entirely out of his own resources.

I know of the Civil servant's argument, that pensions represent deferred pay, and that if pensions were removed or the servants themselves had to contribute towards them, their salaries would have to be higher. That argument contains an obvious and bold implication, and before it can be accepted

there will be required clear demonstration that Civil servants are worse paid than persons of like capacities, undertaking like work, in private life. And that demonstration is hard to make.

But, leaving that aspect of the matter for the present—assuming even that it is right that the taxpayers should pay the whole of the money required for Civil Service pensions—we yet see, from the comparison between the Civil Service system and the North-Western Railway system, that as good a system as—if not a better than—the present Civil Service system might exist at less cost to the country. The cost of the Civil Service system is equivalent to 16 per cent. of the salaries; the cost of the Railway system is only 5 per cent., plus the small addition I have referred to regarding the rate of interest upon the funds. I will not go so far as to say that the Government could give the same benefits as the North-Western Railway Company at the same cost, since the North-Western Superannuation Fund accumulates interest at the rate of 4 per cent. by lending its balances at that rate to the Company, and Government investments of funds (as, for example, the investments of the Savings Bank funds) only yield a little more than 2½ per cent. But without in the least stretching the bounds of prudence, the investment of Government Funds might be extended to such securities as Colonial and Municipal Bonds, so as to bring the yield up to a full 3 per cent. And the difference between 3 and 4 per cent. interest upon accumulated funds does not represent the difference between the cost of the Civil Service pensions as compared with the cost of the North-Western Railway superannuation scheme. Were the Government to follow, in respect to the Civil Service, the plan of the North-Western Railway, as local authorities are following it, the Civil servants—even without contributing themselves towards their pensions—might still enjoy just as good a superannuation scheme, and the taxpayer would at the same time be substantially relieved. And were the Civil servant made to contribute himself, the saving to the country would be a good many hundreds of thousands of pounds a year.



## THE FOREIGN OFFICE AND DIPLOMATIC SERVICE.

BY ERNEST E. WILLIAMS,

Author of "The Imperial Heritage," "Made in Germany," "Marching Backward," and "The Foreigner in the Farmyard."

NOTE.—I wish at the commencement of each of these articles to remove a possible cause of misapprehension. It is necessary, in the course of them, to say hard things of members of the present Government; but that is because the present Government has been in office for a number of years beyond which, in order to keep the illustrations of bureaucratic methods up to date, it has not been thought desirable to travel. Criticisms involving the acts of Ministers are not to be interpreted as in any sense a party attack, and it is not suggested that had the Opposition been in office, its members would have done better.—E. E. W.

“THE whole scale of salaries paid by Great Britain to its public officials is higher than that paid by any other country.” Thus the Royal Commission on Civil Establishments in its Fourth Report, issued in 1890.

So, not only, as we have previously seen, are our Civil servants in the enjoyment of a system of pensions which places them in a better position than anyone else in this country, but they are also paid at a higher rate than similar officials in other countries. It would occupy too much space to examine in detail the salaries paid throughout the Civil Service, and we must therefore select examples. Let us, then, look at

### THE FOREIGN OFFICE.

The Foreign Office is not an overworked body. In the Fourth Report of the Royal Commission on Civil Establishments, we have a reference to “the admitted fact that the staff is not always under ordinary circumstances fully employed.” The correlative of this slack employment would naturally be somewhat longer hours of office attendance than is customary in offices where work is continuous. But it can hardly be contended that Foreign Office clerks make up in length of office attendance for the lack of work. The Royal Commission, to which we have already referred, gives us the following information: “The general work of the Foreign Office commences at twelve o’clock, but the Commercial and Chief Clerk’s Departments open at eleven, and there are resident clerks to open the letters. We think, however, that if the present hour of commencement of work is maintained, it is at any rate essential that one clerk should be in attendance in each department at eleven o’clock.” Before this Commission reported, six hours’ office attendance a day was common; but the Commission recommended that throughout the Service all second-division clerks should attend for seven hours daily, and first-division clerks “at least” seven hours. The seven hours’ day—it includes lunch-time—appears now to apply

generally to the Foreign Office, as well as to other departments; but it is mitigated by a half-holiday on alternate Saturdays. The annual leave is also worth taking into the computation. Clerks in the upper division get holidays upon the following scale: "The ordinary annual holidays allowed to officers shall not exceed thirty-six week-days during each of their first ten years of service, and forty-eight week-days thereafter, exclusive in both cases of Christmas Day, Good Friday, the King's Birthday, and—subject to the convenience of the public service—the four Bank Holidays." Thus a first-division clerk of under ten years' service gets six weeks' holiday, and over ten years' service eight weeks, in addition to a sprinkling of bank and other holidays. In the second division the allowance is—not exceeding fourteen week-days during each of the first five years of service, and twenty-one week-days thereafter, exclusive in both cases of Christmas Day, Good Friday, the King's Birthday, and—subject to the convenience of the public service—the four Bank Holidays. In both divisions there are ample arrangements for sick leave. Full pay may be granted for six months, half pay for another six months, and in special cases further payment may be granted. Clearly the conditions of service in the Foreign Office are easier than obtain outside the Service—say in a merchant's or lawyer's office.

Maybe it is impossible to find constant work for Foreign Office clerks. Nevertheless, when one recalls the dilatoriness in the issue of Consular Reports, as compared with the promptitude with which, for example, the United States Government issues its Reports, one is forced to the conclusion that a general smartening up of the work inside the Foreign Office would not be beyond the power of an organiser, if that organiser went to work upon the principles which would be followed in any business firm. Nor is it only a smartening up of work which is wanted, but a reduction in the staff itself is feasible. There is something wrong when, as a regular thing, the number of men employed in an office exceed the amount of work for them to do; and upon this point I may quote another paragraph from the Civil Establishments Commission's Fourth Report: "We do not agree with the policy of keeping our Foreign Service, either at home or abroad, upon a scale of numbers above the average daily demand for its own proper duties. In these days of rapid communication and locomotion, extra-

ordinary pressure at one point may be met by calling officers from another." Since this recommendation was made, there has been some rearrangement of the Foreign Office staff; but, though it is a little difficult to make accurate comparisons in detail, the reductions, if any, are inconsiderable, and the total salary list is several thousands a year higher than it was at the time the Commission made its recommendations.

Now, having considered the gorgeous pension scheme, the easy hours of office attendance, the easy work during those hours, the abnormally long holidays and generous sick leave, let us turn to the salaries themselves. Here are some of the Foreign Office salaries according to the Estimates for the year ended March, 1901. They are the actual salaries paid, not the maxima to which the officials are working. The Foreign Secretary has £5,000 a year. In 1889-1890, when the Royal Commission reported upon the advisability of reduced expenditure, there was one Under-Secretary of State getting £2,300. The reduction there has been effected by employing two under-secretaries instead of one, the senior of whom gets £2,000, the junior £1,500. There used to be two Assistant-Secretaries of State at £1,500 and £1,200 respectively. By 1901 the number had grown to three, the two senior getting salaries as before, the new man getting £1,000. The Chief Clerk is down for £1,200; there is a Librarian at £804, with an Assistant at £633; a Superintendent of the Treaty Department at £956, with an Assistant at £650. There is also a Legal Assistant at £1,200 a year, the previous salary for that office having been £1,000. With regard to the clerks, it will be more convenient to state their maximum and minimum salaries. The senior clerks, of whom there are seven, rise from £900 a year to £1,000, one of them to £1,200. The assistant clerks, of whom there are six, rise from £700 a year to £800. The twenty first-class junior clerks rise from £200 to £600. The three second-class clerks rise from £100 to £200. There are other clerks, with different labels, besides these named, but as their salaries are of a similar kind, it would only be wearisome to set them all out in detail. I think the examples given suffice to show how very well paid are these gentlemen of the Foreign Office; and I will now leave it to the reader to compare with his own experience of work outside the Civil Service whether these salaries are not, especially in view of the conditions attaching to the posts,

higher than can be earned outside the Service. I don't wish to speak disparagingly of Foreign Office clerks; but I think these gentlemen would themselves be the last to claim that, as a body, they are exceptionally endowed beyond their fellows. There is nothing particularly difficult about their work, which, even in the case of the higher clerks, is largely of almost a mechanical or routine character, and does not require so much application, or the exercise of so many qualities of mind and character, or so much knowledge, as are commonly demanded, say, in mercantile, legal, engineering, or journalistic work. Nor are they overweighted with responsibility. Provided they perform their duties straightforwardly, they have little to worry about, and a blunder, though it might be costly for the country, would not cost them their berths.

Before leaving the Foreign Office, there is one branch of it that seems to me to call specially for reform, as it also seemed to the Royal Commission on Civil Establishments. I refer to the Home and Foreign Service Messengers. When the Royal Commission examined into the matter, there were employed ten Foreign Service Messengers at £400 a year, with an allowance of £1 a day for travelling expenses when abroad or on duty; and five Home Service Messengers at £200, and three at £150, with travelling expenses; all these messengers, of both classes, being eligible for pensions. The Committee recommended the reduction upon fresh appointments of the scale in the case of the Foreign Service Messengers to £150 to £200, and, in the case of the Home Service Messengers, to £100 to £120. These recommendations have been almost disregarded. The 1899 Foreign Office List shows six Foreign Service Messengers at £400, and three at £250; four Home Service Messengers at £200, and four at £150.

The work of these messengers is to carry confidential documents which it is thought inadvisable to transmit by post owing to the habit of foreign Governments of opening

letters. But even so, it does not follow that these messengers are necessary. Telegrams are sent in cipher; letters might be sent in cipher also. True, this would give a little work to the clerks in the Foreign Office, but a cipher letter sent by post would be safer than an open letter in the hands of a messenger. But even if we continue the system, the present scale of salaries is unnecessary. Russian Foreign Service Messengers get about £100 or £120 a year, and they travel even harder than do our messengers. In point of fact, the post of King's Messenger in England is much coveted, and thoroughly trustworthy men would be glad to undertake the work at a very small salary. The Royal Commission on Civil Establishments recommended that the Foreign Service should be recruited from officers on half-pay or in receipt of pension, and the Home Service from non-commissioned officers in receipt of pension. There is a large number of men of these classes in the prime of life available for the work; from among them thoroughly capable and trustworthy selections might be made; and, in view of their pensions and the ample travelling allowances, they would be willing to accept very small salaries. Why has not the Royal Commission's recommendation been acted upon? One is forced to the conclusion that the authorities are loth to abandon this convenient little corner of the field of patronage. Perhaps the House of Commons will abandon the system altogether.



While still upon the subject of Foreign Office salaries, it may be interesting to make a comparison with France. In 1890, when the English Foreign Office salary list was £37,985, the French Foreign Office list only reached £23,844; yet there is no suggestion

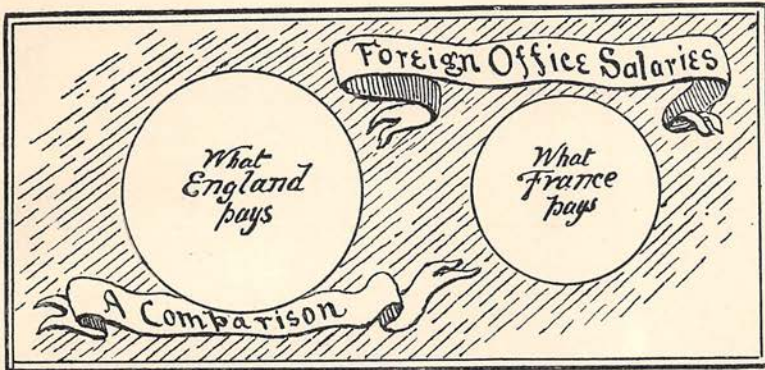
that the French Service is inadequate. But then France is not a country where high salaries are paid to officials. No judge there gets more than £800 a year; ours get £5,000. A French Cabinet Minister gets £1,200; ours get from £2,000 to £10,000.

The Royal Commission on Civil Establishments suggested that economy, without in any way sacrificing efficiency, might be made by amalgamating the Foreign Office and Diplomatic Establishments. I need not recapitulate the details of the proposed amalgamation, but I may state that the result of

nations in point of expense. The Royal Commission on Civil Establishments had estimates prepared of the diplomatic expenditure of different States, and they worked out in the following fashion:—

England . . . . .	£189,583
France . . . . .	161,160
Russia . . . . .	147,556
Germany and Prussia . . . . .	145,294
Italy . . . . .	89,290

Exact comparisons are hard to obtain, and when Sir Charles Dilke gave evidence before the Royal Commission on Civil Establishments, he stated it as his opinion that in the case of France, if the Diplomatic and Consular Votes, cost of buildings, and the Foreign Office Vote, were added in each case, the result would be a slight excess in expenditure on the



the scheme, though it would have increased the salaries of the junior diplomatists, would have effected economies through a reduction both in the number of these junior diplomatists and of the clerks in the Foreign Office. The system was based upon complete interchange and readier means of employing men wherever pressure of work required it, at home or abroad. It was also expected that it would give steadier promotion and afford a better opportunity of employing men according to their proved capacity wherever their services might be most useful. Other economies were also comprised in the scheme. Nevertheless, though the Commission reported almost unanimously upon the subject—there being only one dissident—the scheme has not been put in force, except that an arrangement exists whereby Foreign Office clerks and Diplomatic secretaries may be interchanged on occasion.

THE DIPLOMATIC SERVICE.

The Diplomatic Service itself is also worth looking at, apart from the question of its amalgamation with the Foreign Office. As in other branches of the public service, England manages to be at the head of the

part of France. Nevertheless, one cannot get away from the fact that our Diplomatic establishments somehow manage to be higher than those of any other country; and when we come to examine details, it is impossible to avoid the conclusion that the expenses are higher than they ought to be.

The Royal Commission on Civil Establishments was by no means untender or hypercritical in dealing with the Diplomatic Service, but in its Fourth Report it was obliged to remark that "it would certainly appear from the figures that the expenses—for instance, at Paris—might be reduced"; and it recommended a revision of salaries and reduction of staff throughout the Service.

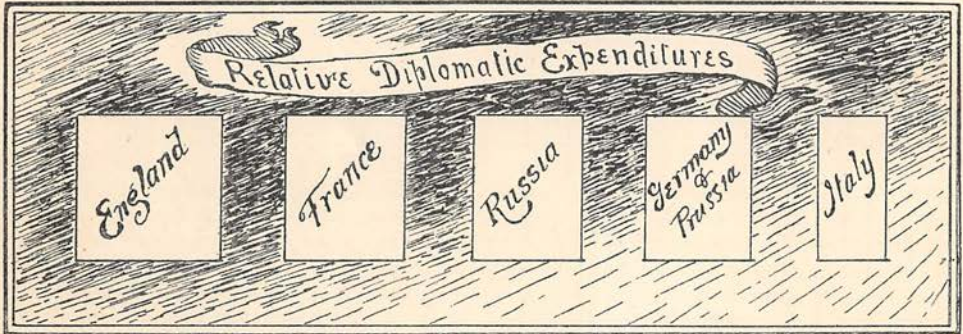
Much heed does not appear to have been paid to these recommendations. When the Commission reported, the Ambassador at Paris was getting £9,000 a year; he gets it still. The Secretary of the Embassy got £1,000 a year, with £200 rent allowance; he gets them still. The staff of Secretaries and third Secretaries has been reduced by a few hundreds, and the Commercial Attaché, whose predecessor received £1,300 a year and £200 rent, in 1890, is now reduced to £500 without rent. But the salary list does not exhaust the expenses, which are all

round upon an elaborate scale. As, however, they are spread about in different Votes, it is impossible to say exactly what they amount to.

Now, are these Paris expenses, for example, necessary? Sir Charles Dilke is an authority upon the Diplomatic Service, and particularly upon the Paris branch, and he told the Royal Commission that we did not need to keep so large a staff at Paris, and that with regard to the high Ambassadorial salary, the apology for which is the need for much entertaining, he declared that "French society was so broken up by political divisions that practically an Ambassador at Paris may do more harm than good by entertaining there." And this criticism applies with even more force to-day. Sir Charles Dilke also expressed his belief that in the circumstances it did not matter whether good relations were kept up between the two

Ministers and Legations at petty German Courts? Berlin is quite sufficient. I doubt if there is really any more justification for representation at the Courts of the different German States than there would be for representation in particular States of the United States of America. Yet Bavaria has a Minister Resident, with £1,500 a year and £200 rent; Darmstadt a Secretary of Legation, with £500 a year and £200 rent; Saxony a Minister Resident, with £950 a year and £200 rent. True, the number of these German Legations has been reduced; but why keep up these three?

It is not quite apparent why such large sums for outfit should be allowed to the gentlemen in the Diplomatic Service. When an Ambassador is appointed to France, he is allowed £4,000 for outfit. In the case of promotion, £2,800 is allowed, and in the case



countries through the French representation here or our representation at Paris, and that a popular French Ambassador here would do more good than could an English Ambassador at Paris. With regard to Embassies in general, Sir Charles Dilke was of opinion that the entertaining is excessive, as there is no object in entertaining British subjects, and there are no means of securing that the right people of the country to which the Ambassador is accredited are entertained. "In most countries now, Society has little influence upon politics, and an Ambassador and Ambassadors are naturally tempted to entertain people whom they meet and whom they like, rather than to entertain the people who have political power." Yet the system thus criticised by Sir Charles Dilke twelve years ago still remains.

Then, not only do we spend too much upon our Embassies, but we have too many Embassies. What on earth is the object of

of transfer, £2,000. The Secretary of Embassy gets £400, £280, and £200 respectively. True, this is the highest rate paid, though the transfer of one's domestic establishment from London to Paris would, one would think, involve a less outlay than a transfer to Constantinople. An Ambassador to Turkey gets £2,000 outfit money on first appointment, and proportionally afterwards.

In the case of Embassies, the allowance at first appointment is in no case less than £2,000 for the Ambassador and £200 for the Secretary of the Embassy. In the case of First-Class Missions, such as Belgium and Greece, a lower scale prevails, but here again it rises to £2,000 in the case of the more distant Missions. And so in the case of Second-Class Missions, where the outfit scale varies between £150 for the Minister Resident at the Saxon Court, to £1,100 for the Ministers to Mexico and the Argentine. The outfit allowance, it may be stated, is supposed



to be for the purpose of enabling the official to set up house in his new place of residence, and to pay his travelling expenses thither; but I think it will be agreed that, seeing that the official goes to a house the reception-rooms of which are already furnished by the Government, the outfit allowance does not err upon the side of stinginess. It will also be agreed that the method of computing the allowance leaves something to be desired; for it is computed, not according to the expenses incurred, but proportionately to the salary which the Minister is to receive in his new post. It is calculated at the rate of one-third of his salary on appointment.

A word will also be in season regarding Diplomatic pensions. These are a thing apart from the pensions of the Civil Service, and the reader who has followed what I have written about Civil Service pensions will be surprised to learn that the Civil Service scale has not been thought good enough in the Diplomatic Service. To show what these pensions are like, let me transcribe Section 6 of the Diplomatic Salaries, etc., Act of 1869.

“The Treasury, on the recommendation of the Secretary of State, may grant pensions during life to persons in Her Majesty’s Diplomatic Service not exceeding the salary which the pensioner may be receiving at the time that his active employment ceases, and not exceeding the following amounts, namely:—

- (1). £1,700 per annum for a first-class pension.
- (2). £1,300 per annum for a second-class pension.
- (3). £900 per annum for a third-class pension.
- (4). £700 per annum for a fourth-class pension.”

In explanation of the above, it may be said that a first-class pension is given to an Ambassador who has served in that capacity for three years; a second-class pension to an Envoy Extraordinary and Minister Plenipotentiary on a First-Class Mission who has served five years; a third-class pension is given to the same official on a Second-Class

Mission. With regard to fourth-class pensions, which are earned by second and third Secretaries, they are now computed by calculating the amount of pension for each year that has elapsed since the date of the man’s first commission at one-thirtieth part of the last salary of which he was in receipt at the time of the pension being granted. This is double the rate granted in the Civil Service, and is continued in spite of the recommendation of the Royal Commission on Civil Establishments, that the computation should be by sixtieths, and not by thirtieths. But



The Startling Conclusion

the whole scale and system are scandalously high.

#### IN CONCLUSION.

I might continue. But there must be a limit to this recital, even though it be difficult to fix a limit to the infinite variety of bureaucratic waste. I might, for instance,

discuss the need for amalgamating the Customs and Inland Revenue, as well as the Foreign and Diplomatic Services; for the fusion of the Inland Revenue and Customs Departments would not issue alone in a great reduction of administrative expenditure; the abolition of the duplicate examination and the constant reference of small points to the two Boards, and of the divergence in the revenue regulations of the two Boards, would bring much saving of worry and delay and expense to the trading community.

I might bring to your notice the growing deficits in the Telegraph Department, comparing the year 1871 (when the expenditure was 57·75 per cent. of the receipts) with the year 1901 (when the estimated percentage was 110·21), and then proceed to discuss the question whether, if by internal reform and economy the Telegraph Department cannot make both ends meet, it is right that telegraph charges should be so low that the general community has to help pay for the telegrams which a part of the community sends.

Or, to turn from the waste of public money to the cognate subject of the public waste of private money, I might dwell upon the enormous and unnecessary expenditure involved in Private Bill legislation, instancing

such facts as that during the seven years 1892-1898, railway and other companies and local authorities had to spend four and a half millions upon the promotion of their Bills and their opposition to other Bills. Or, again, the waste of private money involved in bankruptcy and official liquidators' expenses might also be insisted upon in connection with the wasteful system of our bureaucracy.

But we may stay the recital; for we have seen already how vast are the sums of money which are muddled away in the Government service. Whether it be in the coping with an emergency in the spending departments, or the contract system as pursued in normal times, or whether it be in the organisation and method of payment of the Departments themselves, the same conclusion shows itself plainly and startlingly—our money is wasted.

Economise as rigidly as we may, the expenditure of this country is bound to be vast and bound to grow. Arrived now, as we are, at a period when expenditure is advancing by greater strides than ever before, while the profits from industry, owing to severe and augmenting competition, are dwindling, the present is an especially appropriate time for overhauling our entire system of national expenditure.

## THE ARTIST MAID.

**H**ER figure is a true Chavannes—  
 She had a Whistler mother;  
 One of her hands is Louis Quinze,  
 And Louis Seize the other.

Her smiles are Lippi's in repose,  
 Her ringlets Botticelli's;  
 Some of her clothes are Angelico's,  
 And some are her sister Nellie's.

RODERICK GILL.