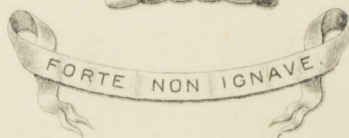


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*Alfred Lee.*

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# NOTES

ON THE

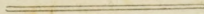
# COAL TRADE OF NEW SOUTH WALES.

BY

R. A. A. MOREHEAD,

Manager and General Superintendent of

THE SCOTTISH-AUSTRALIAN MINING COMPANY (LIMITED).



SYDNEY:

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# NOTES

ON THE

## COAL TRADE OF NEW SOUTH WALES.

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I HAVE had sent to me "with Mr. Brown's compliments," a pamphlet bearing the following title: "THE CAUSES OF THE RUINOUS CONDITION OF THE COAL TRADE IN THE NORTHERN DISTRICT OF NEW SOUTH WALES." This production, as is stated in the Preface, is a reprint of certain leading articles, and of a letter signed "Argus," which have appeared in the *Newcastle Chronicle*, and is, in effect, a running attack on the management of the business of the Lambton Colliery.

As Manager in Australia of the Company to which this Colliery belongs, I am, as a matter of course, entirely responsible for the action thus commented on, or, at all events, for what has taken place while I have been in the colony. I have not, however, hitherto thought it necessary to take any notice of the deliveries of the *Newcastle Chronicle* or its correspondent, and I do so now with considerable reluctance, being averse to appealing, as it were, to the public, and having no superfluous health or leisure to devote to any work not clearly falling within the range of my duties.

Few persons, I believe, of ordinary intelligence and right feeling, will fail to see that Mr. Brown's pamphlet is, on the face of it, a most improper production, and one that I might effectually deal with in another and more summary manner. The subject, however, to which it purports to be devoted, namely, the state of the Coal Trade in New South Wales, is one on which erroneous opinions are, I conceive, very prevalent, and this consideration leads me, as concerned in that industry, to take notice of what in itself I should consider quite unworthy of that

attention. Though thus, therefore, having this production under my view, I shall not think it necessary to refute many of the misrepresentations it contains, some of those being self-refuting, while others will be sufficiently disposed of by the establishment of facts and general principles obviously destructive of them.

The proposition sought to be established by the writer of this pamphlet and those who think with him, (among these latter being Mr. Lloyd the Member for Newcastle, who has expressed himself, at a public meeting, to the effect that all that is required, in order that the District of Newcastle should be prosperous, is that I should be "in Heaven,") is, that the action taken by the management of Lambton has brought about what is called the "ruinous condition of the Coal Trade in the Northern District." I notice such representations at this stage of what I feel will be an irksome and in some of its parts a painful investigation or discussion, mainly to remark, that while as a matter of course, my first object in all that I have done, as conducting the business of Lambton, has been to maintain and promote the interests of the owners of that property, I have never been under the influence of any desire or feeling that would have led me to inflict gratuitous injury on any of our competitors. I would add, as respects past, present and future action, that its being prejudicial to others, neither has been, is, or will be a cause of satisfaction to me, but the reverse. Not even the astounding effrontery of Mr. Brown would lead me to lift a finger with the mere object of injuring him.

This pamphlet conveys the representation that I stand alone, among those acting for the Northern Collieries, in the opinion I hold as respects a proposed combination to get up the price of coal. I accept this statement as substantially correct, feeling at the same time, that it involves a certain presumption that I may be in the wrong, there being a tendency with most people to assume the rightness of the views of the majority. There are, however, obvious exceptions to such a view, as for instance in the case of a conspiracy. It cannot be maintained that, when four people conspire against a fifth, the four are right and number five is wrong, though certainly the former are in the majority. Accepting, then, the position of standing alone as opposed in views to the representatives of the other Northern Collieries, I proceed to deal with the question at issue between us. At the very outskirts of it, I come upon a fact or consideration which, it will doubtless be understood, I had in my mind when, a little

way back, I spoke of the pain with which I contemplated the task I have now in hand. My opponents have not been content to deal with the views I have expressed (I should perhaps rather say have indicated, for I have not sought to obtrude my opinions on them or to interfere in any way with *their* management) or with the action I have taken, and sought to controvert or counteract these, but having regard to my position as representing absent shareholders, they have directed their efforts to convince these that I have been gravely wanting in my duty to them. To make good this accusation is avowedly the main object of Mr. Brown's pamphlet, and, as I shall show further on, the same course has been followed by others from whom better things might have been expected. I shall not now speak of the unworthiness, the impertinence, the indecency, of thus acting with respect to what I would call the sacred relations that exist between me and those on whose behalf I have been entrusted with a most onerous charge at the antipodes, and of adding to it the further accusation that I have wantonly injured the interests of the shareholders of other companies, but I would refer to these proceedings, in the present stage of the discussion into which I am dragged, as giving a character to it that I feel to be, at the least, extremely embarrassing, necessitating as they do my going into matters, and assuming an attitude, that would be out of place in an ordinary controversy, wherein the assailant is under the restraint of those feelings which usually regulate the conduct of honorable men. On the one hand, I cannot treat those who are banded against me, merely as men holding, as I conceive, very erroneous views, but as great moral wrong-doers. On the other hand, I feel that my most effective way of dealing with the issue that is before us, involves a departure from the reserve that is usually held fitting as respects what passes between those related as I and my Board are. Another unpleasant task (indeed an unavoidable consequence of the state of matters I have described) that has been entailed upon me by the action of my opponents, is, having to make references to them, and their doings, that I feel ought never to have been rendered necessary: that never would have been necessary but for their unwarrantable intrusion on a domain, upon which no right-minded man would have entered.

The issue to be tried is, whether my views as to the fitting way of carrying on the Coal Trade, or those represented in Mr. Brown's pamphlet, are the correct and sound ones, in the

general interest, and in the interest of Lambton. The course I shall follow, in dealing with this issue, is not free from objection, even according to my own judgment, but I believe it on the whole to be the best. It might be characterised as involving the procedure described as "shewing one's hand" (by no means a bad game in my view in the business of life, if that is straightforward), for I expect to quote pretty freely from my letters to my Board of Directors, altering perhaps a word here and there, when the change seems more fittingly to bring out my meaning or the argument in hand. The first quotation I shall make will disclose, as the first violators of the generally-recognised rule that forbids intrusive dictation to a person holding a responsible position, and interference between him and those who have placed a grave trust in his hands, gentlemen holding the chief responsible offices in another company, namely, the Governor and the General Superintendent of the A. A. Company.

The letter from which I make the extract is dated on the 9th of August, 1871, and was accompanied by tables, extending over several years, shewing the trade done by the Northern Collieries during that period. I should have liked to embody these tables in the present publication, but am deterred from doing so by the consideration that it will, I fear, even without these, reach somewhat unwieldy dimensions. I would remark, however, that they shewed, what all who are tolerably well acquainted with the Coal Trade of this Colony are aware of, that the annual trade of the Northern Collieries has not fluctuated much for several years, and may be taken at 750,000 to 800,000 tons.

"The statements herewith shew clearly a very considerable overproducing power as respects coal-getting; that is a power of production materially in excess of the demand or consumption, and what I have brought under their notice, in former communications, has satisfied the Board that there is a continuing pressure in operation seeking to attract further capital to colliery working, and, therefore, to give rise to an aggravation of the present overproducing power. Now, the best, I may say the only reliable, safeguard against the manifold evils attendant on an undue amount of capital being devoted to an industry, is found in the action of those engaged in it, who are placed in the most advantageous position as producers, in taking care that their capability of producing is fairly exercised, utilised, or expended, before a producer, with inferior advantages, obtains a footing in the business. When the demand reaches a point that gives the producer, in the first-class position, excessive profits, then, to come to the particular industry in which we are interested, collieries and coal-fields, in the second class as regards advantages, come into operation, and so on. I have now to consider views or doctrines very much opposed to those I have indicated, and which \* \* have been urged, so as to occasion the Board a good deal of trouble and discomfort, having been originally put forth in the reports issued by the Directors of the A. A. Company. Had that company, as might have been fairly looked for,

held the position I have first above indicated, we should have had no right or reason to complain, if, when we came to open Lambton, it had taken the course, most determinedly, of holding the full amount of trade it could meet with advantage and convenience, allowing the other collieries only to get what then remained over. This, under the circumstances supposed, would have been really best for all; that is, would have produced the most favourable nett result with regard to the capital invested in collieries. The action advocated by the A. A. Company was utterly different from what I have spoken of; it was directed to the establishment of an agreement as to price that would indiscriminately bolster up all collieries in existence, and foster the further increase of such undertakings. While desirous of being on neighbourly terms with this company and the other colliery owners, I utterly, on behalf of Lambton, repudiated the communistic or trades-union principles that were urged on us. It will be recollected, at the same time, that though we might, on behalf of a new colliery and with a view to let the coal be known, have struck in with a lower price than the others, the course actually followed was to adopt a price that had been established by one or more of these others—a price I may remark, at the same time, which afforded us a good profit. Without bidding under the others, we gradually increased our trade, until it was fairly commensurate with our powers of production, and I would mention that I considered a plain object for us to aim at was to get as high a price as we could obtain while doing the extent of business I have indicated; and, so long as that state of matters existed, there was, I considered, no insuperable bar to the existence of an undertaking or agreement among the different collieries as to price; but to tie ourselves up so as to be unable to prevent our trade being taken from us by collieries that were at a disadvantage, in comparison to us, as respects cost of production, which is what the proposition of the A. A. Company amounts to, is a position I have always refused to take, considering it tantamount to forfeiting the birthright of Lambton. I could consent, therefore, to no agreement that was not subject to termination, so far as we were concerned, whenever it should appear to operate to our disadvantage by depriving us of what I would call our inherent claim to assert the right to being supplied with trade in preference, I think I may fairly say, to the majority of our brethren, of course freely acknowledging a similar right to the others. \* \* \* \* \*

“From a period, then, antecedent to the time when Lambton was opened, I had it urged upon me by the representative of the A. A. Company, as well as by the representatives of other coal companies, that the only way to get the coal trade in this colony into a sound and prosperous state was for all the collieries to agree to a paying price, and the same cry has been raised and kept up to the present time \* \* or, I should say, it has now taken the form of proclaiming that this, our company, by refusing to become a party to “a binding” or “stringent” agreement to the above effect, has prevented prosperity to all the collieries in the colony. Now, there is conveyed in the above cry, the monstrous doctrine that the natural and necessary check on excessive production which I have called attention to, should be altogether ignored or set at naught. The Board, I am sure, see clearly that nothing but disaster can attend a course of action in violation of what may be described as a law ordained to regulate the relations between supply and demand; the result cannot but be ruin to the weak, injury to the strong. \* \* \* \* \*

I have referred to the supposition of the A. A. Company being in the best position as respects the power of producing cheaply. Of course this was a mere supposition. Had it been a reality \* \* I think the representatives of that company would have deemed that it was their part to take a high hand in the coal trade, and would have asserted and enforced, their right to have what they considered a sufficient portion thereof, before allowing those with whom they have been so anxious to enter into a “stringent” alliance, to get any portion of it, and, I repeat, in so doing they would have been sub-

stantially right; but their accounts, published from shortly after the birth of Lambton to the present time, shew clearly that at the former date this company was far behind us, and I believe more than one of the other collieries, in the matter of costs. Our colliery was opened at the end of 1863, and in their report of January, 1865, the Directors of the A. A. Company say their coal was, in 1864, "raised at a very diminished cost, the average rate being 6s. 7½d. per ton against 10s. 10¾d. in 1862, and 9s. 9¼d. in 1863." I should mention I only deal with these figures as expressing the relative costs of this company during the periods named, not as recognising their mode of estimating costs as correct. It is, I think, plain enough from these figures, the costs of Lambton being under the *reduced* costs of the A. A. Company, that the latter company was, when Lambton came into operation, quite unable to compete with us, and that therefore, without question, we were entitled to be served first as regards trade. I think it must be allowed we secured a trade pretty much up to our producing power (though as my letters to Mr. Young, written when I was in Europe, and from which I have sent extracts, shew, no extreme action in this direction was urged or practised by me) by a course of procedure that could scarcely have been expected to lead to such a result, namely, following the others in lowering price, instead of taking the lead in this action, as might have been looked for, *and would have been quite legitimate if it had been necessary.*

"I shall not add much to what I have written on the subject of the ten shilling agreement which Mr. Young tells me he allowed himself to be in a sense forced into, \* \* \* but, in the absence of an increase in the demand for colonial coal, the effect of this has been to aggravate seriously an over-producing colliery power. I think I need scarcely remark that it is in a manner of compulsion that I refer so much to the abovenamed company. I cannot, however, overlook the consideration, or disregard the conviction, that it is due to the representations conveyed in the reports of that company, that a state of feeling exists among some of the shareholders of our company which will occasion the Board, I apprehend, in the early future, much trouble and discomfort. \* \* \* \* \*

"Shortly after the receipt of this letter the Board will have to meet the shareholders with a report speaking of reduced profits, and referring to the immediate prospects of the coal trade as not favourable. Now, the truth is, and of this I believe the Board are convinced as I am, that unsatisfactory as the present state of matters is, there is no question it is much sounder than it would have been, had the existing overproducing power been greatly aggravated, as it certainly would have been had the "binding" or "stringent" agreement, advocated by the A. A. Company's Board, been entered into; still, it is in the power of complainers to say, that the present evil would not have been, had another course been followed, and the pungency of present disappointment and impending greater evil, present a contrast to the "fool's Paradise" of certain high profits, to be had for the mere asking or taking, which the A. A. Company's representatives hold out, and accuse us of depriving our shareholders of. It is due therefore, I consider, to that Board, that a distorted view has been, and I can scarcely doubt will be, taken, of the course of this company's business, and that difficulties and drawbacks which, but for the perverted representations I have referred to, would, we may fairly believe, have been accepted by the shareholders, as by the Board, as necessary evils requiring to be fought through or endured, are turned into grounds of complaint against the management. \* \* \* \* \*

"The action of the internal management of any undertaking is, I would express it, *intensely competitive*. In few words, it aims, above everything, at producing an article at once good and cheap, and these words have no meaning except in connection with the idea of comparison, that is, unless they involve the conception of *competition*. It will not be denied that what I have called the internal management of a concern is in effect *the manage-*

ment, that everything else is entirely secondary. Among the secondary matters connected with an undertaking is, or are, the relations with others engaged in the same calling. I would describe these as, among other things, involving or fittingly aiming at a certain mitigation of competitive action through the agency of a fair and friendly association of the members of the craft, as against undue exactions by, or concessions to, the consumer, to the obvious prejudice of the producer; as, in short, the conservative, restraining, element coming in to modify the exuberance of the progressive, innovating, reforming power. I need not repeat, however, that what I have put first must be first, in any undertaking that is to be carried on with success. A nation must make itself powerful, by properly developing its own inherent capability, before it enters into conventions, &c., and the first thing for a man to set about, if he is to play any worthy part in the world, is to fit himself for his duties by steady hard work and assiduous self-culture; no one can do these things for him.

“Now, what in connection with these views (in which the Board will I am sure acquiesce) has been the action of the representatives of the A. A. Company? Before Lambton was opened, and of course before I knew what it was, or what it could do, I was applied to by the superintendant of that company (at that time their own reports shew producing coal at a cost far in excess of that at which we found Lambton could) to arrange for a combination as to price, and even then an amalgamation of all the collieries in the district was spoken of as the proper means of making the business pay. Of course I could only very politely decline an overture which seemed to involve Lambton's never attaining man's estate at all. But the respect in which the A. A. Company's movements and endeavours have most grossly violated the principles above indicated, has been that their aim and action in connection with agreements have been, not conservative, but highly innovating and aggressive. We have this under their own hand, in the Directors' report of February, 1869, quoted by me two years ago; I now repeat the quotation. \* \* \* \* \* ‘If the agreements had been upheld, there is no doubt that our expectations would have been realised, for during the first nine months of the year *our sales of coal had largely increased* from 78,000 tons in 1867, to 93,000 tons in 1868.’ \* \* \* \* \*

“I need not point out that raising the price of coal could not possibly increase the general vend, and that therefore the A. A. Company could only extend their sales, under an agreement getting up the price, by taking trade from other collieries. The agreement, therefore, that the Board of that company have been so anxious to renew, was fraught with complicated evil to our shareholders, and this the Board may perhaps think it necessary to explain to the latter.

“I will just call attention here to Table D herewith. The object of this, it will I dare say be understood, is to shew that the four Collieries named in it are capable of meeting the demand for coal in this colony, as it now is and has been for some years back, and to do something more. I may mention that, though I have spoken of our sales as having been for a time fairly up to our producing power, there has never been a half-year in which we could not have put out more coal than we sold. For some time back the A. A. Company have I suppose sold about as much as they could raise. The Board are aware of the double advantage attendant on doing a full trade. \* \* \* \* \*

“With our trade materially invaded, and with the Board perfectly at one with me in condemning “stringent agreements,” I feel as if it may be thought we have erred in refraining too long from adopting a more decidedly competitive course, in the matter of selling price, than we have yet practised. I think it better, however, still to hold the hand, though I am satisfied that, whether we are active or passive as respects competitive action, it must be allowed to run its course, until some of the present producers are beaten out

of the field, or some new combination takes place that curtails the production. The struggle I indicate appears to me as necessary as the recent low price of wool. We must all regret it, but I fully anticipate that the purgation the colliery industry will thus have to undergo will eventually be very beneficial to us. In the meantime we should be prepared for smaller profits than we have yet earned. For the collieries to attempt to enlarge their business by shipping on their own account, except to let their coal be known, would only lead to disastrous results. Everything considered, since the opening of the Lambton colliery, the trade has been very fairly remunerative; among the things to be considered being an increase of collieries and little increase of trade. If it had not been for the ten shilling agreement, as far as I can see, the trade and the producing power would have borne a quite fairly proportionate relation to one another; had that agreement been reproduced, we should have a reproduction of the disastrous times when hundreds of thousands of pounds were lost in the colliery trade in this colony, and this was not very long anterior to the date I have above indicated, namely the time when Lambton appeared on the scene. \* \* \* \* \*

"I have written a letter, I fear tedious to the Board, and I know exhausting to myself, and I hope it will be so far satisfactory that it will assist the Directors in taking a strong and decided position as against ill-judged action attempted, or erroneous views expressed. That right-minded men will appreciate our views and actions, I do not doubt, directed as these are to the single object of the promotion of the interests of the company. \* \* \* \* \*

"It may be that our immediate future shall be more prosperous than I anticipate. I feel it my duty, however, to prepare the Board for the event I consider most probable; an unlooked for favourable eventuality we can always bear without preparation."

The next extract is from my letter of December last, in which I announced our having reduced the price of Lambton coal from 8s. to 7s. 6d.

"While we have been doing an amount of business, that I would describe as fairly adequate, with reference to our powers of production, the waiting part has seemed to me the justifiable one for us to play, but the time for this is clearly overpast, and an active course is incumbent upon us, if Lambton is to be maintained as a reliable source of revenue to our company. It may seem anomalous, in aiming at the above object, to reduce the margin of difference between cost and selling price, perhaps to annihilate it for a time, but it is no more so than for the physician to administer nauseous potions to the patient, apparently only aggravating his feeling of sickness thereby, or to add the torture of a blister to the internal agony of inflammation. We know such treatment may be the only means of restoring health, and preventing destructive lesion or death, and, were the case our own, we should submit to the curative discomfort, and avoid the quacks, who would deaden suffering by narcotics, knowing that these only cloak the disease for a time, and that it would afterwards develop itself with aggravated virulence. So, most assuredly, would it be as respects the better class of Australian collieries, and in particular, quickly so as regards Lambton, if the palliative (narcotic) of an agreement as to price were now had recourse to, or I would add, if such action as we are now taking were longer delayed. Some of the superior collieries might fare better for a time, but it would only be for a time. What we are doing I would remark is merely to substitute open, above-board, for underhand competitive action. For, in business enterprise, competition is as much a law of nature as gravitation in physics, and will make itself be felt one way or other. It is unfortunate that something like a spirit of malice has been

developed among the colliery interest in the colony in the past actings of some of our opponents. I can truly say that, notwithstanding the onslaught, partaking of the character of Sheffield Unionist proceedings, on the representatives of Lambton in times past, I enter upon the present competitive movement with no disposition to be gratified with the mere defeat of certain competitors that may take place. I would rather view the state of matters as that which exists, when, say, *fifteen* candidates are competing for *ten* appointments. In such a case success involves defeat, and yet the successful competitor cannot surely with justice be considered the malicious enemy of the defeated. \* \* \* \* \*

"We ought not to disguise from ourselves that a period of low or of no profits may be at hand. Any alternative, however, to the course we are taking does not present even a fair chance of a satisfactory amount of present profits, while it involves, I am persuaded, certain continuing and increasing unsoundness in the colliery trade."

I now quote a few lines from my letter of 29th December last.

"I see the prospect of diminished profits was causing the Board considerable anxiety, as likely to occasion discontent among the shareholders. This, however, is too obviously preferable to any alternative open to us to allow the Directors to hesitate as to the course that should be followed. The state of matters may be described as this: an evil or state of disease is to be removed or cured, and as stimulating, or even moderately generous, food must frequently be withheld from a sick man, so must our shareholders be put on a spare diet or possibly be subjected to absolute abstinence, as regards dividends, if the concern is to be restored to a state of health. I need not say, what I am supposing must be at the least as unpleasant and trying to me, I might add to all connected with the company on this side, as it possibly can be to the Directors or Shareholders, but I think the reasonable and right-minded among the latter (and after all it is these that eventually carry the day), will have little difficulty in accepting the position if it is put thus—all industrial pursuits are liable to be visited by times and circumstances when the best and strongest of the fraternity have to maintain their place by a sort of warfare which teaches the weaker members that they must give way to these others. Now, we know that in war, even the most complete victory is not gained, without some loss to the *victor*. The inference to be drawn from these remarks is, that we should not expect to pass through the present ordeal scathless. If indeed, let me add, we consider the leading concerns in any trade or calling—concerns that may be said to carry all before them, and as a rule earn liberal and continuous profits.—we shall find, I believe to a certainty, that now and again they have had to pass through an ordeal of low and of no profits; and if they had not faced and fought through such times, refusing to league themselves with the rag, tag, and bobtail of the calling, they would, to use a slang expression, have been very quickly '*nowhere*.' \* \* \* \* \*

"Although I have felt bound, with much fatigue to myself and possibly irksomeness to the Board, in this and in some previous communications, to go at length (though still imperfectly) into explanations and illustrations bearing on the present position of the colliery business in this colony, the *action* required to be taken (as is always the case either in war or in conforming to the plain rules of political economy) is perfectly simple. *We shall keep down or lower our price until a trade is regained fairly commensurate with the producing power of Lambton—whenever a pressure on the limit of that power arises, we shall raise the price.*"

The following is from my letter of 30th January last.

"These considerations shew very clearly that a necessary struggle, such as has now been forced upon us by the formidable invasion of our trade that has

taken place, can scarcely be expected to be got through without some material cost to us. It also shews the vital importance of avoiding the repetition of any measure like the ten shilling agreement. That, and the continued expectation of its renewal, has fostered and kept in existence undertakings that but for the said artifice, first in *esse* then in *posse*, would not now be here to work evil in the trade. \* \* \* When the diminution in the producing power, which I anticipate as the result of the present struggle, takes place, the remaining collieries being able each to do a business fairly adequate to its powers of production, will be further enabled to *sell their coal at a very moderate price, and to realise at the same time a fairly liberal amount of profit.* This utilising of existing capability will thus produce a *cheapness*, resting on a sound basis, and that will give strength to the Northern collieries as competing with those of the South in New South Wales, and with the other coal-producing districts or places in this colony and out of it, likely to meet us (the Northern collieries) in home or in foreign markets. This is without question a consideration of much importance and *one entirely overlooked by those who would, in order to keep a number of collieries most imperfectly employed, seek to maintain by artifice a high price for their coal.*" \* \* \* \* \*

I shall conclude this series of extracts by a quotation from my letter of 10th February last.

"I feel it my duty at the present time to address to you, for the consideration of the Board, a special communication, in view of their having to contend at the approaching half-yearly meeting against an effort \* \* \* to have forced upon them a mode of dealing with the colliery business of the company, resting on views and principles altogether opposed to those which have hitherto regulated the management of Lambton. These latter, which have been accepted and maintained by the Board, have ever regarded as, I may say, of vital importance; the guarding against the evil of an undue increase or growth of competing collieries. While, therefore, not altogether objecting to an understanding among the collieries in existence when Lambton was opened, as to the price of coal being established, after Lambton had made a good trade pretty well up to its producing power, it was, in the interest of Lambton, felt to be imperative that no engagement should be entered into that would subject the owners of that colliery to have its trade impaired, without those in its management having the power to take such action as seemed fitted to remedy such inroad on its business, and keep substantially intact the inherent advantages and capabilities, which that property, as managed by the officers of the company, possessed. \* \* \* \* \*

"The plan that has chiefly been put in juxtaposition to this, is that which has been advocated by the A. A. Company's governor and superintendent, and which may be described as a permanent handicapping\* arrangement by which a price was to be fixed, "under a heavy penalty," for the coal of any number of collieries, without any regard whatever to the relation between supply and demand. Now, it is to be borne in mind, that it has been shewn, *under the hand of the Board of the A. A. Company itself*, that that company's costs for coal at the time Lambton began to send its produce to market, were two or three shillings per ton in excess of those incurred by Lambton, so that Mr. Hamilton's scheme, as far as Lambton was concerned, is pretty similar to what would have been involved in a proposition emanating from the other engineers, that James Watt, when he started in the business, should have been tied up or tied down by "a stringent agreement" from deriving such benefit, from his power to make better and cheaper engines than his neighbours, as he considered himself entitled to. \* \* \* \* \*

If it is truly said of the Lambton management that it prevented the price

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\* This idea seems to have been abandoned, and a uniform price simply gone in for.

of ten shillings per ton for coal from being maintained by the principal Northern collieries, then I hesitate not to say, that it is due to that management that the coal producing power in the colony is no more in excess of the demand than it is. Had A. A. Company's views, as set forth in their reports, gained absolute ascendancy, there is no question comparatively small undertakings would now be represented by companies having large capital, and proportionate powers to injure Lambton, and the other collieries now in existence. On the other hand, but for concessions made to the views of the A. A. Company and other colliery owners—concessions not much to be wondered at, considering the plausible grounds on which they were advocated, however much to be regretted, and but for a want of appreciation of the danger of allowing any action that tended to promote an undue number of collieries, the undertakings I refer to might not now be in existence. \* \* \* \* \*

To pass, however, from these retrospective considerations to the present and the future, I do not now speak of Lambton as far ahead of the other collieries in the matter of costs—this change I would observe is mainly due to its having taught some lessons in colliery working to these others, for its powers of producing cheaply are substantially as great as they ever were—but I am satisfied that, supposing a fair adequate trade for Lambton and the others with reference to their respective producing powers, Lambton can now produce at the least as cheaply as some, if not all, of the most favoured of its rivals, and as a consequence (as a matter of course) more cheaply than the less favoured of these. We have now to meet face to face the question or problem whether we shall contest the possession of an adequate trade in a manner that will permanently secure to us our position. This duty seems to be obviously thrown upon us as the sequel to the course we have followed from the first, and we are, I consider, simply bound to pursue it as the only means of bringing about a healthy condition of the coal trade in the colony, and the restoration of Lambton to the position of a profitable undertaking resting on a solid basis.

There is a good deal in the preceding extracts, which I feel may be considered scarcely fitting to be promulgated. It might, indeed, I conceive, be fairly objected, with respect to them, that they convey at once too little and too much: the former, because they may be sometimes obscure, from being separated from the context and from other of my letters: the latter, from containing matter not usually dealt with, except in confidential correspondence, as, for instance, the remarks just quoted on the subject of costs. It seems, however, impossible to guard against some degree of anomalousness in dealing with words and deeds so entirely in violation of all reputable precedent as those I have now the unpleasant duty of considering. I would here request that it may be borne in mind that I do not now come forward merely to show how improperly those in the management of the A. A. Company, and others, have behaved to my Company and to me, and how erroneous are the views they have striven to carry out. I am, in effect, replying to a manifesto, put forth at this present time, on behalf of those whose proceedings I refer to—a publication, on the one hand, representing me as the evil

genius of the District, and, on the other, seeking to enforce action, as respects a great industry, most destructive of its interests, and, practically, I may say, further seeking to usurp the management of the Company over whose affairs I preside in these colonies. It lies with me, therefore, I conceive, however unpleasant the task, to direct attention to, what I consider clear, further indications of the unfitness of those persons to act or advise properly, either in the general colliery interest, or in the special interest of the shareholders of my company. Before proceeding further, I am induced to say a few additional words on the "stringent argreement"\* scheme, which is the one nostrum of those who have opposed themselves to me. (1) It is obviously illegal, as in restraint of trade, and could not, therefore, be enforced, even in the case of an undeniable breach of its provisions. (2) I have already indicated that it could be evaded, without discovery, by unscrupulous people. (3) While I have never imputed to the representatives of the A. A. Company an intention to evade the letter of the proposed agreement (*which agreement, be it observed, would practically hand over the management of Lambton to the majority of those entering into the compact*), I consider their conduct, in endeavouring to force such an agreement on us, was about as reprehensible as if such had been their intention, for it would have secured to that company, in connexion with its staiths, an advantage over Lambton, while that colliery would have been shut out from the right of availing itself of important inherent powers calculated to secure it in a position of advantage in the Coal Trade: but I shall not pursue these remarks any further; all the objections to the proposal to put the Coal Trade on a sound footing, by means of an agreement, are unimportant in comparison to the grand one, that the call for such a device (just in proportion to the loudness of that call) indicates an evil that it will not cure, but, on the contrary, aggravate.

I have spoken of grave violations of the rules that right-minded men usually subject themselves to in their dealings with their fellow-men. I now call attention to something more flagrant in this direction than anything I have yet noticed. It is set forth in the subjoined case and opinion. The proceedings described, took place when I was absent from the colony; but I

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\* "The superintendent says that he still considers that nothing short of a stringent written agreement will be effectual, and, as we entirely concur," &c.—*A. A. Company's Report, July, 1870.*

have made my inquiries too carefully to be able to entertain any doubt as to the correctness of the narrative given in the "case." When they occurred, Mr. Young, the sub-manager of the company, was in charge, a gentleman incapable of acting otherwise than with fairness and consideration towards all with whom he might come in communication.

#### CASE.

On the 27th September, 1867, an agreement was entered into by the Australian Agricultural Company, the Burwood Colliery, the Minmi Colliery, the Newcastle Wallsend Coal Company, the Lambton Colliery, and the Co-operative Coal Company, by which it was among other things determined that the price of best screened coal at Newcastle should be fixed at ten shillings per ton net cash, with a certain rebate allowable to purchasers of quantities of five thousand tons and upwards.

In August, 1868, Mr. Matthew Young, the representative of the Lambton Company, finding that several of the other companies had been acting contrary to the spirit of the agreement, by making speculative shipments of coal, gave formal notice of his intention to withdraw from the agreement and to reduce the price of the Lambton coal to nine shillings per ton after the 31st August. Upon this the Directors, or Representatives, of the Australian Agricultural Company, the Wallsend, the Minmi, and the Co-operative Companies met and agreed to the following resolution:—"That the Australian Agricultural, the Wallsend, the Minmi, and the Co-operative Companies should be at liberty to supply customers on and after the 31st of August, at threepence per ton below the price at which the Lambton Company offer to supply coal, it being understood that the underselling is to cease as soon as the price is reduced to 8s. per ton."

Active steps were immediately taken to carry out the object of the resolution. *The Agents of the Australian Agricultural Company and the Minmi Companies interrupted the Agent of the Lambton Company, while he was engaged in negotiating sales at the wharf at Newcastle, and intending purchasers were informed by them that the companies whom they represented would sell at threepence per ton below what the Lambton would sell for, and the Lambton Company were in consequence obliged to reduce their price.* A telegram was also sent by the Wallsend Company to a customer of the Lambton Company, at Melbourne, informing him that the Wallsend Company would undersell the Lambton Company. The telegram is in these words:—"Price eight shillings and ninepence after Monday. Will undersell Lambton." This underselling has continued until the present time, but the confederate companies finding that they had reduced the price of their coal to such an extent that, as regards one of them, they received no profits, have lately through the intervention of Mr. Samuel, the Colonial Treasurer, attempted to induce the representatives of the Lambton Company to enter into an agreement regulating the price of coal for the future. We send herewith copy of their proposal, which they forwarded through Mr. Samuel to Mr. Morehead.

The opinion of counsel is requested.

- 1st.—Whether the combination on the part of the Directors or Representatives of the abovenamed companies, to sell coal at threepence per ton below the price at which the Lambton Company were offering to supply coal, taken along with the overt acts above specified, did not amount in law to a conspiracy.
- 2nd.—Whether the last proposal of the confederate companies does not, of itself, amount to a "conspiracy" in restraint "of trade, and so far a conspiracy to do an unlawful act affecting the public." See note to

Eccles's Case 1, Leach's Crown Cases, 277 sec. (generally as to conspiracy), Russell on Crimes, 4th edition, vol. 3, pages 116, 117, 120, 123, 131, 166, 167.

(Signed)

M'CARTHY, SON, & DONOVAN.

14th September, 1869.

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OPINION.

I am of opinion that all the persons who actually agreed in the first instance to the resolution, that down to a certain limit the Lambton Company were to be undersold at the rate of threepence per ton, as well as all those who subsequently knowingly aided in endeavouring to carry this resolution into effect, are guilty of conspiracy to impoverish the Lambton Company, and may be prosecuted criminally for such offence. The authorities for this position are—

Rex v. Sterling and others, 1 Leo, 125.

Eccles's Case, 1 Leach, 276.

Reg. v. Rowlands, 17, 2 B. 671-686, 5 Cox, c.c. 466.

Reg. v. Silshy, 5 Cox, c.c. 404.

3 Russ. on Cr., 116.

The information may be laid in general terms, but it will be necessary to prove the adoption of the resolution, and who are present; proof also should be given of the sending of the telegram above mentioned, and the actings of the agents on the wharf. Such proof being given, I have no doubt that the crime of conspiracy would be held to have been made out. In Russ.'s, pp. 161, 167, will be found the cases shewing in what manner the individual acts of the conspirators may be proved, so as to shew the common design. I do not think that the new proposal amounts to a conspiracy.

(Signed)

JAMES MARTIN.

16th September, 1869.

The ground on which the outrage, as I must call it, to the management of Lambton, above referred to, was committed, was that Mr. Young had withdrawn from what is known as the ten shilling agreement, under circumstances that the others did not like or approve. I may add, here, that this conspiracy is set forth in the A. A. Company's report of February, 1869.

It will be seen the A. A. Company's management and Mr. Brown (the proprietor of the Minmi mine) come out very conspicuously in connexion with these proceedings, and not in a way most people would consider calculated to gain the confidence of the shareholders of my company, on whose behalf Mr. Brown's manifesto purports specially to be put forth. There was, further, a "memorial" addressed to the Board of my company by the same people as were parties to the conspiracy. This was signed, first by Mr. E. C. Merewether, then by Messrs. James and Alexander Brown, then by the rest of the fraternity. The aim of this memorial (which I need scarcely observe, my Board left entirely unnoticed) was to create a breach between my Board and the trusted representatives of the company in the

colonies, the manager and the sub-manager. This proceeding, particularly on the part of Mr. Merewether, who has personal knowledge of the responsibility, and many necessary cares, involved in acting for a distant constituency, I leave others to characterise.

I might say a good deal more relative to the action of the representatives of the A. A. Company on both sides of the world, as bearing on the interests of the Coal Trade and of my company, but I think this is unnecessary in this place. It is fitting, however, I consider, that I should no longer delay to give some explanation of certain expressions used in some of the preceding extracts and remarks, while I have been referring to the position of Lambton relatively to other collieries, in especial to that of the A. A. Company. It is obvious that the success of Lambton must, in the main, be due to what I, individually, can have no part in, namely, the practical management of the colliery. I state nothing more than the simple truth, when I remark, that my Company have in Mr. Croudace, their colliery manager, a man of remarkable capacity and efficiency, while his energy and devotedness to his duties could not be excelled: He found what is now the Lambton Colliery, a piece of waste forest land and scrub; he constructed the railway (a first-class line) that connects the working pit with the Great Northern; he has laid out the colliery, without question a first-class work in every particular—that is, as regards ventilation, drainage, haulage arrangements, including, generally, provision for winning and getting away the coal economically in the face of considerable difficulties arising from the formation of the country, the dip of the seam, &c., and I would describe him as constituting a special advantage possessed by the owners of Lambton. To connect, now, these remarks on our colliery manager with the early portion of this paragraph, I have to state that Mr. Croudace, with my sanction, shewed Mr. Merewether and Mr. Winship (the A. A. Company's colliery manager) over the workings at Lambton, in particular giving them full details, and, I think, estimates, as to the hauling arrangements, in view of their adoption in the A. A. Company's colliery. This system of under-ground haulage, by machinery, has since been adopted by the A. A. Company, and noticed in their reports. I had this in view, as well as some other things, when I spoke of Lambton having taught some lessons in colliery working to the others. I would just add, here, that it was a few months after the inspec-

tion I have mentioned, that Mr. Merewether put his hand to the "memorial" I have spoken of. Mr. Croudace has assisted the Wallsend Company in the same manner as he did the A. A. Company and in other ways. I should not be satisfied with myself if, in addition to these remarks, intended among other things, to free me from the charge of undue egotism in referring to the position of Lambton, I omitted, on behalf of my Company, to bear testimony to the highly valuable and faithful services of Mr. Waddell, the Company's salesman and shipping agent at Newcastle. For the manner in which this gentleman performs his duties in connexion with the distribution of the coal, he is as deserving of commendation as is Mr. Croudace for his services in producing it, and to both I feel most grateful for the assistance which their local knowledge and great intelligence enable them to afford me in the performance of my duties.

Were I to stop here, I think it would be held that I have amply shewn that those who have made it their special business to attack and vilify the management of Lambton, are entirely wrong in their general views as to the policy and action that will put and keep the Coal Trade in a sound state. Intellectually, economically, morally wrong; and that, while their efforts have been steadily directed to the injury of Lambton, they have taken the truly monstrous position of assuming to protect the owners of that property from injury they represent as done to them by their authorised agents and representatives. I cannot yet feel, however, that my task is done.

Although I did not intend to do so when I commenced these notes, I shall, before concluding them, take a running survey of Mr. Brown's pamphlet, conceiving it may be better thus explicitly to dispose of some of the most prominent of its representations and arguments, rather than simply leave these to be extinguished by the truth I have submitted, as was my first intention. But I feel I ought first to refer to two proceedings of Mr. Brown's, which I had specially in my mind when I spoke of his "astounding effrontery." The first of these is his procedure in having got possession of some land on the outskirts of Lambton, opened a colliery there, and given it the name of "New Lambton." It is impossible to doubt that the object of this procedure was to deceive Coal purchasers into the belief that in dealing with him they were getting the real Lambton coal. This obvious view is confirmed by the fact that the pit certificates of the so-called New Lambton colliery are close

imitations of ours. There is, I think it will be allowed, a surprising combination of action here, on the part of one writing, or compiling, a pamphlet, with the object, as he would represent it, of saving the shareholders of my company from the misconduct of their Manager: for that action involves (1) an attempt to obtain by deception a portion of the trade of the colliery belonging to these shareholders; (2) a very striking testimony in favor of the management of the Company, inasmuch as there could be no inducement to pirate the name and pit certificate of an unsuccessful concern.

The next proceeding, on the part of Mr. Brown, which I have to notice, I will introduce by a reference to the letter of "Argus." If the reader will look at the portion of that letter which speaks of the vend arrangement, stated to have been proposed to me, keeping in mind that this letter is published by Mr. Brown, he will see that, as far as Mr. Brown is concerned, the proposition addressed to me amounts to this: "The coal producing power in the Northern District of New South Wales being much in excess of the demand, it is necessary for all the collieries in the district to restrict their sales. If you will be content with a vend of 130,000 tons, which is 10,000 tons more than is proposed for any other colliery, I shall engage to be satisfied with a sale of 90,000 tons. The other collieries have all decided to share the rest of the trade among them, in agreed on proportions, all that is wanted is that you should accept the proposition made to you. The price will then be raised two shillings a ton, giving an additional profit to your shareholders of £19,500 per annum, and you may dismiss your salesmen, shut your Newcastle office, and give yourself no further trouble about keeping up your connexion, or seeking for customers." If, now, we look at appendix B, we will see, in the Prospectus of the "Australian and Oriental Coal Company," this same Mr. Brown, who, *per Argus*, is representing my shameful disregard of the interests of my shareholders in refusing to go into the vend scheme, which is propounded as a cure for existing over-producing colliery power, seeking to attract a large amount of additional capital to the Coal Trade of New South Wales, and doing so by the most barefaced misrepresentation, I should say, deliberate falsehood, for he represents the trade of the colliery, which he proposed should be set down, under the vend arrangement, at 90,000 tons, and which did not reach that amount last year; he represents this, in the Prospectus, at 200,000 tons, and

speaks of the mines he proposes to make over to the projected company (only one of which has been in work for some years) as "now capable of putting out *half-a-million of tons of coal per annum.*" Of course, the only end and aim of such representations must be to induce capitalists to believe, that not only was there an existing consumption that took off these 200,000 tons (falsely represented as the existing trade of Mr. Brown's collieries), but the prospect of a market for the 500,000 tons (equal to two-thirds of the trade done by all the existing collieries in the Northern District), which, it is said (also most falsely), the mines can now put out; and all this is represented by, or, on behalf of, the man who has laid before my shareholders (in his pamphlet) a scheme for restricting the output of the collieries as they are at present, and stated that this, or some similar device, is the only means of making the coal trade remunerative. Viewing this scheme with regard to its bearing on Mr. Brown, and on Lambton, it seems as if it was designed to keep Mr. Brown in funds for a time, and to lull the custodiers of Lambton into a state of repose, while he was carrying out a project, on the other side of the world, that would give him an amount (the mere cash payments provided by the proprietors would do this) far beyond the value of his properties, on any reasonable estimate, the rest of the capital embraced in this project being to be devoted to extending the trade of a new Coal Company. Of course, the vend arrangement (had it been established) would have been thrown to the winds, and an enormous aggravation of the existing evils in the Coal Trade have taken place had this company been *float*ed.

It is inconceivable how Mr. Brown, after the appearance in this colony of the Prospectus I am referring to, should have promulgated Argus' delivery upon the vend question, without himself seeing that my shareholders could only exclaim, with reference to the case put before them, "Surely in vain the snare is set in the sight of any bird."

It is, I feel, degrading to have to contend with such an antagonist; I am, however, I consider, bound to expose, clearly and distinctly, a project that may still delude people at home, and which, in that case, would not fail to act most injuriously on the interests of our Coal Trade. I therefore append to the Prospectus of the Australian and Oriental Coal Company,\* some

\* I also append copy of an article that appeared in the Melbourne *Argus*, of the 10th of April, on the subject of this scheme (marked D in Appendix).

notes,\* made by one well acquainted with the subject on which he writes, and which represent the scheme in its true light. And, now, having disposed of Mr. Brown, in the character of an adviser to the coal interest in general, and the shareholders of my company in particular, I proceed to notice the contents of his pamphlet, slightly in detail. In order that it may be referred to, if the reader of this desires, I append a copy of the pamphlet entire (see Appendix A). The *italics* in this copy are mine.

It is scarcely necessary to notice, in the article of 9th December, the hazy references to "Bulli" and the "stranger," though I may have something to say on both subjects before closing. A very important feature, however, in this article, and, I may say, in all the subsequent ones, is an obvious desire or intention to incite the Lambton miners to a strike. The writer assumes that a lowering of the price of coal must result in a reduction of the wages of the miners, and that that is what the action of the Lambton management is evidently tending to. He then goes on to speak of "*men who for long past have barely managed to eke out a living ;*" further on, he says, "*If they have a fancy for being ground down to the earth that others may prosper at their expense*" (this, by the way, scarcely tallies with the representation that Lambton management is ruining the "others" referred to), "*they must have imbibed it very lately. They have their rights.*" "*We should most certainly not protest against any attempt made to prevent reduction.*" I will just give one further quotation from writing to this effect, which, as I have said, pervades the whole pamphlet, it is from the article dated 16th December: "*If, however, the masters will have it, then let the strike be hearty and with a will.*" This is plain enough, and few people will refrain from saying, bad enough. To attempt to produce discord between employer and employed, is pretty much on a par with doing the same, as respects trustor and trustee. While struck by the wickedness shewn by such writing as I have quoted, I have felt no apprehension of its producing the effect intended. The men know their position too well to apprehend danger to their interests from keen competition among employers. No doubt it may be said this competition may drive some of the employers out of the trade, and there is ground for such a representation; but the same views that actuate the management of Lambton, would recognise a continued healthy, though moderated and honorable, competition in this supposed case, which would sufficiently protect the interest

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\* See C in Appendix.

of the miner. What the men would really have cause to fear, would be a savage Trades-Union league among the employers, such as would arise pretty certainly out of the "stringent agreement," or regulated vend arrangement, advocated by the opponents of Lambton, and which Lambton has had a taste of, when the others banded together against it. I have no doubt the Lambton miners will look well after their own interest, and I would sincerely counsel them to do so. In the meantime, I think, they will consider themselves in the same boat with their employers, who like four-and-a-half days' work in the fortnight quite as little as the men do. I do not understand the exact meaning of the sneering remarks, by way of in the interest of the men, referring to "*the kindly acts of their employers,*" "*the mess of potage*" to be exchanged for "*their birthright,*" &c., but I know Mr. Croudace has ever desired, in all ways, to promote the wellbeing of the men, and that I have heartily participated in this feeling. I consider, therefore, these insinuations particularly base.

It is scarcely worth while, but I must take some notice of the very erroneous representation (conveyed in the most slipslop language, and maintained by strangely incoherent logic), to the effect that the low price of coal, and the competition now going on, will ruin the Coal Trade, and deeply prejudice the general prosperity of Newcastle. There could not be a greater mistake. A low price, and the good quality of an article (which latter condition is promoted by competition), can only tend to the extension of the trade in that article, and to the enlargement of the business of the Community in which it is produced.

It is represented in the production I am considering, that the Coal trade will collapse, in consequence of a general breakdown of all the Colliery owners, if the present competitive action goes on. This is a monstrous misconception. The Coal producers, least able to compete, will, after a time, withdraw, there not being trade for all; then prices will stiffen, and the business will come to yield a fair profit to those engaged in it. In the meantime, all, or a portion of the Coal producers, are suffering, more or less, and this is the measure of the existing evil in the trade. It is due to the operation of the law of Natural Selection, and could only be escaped at the cost of a greater evil. It is altogether a fallacy to say the other interests spoken of are suffering. A *certain* way of injuring, if not of ruining, all the interests connected with Newcastle, would be to establish

a high price and a monopoly in the Coal trade. The only condition compatible with general, sound, and lasting prosperity in the Newcastle District, is a Coal trade that gives, under ordinary circumstances, close upon full work to the leading collieries. This is necessary, among other things, to do justice to the North as competing with the South. It will give, as I have said elsewhere, good profits with a low price.

I would here refer to some incomprehensibly absurd remarks on the subject of the position of the Northern Collieries generally, as competing with the other Coal-fields of the Colony. In sensational language, the *Newcastle Chronicle* writes on the 19th of December, "*We are leading now with a strong lead, the race is all our own. Should we stumble, should we relax our exertions, should we once feel the breath of our competitors on our shoulders, the task of again shaking them off would be hard indeed.*" It is scarcely credible that these thrilling representations are made on behalf of those, who seek not, so to speak, to refresh with a drink from a sponge, or otherwise to help on, the racer so hard put to it to keep good his headway, but to put a heavy additional weight upon him, which, in the state of matters described, must ensure his being ignominiously beaten. In other words, what my antagonists attack me for is my not joining in a movement that will add three shillings to the price of Northern coal, which, even at present rates, finds the Southern a formidable rival. I take occasion to observe here, that the ten shilling agreement drove the custom of the Australasian Steam Navigation Company to the South, and it has never been regained by the Northern Collieries. I refer to our Southern brethren in no narrow jealous spirit; but it is the simple truth that to hold our own with them, as competitors, it is daily becoming more evident that we, of the North should carry on our trade, so as to make our profits out of as low a price as is practicable. If this involves the withdrawal of some of those now engaged in the business, their misfortune (the result of a healthy competition) will be no cause of rejoicing to me (any more than would the defeat of one whom I might excel in a competitive examination), but the reverse; and I should, in this event, live in the hope that a future expansion of the Trade will bring such Collieries into work again. Of course it may be said Lambton may be among the defeated; all I can say, in reply to this suggestion, is, that I hold it to be my duty to bring the question to an issue. It is not usual to make such matters the subject of public discussion, but the

conduct of my opponents has set at naught all established use and wont in controversy and in action.

The way in which the Coal purchaser is spoken of in this pamphlet is peculiar, and not calculated, I think, to commend my antagonists to the very important fraternity, as I cannot but think we Coal producers must consider them, by whose money, it may be said, we live, whether we call them "our customers" or not. For my part, in the most Catholic spirit, I would so designate every one of them. In the deliveries of the *Newcastle Chronicle*, however, the most pleasant title given to the Coal purchaser is "the stranger," and the one grand object aimed at seems to be "to take him in." Indeed, what is argued, I may say, bullied for, all through Mr. Brown's pamphlet, amounts, I believe, to a conspiracy against this unfortunate and, in the eyes of Mr. Brown and his friends by no means, "Illustrious" "stranger." It is as if the cry were raised, and repeated again and yet again, of "Spoil the Egyptian." Now, I do not speak of doing business merely as a matter of benevolence, but I recognise the fact, that the Coal purchaser likes the same coal rather to be cheap than dear: that two shillings, or eighteenpence, or even one shilling, a ton makes a very great difference to a large consumer, and a material difference to a smaller one; and I think it will be a very great thing, indeed, for them and for us, if we can continue to save the consumers, as a body, the £70,000 a-year (or a considerable portion of it) which Mr. Brown, and his friends, would like to take from them; and, at the same time, realise a good profit for ourselves, I mean for the Coal Companies. This is what I mean to try for on behalf of Lambton, if the management of its affairs remains in my hands, and to this I now call the attention of the Coal purchaser, and I respectfully request he will not make himself a "stranger" to Lambton, bearing in mind that one of the things Lambton aims at, is to give him coal at once cheap and good.

I must not, however, much longer protract these notes, though I feel I have still imperfectly dealt with the subject to which they relate. The substance of what I have submitted is this: my antagonists take a position which I conceive to be quite untenable, namely, that no regard is to be paid to the number of producers engaged in an industry, but that all in it must be rolled up into a conjoined concern. To put my views in the mildest form: what I suggest is, that one may reasonably decline to fraternise, or even treat with, those whose *raison d'être*

one may not be satisfied of. I should be hypocritical, however, if I referred in mild terms to Mr. Brown's pamphlet. Where it deals with the question of Lambton management, I consider it, in the highest degree, improper and altogether impertinent. We gained a great trade for Lambton without the aid of the persons whose views are conveyed in Mr. Brown's pamphlet. We shall seek to regain what it has recently lost by the same power that gave us our first success, that is, our own right arm. Whether we have now more difficulties in working the colliery, from causes suggested by Argus, or not, is our concern, and, anyhow, such considerations cannot have any effect on the principles on which we act.

The foolishness displayed in the pamphlet I am considering, must, I think, strike forcibly anyone perusing it. It is scarcely possible to conceive that the leaders extracted from the *Chronicle* are written by any one but a make-believe Editor. They are, certainly, not penned by one who realised the responsibility of the Editorial Office, or he would not have wielded his pen so unrighteously. I would instance, as a strangely foolish conception, the combination proposed against Lambton in the last of these leaders.\* In the first place, if it had injured Lambton, the parties to it would be liable to be indicted for a conspiracy; but it is singular how the concocter of it could have failed to see that it would have really helped Lambton; for assuming, as the scheme does, that a lower price would gain trade in preference to a higher, the effect would be to give to Lambton as much trade as it liked to take, at a trifle under nine shillings per ton, the consumption of Northern coal being, of course, largely in excess of what any two collieries could supply.

I need scarcely point out, I think, to any one who reads it, the remarkable contradictions in Mr. Brown's pamphlet. The title page bears upon it an announcement of the "Ruinous Condition of the Coal Trade," and this is followed by such statements as this, "*they have allowed one man, in an almost irresponsible position, to destroy their trade, and by destroying their trade, to work havoc to all dependent thereon;*" but then, perhaps on the adjoining page, we meet with such a passage as this,—"*It would appear, then, that the power of the Lambton Company for evil has departed from it; the other Companies are now in a position to treat both it and its management with contempt.*" Again, while a

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\* Of date 23rd March.

restricted vend is prescribed, we are told "*we cannot send our coal away fast enough to meet the demand.*" It is noticeable, as is always the case in the war between truth and falsehood, that when my antagonists speak the truth they help my case, and deal a blow against their own. For instance, the triumphant references to the inroads made on our trade, which are represented as signs of the decadence of Lambton, point to the necessity for the very action for which so much obloquy has been showered upon me, namely, a decided movement to regain that trade. Had I failed to do the very thing for which these people abuse me, I should have been grossly wanting in my duty to my Company. The whole production is very vulgar, very stupid, and very abusive, but if the reader has time, he might peruse it as, after a fashion, a "curiosity of literature." I have every reason for believing that it was concocted for the express purpose of being distributed among the shareholders of my Company.

I wish, now, to say a few words with respect to my feelings towards the other Coal Companies. I think I can say, with perfect sincerity, that I grudge them no success they can fairly attain and hold. The A. A. Company has gone greatly ahead lately. It is the oldest of the Companies; has a noble property, and it ought to flourish. I am perfectly satisfied that the views I maintain are calculated to promote the prosperity of that Company, and I shall rejoice to see it permanently prosperous. Although I have had the pain of condemning the conduct of its two principal officers, I cannot allow this notice of it to come to a close without a reference to two of its Directors as gentlemen with both of whom my acquaintance dates very far back, from both of whom I have never met with anything but kindness and courtesy. I should like these gentlemen (with one of them I had some very pleasant intercourse on this side of the world, not very long ago) to know that I wish nothing but prosperity to their Company, though my first duty is to my own. I shall, no less, be pleased to see both of the local Companies, the Wallsend and Waratah, prosper. Among the Directors of the former are gentlemen with whom I have nothing but agreeable personal relations, while the Board of the latter contains one of the oldest and most valued friends I have in the colony, and a young friend, warmly esteemed for his own sake as well as for his father's.

I make these allusions as introductory to the remark that my present unpleasant relations with the representatives of the

other Companies, are, I believe, mainly due to the latter having got into a wrong (a very wrong) groove. They have disregarded what I would describe as great truths or principles that have specially commanded the acceptance of the age. The first of these is the rule of Law, and the duty that is upon us all of submitting to that rule. This duty my opponents have failed to recognise as respects an important Law of Political Economy, and much evil has come of it, for a breach of Law always involves a penalty. On this Professor Cairns insists very forcibly in the following passage, in a paper recently put forth by him:—

“Professor Huxley has pointed out how all true education, so far as education is an art, is but a mode of acquiring knowledge which Nature herself, where we omit the means of acquiring it, is pretty sure to bring home to us after her own rude fashion.

“‘The teaching of Nature,’ Professor Huxley says, ‘is harsh and wasteful in its operation. Ignorance is visited as sharply as wilful disobedience. Incapacity meets with the same punishment as crime. Nature’s discipline is not even a word and a blow, and the blow first, but the blow without the word. It is left for you to find out why your ears are boxed.’”

The other truth I refer to, is the advantage of giving due effect to Competitive action. This has been quite ignored by my opponents, and, with reference to a subject to which it is undeniably applicable; I cannot but think they will see that another course is preferable to that they have hitherto followed.

Before closing, I will say a few words of a personal bearing. My first remarks will have regard to my position with respect to those with whom I have come in collision—entirely through acts of aggression on their part. These gentlemen (I refer to the better class of them) knew that, after holding a very responsible charge for many years, it fell to me to establish and start the Lambton Colliery (under the able professional management I have already referred to). They knew I was not in the position of an ordinary Manager of a Company, sent out to superintend an established concern, but that I had organised the entire affair *ab ovo*. They were moreover aware that at the time the Conspiracy was entered into against it, by the persons specified in the “Case,” and when the “Memorial” was addressed to my Board, Lambton was doing the leading business in the trade, and that its owners were deriving greater returns from it than the proprietors of any other Colliery in the Colony. It was therefore specially unworthy and base in these gentlemen, under the circumstances described, to seek to excite discontent among

those for whom all this had been done, namely, the shareholders of my Company, and to turn them against the management which had achieved for them the results I have mentioned.

My next reference is to these same shareholders. I have felt it due to myself, after what has passed, to request that a meeting of my Company may express an explicit opinion on my management. This will decide whether I am to be held as able to show a *raison d'être* in connection with the Coal trade in this Colony, (for except as the representative of my Company, I have nothing to do with Lambton;) or whether I am to be relieved of a very burdensome charge, but one which I would not otherwise surrender under existing circumstances. In the decision, my shareholders are more interested than I am.

R. A. A. MOREHEAD.

Sydney, 15th May, 1872.



APPENDIX.



[APPENDIX A.]



THE CAUSES

OF

THE RUINOUS CONDITION

OF THE

COAL TRADE,

IN THE

NORTHERN DISTRICT

OF

NEW SOUTH WALES.

coal—were driven to lower it again. Being unable to bring themselves to understand that other coal was preferred to theirs, and therefore commanded the greater market—still believing that to chicanery were they indebted for the diminution in their output, hoping to get their custom back again, which, in the first instance, they had taken from others—this near-sighted firm again sought refuge in the lowering dodge (other word to express our meaning fails us) to be again followed by the other owners, and to be again out-manœuvred.

With many buyers, however, it has been found that coal is simply coal. So long as there happens to be a difference in the price of a few pence per ton, these persons give the preference to the cheaper article. It thus followed that, for a while, the only honest (in their own estimation) dealers, having cut down prices, succeeded in increasing their output at the expense of their rivals—in other words, they sold a larger quantity of coal at a smaller profit, doing neither their proprietors nor the general public any good, but, on the contrary, positive harm, that *the stranger* might profit, and that they themselves might be able to report to the directors how, by judicious management, they had marvellously increased the company's business; that the directors might be enabled to report the same to the shareholders, together with their intense satisfaction with the steps taken by their energetic representatives and manager in the far distant land, where lay their most valuable property; that the shareholders might—not having opportunity of knowing better—be equally satisfied with decreasing dividends for the present, and fallacious hopes for the future prosperity of the mine in which their money had been invested. So rolls the ball.

Now, were it but the one company or the one lot of proprietors that suffered, or were it possible, by reduction in price, to so increase the export of coal as to more than make amends for the first loss, we should not trouble ourselves about the matter. But this has not been found to be the case. A reduction made by one company has hitherto necessitated corresponding reductions by others, so that in the end the price and output—equal value of coal being always taken into consideration—have regained and maintained their relative positions, and the original reducers have benefitted nothing in the way of increased output, whilst all have lost as regards profit. Neither has the export in any way increased in consequence, as a glance at the statistics, yearly published, most clearly shows. The coal trade cannot be forced: there is an annual consumption to be supplied, that must be supplied, but that the difference of sixpence a ton in cost cannot increase or diminish. The markets for our produce are certain and well ascertained; they want our coal and would take as many tons at 10s. per ton as they will at 7s. 6d.; whilst as to the amount of business done by the different *coal-owners* that—prices being uniform throughout—will depend entirely on the superiority or inferiority of that which they offer for sale, so that these successive reductions, whilst materially injuring the whole of the coal interest, will never answer the purposes of those originating them.

There is yet another matter in connection with this question of reduction which we, writing in the interests of the whole district, dare not pass by in silence. There is the effect such reduction is likely to produce *on the prospects of the mining population*. It cannot be supposed that proprietors are going to work for nothing. Their profits hitherto, at 8s. per ton, have been nothing worth speaking of, and but for the pull they have had on the small coal would, we suspect, have been less than nothing. All expenses of get, transit, and wear and tear, taken into reckoning, coal put on board at 8s. per ton must be almost profitless, yet in future 7s. 6d. is to be the price. Who, then, shall bear the burden? *The proprietors will not—cannot*. There are left the miners only upon whom this loss must fall, out of whose pockets must ultimately come this sixpence per ton, whilst they will not obtain one extra hour's work in consequence. How this will affect these men, *who for long past have barely managed to eke out a living, they themselves best know. If they*

have a fancy for being ground down to the earth, that others may prosper at their expense, they must have imbibed it but very lately. They have their rights. Labour has its rights. These are threatened with invasion. Some time since we protested against any attempt on the part of the men to raise the price of coal, believing then, and still believing, that any such attempt would be futile. We should most certainly not protest against any attempt made to prevent reduction; on the contrary, our warmest sympathy and support would be with the miners, should they endeavour, in the present instance, to defeat the attempt now making to reduce—for it must come to that—their wages by sixpence per ton on their get of coal. If they intend to fight this battle they must do so, remembering that it is a contest on the issue of which depends the future of thousands—of themselves, their wives, and families, of every man, woman, and child in the electorates of Northumberland and Newcastle.

In conclusion, we must say that we cannot see anything but folly in the course the Lambton Colliery, as represented by Messrs. Morehead & Young—and Mr. Croudace, we presume—have chosen to follow. If these gentlemen were paid so much per ton for every ton got out, and cared only for their own selfish ends, then could we understand their object in thus trying to force an increase of business at the expense of the shareholders. But this is impossible; such a charge could never be laid at their door. Or were they endeavouring to work the mine into their own hands, then could we conceive no better way of doing it, for it is being rendered practically valueless to the present proprietors. But this, again, cannot be, for irrespective of the unimpeachable characters borne by these gentlemen, they would know of their own experience how difficult it would be to again raise the price of coal to a paying point. It can only arise from an error of judgment, but such an one as should be made known—not to the directors, not to the local shareholders—but to the shareholders of the company at home, whose property is being jeopardised by the insensate proceedings of their local representatives, but who, of themselves, know nothing about their mine and its management, excepting that which Messrs. Morehead, Young and Croudace tell them through their directors.

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*Newcastle Chronicle, December 16, 1871.*

One of the greatest drawbacks to the prosperity of Newcastle hitherto, has been an occasional scarcity of tonnage. Circular after circular has been despatched complaining of it, advertisement after advertisement, for more, has remained unanswered, until freights have risen to fancy figures, and still there were no vessels seeking them. The fault, we were told, lay with the governing powers. Over and over again we have been assured that the imposition of new and higher customs duties had diminished our imports, had thinned the foreign shipping in our harbours, had left us in Newcastle without carriage for our staple product. We were given to understand that, unless we threw open our ports, and declared for absolute free trade, our glory would depart from us. Large fleets, inward bound to Sydney, freighted with the produce of distant lands—so it was endeavoured to be shown—meant large fleets, coal laden, outward bound from Newcastle. Nothing was said about return freights of wool and station produce from the capital, and the export of coal thence; but fearful were the prophecies as to the calamities threatening to overtake us, one even going so far as to describe the board and writing thereon—"This port to let,"—which, before long, was to be hung out at Nobby's.

But no such notice yet swings to the breeze. Our harbour is not yet destitute of shipping, neither do we find ourselves quite so dependent on Sydney for it, as some would have us believe to be the case. The ghost raised in the School of Arts when our member met his constituents has been exorcised, and discovered to be the most ordinary sort—a scooped-out turnip, a farthing dip, nothing worse—nothing to be frightened at. The carrying trade of the world is self-accommodating. Shipowners must perforce find employment for their vessels. Where there is anything requiring transport there will vessels congregate. If British bottoms, better suited for the carrying of perishable cargoes, get the pick of the trade, and disdain the more modest loading we have to offer, what then? Are there no other maritime nations who are ready and willing to build cheaper vessels, sail them more cheaply, and carry more cheaply our imperishable cargoes, and to make a tidy profit out of a business others would only lose by? If that which we hear be correct, namely, that only iron vessels can command grain freights from California, and that, therefore, a large fleet of wooden vessels is compelled to go seeking, we may reasonably expect, with the constantly increasing demand for coal on the North Pacific seaboard, that the numerous fleet now engaged in the supply, may not only remain permanently on the line, but by degrees become even still more numerous. The Stars and Stripes are holding out much greater promise to us than our own flag is doing. American ships are already rendering us, to great extent, independent of the Sydney traders. Possibly, by-and-bye, we shall find them entering on other lines, and competing with our own vessels in the China and Straits trade, until, at length, Newcastle coal carrying becomes to them a settled occupation, not spasmodic, as it has been for years, and regarded merely as a *pis aller*, a last resource for freightless vessels. We trust it may be so. The prospect of its being so is good.

In the face, then, of this increasing demand, in view of a plentiful supply of tonnage in the future, how particularly absurd does the late reduction in the price of our coal appear. At the other side of the world an *increased demand is held to justify an enhancement of value*; at this side the reverse of the proposition would seem to obtain. Had there been a falling off in the export, had it been alleged that this arose out of a too long price demanded, and *that serious and dangerous competition threatened*, then, perhaps the agents for the Lambton Colliery shareholders might have put in a plea of necessity, which might have been accepted. *But it is apparent to all that this is not the case; the prospects of the coal trade, and consequently of our community, never looked brighter, and the reduction can only be regarded as most wanton and arbitrary.* In vain do we seek justification for the late action of Messrs. Morehead and Young, who, not content with injuring themselves, are dragging down with them the interests of thousands, even as Sampson, when he brought down the Philistine temple, gave death to himself and the whole multitude assembled. In a previous article on this subject we showed how, in the end, the Lambton Colliery proprietary, so far from gaining aught by this step, must inevitably suffer, and how, they suffering, the whole people dependent on the coal trade must also suffer. How greatly this reduction must before long effect the district, may not yet have impressed itself on men's minds; it is well that this should be understood. Taking then, in round numbers, the export of the year now expiring at 750,000 tons—to our thinking a moderate computation—and deducting from the price thereof 6d. per ton all round, *which deduction the miners must hereafter be at the loss of*, we find that the actual weekly decrease of expenditure now looming in the distance will amount to no less than £360. Whilst none *but strangers will benefit*; this will be our loss. We have heard it said by some that there is no intention on the part of the Management of the Lambton Colliery to lower the miners' wages. Possibly not. *There may be no present intention, but a future necessity there is bound to*

be; nothing can prevent this. Against this, when it comes, the fatherly interest evinced by the manager in all that concerns the men, the liberal subscriptions and the picnics, will hardly prove an acceptable set off. Still, must it be confessed, that the whole affair has been throughout most admirably managed: the union has been sapped and weakened; the Lambton men have divided amongst themselves their union money; the string has been loosened from the bundle of sticks; the men had begun to believe in the integrity of their employers; and the time had come to drive in the thin end of the wedge of further imposition with impunity, for it was thought that the men were helpless. How strange, that just when the wire informed us of the great strike at Newcastle in England having terminated in a victory for the men, they having won for themselves shorter hours and better wages, there should have appeared in Newcastle, New South Wales, this mischievous circular. Strange, too, that in England, the working man should, year by year, better his position, whilst his fellow in the coalmining districts of New South Wales should be doing the very reverse. But—

The best laid plans of mice and men gang aft a-glee,

and so may, moreover, this move of the Messrs. Morehead and Young, which, we feel convinced, is no new thing. It is all very well for them to plead that others were underselling them, and they found themselves bound, in self-defence, to lower their rates. *The plea is wanting in genuineness.* Did not Mr. Croudace, at the luncheon on the bars of the new furnace, when speaking on the prospects of the district, state that “*he had every reason to believe the price of coal would be lower before it was higher?*” Was not the luncheon on the bars given long antecedent to the alleged underselling, and did not Mr. Croudace speak oracularly? To us it is patent that the intention had long existed, and all that restrained its execution was a certain want of preparation—a preparation which, it was fondly thought, was completed when disunion, to all appearance, reigned amongst the men, and the will and the power to act together had departed from amongst them. In this, however, the Lambton Company will probably find that they have reckoned without their host. *The men are commencing to appreciate at their true value, the various kindly acts of their employers. They begin to sniff at the mess of potage, and to doubt as to how far they would be wise in exchanging for it their birthright—the right to a fair day’s wage for a fair day’s work. There are those amongst them who have seen and known in time of old the game now playing, and the consequences invariably following in its train, and who are hardly likely to sit still and see the ground slipping from under their feet without making an effort to save themselves and all that they hold dearest in the world. Closely must and will these men watch the course of events. No matter how determined the other companies may be to keep the price up to 8s. per ton, they must be ultimately forced to lower their rates, and these coming down, the wages also must diminish all round. Too late then for successful opposition, the mischief will be beyond recovery—all being in the one sinking boat, none shall be able to help his neighbour. Too late then for regret—too late, when some £20,000 per annum are being kept back from our own people and given unto strangers. It behoves the men in all patience to wait and watch, and when the time for action comes, then must they act with promptitude and decision, remembering that “It is not meet to take the childrens’ bread and to cast it to the dogs.” Nothing should we more regret to see than a strike; it is with the men, to a very great extent, to prevent this, by at once warning the masters of the consequences of the course they are now pursuing being persisted in. If, however, the masters will have it, then let the strike be hearty and with a will. We are not quite sure but that the men just now could better stand the racket of a turn-out than could the coal-owners themselves. “Thrice is he armed who hath his quarrel just.” Justice is on the side of the men. In the end their cause would most certainly prevail.*

Newcastle Chronicle, December 19, 1871.

Hitherto, in noticing the late reduction in the price of coal, the produce of the Lambton Colliery, we have done so more with a view to lay before the public generally and *the miners particularly interested*, the almost certain consequences that must ensue on the suicidal course thus initiated being persisted in. We have brought the question home to the miners' hearth, to the storekeepers' counter; with them now the duty to further agitate, unless they are content to sit still and patiently submit to the great trouble threatening them. In the present instance it is with the coal-owners we would speak, desiring to show how injuriously this cloud, no bigger than a man's hand at present, is likely to affect their prospects.

Well, although—and we are glad to hear it—other collieries have expressed an intention not to lower their prices, we very much doubt their ability to fulfil this intention. For their own sakes, independently of the ill, a comprehensive reduction would work to the district, they will doubtless endeavour to maintain their price; but can they contend with the competition, the determination of the Lambton Colliery to do business at any cost? There is great cause to fear their being unable to do so. They have large sums invested in their mining properties, large sums that they dare not let lie idle. The work must go on if the returns but cover expenses. They must wait and hope for more prosperous times, and in the meanwhile keep steadily jogging along until, in the end, the evil will have cured itself, and the Lambton managers shall be found asking for their produce the 10s. per ton it not long since commanded. That time will come: but in the meanwhile, what are we, *dependent on the coal-miner not the coal-owner, to do; what is the miner to do?* How are we to get along whilst New Lambton and the Co-operative Colliery are being gradually pushed out of existence; and how are the other companies to do; how the shareholders, when half-yearly meeting after half-yearly meeting shall be held, and they shall be informed that owing to adverse circumstances over which “your directors have no control,” the earnings of the mine will not permit the declaration of a dividend?

How greatly is it to be desired that the mutual dependence of labour and capital on one another should be more thoroughly understood than at present they seem to be. Their interests are so thoroughly identical that one cannot suffer without the other. Happy, contented, and prosperous workmen, make happy, contented, and prosperous employers. The converse of the proposition may be accepted as theoretically correct, but is not practically so, inasmuch as the employed has his capital limited to health, strength, and the full use of his limbs, whereas the employer may invest his means, limited by his bank account only, in various enterprises at one and the same time. *He may prosper, whilst some of his workmen may be skirting the borders of starvation. He may even invest one portion of his means in a coal-mine, another portion, say £30,000, in a copper-mine, whilst these two may be supplemented by run-holding and stock and station agency.* These he may pit one against the other, and by manipulation, may succeed in getting a return for his investments; but what are his men, on whom he is virtually dependent, doing in the meanwhile? *This are they doing: They are becoming discontented and unsettled; they are living from hand to mouth, taking no interest in their work, thus diminishing their employers' profits; they are ready to leave their service at a moment's warning, when a chance of more satisfactory employment offers; they are becoming bad servants to bad masters.* A feeling of mistrust has been engendered on the part of labour that, in the end, attacks and sickens capital. Once the tension on the spring becomes excessive, then the recoil comes. When labour has asserted its rights, then the blow comes; then the masters ascertain to their cost that they have ignored social economy to some purpose, and have lost,

during one strike, not so much as a few hundred pounds unearned, but the position they have only attained after years and years of patient and laborious toiling. The men are in the ascendant. The whole process has to be commenced *de novo*.

How foolish, then, of any proprietary in this district to risk anything of the kind as they have just done in this Lambton reduction. How foolish to tamper with that which to them is of more value than all their plant—the manual labour, without which their plant is valueless; as foolish, as to put lead into the stamper boxes of a quartz crushing machine.

But there is another most important consideration that would seem to be entirely overlooked by the proprietors. This we will endeavour to explain as briefly as possible. The capital stock of these coal companies has been converted from hard cash into coal deposits. The mines have to be worked out of returns, and dividends paid out of profits. Every ton of coal put on the bank represents so much capital stock gone out of the possession of the shareholders, for coal-mining, unlike the generality of ventures, is not reproductive, does not feed on its growth, but is self-exhausting. Every extra foot added to a tunnel's length makes the get so much more expensive, whilst there is so much the less coal to turn out. By-and-by, a time will come when the seams, now being worked, will have been worked out: it will then be necessary to sink down to the next, the underlying seam. New and stronger hoisting gear will be required, more underground machinery, and more traction power. A very heavy outlay will be absolutely necessary; the get will be yet more and more expensive; the profits, at the reduced price, reduced to zero, will not only put an end to all prospects of dividends on the stock already called up and expended, but will make shareholders think twice before they submit to any further calls being made. What then? This then: The mines will have either to close altogether or fall, wonderful bargains, into the hands of those who will, taught by the bitter experience of the original holders, work them with a spirit of liberality to themselves, their workmen, and the district.

That the attenuating process now going on will conduce to this end may be regarded as a certainty, but that the valuable coal deposits of this district will remain for any length of time unworked does not enter for one moment into our calculations. The danger does not threaten in this direction, but in another totally different one. *We must look for it in the competition we may, ere long, expect on the part of the other coal fields of the colony. We are leading now with a good strong lead, the race is all our own. Should we stumble, should we relax our exertions, should we once feel the breath of our competitors on our shoulders, the task of again shaking them off would be hard indeed.* The time for a spurt would have passed; the virtual monopoly of the trade we now enjoy would no longer be ours. *We should have to divide it with others, and with them fight over and over again the battle of prices. Unfortunately the late reduction at Lambton is the first and a most important step in this direction. If persisted in to any extent the result thereof may be easily predicted; Newcastle must lose her pre-eminence. Other ports, drawing prosperity out of her troubles, will absorb the greater portion of the trade that should be her own, and, when all too late, it will be discovered that the price of her coal, so easily depressed, is not so easily to be raised again. We, however, have serious doubts as to how long the Lambton management will be permitted to continue to thus depress the trade of the district. We have great hopes that the home proprietary will be induced to take the matter in hand, for their interests are as much jeopardised, if not more so than our own, and that the next orders despatched from England will be of so peremptory a nature that the local manager shall have no option but to obey them, come to an understanding with the other companies, regulate the annual output with them according to scale, raise the price of their own, and consequently enhance the value of all other coal, or—resign. The Lambton*

*proprietary have now no other course open to them, if they wish to avoid the absolute ruin of their property. The other companies are ready and willing to work with them. Let them, then, cast in their lot with the other companies ere it be all too late.*

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*Newcastle Chronicle, January 27, 1872.*

On the 10th of November, at the London Tavern, the directory of the Scottish Australian Mining Company submitted to the proprietary their half-yearly report, for the term ending the 30th June, 1871. In the absence of the chairman of the board, through illness, Mr. A. L. Elder occupied the chair. The report was the same as that published by this journal in its issue of the 6th instant; it showed a profit sufficient to authorise the declaration of a dividend at the rate of five per centum per annum.

At this half-yearly general meeting, at which this report was taken, as read, the chairman made the following remarkable admission in reference to the Lambton Colliery, that is to say, remarkable, when read collaterally with the late proceedings of the company's management here in New South Wales. He said:—"THEY MUST NOT SHUT THEIR EYES TO THE FACT, THAT THE EXISTENCE OF THE COMPANY DEPENDED ON THIS PROPERTY, AND IT MUST, THEREFORE, BE DEALT WITH IN THE MOST CAREFUL MANNER POSSIBLE." In other words, that the whole of the capital of the company, invested in no matter what other way, had to depend upon the efficient working of the Lambton Colliery for profit; the shareholders must look to this alone for dividends. Now, has this property been dealt with in the most careful manner possible? The directory hold that it has. We much regret being compelled to take a totally different view from them upon this subject, holding, that so far from its having been carefully dealt with, it has been brought down to the verge of destruction by a spirit of competition, which has threatened to blight the prosperity of the whole of this district, and to involve its coal proprietors in one common ruin. The local management, with a view, doubtless, to furthering the interests of those whose money has been invested in the company, and who wish "to know the cause of the diminution in the dividend" to five per centum, have, singular to relate, at about the very time this report was being considered, reduced the price of the company's coal by sixpence per ton—a reduction, apparently insignificant, but sufficing, as we have already shown, to sweep away all dividend whatever. Further, it is rumoured, that persisting—obstinately persisting—in the suicidal course they have chosen to take, the company's representatives determined, at all hazards, to recover the trade which has slipped from them—consumers best know why—contemplate a yet further reduction of another sixpence per ton. This will simply involve the company in an actual loss of some £3500 per annum. Thus, all gain on its transactions must, in future, be set down as a minus quantity.

Will, then, the management succeed in this their endeavour, *coute qui coute*, to recover their trade? No. It is impossible that by any such policy they can do other than injure themselves. They have already tried the experiment and have failed signally. The local management, despite the chairman's statement at this meeting, that "they had tried to keep up the price of coal by combination, but had not succeeded," have, for years past—the fact is patent to us out here—attempted, *by declining to combine with other colliery proprietors* and by cutting into their prices, to secure a trade that has been gradually but surely abandoning them. That management has thereby inflicted grievous injury on the district, great loss on the proprietary,

to the end that—what? Do those concerned know themselves? Yes, now they do—but they never foresaw what was before them, what they have now learned. They, having done evil that good might ensue, like all who hold that the end justifies the means, have discovered that the evil remains, but the good has been unattainable. As a consequence their trade has not returned to them. Forced now, with only themselves to thank for it, to work at a loss, what will the company propose to do? Will they call upon the shareholders to pay up yet more money, when the whole capital of the company is paid up? Shall they raise, by loan, the means to continue their operations, when their stock is quoted at a discount, and they are not earning the wherewithal to pay interest on borrowed money? Shall they, having dug a pit for others and fallen into it themselves, collapse, or what will they do? Even were they to attain their desideratum—the largely increased output, and to which they have sacrificed so much—in what will it profit them, seeing that their working expenses, *proportionally increased*, must conduce to a still greater loss, and that every ton of coal put on the bank can but represent just so much capital stock gone for ever from their possession? To us, the compound faith of this unfortunate company appears marvellous in the extreme. *The shareholders believe in their directors; they, in their turn, in the local management; the local management in—themselves. Wonderful faith! Touching, but costly!*

Time was when the management of this Lambton Colliery scourged the other coal proprietors, as with a whip of scorpions; but the tables are turned—they are now flagellating the shareholders of the Scottish Australian Company. They it was who brought the price of coal down to eight shillings; circumstances most singularly favoured them in thus reducing it, but not in assisting them to the goal they strove to reach. The price descended; their trade rose—not at all. This was when it might have been said with truth, that “the coal trade of New South Wales was overdone.” *Mais nous avons changé tout cela*; that trade is no longer overdone; on the contrary, such improvement has it of late manifested, that quite possibly the current year’s export may touch nine hundred thousand tons. The other proprietors can now ignore the doings of the Lambton management, who, if they continue to compete as they are now doing, must end by destroying the company they represent, and which atrophy now threatens.

In favour of this view, we adduce the following reasons:—Allowing, for the sake of argument, that the Lambton Colliery, by their reduction in price, should succeed in recovering their trade. The utmost output they could compass—and in this we are dealing most liberally with them—would amount to four thousand five hundred tons weekly, or, deducting two weeks for holidays, etc., two hundred and twenty-five thousand tons annually; an increase on their present export of ninety thousand tons. But this would merely increase the impossibility, if we may so express it, of paying any dividend whatever, and—as we have already shown—must diminish their capital stock by the value of those ninety thousand tons; whereas, to the other companies, accepting, say, nine hundred thousand tons as the current year’s export—we believe it will reach that quantity,—there will remain for their share, six hundred and seventy-five thousand tons. Their share for the past twelve months, deducting Lambton’s one hundred and thirty thousand from the seven hundred and thirty thousand exported, was six hundred thousand. Their aggregate increase for this year would thus amount to seventy-five thousand tons, which must be had even at their full price of eight shillings. *It would appear then, that the power of the Lambton Company for evil has departed from it; the other companies are now in a position to treat both it and its management with contempt.* And this, the result of the management the directors are so highly satisfied with! Well may a shareholder demand “the reason the company has come down to such a low ebb.” Well may he exclaim, “If Mr. Morehead was the cause of the

company's non-success, he ought to be removed from office." Well may "several other shareholders maintain that there had been gross mismanagement on the part of the company at home and abroad, and propose the appointment of a committee to investigate its present position." But faith, marvellous faith again prevailed! A motion on the subject was lost on a division!

In conclusion, *should this article ever come within the ken of a shareholder in the Lambton Company, let him read his directors' reports and then turn to the share-lists of the day; let him contrast the quotations of his own stock with those of the stock of the Australian Agricultural Company.* Let him ascertain how it is that the latter company's stock, with £21 paid up, is quoted at from £29 to £31, whilst his own is below par. It is quite possible these few comments of ours may enlighten him on that point. Glad shall we indeed be if they do, for his interests are our interests; if he prosper we shall do well, if he fail we shall have to participate in his loss.

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*Newcastle Chronicle, March 23, 1872.*

Latest accounts from home represent the coal trade to be in a state of unprecedented activity. The demand was reported to be exceeding the supply. The price of the article was steadily advancing. The prospects of the miners were improving; their work was full and constant. Colliery owners were doing exceedingly well, and there was every reason to apprehend a continuance of this prosperous state of affairs. Strange, the contrast presented by these accounts with the present position of the coal trade here, in the district of Northumberland. Here, *although the demand would appear to be inexhaustible, there seems to be something radically wrong in the matter of supply; we cannot send our coal away fast enough to meet the demand, and yet our prices are constantly receding, threatening in the end reduction of the miner's wage, or ruin to those employing him.* Where shall we seek the cause of the depression exhibited at this side of the world, of the scant fortnightly pay, of the complaints made by the storekeepers, town and country, of dulness of trade, of the small dividends received by mine proprietors; *of the exodus to the goldfields now but commencing, but promising, should the pioneers be successful, to leave mining managers with but few hands to work their seams, and those few in a position to demand an increased wage?* In this shall we find the cause—that there has been no unity of action between the masters, and that they have allowed one man, in an almost irresponsible position to *destroy their trade, and by destroying their trade to work havoc to all dependent thereon.* One would think that the past had had no lesson for them to learn, that there never before had been gold-digging in New South Wales, and that this had never taken men away in scores in search of the glittering metal that, found, paid them so much better for their labour than the incessant underground toil that pays so poorly. One would think, to watch the course of late events, that the deep-sinking and driving of the quartz-mines of the present day—more lasting and reliable than old surfacing-digging—labour to which the miner has been all his life accustomed, possessed no attraction for him, and that he was tied hand and foot to his bord and his kip. But this is far from being so. *There is not, as a class, a more reasoning and reasonable set of men than the miners; they understand the drift of all that is going on around them as well as most people; they see that the coal trade is being beggared, and they argue that in the wake of this follows beggary for themselves.* Gulgong and Tambaroora hold out to them temptations that, were they steadily employed and prosperous, they would think twice before yield-

ing to. But what are they to do? The argument is this: Is it better to wait until the evil day has overtaken them, or at once to strike out a new path for themselves, and to embrace the opportunity that quartz offers and coal denies?

We have seen already how that, at home, the men are prospering, and the masters, as a consequence, are following suit. But can the same be said of our coalminers and mines? Most certainly not. The masters cannot be expected to carry on their operations at a loss: as a consequence, their men, when the mines no longer pay fair interest on the money invested in them, must cease to be employed. To retain them in their present service would be matter of no great difficulty; they are not a migratory class by any means, but once they have departed and have struck out for themselves another and a new and more remunerative line of life, it will be by no means an easy task to induce them to return to the old calling that has thrown them over. To those who are concerned in the startling and suicidal reductions lately made in the price of our staple product, all this may appear but of little significance—possibly it may suit their views that, in the end, mining labour should become scarce and dear. There may exist, under the surface of doubt and mistrust engendered by their proceedings, an unfathomable depth of philanthropical intention, and a belief that out of their action will yet spring the regeneration of masters and men. We confess to being unable to regard their action in this light. Our view is limited to the present time, to what is now passing around us, and that which comes under our notice is anything but reassuring. Yet a little while, should there be no change for the better, and the prosperity of Newcastle and its neighbourhood will become as a legend of the past.

We really had thought, when last we wrote of the reductions *made without rhyme or reason by the Lambton Company*, that the management had done their worst, and that they would await further instructions from the Board of Directors at home before taking any further steps. The report of the last half-yearly meeting was not of a satisfactory nature, at all events to the shareholders; what they will say to the news when it reaches them, of still further reduction in the price of their coal, we shall not know for some time yet, but we should suppose they would hardly take it in good part. Nevertheless, such further reduction has been made, ostensibly with the idea of recovering the loss of trade their pit has been gradually but surely sustaining. Still, this is a matter which the shareholders, one would think, could be safely left to deal with, nor should we concern ourselves with it, were it not that the interests of the whole of the mining district and the port of Newcastle are placed in a position of extreme peril by the continuance of this system of under-cutting prices, which, not resulting in any of the benefits sought to be attained, disturbs the balance of the whole community.

Seeing, then, that it is demanded of us to deal with the subject, in the interests of the public generally, and believing that when we object to the pursuance of any system promising to act injuriously towards the public, we are also somewhat bound to suggest some measure whereby such injury may be obviated, we would submit the following proposition, which, we think, would have the effect of, to a great extent, neutralising the selfish policy of the management of the Lambton Company. *Let all the other collieries, the A. A. Company, the Co-operative, the New Lambton, the Wallsend, the Waratah, and, if need be, the Anvil Creek and Burwood, unite and agree not to put a single ton of coal—outside already existing contracts—on board ship under, say nine shillings per ton, and then select one of their number to fight the Lambton Company with their own weapons, reducing, step by step, with that company the price of coal, and supplying it at the same rate; any loss to the selected company being made good out of the extra shilling earned by the others. The profits being thus brought up to an uniform level amongst those*

*thus combining, the battle could be fought from the highest vantage ground, and the result would not long be doubtful.*

*The welfare of a whole community is at stake; coal-owners, miners, and tradespeople are all interested in this war now going on between the one company and the many, but only from united action on the part of the coal-owners, who must be after all the greatest sufferers, should the Lambton management persist in their course of folly, can relief be expected. The Lambton Company have thrown down the gauntlet, earnestly do we trust to see the other companies take it up and fight the fight out to the bitter end. None but will endorse their conduct, should they do so; they would be improving their own position and earning the lasting gratitude of hundreds whom the proceedings of this one selfish and unbusinesslike management are filling with disgust and despair.*

*The Lambton management are striking blow after blow, deep into the vitals of the mining and all other interests of this community; in self-defence, we advise blow being struck for blow, until, exhausted, the enemy lies prostrate and powerless for evil at the feet of the victors. Push the other companies out? Not yet has this been done. If any pushing out is to be accomplished, after what has lately taken place, we should infinitely prefer before anything else, the closing of the Lambton pit, with the disappearance from the scene of its Sydney representative. A victim, self-immolated on the altar of insatiable greed, and wondrous, monstrous insensateness, would be the verdict found. None would regret the holding of the inquest.*

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*Newcastle Chronicle, March 30th, 1872.*

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## REDUCTION IN PRICE OF COAL.

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*(To the Editor of the Newcastle Chronicle.)*

SIR—The recent reductions in the price of coal by the Lambton Company being the all-absorbing topic of the day, I crave a space in your valuable paper to make a few remarks upon the history of the coal trade, and the reasons assigned by the colonial agents of the Lambton Company for making the late and previous reductions. I may mention, that I am in favour of fair and legitimate competition, but where the interests of thousands of persons are concerned and jeopardised by a system of insensate competition, I think it high time that some of the circumstances of the case should be laid bare. One of the principal reasons assigned by Messrs. Morehead, Young, and Croudace, for these reductions is, that other coal companies were, by underselling, robbing them of their legitimate trade. In order to show the fallacy and unreasonableness of this statement it will be necessary to revert to the state of the coal trade previous to the Lambton Company commencing operations. There was a time when the A. A. Company had a perfect monopoly of the Melbourne trade, and enjoyed that monopoly uninterruptedly for a number of years, until the Wallsend Company opened up their colliery. The better quality of their coal did, in time, all but drive that of the A. A. Company out of the Melbourne market, an advantage they maintained until the Lambton Company started. The quality of the Wallsend coal was known to have deteriorated about this time, and to have lost its prestige in consequence of the

workings extending towards the dip. Here they met with large quantities of iron pyrites and other impurities running through their coal, so that all the care taken by the colliery and local managers to send a clean coal to market entirely failed. In the meantime the cleaner article supplied by the Lambton Company superseded that of the Wallsend, as the latter had done that of the A. A. Company, who, in turn, notwithstanding their large colonial influence, had to succumb, and Lambton took the lead for a time in the Melbourne market. These customers, which had previously dealt with the A. A. and Wallsend companies, are some of those which the Lambton managers choose to call "their customers," and which they complain of having lost through the "double-dealing" of other companies. Had new coal-consuming industries been commenced for the sole purpose of benefiting the Lambton Company, there might then have been some show of reason, if not of justification, for the use of the term "our customers," but the fact is they came into the trade at a time when the supply was far greater than the demand, and whatever trade they did get had previously been supplied by other companies, so that, in reality, if any have reason to complain, it is the A. A., Minmi, Burwood, and Wallsend companies, all of which were in full operation long before the Lambton Company was in existence. Having stated how the Lambton Company got, at least, part of "their customers," it may not be out of place to trace, in a measure, how they have lost them. It is well known that the quality of the A. A. Company's coal, from their pit No. 2, was superior to that they had been working previously, and that fact, coupled with the great facilities their private staiths gave for ready despatch in the loading of vessels, enabled them once more to recover their former trade in the Melbourne market. Thus the Lambton, like the Wallsend Company, having worked out their best coal, the A. A. Company took the lead of both, and re-occupied about the same position it did before either of the other companies entered the field. Hence the Lambton Colliery now begins to realise its true position, which is about the same as that of the Wallsend some years ago, before they had opened out their new coal-field, which yields a superior article to any they had previously produced from their former workings. It may be well here to mention, that the Minmi Colliery, at one time, not only supplied the Australasian Steam Navigation Company's contracts, but also nine-tenths of the coal consumed in Sydney; but the Minmi Company lost this trade, for the same reasons, and from similar causes that Wallsend, Lambton, and other coal companies lost their Melbourne trade. From the foregoing statements it will be perceived that the Lambton Colliery is by no means entitled to claim any as their special customers, since other collieries have each had them in turn, and it will also be perceived that each of the other companies have been placed in similar circumstances as regards those customers. But let us now review the conduct of the other companies when placed in like positions. Did the A. A., Wallsend, and Minmi Collieries have recourse to the same means that Mr. Morehead is pursuing to regain their customers? Did they, regardless of their shareholders' interests, reduce their coal below a paying price? Did they, for the purpose of forcing a trade, lose sight of all vested interests, and recklessly advertise their coal at a price which will barely cover working expenses? Did they ruthlessly sacrifice not only the interests of other companies, but also those of their own shareholders, thus giving to the foreigner what ought to have gone to pay dividends on capital invested, and keep up wear and tear? No, they did none of these things, but battled with the difficulties of their position as best they could, and by sparing no pains in producing a superior article maintained the character of the trade, and by these means secured more customers than any reduction in price would have given them. I can remember when, for nearly two years, the A. A. Company did not work more than half time, but the Colonial managers of that company, instead of reducing the price on that account, did all in their power

to get it increased, and so make up the loss occasioned by a limited vend, knowing, as every sensible man must do, that a small vend and a low price is like lighting a candle at both ends. Those interested in the trade will recollect the agreement entered into by the various companies (including the Lambton) with a view of establishing and maintaining a remunerative selling price for all coal shipped at the port. After mature deliberation, 10s. per ton was the price fixed as the minimum. This agreement lasted for a period of about eight months, and was then broken up solely at the instance of the Colonial representatives of the Lambton Company. The reason assigned for this breach of agreement was that the other companies were underselling them, and that in consequence they had suffered a loss of trade. How far this pretext was borne out may be inferred from the following facts.—During the eight months the agreement existed the Lambton Company sold about 15,000 tons more at 10s. than the A. A. Company did, while during the succeeding eight months, after the agreement was broken, and the price reduced to eight shillings., the A. A. Company sold 12,000 tons more than the Lambton, which tends to prove that if any additional trade was obtained by underselling whilst the agreement lasted, it must have been on the part of the Lambton Company. Moreover, at that time the annual vend of the Lambton Company exceeded that of any other in the trade by several thousands of tons, whereas at present it has fallen below that of several companies, and now only occupies a third-rate position in this respect. What then the value of this pretext, or where the gain to the company by the capricious and suicidal policy adopted by its Colonial managers? Another very strange reason, and one which ought to be paramount with the Lambton management is, that their shareholders were receiving 10 per cent. dividend when the price was 10s. per ton, but since the agreement was broken, 6 per cent., with coal at 8s. per ton, is the highest dividend they have been able to declare. What will their dividend be at 7s.? It is thus demonstrable, that while the vend of the company has not increased, it is equally certain that the dividends have decreased since the terms of the agreement were departed from, and it now becomes a question for the consideration of the shareholders whether, and in what way, they have forfeited by the action taken by their local managers. Directors and shareholders living at such a distance from the seat of operations cannot be supposed to be cognizant of all the circumstances connected with the coal trade here so well as those residing on the spot, otherwise the affairs of the company would not have been so compromised. It is well known that the other companies have exhausted every legitimate means to convince Mr. Morehead of the impropriety of his course of conduct, knowing, as they did, by experience, that reducing the price below a reasonable rate would not increase the amount of trade. All these attempts having failed, it was then proposed to establish a vend, the coal to be 10s. per ton, nett cash, and giving to each company a certain proportion of the trade done at the port, which was estimated at the time at 640,000 tons annually:—Wallsend Company, 120,000 tons; A. A. Company, 120,000 tons; Waratah Company, 120,000 tons; New Lambton Colliery, 90,000 tons; Co-operative Company, 60,000 tons; Lambton Company, 130,000 tons. This proposition was rejected by Mr. Morehead, and the scheme was abandoned in consequence. Subsequently, another proposition was made to Mr. Morehead, in which the other companies agreed to enter into a pecuniary bond, to raise and maintain the price of coal to a remunerative rate, providing he would give his bare word to follow. But he met this proposal with the same disdainful opposition he had done all the others. In the face of these overtures, how can Mr. Morehead say that the other companies were trying to deprive his company of a fair share of trade, when they actually offered to give him a vend of 10,000 tons more than any other company in the trade—not that the Lambton Colliery had more capital invested, but because they considered it better, when doing a small trade, to get a good return, rather than exhaust their

coalfields and get no profitable return at all. Did Mr. Morehead meet any of these propositions in a friendly or commercial spirit with a view to the benefit of his shareholders? No! He had recourse to mere subterfuge about crippling trade, &c., and, in substance, told the gentlemen who waited on him, that he did not consider there was 'an honorable man amongst them.' In the proposal to establish a vend, had no provision been made to meet an increased demand, then Mr. Morehead might have been justified in raising the objection he did; but such was not the case, because each company agreed to be bound, under a heavy penalty, to supply only a fair quota of any such additional increase. Had the proposal, also, to raise the price to 10s. per ton, been agreed to, it would have made 3s. per ton difference to Lambton, Waratah, and New Lambton, who are now selling at 7s. per ton, and of 2s. per ton to the A. A. Company, Wallsend Company, and Co-operative Company, who are still selling at 8s., making a difference to each company on the proposed vend as follows:—Wallsend Company, £12,000 per annum; A. A. Company, £12,000; Waratah, £18,000; New Lambton, £13,500; Co-operative £6,000; Lambton, £19,500; in all, £81,000 to the shareholders of the various companies. But this amount has been annually lost through the action of one man and his coadjutors, and given chiefly to the foreigner, without any commensurate advantage accruing to the colonial or intercolonial consumers. The trade here is in the hands of six companies, having no foreign producers of any consequence to compete with. It therefore shows an utter disregard of the circumstances of the case, as well as of the interests of those they profess to serve, by thus selling coal at a less price than they do in England, where the supply exceeds the demand to a much greater extent than it does in this colony. Report has it that it is the intention of Mr. Morehead to run some of the present colonial companies out of the market. Suppose that to be the case, and that he succeeded, would it not rather tend to injure his position than otherwise? Those collieries so run out of the market would then, in all probability, fall into other hands, who, not having passed through the ruinous ordeal, would be in a better position to compete with, and undersell, the Lambton Company, than any of the older companies. Take, for instance, a company with a capital of £100,000, which has been all expended in stocking the colliery with the most approved appliances. If the property of such a company, in consequence of the present low price of coal, should be forced into the market, the probabilities are, that it would not realise more than one-third of its value. The purchasers of such a colliery would become much more formidable opponents than the present proprietors, inasmuch as they have all the appliances and advantages of the larger capital, and only a dividend to pay upon the smaller. It would, therefore, be wiser, after all, on the part of Mr. Morehead, before proceeding any further with this scheme, to consider whether it would not be easier to deal with the old than a new proprietary under such circumstances. It is a well-known fact, that the *large contractors* in Melbourne would as readily pay 10s. as 7s. per ton, being more concerned in obtaining a fixed and settled price for the year; indeed the purchasers in Melbourne, New Zealand, Adelaide, and elsewhere, actually laugh at the stupidity and folly of the New South Wales coal proprietors. It will be seen from the foregoing remarks, that the Waratah and New Lambton collieries have also reduced their prices to 7s. per ton, but did not do so until Mr. Morehead had issued his circulars to the trade, informing them that the price of the Lambton coal, after a certain date, would be 7s. per ton. It is an acknowledged principle in all colliery working, that quantity will, in a given ratio, reduce the aggregate cost of production. Perhaps the Lambton managers calculated that by reducing the price to the present low figure their trade would increase in proportion, and thus compensate them for the difference between 8s. and 7s. per ton, forgetting all the time that even if such was the case they were exhausting their coal-field to realise a given result which would have been more easily accomplished upon

the lesser quantity and the higher price. On the other hand have they considered the probabilities of the other companies also reducing their price, which must have the effect of placing them in precisely the same relative position as before the reduction took place? It is no secret in the district that the manager has said, that Lambton *must* do a large trade, even if they have to reduce the price to 6s. per ton. We may, therefore, expect to have further reductions in that quarter, unless the shareholders step in and put a stop to this suicidal conduct. If the Colonial managers of the Lambton colliery were paid by a premium on the quantity raised, it would then be easily understood why quantity with them was a paramount consideration. Such a system would afford scope to the cupidity of unprincipled men, and induce them to regard their own personal aggrandizement before the interest of shareholders, or of any others which may be involved in the issue; but when such is not the case, I know of no other reason applicable to their conduct than that given by an old Scotchman, who used to say when remonstrated with for doing certain things—"I care not how bad I am, so long as other people are as bad." It may therefore be a consolation to Mr. Morehead to know that if the low price ruins his company, it will ruin the others also. In conclusion, I would ask Mr. Morehead—1st. Has he laid before his directors the many proposals made to him by the other companies to raise the price to a paying figure, more especially that of the vend, where they proposed to give him 10,000 tons more than any other company? 2nd. Has he told them that the very best of their coal-field is being worked out, and that every other colliery in the district has found that the quality of coal gets inferior as they are worked towards the dip, and that there is no reason to believe that their colliery will be an exception to the rule? 3rd. Has he told them that, in order to keep up this ruinous competition, encroachment after encroachment has been made upon labour, until it can bear no more? 4th. Has he told them that, this year, notwithstanding their having reduced the price of their coal, the output of their colliery will be about 20,000 tons less than that guaranteed in the proposed vend? 5th. Has he told them that the other companies have, over and over again, requested him to raise the price, and that they would bind themselves to sell at the same rate? 6th. Has he told them that the other companies were willing to enter into a pecuniary bond to sell at a fixed price of 10s., if he would only give his word to do the same? Lastly, and above all, I would ask him whether he has told his shareholders that his breach of the agreement to sell at 10s. has lost them £19,500 per annum, which (taking their capital at 130,000) would have given them an additional dividend of nearly 15 per cent.? If not, then, in justice to the trade in general, and his shareholders in particular, I hope he will do so; and I venture to affirm that, if the shareholders of the Lambton Colliery will cause an investigation to be made into the truth, or otherwise, of these allegations, they will find all that I have stated fully borne out, and, further, that all the other companies are prepared, at any time, to raise the price of coal. Apologising for the length of this communication,

I am, yours, &c.,

ARGUS.

The following is a copy of the circular referred to in the foregoing matter:—

*Lambton Colliery Office, 3, O'Connell-street,*

*Sydney 30th November, 1871.*

The following will be the prices and terms of payment for Lambton coal until further notice:—Screened coal, 7s. 6d. per

ton; unscreened, 7s. per ton; small, from 1st January, 1872, 3s. 6d. per ton, put on board ship, Newcastle, by the Government cranes or staiths.

Terms—cash, with the following allowances as respects screened and unscreened coal, namely:—To purchasers in any one year of 5000 and less than 10,000 tons,  $1\frac{1}{4}$  per cent.; 10,000 and less than 20,000, 2 per cent.; 20,000 and upwards,  $2\frac{1}{2}$  per cent.

R. A. A. MOREHEAD.

M. YOUNG.

NOTE.—Orders to be addressed as above, or to the shipping agent of the colliery at Newcastle. It is desired that it may be borne in mind, that the name, New Lambton, has been assumed without the sanction of the owners of Lambton, on behalf of an entirely different colliery.

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[APPENDIX B.]

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*From the Daily Telegraph, London, 10th January, 1872.*

A prospectus has appeared of the Australian and Oriental Coal Company, with a capital of £300,000, in shares of £10 each. The object is to acquire the Minmi and New Lambton Collieries at Newcastle, in New South Wales; to supply the chief ports of India and the Eastern Seas, the Intercolonial Ports, and those in the Pacific Ocean with Australian coal, to meet the demand which the opening of the Suez Canal has rendered necessary, and to purchase steam colliers for the use of the company.

Messrs. Chadwicks, Adamson, Collier, and Co. are authorised to offer for Subscription, 22,000 shares of £10 each, in the

AUSTRALIAN AND ORIENTAL COAL COMPANY (LIMITED).

For supplying the ports of India, China, Japan, the Pacific, and the Australasian Colonies, from the company's collieries at Newcastle, New South Wales. Capital £300,000, in 30,000 shares of £10 each. The shares to be paid as follows:—£1 per share on application, £2 per share on allotment, £2 1st April, £2 2nd June, 1872, and the remainder as and when required. The present issue of 22,000 shares will be entitled to priority in dividends to an aggregate of 50 per cent. within the first five years, or 10 per cent. per annum consecutively, before the remainder of the company's capital receives any dividend.

DIRECTORS.

Peter McLagan, Esq., M.P. (Director of Queen's Insurance Company),  
Chairman.

Sir Seymour J. Blane, Bart., C.B. (late Secretary to the Viceroy of India),  
 Victoria-square, S.W., and the Pastures, near Derby.  
 Major Trevenen Holland, C.B., Tremayne, Upper Norwood.  
 William Chadwick, Esq., 3, Pembroke-gardens, Kensington, W.  
 William Carleton L'Estrange, Esq., Upper Norwood.  
 Joseph Jee, Esq., C.B., The Manor House, Market Deeping, Lincolnshire.  
 Alexander Brown, Esq., Colliery Proprietor, Newcastle, New South Wales.  
 Solicitors—Messrs. Ashurst, Morris, and Co., 6, Old Jewry, E.C.  
 Bankers—London and County Bank, 21, Lombard-street, E.C. and Branches;  
 the Consolidated Bank (Limited), Manchester.  
 Auditors—Messrs. Chadwicks, Adamson, Collier, and Co., 65, Moorgate-  
 street, E.C.  
 Offices—65, Moorgate-street, E.C.

## PROSPECTUS.

1. This company is formed for the purpose of acquiring the Minmi and New Lambton Collieries, at Newcastle, in New South Wales, and for supplying the chief ports of India and the Eastern Seas, the intercolonial ports, and those in the Pacific Ocean, with Australian coal, to meet the demand for coaling facilities which the opening of the Suez Canal has rendered necessary, and also for acquiring steam colliers for the use of the company.

2. The demand is being further augmented by the extension of railways and gas companies in India and other eastern countries. The rapid increase of the populations of Australia and New Zealand, and the natural development of those great colonies, will also add materially to the consumption of coal, and proportionally increase the local trade of the collieries.

3. With these objects a contract has been made for the purchase of the two extensive coal mines at and near Newcastle, New South Wales, which are now disposed of in consequence of the intended dissolution of partnership of the proprietors. From information obtained by the Board, these mines are now capable of putting out *half-a-million* tons of coal per annum, of excellent quality for steam and gas purposes, and now used for the latter purpose by the Bombay, Singapore, and other Gas Companies. The vendors have carried on the business for twenty years, and the present plant and machinery is estimated to be capable of raising and shipping the before mentioned quantity, and which can at any time be considerably increased.

4. The larger of these two properties, known as the Minmi Colliery, possesses freehold coal lands to the extent of about 2725 acres, covered with valuable timber, with four principal seams of coal from six to ten feet in thickness, the deepest of which is within sixty fathoms of the surface. It is situated about ten miles from the shipping port of Newcastle, with a private railway of six miles which joins the main line, carrying its coal to the wharf for shipment. The plant of this colliery embraces locomotives, coal-waggons, stationary steam-engines, and everything necessary for the perfect working of the mine. There are also cottages for the miners, residences for superintendents, workshops, sheds, stabling, and clerks' offices, constituting altogether a large village.

5. The New Lambton Colliery is situated at Newcastle itself. It has a railway to the shipping wharf, and comprises about 906 acres of freehold land, with a complete plant. A seam of coal only twenty fathoms from the surface, of 8 feet 10 inches in thickness, and of valuable quality, is now in full work. On this colliery also several seams of coal exist of similar thickness and relative depths as at the Minmi Colliery, and on the property the English and Australian Copper Company have constructed works for the smelting of copper ores, and by special agreement are bound for twenty years, from 1870, to consume its small coal, at a price which will yield a considerable income from that source. These facts are shown by a special survey, now in the company's possession, made in the month of October, 1870, for the late Sir William Denison, formerly Governor-General of Australia.

6. The quality of the Australian coal for steam purposes bears a high reputation in India, China, and the Eastern countries generally. Its value for such purposes has been proved by experiments carried out at Woolwich, as shown by a report in the company's possession. With respect to its quality for gas and coke making, Mr. Abel, chemist to the War Department, has reported as follows :—

"The quantity of volatile matter furnished by the coal amounted to 71 per cent., and 29 per cent. of a light and very porous coke were obtained. The coal is therefore of a highly bituminous character, and would probably be found excellently adapted for the manufacture of gas."

7. The port of Newcastle is situated on the eastern shore of Australia, at the mouth of the River Hunter, sixty miles from Sydney. It possesses a secure harbour, with extensive wharfs for the shipment of coal, fitted with steam cranes and all necessary appliances.

8. The price of the two collieries, including the six miles of railway, buildings, and lands, is £130,000. The plant, both fixed and moveable, is to be paid for at a valuation, which is not, in any event, to exceed £50,000. In payment for both collieries and plant the vendors agree to accept for the purchase-money £80,000 in deferred shares, and the balance in cash. Such deferred shares not to rank for dividend till 10 per cent. has been paid on the ordinary shares for five consecutive years, or an aggregate of 50 per cent. within a less period.

9. In order to ensure constant employment to the collieries, it is proposed to purchase or build four screw colliers, capable of carrying 1500 tons of coal each, and to work them in connection with the collieries in the intercolonial trade. That trade now amounts to half a million tons per annum, of which these four colliers will supply at least 200,000 tons. This work is now most imperfectly done by small sailing craft, of from 50 to 100 tons, and so uncertain is the supply at Melbourne during the winter, that the price of coal there occasionally goes up from the ordinary wholesale price of 21s. to 50s. and upwards a ton, while the screw colliers could land it at 21s. a ton at a large profit to the company. The Directors can speak with much confidence of the great advantages to be derived from the employment of the proposed steam colliers. Indeed, such vessels constitute a necessary part of the undertaking; for with two extensive collieries, one having shipping appliances of its own on the river—not subject to any interruption from the public,—and the other having constant access to the Government steam cranes at Newcastle, there can be no occasion whatever for delay in loading and despatching the vessels. The estimated annual returns from the two collieries, when these screw colliers are in full work, will be as under :—

200,000 tons, being the present average out-put from the collieries (sold at the shipping price of 8s.), at a net profit of 1s. 9d. per ton	£17,500
200,000 tons, in addition, it is calculated, will be shipped to the intercolonial ports by the company's colliers at a net profit of 7s. 6d. per ton, including the profit on the colliers (but take it at 5s. per ton)	50,000
50,000 tons to the India, China, and other foreign ports (under the lowest estimated quantity), at a net profit of only 3s. 6d. per ton	8,750
<hr/> 450,000	
Estimated net income from small coal to Copper Company (as per agreement mentioned par. 5 above)	5,000
Estimated total net annual income	<hr/> £81,250 <hr/>

10. The information obtained as to the capacity and value of the mines is of a very satisfactory character. Surface land adjoining the New Lambton Colliery is selling at £120 *per acre* for building purposes, and adjoining the Minmi at £50 *per acre*; it is, consequently only reasonable to assume that the possession of freehold estates of nearly 4000 acres in the great mining district of New South Wales, having, in addition to their large surface value, proved seams of coal each containing upwards of 20,000 tons, or an aggregate of 80,000 tons to the acre, affords an ample guarantee to the shareholders against any possible loss of capital. Indeed, as a coal-field, these estates are practicably inexhaustible.

11. *The above calculations were made by the late Sir William Denison, to whom these properties were well known, and at whose instance a special survey and report were made, under the immediate supervision of the Government Coal Examiner of New South Wales. Sir William Denison, up to the time of his death, acted as chairman of the meetings convened for the organisation of this company.*

12. The difference in the prices at which coal can be laid down at the ports of the East of Australia and from England respectively is so much in favour of Australia (averaging indeed about 7s. a ton), that it is not unreasonable to assume that a large share of this trade must eventually lie with Australia. It will be a special object to secure continuous contracts with the regular steam lines in the Eastern seas, as well as with the Indian Railways and Gas Companies.

13. The annual consumption of English and Australian coal at the Eastern and Pacific ports, by reason of the opening of the Suez Canal, will, it is believed, be increased from one million to a million and a half tons. Of that quantity this company contemplate supplying upwards of one hundred thousand tons by means of arrangements which they fully expect to realise, although they have put only 50,000 tons in their estimate.

14. The cost of raising and shipping the coal at the New Lambton Colliery, according to the special reports obtained, every expense counted, is 6s. 4d. a ton; but at the Minmi Colliery, which uses its own railway and shipping appliances, only 5s. 6d. a ton. The present shipping price is 8s. Comparing these rates with the prices of coals at the Colonial, Indian, and China Ports, this company cannot fail to make large profits.

15. The articles of association, and contract of purchase, plans, valuations, and surveys of the estates and mines, as well as a plan of the port of Newcastle, and of borings exhibiting sections of the coal measures, can be seen, and prospectuses and forms of application for shares obtained at the offices of Messrs. Chadwicks, Adamson, Collier, and Co., 65, Moorgate-street, London, E.C., and 64, Cross-street, Manchester. Should no allotment be made the deposits will be returned without deduction. No promotion money will be paid to any person in connection with the undertaking.

A contract has been entered into between James Brown and Alexander Brown, of Newcastle, New South Wales, of the first part, and the Australian and Oriental Coal Company, Limited, of the other part, and dated January 9th, 1872.

#### APPENDIX.

The following are the *cost prices* at which coal can be laid down at the undermentioned ports from Newcastle, New South Wales, and from England respectively:—

		From the Company's Collieries, Newcastle, New South Wales.		From England.	
		<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>
At Shanghai	... ..	44	0	54	0
„ Hong Kong	... ..	34	0	37	6

From the Company's Collieries, Newcastle, New South Wales.		From England.	
	s. d.	s. d.	
At Batavia ... ..	25 0	33 6	per ton.
„ Singapore ... ..	28 0	34 0	„
„ Bombay ... ..	33 0	41 0	„
„ San Francisco ... ..	40 0	44 0	„
„ Calcutta ... ..	24 0	27 0	„
„ Galle ... ..	26 0	30 0	„
„ Japan ... ..	34 0	54 0	„

The cost of insurance is included in the above prices.

## [APPENDIX C.]

### A FEW NOTES TOUCHING THE AUSTRALIAN AND ORIENTAL COAL COMPANY, (LIMITED).

In reference to No. 1 clause of the Prospectus, I have little to say, unless I add to it “also for the purpose of easing any simple-minded people of any surplus cash they may have saved.”

As regards No. 2, who can say what the future may bring forth? During the past seven or eight years, I have heard sundry remarks as to what the trade had to be each year, the idea of the demand being equal to the supply has been conceived, but not yet born.

No. 3 carries with it the first information to this side of the world, of the dissolution of partnership between James and Alexander Brown;—then comes the statement that, “these mines *are now* capable of putting out *half-a-million* tons of coal per annum. This is a most deliberate falsehood. New Lambton is now only doing a trade of about 90,000 tons per annum, and would tax its utmost powers to produce 160,000 tons per annum; whilst Minmi has been utterly abandoned for the last three or four years, owing to the influx of the waters from the main creek, which flooded the whole of the workings, even to the pit's mouth, and led to the ruin of the Minmi Melbourne Coal Company, to whom the Browns had just previously sold it. Then we have, “the vendors have carried on the business for twenty years, and the present plant and machinery is estimated to be capable of raising and shipping the before-mentioned quantity, and which can at any time be considerably increased.” I should imagine the plant and machinery must be considerably depreciated after such wear and tear.

In clause 4, it is stated, four principal seams of coal occur from six to ten feet in thickness. This may be true, but it is very deceptive; there is only one workable seam, the other three are bad and useless, and have never been worked. The plant formerly belonging to Minmi can now be seen principally at New Lambton, so that an immense quantity of new plant would be required for Minmi. Cottages, workshops, sheds, stabling, &c., still exist at Minmi, reminding one of Goldsmith's deserted village.

Clause 5. New Lambton is not at Newcastle. It is about five miles from Newcastle by railway, three miles of which is the Government Railway, and only two miles belonging to New Lambton. A seam of coal, 8 feet 10 in thickness may exist, but certainly not of good quality, for the Messrs. J. and

A. Brown have found it desirable to work on the top of the jerry, which lies about 2 feet 6 inches from the thill, or bottom, owing to the bottom coal being so inferior; the average actual thickness of workable coal is about 5 feet 6 inches. At this colliery, the same as at all the collieries in the Newcastle District, there is only one workable seam of coal—and *only one worked*.

The English and Australian Copper Company have not erected works on the New Lambton property, but on a small piece of land about a mile and a quarter distant from this property.

Respecting clause 6, I believe it will be found that Australian coal is equal to the average of English coal.

No. 7. The port is fairly good—might be made better.

No. 8. The assuming modesty of the vendors, in asking such a low figure as £180,000 for these collieries, is really very striking, particularly when reflected from the point:—"Deferred shares not to rank for dividend till 10 per cent. has been paid on the ordinary shares for five consecutive years, or aggregate of 50 per cent. within a less period."

No. 9. Screw colliers, of 1500 tons, would be almost useless in the trade, for they could only load at special cranes: they could not load at any of the Government shoots, nor could they possibly go up the river to Minmi shoots, for there is not depth of water. Then there are places both in Sydney, Melbourne, Adelaide, New Zealand, &c., that they could not discharge at, so they would be of little value. The vessels trading to the intercolonial ports are really fine vessels, running from 350 tons to 900 tons, and not from 50 to 100, as here represented. There are also some very good screw-colliers, carrying from 500 to 850 tons—instance "Blackbird," "Hero," "You Yangs," "Dandenong," and "Macedon." For the last ten years I have only once known the price of coal, in Melbourne, go up to somewhere about 40s., not 50s. as stated, that was owing to contrary winds, and may not happen again for a life-time. This is a monstrous perversion of the truth.

No. 10. Value of land at Minmi is *nil*. I have known an allotment, one-quarter acre and house, unsaleable at £5—the place is abandoned. Respecting the proved seams, containing an aggregate of 80,000 tons to the acre. I have already shown that the only workable seam in the whole district is about an average thickness of 5 feet 6 inches, at New Lambton. Then, taking the ordinary calculation of 1510 tons to an acre, 1 foot thick, we have 8305 tons to the acre, of which, probably, with very careful management, 6000 may be extracted. I fancy there is a slight difference between 80,000 and 6000 tons per acre.

No. 11. I imagine Sir William Denison was in his dotage, otherwise he never would have made such absurd calculations, nor allowed his name to appear in connection with such an outrageous prospectus.

Nos. 12 and 13. I would remind these A. and O. Coal Company people that there are other coal-owners, in the Newcastle District, to compete with them in the supply of coal, and it may not be such plain-sailing as they expect.

Nos. 14 and 15. Not worth noticing.

In conclusion, I would say, the whole affair is a tissue of misrepresentations and falsehoods.

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## [APPENDIX D.]

*Extract from the Melbourne "Argus," 10th April, 1872.*

We have now before us a prospectus which was published in the London *Daily Telegraph* of the 13th of January last, in which nearly all the principal

statements are gross exaggerations. The document to which we allude is the prospectus of a company, to be called the Australian and Oriental Coal Company, formed for the purpose of buying up the Minmi and New Lambton Collieries, at Newcastle, New South Wales. The nominal capital of the company is £300,000, and the public are invited to subscribe for 22,000 shares, at £10 each. The price of the two collieries and plant is fixed at £130,000, the vendors generously offering to take £50,000 cash, and the balance in shares. We think there are a few gentlemen in Melbourne who some time since would have been glad to get rid of their share in the Minmi coal-mine for a sum ridiculously small as compared with that now asked for it, and who ultimately lost every penny they invested in it, and a large amount besides. This fact, however, would not prove that the mine was worthless, and it would perhaps be unfair to contend that coal does not exist in payable quantities on the property in question, or that it cannot be profitably worked.

The objection we make is to the flagrant misrepresentations contained in the prospectus, by means of which it is sought to float the company and dispose of the shares. One of the paragraphs in this remarkable document runs as follows:—"In order to insure constant employment to the collieries, it is proposed to purchase or build four screw colliers, capable of carrying 1,500 tons of coal each, and to work them in connexion with the collieries in the intercolonial trade. That trade now amounts to half a million tons per annum, of which these four colliers will supply at least 200,000 tons. This work is now most imperfectly done by small sailing craft of from 50 to 100 tons, and so uncertain is the supply at Melbourne during the winter that the price of coal there occasionally goes up from the ordinary wholesale price of 21s. to 50s. and upwards a ton, while the screw colliers could land it at 21s. per ton at a large profit to the company. The directors can speak with much confidence of the great advantages to be derived from the employment of the proposed steam colliers. Indeed such vessels constitute a necessary part of the undertaking."

The man who could crowd more misrepresentations than are contained in the above into a single paragraph would be entitled to be regarded as a professor of equivocation. In the first place it is utterly untrue that Melbourne is principally supplied with coal by sailing craft of the description mentioned. The steamers *Omeo*, *Blackbird*, *Macedon*, *You Yangs*, and *Dandenong*, are almost regularly in the trade, whilst the sailing vessels are of far larger tonnage than is stated. For years past the average wholesale price of coal in Melbourne has only ranged from 19s. to 21s. per ton. Once during very exceptional weather, when sailing vessels and steamers were alike unable to make the port, coal went up to something like 40s. per ton, but this only lasted for a week or so, and such a circumstance may perhaps never occur again. Then it is absurd to talk of employing steamers of 1,500 tons in the service. They could not come up to the Yarra wharves, and would either have to discharge at the Sandridge pier or send their cargoes up by lighters. Either method would add considerably to the original cost of the coal, and the employment of such vessels for such a purpose would be sufficient to ruin any coal company in Australia.





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FURTHER NOTES



ON THE

COAL TRADE OF NEW  
SOUTH WALES.

BY

R. A. A. MOREHEAD.



SYDNEY:

PRINTED BY ROBERT BONE, "PHENIX" OFFICE,  
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1872.





# FURTHER NOTES

ON THE

# COAL TRADE OF NEW SOUTH WALES.

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IT seems unavoidable that I should follow up my "Notes on the Coal Trade" by some further narrative bearing on the subject. I begin by appending the only thing in the shape of a reply to these notes that has appeared. It is in the form of a letter to the *Sydney Morning Herald*, and runs as follows:—

[Reprinted from *Sydney Morning Herald* of 15th June, 1872.]

## THE COAL TRADE.

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*To the Editor of the Herald.*

SIR,—A pamphlet entitled "Notes on the Coal Trade," has recently been published in this colony for circulation here and in Great Britain, being a defence by Mr. R. A. A. Morehead of his policy in reducing the selling price of colonial coal. That a gentleman of so much reserve should have felt a public vindication necessary, is of itself a proof that the case was *prima facie* against him. As the matter is one of general colonial interest, I trust that you will allow me space for a few remarks on the subject.

The price of coal in England has lately made a great advance, yet contemporaneously with this the price in the colony has fallen. The local producer gets none of the benefit, but on the contrary is worse off than before. The only gainer, so far as our foreign trade is concerned, is the shipowner, who gets in additional freight what we throw away in the price. The price

the colony was at the rate of five per cent. per annum, and on the vend this represents about a shilling a ton profit. The subsequent reduction of a shilling is therefore equivalent to the extinction of this dividend. If all the companies should come down to the present low rate, and if it is true that Lambton can only keep together a business by underselling, then Mr. Morehead must further reduce to 6s. 6d. or 6s., and that means not only no dividend, but a positive annual loss. The argument for union, which to Mr. Morehead is so abhorrent, is simply this—that there is trade enough, if equitably divided, to give a fair dividend to every colliery, and that this may be done without raising the price to a point that would bring new collieries into the field.

Mr. Morehead reprints an opinion of Sir James Martin's to the effect that his rivals were guilty of conspiracy when, on a particular occasion, and under very great provocation, they, as an act of retaliation combined for a few weeks to undersell him. Nobody doubts Sir James Martin's legal ability, but the opinion is worthless, simply because the case stated contained only HALF the truth. Had the whole truth been told the opinion would have been very different. But it is not worth while to re-discuss an incident that has no bearing on the general argument.

In the above remarks I have endeavoured to confine myself to the essential points of the argument contained in the pamphlet referred to, and I have only discussed them at all because I believe that Mr. Morehead, notwithstanding the high personal reputation he deservedly enjoys, has, by the course he has pursued, seriously compromised the interests of those he represents, and inflicted a grievous and most unnecessary injury on those whose capital is invested in our colonial collieries.

ONE INTERESTED.

To this I rejoined as follows :—

#### THE COAL TRADE.

ON the 15th of last month, being the day on which the English mail closed, there appeared in the *Sydney Morning Herald*, a communication with the above heading, and having appended to it by way of signature the words "One Interested." The object of this communication is to controvert views put forth by me in a pamphlet issued a month previously. Although I do not consider that I have a very formidable antagonist to deal with in this writer, nor indeed that much more is necessary than to refer him, or any reader of his, back to the document he criticises for the refutation of his arguments and representations, I would make the passing remark that in my view a fair opponent would not have chosen the day I have mentioned for writing against a representative of an English Company, thereby shutting out

such representative from putting before those for whom he acts any rejoinder he might desire to make to the animadversions that had been passed upon him. Nothing but an urgent pressure to meet an attack, and a very limited measure of time for marshalling the matter to be dealt with could, I conceive, justify such a procedure, and neither of these conditions existed in the present instance. It so happens, however, that the breach of right feeling which I have referred to is of little practical importance in the case under consideration. It has indeed been a question with me, if there was a call on me to notice in any way the delivery of "One Interested," seeing that the public may have had enough of this coal trade question, while for myself, I should be only too glad to be left to devote myself to my daily work without being called on to notice "Interested," or other critics, counsellors or misrepresenters. But having decided that it is on the whole best that I should, as a final dealing with the question as a subject for public discussion, go over *seriatim* the arguments or representations that have been urged by the writer I have referred to in contravention of the views I have expressed, I thought it well in the first place to ask that gentleman to inform me in what respect a statement contained in my pamphlet, and characterised by him as only "half the truth," was defective. After a delay of more than a fortnight I have received a lengthy manuscript addressed to me personally by way of a rejoinder to my inquiry. I shall give what I consider due attention to this communication when I come to the part of the delivery I am about to consider that relates to it. I refer to it now to account for the delay that has taken place in the issue of this counter-delivery, a delay most annoying to me for, it entails on me an irksome and disagreeable task, just as mail time approaches, when most of us find enough to employ us in the discharge of our ordinary duties. But to proceed with my unpleasant duty.

This writer commences by referring to my pamphlet as a defence of my policy in reducing the price of coal. It would be more correct to describe it as an attempt to combat very erroneous views that had been promulgated as to the conduct of the coal trade in the colony, and which had recently been embodied in a scandalous publication expressly directed against me. The great end aimed at in this production, and most unscrupulously pursued, was to prevent me from carrying on the business of the Lambton Colliery in the manner that I considered most conducive to the interests of its owners, and this certainly did involve a recent open lowering of the price of Lambton coal.

The writer then proceeds (I presume towards refuting the views I had expressed) with the following statement, the application of which is far from obvious:—"The price of coal in England has lately made a great advance, yet contemporaneously with this, the price in the colony has fallen." It might with

equal truth have been said recently: "The price of beef and mutton in England has lately made a great advance, yet contemporaneously with this, the price in the colony has fallen." In both cases two facts are stated of a similar character, why should they be differently dealt with, for it has not yet been propounded that there should be a combination to 'get up' the price of sheep and cattle in the colony? or, to confine our consideration simply to the *ad captandum* jingling antithesis which I have quoted, why should not coal be dear in England at present and cheap in the colony if the relations between supply and demand respectively in the two places give rise to this state of matters?

Then, it is said "the local producer gets none of the benefit," &c. This is mere absurdity. Why or how should the colonial producer, for I suppose he is meant, receive benefit from a demand pressing on the supplying power in England? There are two facts plain enough; a rise in England from an increased demand, a fall in the colony from a short demand relatively to the supplying power. These are independent facts resulting from clear definite causes. If the cause now affecting the price of coal in England comes into operation here, we shall have a similar result to that now showing itself in England, and vice versa. It may, indeed, be, that as in the case of beef and mutton, the high price of coal in England may lead to an increased demand for colonial coal and give it an additional value, but this change must be allowed to develop itself, and would be retarded and not promoted by any attempt at a combination with its accompanying degradation. The gain or loss of the shipowner next referred to is a matter I consider it unnecessary to deal with here. "One Interested," next says, "The price of wool has lately risen, so has the price of copper and that of tin." Then comes this very unnecessary question: "Suppose the colonial producers of these articles had gained none of the benefit, would the colony have been in its present prosperous condition?" Then the further question, "Why should our coal owners alone be condemned to forego the prospects of profit?" No answer is given by the writer to either of these exclamatory queries, but what is meant to be conveyed can only be this: Wool and copper and tin having risen greatly in price (in consequence of an increased demand) to the great benefit of the sheepfarmer, and the owners respectively of copper and tin mines; why should our coal owners who produce an article for which there is a short demand be condemned to so different a fate? Surely the reply is easy enough—indeed, I have unavoidably, in putting the question in shape, indicated the flagrant *non sequitur* involved. It is because the industry the coal owner has devoted himself to is at present subject to different circumstances or conditions from those which affect the others. To go into the matter a little further—it is not pretended that the prosperity of the flourishing industries specified

is due to combinations or binding agreements—the cure prescribed for the unprosperity of the coal owner—on the contrary we know well these prosperous industries are carried on in a free competitive spirit. Let us begin with woolgrowing. Is it not the constant effort of the sheepfarmer to produce wool at once good and cheap? Does he not send his wool to market to compete with the produce of other flocks? Looked at carefully, a wool sale is more a competition between producers than purchasers. When the supply goes ahead of the demand, this competition entails loss on the sheepfarmer who has inferior country and inferior stock, and we know as a sad truth that within the last few years sheep stations have been abandoned, and their owners ruined, because of the unremunerative price of wool; as far as they were concerned, or to put it in a different way, because they could not compete successfully with flockowners possessing advantages over them. Yet I have not heard the latter class of producers vilified as having sought the ruin of their brethren. Woolgrowing has recently become generally remunerative, mainly by the agency of an increased demand, but the same result would have been brought about (indeed was in course of being so) had that increased demand not arisen, by a diminution in the supply, or a checking of the increase thereof, so as to keep it in a fair state of parallelism with an advancing consumption. In other words, only sheep stations that would pay, by the sale of their produce in the open market, would have continued to be carried on. Coming to copper we have a similar story to tell. Some years ago, a fall in the price of this metal set in, from the usual cause—an excess in the supply relatively to the demand. This fall continued from year to year, and one copper mine after another ceased to be worked. I suppose “One Interested” would put it that the owners of these were ruined by their surviving brethren. Very recently, as we all know, copper has come into increased demand; the price has risen, and mine after mine, previously abandoned, is coming to be worked, and new ones are being opened. As respects tin, a similar change to that which has affected wool and copper has taken place, except, I believe, that tin had not been previously subjected to so great a depression in price. Most assuredly the price was not “got up” by a stringent agreement among tin producers who could not find by open trade a remunerative market for their produce.

What I have to say, therefore, to this writer, in reply to his illogical reference to flourishing and unflourishing industries, is that there is no royal road (so to speak) for an industry in the latter position to prosperity, but that it must attain this, even as the industries he has cited as flourishing have reached it, first meeting adversity as they have met it.

I have dwelt lengthily, and yet hurriedly, on the short and absurd paragraphs with which “One Interested” commences his

delivery; but this will enable me, I think, more easily and briefly to dispose of what follows.

I have now reached paragraph 3, and it is not difficult to dispose of. It commences with a reference to the ten-shilling agreement, and then goes on to speak of the reduction to 7s. by Lambton, repeating very much, but in more courteous language, the representations thereupon that were conveyed in the pamphlet which I have dealt with. The writer then proceeds to remark that the reduction in price had not stimulated consumption. Had he stated that it had not materially done so, he would have been right; but the same remark would have applied in the case of the fall in the price of wool, which took place some years ago. The writer is certainly wrong in what he says with reference to foreign markets, and to cases when orders are given requiring that coal, if shipped at all, should be laid down at not more than a specified cost. The writer represents, correctly, that the demand for freight is greater than the supply. This being the case, it is obvious a fall of 2s. or of 3s. in the cost of coal at the place of export would enable a shipper or intending shipper to tempt shipowners with a higher freight to that extent. The result would, therefore, be that more vessels would be chartered, and more coal shipped when coal was cheaper; for it cannot be doubted that in some cases two or three shillings will turn the scale as respects the inducement to take or decline a charter. But all these considerations have really little bearing on the question at issue.

Paragraph 4 commences: "It is a very pertinent question," &c. I am tempted to suggest that a little prefix to one of the words I have just quoted, would aptly characterise the greater portion of what follows in the communication I am considering, inasmuch as this writer may be said to haul "Mr. Morehead" over the coals for his management of the business of the Lambton Colliery, in the interests apparently of the owners thereof. I will not, however, just yet deal with the writer's qualifications for the office of protector of these interests. I will first state that I certainly refuse to adopt the doctrine he apparently holds, that lowering the price of coal is the one unpardonable crime; on the contrary, I consider it a very proper proceeding under certain circumstances. I deem it equally proper, under fitting circumstances, to maintain or raise the price. The occasions on which Lambton lowered the price of coal are not correctly stated in the paragraph I am now considering. I would remark in particular that the reduction to 8s. 3d. first mentioned was a following of suit on the part of Lambton from a price previously in excess of that charged by the other collieries in the case of a material portion of their business. These are questions, however, of comparative unimportance to the main issue, which I think I may fairly state, to be whether I am right or heinously wrong in maintaining that in the coal trade the

same rules and principles should be recognised as are found fitting in other branches of business.

My critic has an apparent advantage over me in being able to quote expressions used by me that might have been justly viewed as objectionable and boastful, had they been gratuitously put forth, and not rendered necessary (as any candid person must admit) under the circumstances disclosed in my pamphlet. I hold, indeed, that even the distorted and offensive statement of the case given by "One Interested" fully justifies the action taken by Lambton, so far as the principle involved is concerned. As regards this, it will stand justified even in the event of there being ground for the imputation that those in the management of Lambton have formed an overweening estimate of that colliery. I would add here, as an indication of my sincerity in the views I have expressed, that I can quite recognise the possibility of a state of matters existing which would make it my duty to close a colliery under my charge, and withdraw from the field. I by no means expect that "One Interested" will agree with me as to what are the "inherent powers" or what the birthright of Lambton. I would state, however, that one right I must maintain on her behalf is that of being managed by her own people and not coerced by "strangers," and all I have sought of those connected with the other collieries is, that they should limit their attention to their own affairs. It appears to me I am here called upon to be a little specific in referring to the competitive action I have felt it my duty to take. One of the competing collieries in the Newcastle district is that known as the Co-operative Mine, so called in consequence of its having been opened and worked by a body of miners on the co-operative principle. The speculation however, failed, and the mine passed into the hands of the mortgagee, who now possesses and works it. I acknowledge that I have felt with regard to this undertaking, that if it were a question between it and Lambton which was to have a fairly adequate trade, I was bound to contest the point on behalf of Lambton, a colliery nearer the port, and started and fully equipped by a company specially formed to carry on mining in Australia. I have felt all the more called on to say, with regard to this colliery "rather Lambton than it"—because I bear in mind that soon after my last return to the colony, our late coal salesman informed me that a customer of ours had had the co-operative mine brought under his notice as soon to be "turned into a company," as the expression is; he was at the same time told that very great profits would be earned by the proposed company, as the only obstacle to the getting up of the price of coal to a highly remunerative rate was the refusal of Lambton to become a party to a combination to effect that end, and that the management of that colliery would be forced to join this combination. I have felt, therefore, that there was another colliery, in addition to Mr. Brown's, ready on

the smallest encouragement to be developed into increased power of production; the existing colliery power being already, as we all know, excessive. I should be sorry indeed to interfere in a gratuitous manner with the efforts of any one to make the most of his property; but it was surely my duty to do the opposite of helping on the gentleman I have alluded to in the development of his colliery, particularly when the Lambton trade came to fall off in a marked manner. It falls in my way here, I conceive, to state the fact that has been authoritatively communicated to me, namely, that the gentleman who has written under the signature of "One Interested," is the owner of the co-operative mine. I consider this is a circumstance I am entitled to put forth as plainly as this gentleman has published his criticisms on Lambton management. Indeed, it seems due to my directors and shareholders, and to the public, that I should put them in possession of this knowledge, to be taken along with the above criticisms. I am not personally acquainted with this gentleman, but I like to reckon among my friends some connections of his. I think I do not say too much when I add here, that everything considered, some of the remarks that "One Interested" has published may fairly be characterised, to use a familiar expression, as somewhat cheeky. I do not think it fitting to comment on what this writer says as to the comparative strength and the comparative costs of the various collieries. These are subjects to consider, so far as I am concerned, with my Board. It can not but be unpleasant to me to be represented as a cause of injury to any one. I feel, however, that the writer to whom I am replying is not entitled to much consideration in the character of an exponent of the general interests of the coal owner, and I am perfectly satisfied that the views I maintain will lead to a minimum of evil to those interests, or to a maximum of good, according as we may think fit to put the case. "One Interested" suggests that Lambton may be the eventual sufferer in the process now going on. All I have to say in reply is, that this result would, I conceive, in no way invalidate the soundness of the above views. I will just add here—(1.) A colliery may be eliminated or mitigated as a competing power, without this involving ruin or anything like it to the owner. (2.) It may be on the other hand that a colliery may be closed and not opened again for a considerable period, there being "no other hands" willing to take it over at any price in order at once to work it again, as seems to be assumed as a matter of course by this writer.

"One Interested" commences paragraph 6 by saying "Mr. Morehead complains that when selling at the same price as others," &c. Now, it is erroneous to say that I ever took this complaining tone. The true account of what is referred to is that action was taken such as was conceived to be for the interest of Lambton, and immediately the Lambton management was

attacked, and the special accusation brought against it was that what was done was prejudicial to the interests of the owners of Lambton. This theme is enlarged upon in the paragraph I am considering. There seems something almost ludicrous in the notion of this writer seeking to persuade my shareholders and directors that he can show them a "more excellent way" of managing the business of the company than I follow. I certainly do not feel called on, for the edification of this gentleman, to enter into a minute justification of the course that has been followed, or to traverse in detail his representations and references. An intelligent reader, however, might, I think, from the facts and figures given by this self-appointed adviser in the affairs of my company, deduce the following conclusions:—When Lambton's trade was at the highest, "absolutely and relatively," the management was content with the *status quo*, and naturally sought for no change, and certainly felt no call to reduce the price of coal; neither, however, was it willing to be trammelled by any agreement that would curtail its power to hold the trade it had won in the open market, for it felt that a time might arrive when action—independent action—would require to be taken to maintain the colliery in the position that the management thought it was entitled to. I acknowledge most freely that "One Interested" and I are pretty certain to join issue on the question last indicated; but I scarcely think he will be considered by my Board a more reliable authority and adviser than I am on this point. Such a time as had been apprehended as possible did in fact arrive, and Lambton's prosperity having been invaded, what was considered the fitting action to restore it was taken. The fallacy involved in the mode in which "One Interested" deals with the position, consists in his transposing the cure and the disease. He evidently does not like the course we have adopted, but then I did not expect he would, and I quite differ with him in the view I take of the prospective result of this action in the interests of Lambton. I scarcely think he will satisfy my Board that he is more likely to get back for my Company the trade he and others have taken from us or in any other way to restore the prosperity of Lambton, than I am. I have the same remark to make with regard to the criticisms on my Company's business contained in a late number of the *Newcastle Chronicle*, which I have just hurriedly looked at. The tabular statements which accompany these, exactly indicate the call for the action that has been taken. The writer, however, is too impatient for results. A quotation which I subjoin, and shall refer to more fully before concluding, shows that that great English authority on the coal trade, Mr. Nicholas Wood, speaks of collieries undergoing a curative process being worked for some time without any profit, as by no means a formidable evil in connection with the establishment of a sound system of conducting colliery business. This indicates a patient spirit that it

may be our duty to imitate, in the hope of fairly secured and lasting future profits. It may be I feel that renewed prosperity, and of a more general character than could reasonably have been looked for a short time ago, may not be far off for the colliery interest in New South Wales. Of course, sound prosperity can never come too soon. What we have to guard against, it is ever to be borne in mind, is a fool's paradise—a mock prosperity, as unstable as a pyramid poised upon its apex.

I come now to the statement (paragraph 7), that the case submitted to Sir James Martin contained "only half the truth." After perusing the papers that have been sent me, with others that I have access to in this office, and which have already been before the public, I am quite satisfied that there is no just ground even for the "provocation" spoken of, if the expression involves anything approaching a moral charge against Mr. Young; but, anyhow, the whole question involved is entirely outside the case, and the fact remains simply as I have put it, that Mr. Young withdrew from the ten shilling agreement in a manner that the others did not like or approve of.

"One Interested" uses an expression that most aptly conveys my feeling in respect to a union such as was attempted in the ten-shilling agreement—that is, a compact intended to smother or choke down the legitimate operation of competitive action under circumstances tending specially to call it forth, when he speaks of it as "abhorrent" to me; and I make this remark with no intention of exacerbating bitter feelings, but the reverse. I refer to it now in connection with the unpleasant subject I have just had to notice, to remark that, evil in itself, such a union induces unworthy action in people who ordinarily would not act unworthily. I cannot but believe that most of those who combined against Mr. Young—a gentleman, it will be admitted, just as unlikely to do an unfair act as any one in the community, and against Lambton—feel now that they acted against the views of their better selves.

I hope and expect that the idea of a restrictive union or a regulated vend will be generally abandoned by the intelligent members of the coal-producing fraternity in the colony. The objections to the latter device, as to the former, are many and obvious. The vend proposal would to a certainty lower the character of our coal by removing the present pressure to send it out clean, and otherwise in the best state and form. It is grievous to think that so noble an industry as the coal-trade should be so depressed and demoralised as it is with us at present. I trust, indeed, an improved state of matters is not very far off with regard to so great an element in promoting the advancement of man as coal—the material basis of the domestic hearth, the source, the creator, it may be said, of that grand mechanical power which enables us to subdue the world in a material sense.

I take occasion to observe here that the keen competition that has prevailed for some years in the coal trade has not been without material good results. Our coal was never better than it is now, from the great pains taken to send it out clean, and no doubt the low price has, to some extent, enlarged the market for it, while the general cost of getting it has been much reduced by improved appliances and arrangements in working. I think it will be allowed that the Manager of Lambton took the lead in these. I make this remark without the slightest intention to give offence to any of the other colliery managers, some of whom I am sorry to find have considered some remarks in my pamphlet as intended to be disparaging to them.

Since writing what precedes I have received, sent to me with Mr. Brown's compliments, a copy of the *Newcastle Chronicle*, containing the last attack, referred to a little way back, on the Lambton management—I may say generally on the management of the Company I represent. This leads me to say a few further words thereupon. The writing in this renewed onslaught shows improvement, but not the moral nor intellectual capacity to deal properly with the subject. Indeed it is patent that the writer is under "interested" influence discreditable to a public journalist. The matter is of little importance; but I may observe that I see, in a statement of the comparative trade of the different collieries that might have been made up from the data dealt with, an arrest of the inroad on Lambton's business that set in at the end of last year; but I cannot condescend to discuss my Company's business and position with this writer, whose representations, or misrepresentations, can have no weight whatever. I am aware that several hundred copies of the pamphlet on "the Ruinous State of the Coal Trade" have been sent home for distribution among the shareholders of my Company, but I feel they will be perfectly harmless. The disgraceful efforts to stir up the Lambton miners referred to in my pamphlet have led to action on the part of the miners generally that sought to place the Lambton men in a most unwarrantable position with respect to their employers. Our men, however, refused to play the invidious part sought to be imposed upon them, as was to have been expected. I am moved to remark here that recent unworthy action and feeling towards Lambton elicited from a gentleman in a prominent position in the coal trade, but with whom I am not at present in communication, an expression of opinion and protest on behalf of Lambton, I should say, in the cause of right and justice, that I feel to be greatly to his credit. I do not feel it to be out of place to add that I have ever sought, as far as possible, to avoid cause of personal difference with those connected with other collieries, and that one of the many objections to stringent agreements, in my view, is the certainty that they will lead to painful and degrading dissensions among the parties to them.

“One Interested” concludes his letter by rather a condescending expression of regret that I am not so wise as he is. In an earlier portion of it he speaks of the competition as a law of MODERN commerce. I append an extract from the *Penny Cyclopædia*, which contains evidence given before a committee of the House of Commons, by Mr. Nicholas Wood, it may be said almost in the dark ages of free trade, as a great fact—that is, long before the abolition of the Corn Laws. It will be seen, Mr. Wood, who is about the first authority in England on the subject of the coal trade, thoroughly condemns an arrangement as to vend then in existence among the Tyne collieries, and propounds exactly the views I have given expression to as to the manner in which the coal trade should be carried on. I take, of course, little credit to myself for having expressed my adherence to these sound views in the present advanced days.

I think Mr. Wood will be considered to speak with more authority than your correspondent, who has sought to gainsay the above views.

The extract runs as follows:—

*“The regulation made by the Committee for the year 1828 fixed the prices too high; the consequence of which was an immediate influx of coals from Scotland, Wales, and Yorkshire into London; so that, when the engagement was entered into for 1829, the price was fixed 1s. per chaldron lower. Had this reduction been made at first, it might have prevented the competition which, having been once created, still exists, and has been constantly increasing. The existence of competitors who are continually creating greater facility of communication with the great London market, must in time altogether break up the monopoly which the coal owners of Durham and Northumberland are attempting to perpetuate. The manner and degree in which the consumers, and especially the London consumers, of the coals of Durham and Northumberland, are affected by the regulation of the vend, and the impolicy to the coal owners themselves of its continuance, may be understood from the evidence of Mr. Wood, the managing partner in an extensive Colliery, given before a Committee of the House of Commons, in June, 1836. Mr. Wood is of opinion, that the effect of the regulation is, that an inferior coal is sold at the price a better one would be supplied at in open trade; that by abolishing the regulation, the present price would be reduced 1s. 6d. per ton by the coal owner, and many of the inferior sorts, in that case, could not be worked at a profit; there*

would consequently be a larger proportion of good coals, and not so much risk of admixture as at the present time; that there are no peculiarities in the coal market to prevent its adjusting itself to an open trade; no peculiarity in the application of capital in the coal trade to prevent a regular and ample supply; that an open trade would urge to economy in working; and as a case in point, he states that the manager of a colliery who, in 1827, thought that the price of 24s. per Newcastle chaldron was the lowest at which he could supply them, now sells the same coals at 17s. 6d.; that in fact a low steady price would be ultimately better for the coal owner than the great changes which have taken place. Under an open trade, he doubts whether there would be any profit for some time, but it would settle down to a remunerative price, as all other trades do, and the supply would then be made by those who could sell the best coals cheapest; that the best effects would follow from the most unrestricted and free exercise of every man's discretion in conducting his own trade, both at the place of purchase and of sale; and that the present prices leave an extravagant profit to the coal owners; more than a fair remuneration."

For the sake of reference, I prefix a reprint of the letter of "One Interested." I have now done with the subject to which it relates, and mean this as a final delivery upon the matters it treats of.

R. A. A. MOREHEAD.

*S. M. Herald*, July 13, 1872.

Subsequent action on the part of the other Coal Companies forces from me some further remarks.

To any one who has perused the Pamphlet, entitled "The ruinous state of the Coal Trade," &c., it will not occasion much surprise to learn that some two months since a movement was set on foot, the obvious object of which was to place Lambton in the condition of having a strike of its miners. Our men properly declined to adhere to the position that had been assigned to them, or to press a demand as had been originally concerted among the body of the miners, and the next step was a simultaneous demand by the miners of all the collieries in the Newcastle District, under the threat of a strike, for an advance of sixpence per ton in the price of hewing. The procedure adopted

by Lambton, with regard to this movement, is recorded in the circular appended, dated on the 24th of July.

The other collieries came to no immediate arrangement with their men, and a strike ensued at all the Newcastle collieries except Lambton. This lasted for a little more than a fortnight.

I now give an extract from the *Newcastle Chronicle*, which conveys an account of the manner in which these collieries settled their difference with their men.

### THE MINERS' STRIKE.

YESTERDAY forenoon a conference took place at the A. A. Company's offices, between the managers of the associated collieries in this district, and the deputations of miners employed at these collieries. There were present: Messrs. E. C. Merewether, J. B. Winship, and Corlette, representing the A. A. Company; Mr. Fletcher, for the Co-operative; Mr. Moody, for Waratah; Mr. Neilson, for Wallsend; and Mr. Brown, for New Lambton. The men were also well represented. The conference lasted for a considerable time. At its conclusion we were informed that the masters had agreed to submit their former offer to the men, with additions and explanations so as to place the matter in a clearer light. The offer was as follows:—

“The Associated Collieries offer to give the sixpence per ton demanded by the men on the 9th July, provided that they agree to make no further demand as long as the price of coal continues at or below 10s. per ton.

“They also offer, at the same time, to give threepence per ton increase on every shilling advance in price above ten shillings, provided that the men agree to submit to a reduction of threepence for every shilling that the price may fall below ten shillings, after the 31st December next. Such reduction to cease when the price of coal has fallen to eight shillings per ton, and the late hewing rates to be regarded as the minimum rates of the Associated Collieries.

“They further undertake to raise the price to ten shillings per ton, for best screened coal, on and after the 1st of January, 1873, and not to lower it below that price, unless compelled to do so by the competitive action of any existing or new colliery.

“If coal falls below ten shillings, and the 2nd clause comes into operation, will give a fortnight's notice before wages are reduced.

“Will consent to the addition of a clause agreeing to submit any question of reduction to a Council of Arbitration, to consist of three men and three masters, and an umpire, to be jointly elected as usual.”

Mr. Merewether, in addressing the men after we were ad-

mitted, said : It is most probable that, if we were to make any addition to the offer we have already made that there would be some to object to it. We told you yesterday, that we were willing to add a clause to the offer, providing that the reduction in your wages should cease when the coal came down to 8s. per ton, and that the late hewing price of coal would be regarded as the minimum rates with all the associated collieries. You thought that that clause wants still further amendment, as you are not satisfied as to whether the reduction may not come into operation almost at once, and to remove that doubt we have added a clause stating that if the coal falls below 10s. per ton (should the second clause come into operation), we will give you a fortnight's notice, that as a wicked colliery has reduced the price of coal we shall have to come down too. It will be our object, however, not to come down to the price of such a colliery, but to endeavour, with your assistance, to bring it up to our price. For my part I am willing to give my consent to the addition of the clause agreeing to submit any reduction to a council of arbitration, to consist of three masters and three miners, with an umpire, to be jointly appointed. I do not expect that every one of the men will agree to even these proposals. There are some of you who will not agree to anything. This is the offer we now make. I am prepared to recommend my Directors to consent to it.

The Managers of the other collieries present also stated their willingness to make similar recommendations to their respective Directors.

Mr. T. Alnwick, the district chairman, took leave to say that the men did not like strikes, but he was glad they had had that conference with the masters ; they understood the matter much better than they did before, and thought they might reckon on the offer being accepted and the matter amicably settled.

A member of the deputation said he thought that the chairman should not charge the men with not wanting to settle the matter ; they had always shown a desire to have the matter settled.

The Chairman said the reason he said so was, that all the offers for the settlement of the matter emanated from the masters.

A member asked whether the Managers were willing to consent to the nine hours' system.

Several of the Managers stated that they had instructions not to consent to any such thing.

It was asked what was really meant by the nine hours' system.

Mr. Wood, secretary to the delegates, stated that it meant working from seven o'clock in the morning to four o'clock in the afternoon.

The Managers present declined to discuss the question. They would not agree to the nine hours under any circumstances.

A member asked, if the miners would not accept the offer unless the nine hours' system were agreed to, could the strike still continue?

The answer was in the affirmative.

Before leaving, the District Chairman, Mr. Alnwick, stated, in reply to Mr. Merewether, that the two questions the miners would be asked to ballot upon were,—first, whether they would press for the nine hours, and second, if not, whether they will accept the offers of the managers, irrespective of the nine hours.

In consequence of a broad hint dropped by the District Chairman, Mr. Merewether said he would be happy to provide lunch for the deputation, who would, therefore, consider themselves his guests.

The meeting then broke up.—*Newcastle Chronicle*, August 3, 1872.

Any detailed comment on the agreement set forth above, or on the harangue by Mr. Merewether on behalf of himself and his "associates," I shall not attempt. I will just notice one or two points, however, bearing on the subject. The first is the violation involved, in the action taken, of all regard to that class, or professional, *esprit*, which men of honour usually feel operate, almost like an instinct, rendering its disregard practically impossible. It will be understood that in this remark, I have in view in particular, the following passage in Mr. Merewether's unique delivery to the miners, "but to endeavour, *with your assistance*, to bring it up to our price."

It is almost unnecessary to remark that as the "associated collieries" comprise all the Newcastle collieries now at work except Lambton, the agreement and Mr. Merewether's remarks, can, therefore, only be received as pointed, expressly and explicitly, against Lambton, whose "wickedness" consists in declining to go in for a sort of sham communism, or, as it were, to "double in" with such associates as the others choose to dictate. On its behalf I see no objection to doing a good adequate trade at nine shillings a ton, rather than having a degrading scramble for ten shillings. Wages, too, I would have regulated in accordance with a fair regard to supply and demand, and I shudder when I think of the scenes that are likely to take place should a "Council of Arbitration, consisting of three men and three masters and an umpire" come really to sit in judgment on the question of the price *really* received for Coal vended by the "masters." I wonder if it is intended that evidence should be given on oath.

Of course the books of these unfortunate "masters" must be open to the Council, and the correspondence and dealings relating to contracts entered into here and in England, will also require to be forthcoming.

I see the *Newcastle Chronicle* states that it has been favoured by Mr. Merewether with a copy of the A. A. Company's last report, and has published the same in its columns. In this I notice a very *prononcé* "competitive" spirit, something more, I should say, a pretension to a sort of Divine (dealing as it does with things under the earth, perhaps I should rather say *infernal*), right to overtop all the other collieries, for I find it thus written in the said report—the italics are mine. "As to the colliery, it will be satisfactory to you to know that the Company maintains the position long held, *and from accidental circumstances temporarily lost of being at the head of the list.*"

What is essential and what accidental in things, has long been a puzzle to philosophers, but no doubt is allowed to show itself here, as to the respective natures of the A. A. Company's and other collieries, and yet a little further on we come on a passage where the possibility of an adverse "accident" looms. We shall hope the favourable alternative involved in the "if," contained in the following quotation, has ere this eventuated, but there having been a doubt on the subject, a little less assurance as to the everlasting superiority of the A. A. Company, would, it may fairly be suggested, have been fitting. The passage I refer to runs thus:—"The proof of the coal field is steadily carried on, a second borehole has been sunk, and shows that at that part of the field there is neither any disturbance nor any diminution in the thickness of the seam, and at the date of last advices a third borehole was nearly half way down. If that affords equally satisfactory evidence of the state and abundance of the seam, we are advised by Mr. Liddell, our experienced adviser in this country, and by Mr. Winship, that the Coal bed may be taken as sufficiently proved throughout a very considerable portion of the Newcastle estate, affording an ample supply for many years, even at an increased rate of consumption." It seems I would just venture to add here, not very lively work to be announcing in a forty-ninth annual report that the proof of the coal-field has advanced so far as that a third borehole is nearly half way down, &c. I will not, however, further pursue these references, which illustrate, among other things, the special monstrosity involved in the A. A. Company, at once so competi-

tive and so assuming, taking the lead in the unheard of combination that has been entered into against the "competitive action" of Lambton. To return, however, to that subject. I believe no action will, in fact, be taken under this most reprehensible agreement, for obvious and varied reasons; but its effect is not the less demoralising and prejudicial to the colliery interest, in particular as respects the relations between employers and employed. The commendations, by an unworthy Press, that have been bestowed upon the principles sought to be carried out in this agreement, or thought to be so, illustrate this in a striking manner. The *Newcastle Chronicle* has been a good deal before the public by means of the extracts from its columns, contained in the "ruinous" pamphlet. I now give a leader from the *Newcastle Pilot* as a specimen of its teaching:—

It is with great satisfaction we announce that the Strike, which, at one time, had every aspect of becoming of lengthened duration, is nominally, if not virtually, at an end. Full particulars may be gleaned on reference to reports of meetings in another portion of this journal. That the masters have acted wisely in acceding to the just demands of the men, there cannot be the shadow of a doubt; and although it was probably not very palatable for them to knuckle-down quietly, after riding the "high horse" for so long a period, still they have submitted with a grace that does them credit. For many years they have ruled the roast, but at last have fortunately arrived near the end of their tether, and found their own level. After much consultation and many meetings, a final one was held last Saturday, and the result, as naturally might have been expected, was to concede to the men the sixpence per ton rise, until the end of December, 1872. Certainly, there were saving clauses in these documents, which were sent to the meetings, and if they had only been accepted *in toto* by the men, they would, in 1873, have found themselves in a much worse position even than they were now. The first clause offered to the men the rise of sixpence "as long as the price of coal continued at or below ten shillings per ton." Had this been the whole tenor of the agreement which they were wanted to enter into, it would have been but just and equitable; but in the second, the employers offered to give threepence per ton increase to the men on every shilling advance above ten shillings,—provided that they would submit to a corresponding reduction if the coal fell to less than ten shillings,—and further agreed to raise the price of coal at the commencement of next year to ten shillings per ton; and not to lower it "unless compelled to do so by the competitive action of any existing or new colliery." These clauses appear most plausible and impartial, but there is nothing whatever in them to prevent the masters reducing the

coal to 5s. per ton if they think proper, and regarding the matter in this light the men very properly came to the conclusion not to adopt such measures. By so doing they would have placed themselves in a worse position than has yet been their misfortune; for should the masters choose to lower the coal to 7s. on the 2nd day of January, 1873, the men would not only have the sixpence reduced again from their wages, but they would also be powerless to help themselves in the matter, inasmuch as they were bound by an agreement to accede to a reduction of 3d. per ton in the shilling. *The reins of power, and the prosperity of this city, have been in the hands of the colliery proprietors far too long, and if we had had the welfare of this community at heart, that power would have been wrested from them years ago.* By their disregard for the interests of the port in selling coal at a ruinously low price, totally oblivious of the alarming consequences that must necessarily ensue—they have proved themselves utterly incompetent for the position which they occupy, and now that the climax has arrived, when *the city is on the verge of insolvency—they are taught common sense by the action of their own servants.* If we wish Newcastle to prosper we must no longer look to the masters but *to the men for assistance*, and if they will but stand firm, and let what they have just done be but the nucleus of what we may expect in the future, then will an immense benefit be conferred on all classes of the community. We have had at our immediate disposal for many years incalculable wealth, and had this been judiciously managed, instead of being recklessly squandered, Newcastle would have been one of the most prosperous and flourishing places in New South Wales; but our riches have been lavishly wasted by those, who unfortunately were in a position to govern them, and our coal instead of being a blessing has been a curse to us. It is a well-known fact that we all live by the coal interest exclusively, for to no other source can Newcastle lay the slightest claim. This interest has been grossly mismanaged, and it therefore behoves us to endeavour to assist those to throw off the shackles under which they labour, and at the same time benefit ourselves. *If our miners are badly paid, the whole community suffers from it, and it is impossible for men to be paid remunerative wages while the masters sell the coal at unremunerative prices.* The wealth of this place for a number of years has served to fill the coffers and enrich intercolonial and foreign ports, but we think that the time is not far distant, *now that the men are alive to their interests*, when Newcastle will once more flourish as it did years ago. Its progress has been retarded, in a most puerile manner, merely to gratify the animus of one or two competitive colliery owners, and those who otherwise would perhaps have come to the rescue have been compelled, in self-defence, to follow the lead of their shortsighted colleagues. Our population is fast increasing, and people should begin to manifest a deeper interest than that

which they have hitherto done in all that tends to advance the status of a common wealth, and each class should strive to promulgate its own opinions, defend its own cause and become a true expositor of its feelings. It is not because a man follows the occupation of a miner, that he is necessarily to accept at the hands of those in whose power he is what terms they may choose to dictate to him, and not have the moral courage to say nay. A fair day's work for a fair day's wage is just, but thirteen hours' toil in the bowels of the earth, where there are all sorts of obnoxious gases,\* and unhealthy atmospheres can hardly be regarded as one, nor six or seven shillings as remuneration for such work, as the other. The nature of the occupation of a miner should alone entitle him to some little consideration—his liability to accident and death by violence, his underground duties, even the position in which he has to work—but in the greed of gain and factious jealousy these circumstances are entirely lost sight of by those whose duty it is to rule the destiny of Newcastle. We are promised at the end of this year a rise of 2s. in the price of coal, that is to say the standard rate will be 10s. for the best screened, and as there will be a corresponding increase in the rate of wage, our prospects are a little brighter for the future. Hitherto, the standard rate, although generally supposed to be 8s., has been frequently undersold, and in some instances shiploads have been sent away at the ridiculous price of seven shillings per ton. The rise of two shillings, although it may not appear a very enormous amount to those unacquainted with the facts, will make a very material difference to this port, at least 760,000. At present the harbour is literally swarmed with shipping, and a strike would have been most disastrous in its results. We can, therefore, congratulate ourselves on this miraculous escape we have experienced, inasmuch as Newcastle would have suffered a blow that it would take years to recover from. This should act as a warning for the future to all parties concerned, and especially to those who must now be aware of the responsibility which is attached to their position. There is a feeble ray of prosperity shining in the distance, and if we want our city to recover from the state into which it has fallen, those who govern it must do away with all antagonist feeling and suicidal policies, and work harmoniously together for one general weal.—*Newcastle Pilot*, July 31, 1872.

Although it is scarcely necessary, I will just add three remarks to those that will occur to any person of ordinary intelligence on perusing this delivery. The first is that we have here, repeated, the ~~preposterous~~ fallacy reiterated by the *Chronicle*, that a low price of coal tends to keep down the trade and obvious

\* The miners in the colony rarely work so long as eight hours, and there is neither fire nor choke damp in the mines.

prosperity of Newcastle. My second remark deals with a fact that will appear strangely at variance with what is indicated in the above article. It is this, since Lambton was opened, now nine years ago, the price of coal has fallen from 14s. 6d. to 7s. per ton, while (before the recent rise) the wages of miners had not fallen at all, but, in some cases, slightly risen. The last observation I have to make on the preposterous article above extracted is, that there is no ground for representing our colonial Newcastle as in anything but a thriving state. A continuance of the recent Strike would have been a heavy blow to its prosperity and to the Coal Trade generally, hence its early termination was hailed by me, as I am sure it will be by my Directors, with satisfaction, though, of course, a prolonged stoppage of the other collieries would have been a source of great immediate gain to the owners of Lambton.

I now give an article from the same paper, directed specially against the management of the Company which owns the Lambton Colliery. I extract this, first, because it contains a really good practical suggestion, impertinently as it is put. It is that the other collieries should charge ten shillings for their coal, or any price they may decide upon, and ignore Lambton. This line of action is of course just what I have wanted all along. The second object I have in view in calling attention to this article, is to notice the very gross untruth conveyed in the statement that a falling in of the roof, recently, in a portion of the Lambton workings, and a collision on our line of railway, entailed a loss of £5,000 on my Company, the truth being that the loss arising from these casualties amounts to about £100. It is painful to have to notice such misconduct on the part of a public journalist, but I feel at the same time that it is convenient to be able thus concisely to fix this newspaper, which seeks deliberately to injure the interest committed to my keeping, as untrustworthy and reckless in its statements, and, therefore, undeserving of future notice. I now give the article referred to.

SEEING how important to the district for the good or evil must be the result of the contention at present existing between the coal owners and the miners, it cannot be out of place that we should express our opinions upon the subject. More especially are we justified in reviewing the strike, the causes which have led to it, and the results likely to follow in its train, when we remember that upon coal, and coal alone, must depend our pros-

perity. Further, it is within the bounds of probability that the Press, exercising a wise discretion, may succeed in placing matters so fairly before all concerned, as to lead to a continuation of that amicable and satisfactory solution of the difficulty. We will, then, in the first place, say a few words as to the steps the men have thought fit to take in the matter. Well, the men, whose labour is their capital, have for long past laboured under disadvantage. That disadvantage has been that they have been unable to invest their capital as to leave them a fair margin of profit, after payment of expenses. In other words, they have sold their labour at a price sufficient certainly to keep the wolf from the door, but not to enable them to lay by the nest egg for the rainy day. Hitherto, seeing no way of escape from the dilemma in which they were placed, and no hope of bettering their lot, they have worked along contentedly and unmurmuringly. Even the prospect of higher wages in other branches of the mining industry has not sufficed to tempt any number of them from their allegiance to their old masters, the few who have left having gone more with the idea of themselves becoming masters than of toiling for others. However, late advices from home have told us how coal and labour have there risen in price, so much so that a considerable rise may now take place in our coal and labour without the slightest danger to the coal owners, or any lack of room for competition with the British masters. Yet, for more than months and months past the colliery proprietors of this district have been ceaselessly agitating and agitating with the object of raising the price of their own coal to 10s. a ton. Clearly, then, they fear not competition. If, then, the masters are so exceedingly anxious to obtain an additional 2s. in the ton for their coal, can it possibly be said that the men have made an exorbitant demand when insisting on that which they must receive—though not without a struggle and a strike—a sixpence for themselves? The men's argument is a sound one. All they said and did was—"We intend to protect ourselves, now; so you, the masters, go and protect yourselves. You can do it if you like. You are only too anxious to do it. We will help you to do it." And to this clear and logical proposition, what said the masters? They knew not what to say. With a ball at their foot waiting for the kick, they stood and looked askance at it. They met and talked, they talked and met again. They would like to give the sixpence, and again they did not like to give it. They would like to raise the price of coal. They long with an ardent longing to raise it and—fear to. Did the masters ever hear how the Virgin Queen encouraged the courtier who feared to climb lest he should fall? How with her diamond on a window pane she incited him to fresh deeds of daring, until in the end he made himself a brilliant name in the page of history. Do they fear to climb lest they should fall. Yes. For clinging about their necks they have their fancied old

man of the sea—the Lambton Company. A hideous nightmare—a dream—nothing more. Well for them would it be if they could cast it off, and let it go its own way. Well for them if they would ignore it altogether. Do its best, that company cannot possibly put out more than a certain quantity of coal per annum—it can only supply a certain portion of the trade. The simplest course the other proprietors could adopt would be to raise their price to the 10s. or less as may be agreed on, establish a feud among themselves, and having already given the men the sixpence demanded, let Lambton continue to exhaust its capital and sell at a dead loss. The Lambton proprietary touches on the breeches pocket, the most sensitive portion of the Englishman's frame, or the Scotchman's for that matter, and soon “want to know you know.” They will hardly rest contented with a half-yearly satisfactory report and no dividend when once they ascertained that the other collieries are making handsome returns from possibly diminished output, while they themselves are getting—*nil*.

Thus stands the matter, and we are surprised the colliery managers cannot, or will not see it in that light. If at the price that Lambton was selling at during the half-year ending 31st December, 1871, that company was unable to declare any dividend, it follows almost as a matter of course that none can be declared on the half-year lately expired. During the last six months the loss occasioned by that company through fall of roof and consequent closing of workings, and to colliery stock by collisions, must amount to at least £5,000, a sum of itself sufficient, other things being equal, to have given a very handsome dividend. The most handy, and most cheaply worked portion of their mine cannot continue to supply but a very small portion of the coal trade. Before they can expect to do this, many thousands of pounds must be expended in opening up fresh workings. How then, shall Lambton prevail? No! the other proprietors have the game in their own hands. Let them play it boldly and like men. This shall be well for them; for the men and for the district. Such an opportunity have they never before had. Should they fail to grasp it, the failure will be their own; and ours—we speak of the people—the suffering.—*Newcastle Pilot*, August 3, 1872.

The “associated collieries” (each of which, I feel, has its own separate object to serve) have not made much out of their anti-Lambton doings hitherto, and this last ill-conditioned proceeding may lead them into still further trouble. It is not likely the “assistance” sought for will work the evil to Lambton that is aimed at in case of its refusing to enter into this renewed ten-shilling agreement. If however it turns out otherwise, I am

strongly persuaded the consequences will be much more serious to the "associated collieries" than to the owners of Lambton. With reference to the present relations of supply and demand in our Coal Trade, I do not see an early prospect of ten shillings being a safe price to attempt to establish with a view to the permanent interest of the coal companies. A change in these relations would of course make a difference.

While (it is superfluous to state) no one can be more desirous to secure good earnings, resting on a proper basis, than I am, as representing my Board, and acting in the interests of my company, if the alternatives were, (1) no present profits, or (2) the fostering of an unsound system, I should not hesitate about accepting the former, knowing, as I do, that, in the meantime, Mr. Croudace, the colliery manager, is opening out the coal-field and arranging the workings so as to ensure permanent economy and efficiency.

I greatly wish the other colliery-owning companies would allow me to have it in my power, before bringing these remarks to a conclusion, to speak of the early prospect of such relations with them arising, as I should like to see established between those engaged in the same calling. I suppose however I must be content with wishing that such better times should come. In the meantime, I indulge the hope that the representatives of these Companies will decide that it is best to leave me alone, an attention or inattention I shall gladly reciprocate.

It is quite palpable that their recent agreement with their men was *de facto* a plot against Lambton.

R. A. A. MOREHEAD.

*Sydney, 5th September, 1872.*

THE draft of what follows was prepared in anticipation of an interview on the evening of Monday the 22nd between Mr. Croudace and me and the Lambton Miners. Circumstances led to this meeting not taking place, but being desirous that the views I wished to put before the Miners should still be communicated to them, I think the best way of effecting this object is to have them printed and distributed in the form in which I originally proposed to make them known, and put in the hands of those for whom they were designed.

## TO THE MINERS AT LAMBTON.

ALTHOUGH I could with great confidence leave it in the hands of Mr. Croudace to communicate with you on this occasion, I feel moved, being here, and the circumstances in which we are placed being peculiar, to say a few words to you, and, as you see, I have put them in writing, in order that there may be no mistake about them.

We have agreed to grant the advance you have asked for, subject to the condition that should any less rate be accepted by the men at any of the other Collieries in the District, then we shall fall back upon that rate.

It would not I feel be straightforward to refrain from telling you that we have arrived at this decision after much hesitation: First, because it seems, to say the least, doubtful, if there is warrant for it, having regard to the rates of wages generally current for labour in the Colony: secondly, because the manner in which this increase is asked for, and the tone adopted towards employers, has been I consider very objectionable and unfitting. I do not here refer to the Lambton Miners. I refer to the feeling expressed by some of the chief speakers at a late General Meeting of the Miners of the District. I have satisfaction in believing you do not share in these feelings; that, for instance, you do not consider that in meeting Mr. Croudace, or in meeting me, to discuss any question that may arise between employer and employed, you are merely putting yourselves in the way of being wheedled or over-reached, as was represented by some of

these speakers ; still the fact cannot be overlooked, that the demand made upon us originated at the meeting to which I have referred.

However, the representatives of the other Collieries having expressed their willingness to give some increase of wages to the Miners in their employment, we have resolved to meet your application by granting the advance you have asked for, subject to the conditions I have specified.

I wish to mention to you, that in agreeing to this advance, I feel we are, in the most practical and effective manner possible, giving the lie to the representations that have been made and reiterated for months, that the action followed by the management of Lambton was calculated to grind down the wages of the miner. One fact outweighs a thousand fictions, and here you have a palpable fact before you. I do not think you will forget it. I would add on this subject, and I make the statement with a thorough conviction of its entire correctness, that the course followed by the management of Lambton is that best calculated to promote the permanent interests of the Coal Trade, including in these the maintenance of just relations between employer and employed.

I would now say a few words on these relations. You have gained the object aimed at: it may appear in a measure in consequence of a want of unanimity among employers. Let me caution you against arriving at the conclusion that further demands will meet with the same result from the same cause. I venture to predict that any further demand that appears unreasonable to the employers generally will fail of success: possibly may be attended with worse results to those seeking unduly to press it, for even without any formal agreement among the employers, uniform action will I feel very confident be taken that will effectually meet unfair encroachments on the rights of the capitalist.

I trust indeed, however, there will be no banding together with a view to extreme action of capitalist or employer against employed, or of employed against employer, for evil to both will be the certain result. It is right and beneficial that those engaged in any calling should have friendly relations among themselves, and be ready to maintain the rights of their class when these are invaded; but for all the Colliery owners or all the miners to try to stamp out all separate character or action in individual collieries, would be injurious to all. On the other

hand, a certain uniformity of arrangements among the Collieries in a District seems necessary, in the interests alike of the miner and the Colliery owner.

I feel the nine hours' system which we have agreed to adopt is an arrangement of the nature last above indicated, and we desire that it may be understood that we shall be unable to adhere to it unless its adoption becomes general in the District. While satisfied that the system is a fair and reasonable one (and it has commended itself to our acceptance on that ground), it has been a matter of regret to me that circumstances have prevented the discussion of the proposal with the representatives of the other Coal Companies, for it is evidently a subject deserving the careful consideration of all concerned.

I am quite aware nothing I can say to you will (or should) lead you to forego what you believe to be your own rights or your own interests. I feel, however, I am promoting, not injuring these, when I seriously caution you against extreme action adverse to the interest of the capitalist, for I am persuaded you will be the chief sufferers from such a course.

R. A. A. MOREHEAD.

*Sydney, 24th July, 1872.*









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