

TRANSPORTATION PROBLEMS.

(Paper by T. A. WARNER, Chaka's Kraal.)

It is with the greatest reluctance that I have, purely to fill a gap, consented to once more open the question of transportation.

Firstly you will I am sure, appreciate my difficulty in trying to give you a paper on exactly the same subject as that which you were good enough to listen to by me only twelve months ago.

My second reason is that, to speak quite candidly, I have failed to see that my first paper has effected any material good.

The whole idea of this Congress is that it should be of an educational nature, and if the result of papers is not to improve matters within some reasonable time it seems to me fairly obvious that they are not required.

On the general principles of cane transportation, I am afraid I have nothing fresh to add to the remarks which I made here before. But there is one matter I touched on then which I still feel does not receive the consideration from the industry as a whole which it deserves, and I am therefore taking the liberty of again bringing it to your notice.

In discussing tramways I referred to the urgent need for standardisation. Unfortunately the remarks I made a year ago were construed by some people to mean that I was advocating an immediate scrapping of all plant, other than some standard pattern. Nothing was further from my thoughts.

What I tried to say and will now take the opportunity of again emphasising is, that I am firmly of opinion that, if the different engineers or representatives of the main users of tramways were to get together at a round table conference, it would be quite a simple matter to decide on one or two standard designs of trucks, together with all their necessary complements of wheels, axle boxes, bearings, brakes and brake shoes, ratchets, couplings, etc.

Doing this would not mean the scrapping of any present plant, but if we all undertook to, in the future, order nothing but these agreed standard articles, the present plant would gradually be eliminated. This would take time, but the longer it is left over the longer it will be before we arrive at some uniform article. Gentlemen, twelve months ago I told you that firms were stocking as many as twenty different varieties of axle boxes, the number is still twenty.

Simple little things like brake shoes are still supplied in a diversity of patterns. Twelve months ago I told you that although the trucks I use are of recent design, I could not buy brake shoes from stock

but had to have them specially made, at a cost of at least double what I should have to pay if they were made in bulk.

This week I have again placed an order, under exactly similar conditions and at the same ridiculous cost.

Surely you will agree that there is nothing controversial about points such as these I have just mentioned. Further, I don't think anyone will contend that I have exaggerated the position.

Still, we go on with the same old method. One wonder's why. Is it because I have not put the position clearly enough before you? Is it that we are making so much money that the saving of possibly some thousands of pounds is of very little moment and not worth worrying about? Is it that our general system of organisation is so defective that we are not educated up to appreciating the value of co-operative effort?

Mr. Chairman, co-operation has two sides: (1) the marketing of one's produce; (2) the purchasing of your requirements. With the extremely high running costs that the sugar farmer is faced with, compared with those in other agricultural industries, I am not sure that the second phase is not of at least as much, if not more, importance to us than the first.

I have heard a considerable amount of talk on the advantages of co-operation by the members of our industry during the last six months or so. With the exception of one or two puny efforts I am still waiting to see all this talk brought to some practical result.

DISCUSSION ON THE PAPER.

Mr. Staniland stated that there was one very important point which Mr. Warner had brought out in his paper, and that was the question of springs. Last year many of the springs of his cane trucks were lost and he had to apply for others. Springs were sent out by the Illovo Estates and placed in the truck. When they started to load the cane they found that some of the springs were only half the strength on one side. The consequence was that the cane commenced to wobble on the trucks and often the top lot fell off in the fields. This thing would be done away with, if as Mr. Warner suggested, there was a standard type of spring. The immense amount of trouble involved and the delay caused in the fields through the cane falling off meant an enormous loss and was very trying.

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Mr. Warner replied that this question of springs was rather an important one and he had been experimenting in that connection. He had three trucks made without springs at all with the idea of seeing what their life would be. He had to admit that at first it was rather disappointing. If they had a very uneven track and a good deal of bumping they

were apt to get a fractured axle box. He had found that by putting a little old motor tube in between the chassis of the truck and the axle box they had given good results. He had only experimented in an amateurish way but he was beginning to think that on the smaller type of truck the question of springing could be eliminated altogether.

PLANTERS' COSTING, PRINCIPLES AND PRACTICE.

(Paper by D. M. EADIE, Durban.)

This paper has been prepared to suggest a standard system of costing for planters and incidentally to answer four specific questions that have been prominent among planters ever since the sittings of the Sugar Commission in 1922. I will detail the questions, give my answers and then discuss the reasons for the answers in the course of the paper.

The planter asks:—

(1). Am I entitled to charge as costs of production interest on the capital I have invested in the business? My answer is, No, if the capital is not borrowed capital.

(2). Am I entitled to charge as part of my costs of production any sum for my own management or supervision. My answer is, No.

(3). Am I entitled to charge as part of my costs of production my expenses of maintaining my home and family. My answer is, No.

(4). Should I make provision through my costs of production for the replacement of my cane crops. My answer is, Yes.

These answers are not arbitrary, but consistent with the laws recognised in the economics of production. I need make no apology for referring judgment on these questions to a scientific standard for while planters may not be industrial economists they are in business, like any other producer, to obtain a return on capital invested and upon the measure of that return will depend whether they will or can continue in business. It is important, therefore, that there be no false notions about the return and as the return is definable as the balance remaining after maintaining capital and charging against the total revenue costs of production, it is a fortiori of equal importance to have clear ideas as to what capital and costs of production are.

Capital is a concrete thing. Political economists have usually so widened its definition in order that no cases may be missed that the idea that capital in the economic sense is an abstraction is not uncom-

mon. An accepted definition is the following. Capital is wealth set aside for the satisfaction, directly or indirectly of future needs. This satisfaction may be obtained by the individual by lending his wealth as "usury," "usury" of money, usury of victuals, usury of anything that is lent upon usury," or reserving means for future production.

While in different departments of political economy stress is laid on one or other of the three characteristics in the department of production, capital is regarded almost entirely as one of the agents of production as sustaining or auxiliary to labour. It is this characteristic which interests us. We may say that the planters' capital is that fund lent to "usury of victuals" that is invested in producing food which in due time will be sold for profit. The fund may be land or money or marketable commodities. It may be owned by the capitalist or borrowed in whole or in part. But in every case the fund has a value measurable, and is capable of being represented in figures on a balance sheet. Sustenance of labour or costs of production includes provision for every operation directly connected with the employment and maintenance of the capital.

The "usury" which is in view when the capital is employed is the profit, and is determined under commercial conditions periodically, usually yearly, by deducting from the return the total costs of production and adding or deducting the result to or from the capital according as it is a minus or plus quantity. These are commonplaces; where the difficulty usually begins is in distinguishing what portion of expenditure is true capital, what merely is dissipation of capital and what true costs of production. We can express the distinction in this way, capital expenditure is that portion of our outlay which is transformed into a reserve for future needs; costs of production is that portion of our outlay which is used in turning what has already been thus reserved into the service of our immediate needs; let us say