

## PETROLEUM ROYALTIES

(Correspondence in the TIMES)

The defeat of the Petroleum Royalties proposal in the House of Commons last month was followed by several letters on the subject in the TIMES. In the TIMES of 29th October there was a letter signed "A.U."—initials which are generally supposed to indicate Mr. Arthur Underhill, K.C., LL.D., whose authority as a conveyancer is second to none—and in the TIMES of 1st November, there were two further letters from Mr. A. H. Hestie and Mr. W. Vaux Graham. The general purport of these letters was to show that the legal right to mobile petroleum was distinguishable from that to immobile coal and resembled rather that to underground water, in which no right of property exists till it is brought into actual possession. As one of the writers said: "I might have only an acre of land, and by my enterprise in putting down a bore drain half a county." One of the writers expressed the view that "the landowners upon whose property petroleum may be found should receive some payment from those who exploit it"; but even he did not support the proposed royalties. A truer view was put forward by "A.U.," who, after referring to the general conditions, said: "Under these circumstances I venture to doubt whether the acquisition of petroleum by the State without purchase would be any more revolutionary than a statute giving an unlimited right of way through the atmosphere to aeroplanes and airships. Both cases arise out of new discoveries, inventions, and circumstances which may reasonably be made the subject of new legislation."

These letters were followed by another in the TIMES of 6th November, which, as it deals with the more general aspect of the question, may be given as it stands:—

*To the Editor of the TIMES.*

SIR,—The letters that have appeared in the TIMES from "A.U." and several other correspondents suggest doubts whether the proposal for petroleum royalties can find even technical justification in the existing law as to rights of property in mobile liquids under the soil. Some further observations may perhaps be allowed on the more general aspect of the question.

Even in theory of law, the land is held not absolutely but on grant from the Crown, and it has not been suggested that the use, or even the existence, of petroleum was contemplated when the grants were made. There is no proposal that those who have the land through which petroleum may be obtained are to contribute in any way to the cost of obtaining it. Though some experimental borings have been made in the past, and there have been several escapes and outflows of limited amount, as mentioned in a special article in the TIMES of August 18th, the industry of getting petroleum in this country is non-existent, and whether the operation can be made to pay is problematical. The incentive for present action is, of course, the importance of petroleum as material for war, and the shortage and high prices resulting from war conditions; as Mr. Long said in the House of Commons on October 25th: "Before the demand for these oils became so pressing and so insistent, I do not think anybody contemplated the idea that there was oil in this country, and that investigation and boring might be undertaken to secure it." This can hardly be regarded as a reason for the Crown paying royalties to the landlords and enabling them to reap where they have not sown. If, as has been proposed, the royalties are to be paid on the petroleum obtained, even though the aggregate value of it may prove to be less than the aggregate expenditure on and incidental to obtaining it, then,

in that not unlikely event, not only the deficit on the undertaking but also the royalties will be a deadweight burden on the taxpayers.

If it is found that the powers to enter, use, and retain lands under the Defence of the Realm Acts and Regulations are not sufficient to enable that course to be taken with lands supposed to be petroliferous, in order to obtain petroleum, they should be extended so as to include it. The Defence of the Realm Losses Commission would in the ordinary course give full compensation for any resulting loss or damage. Without expressing an opinion on whether they would give more, one may mention the experience related by a Member of the House of Commons on July 17th, 1916, when the Defence of the Realm (Acquisition of Land) Bill was under discussion. Having made application on behalf of a public utility company in respect of some land which apparently had not been developed when it was taken over by the Government, he found that the award was considerably less than he had anticipated, and when he intimated that view to the Commission, "I was asked," he said, "if I had particularly noticed what the title of the Commission was, and, if not, I was told that they would refer me to the door-post, on which I should see written up 'War Losses Commission,' and not 'War Gains.'" (84 H.C. DEB., 737.)

The attempt to burden the taxpayer with petroleum royalties raises larger issues which will have to be settled sooner or later. As John Stuart Mill said in his PRINCIPLES OF POLITICAL ECONOMY (II, ii. 6):—

Whenever, in any country, the proprietor, generally speaking, ceases to be the improver, political economy has nothing to say in defence of landed property, as there established. In no sound theory of private property was it ever contemplated that the proprietor of land should be merely a sinecurist quartered on it.

I may perhaps be allowed to add that some of those who are opposed to the proposal for petroleum royalties have placed on the paper of the House of Commons this notice of motion:—

Petroleum.—That, in the opinion of this House, all petroleum under the soil of the United Kingdom should be treated as belonging to the Crown; that the Crown should have the exclusive right of boring for and getting it and should have power to enter on and use any land for these purposes; that full compensation should be paid for any resulting loss or damage to property; but that no payment should be made in respect of the petroleum.

I am, Sir, yours faithfully,

JAMES DUNDAS WHITE.

House of Commons.

## PETROLEUM ROYALTIES DIVISION LIST— A CORRECTION

In the House of Commons official division list, which was copied in the November LAND VALUES, on the Petroleum royalties question, the name of Sir W. E. B. Priestley, M.P., had been entered by mistake in place of that of Mr. C. E. Price, M.P., who both spoke and voted against the royalties. The error has been corrected officially in the division lists paper of 5th November, at page 228, which has this entry:—

ERRATUM

Thursday, 25th October, 1917

No. 101. Page 223

In the Noes, Leave out Priestley, Sir W. E. B. (Bradford, E.)  
And Insert Price, Charles E. (Edinburgh, Central)

Our readers will perhaps be good enough to note the correction. Mr. Price, as they are aware, is and has been for some years, the Chairman of the Land Values Group in the House of Commons.