

THE COAL CRISIS—PURCHASE OR TAXATION?

It is no light matter that the coal industry should be passing through a crisis which threatens the majority of British collieries with bankruptcy. For it is the centre and support of the great manufacturing industries which, in the nineteenth century, made Britain the foremost commercial country in the world. We are not in the least reassured by the fact that the mines are to be kept going for a few months by means of the Government subsidy, the amount of which has not been limited. For when a business man has the fear of financial loss removed from his mind, even for a time, he loses the strongest incentive to good management and economy.

An inquiry into the coal industry alone is unlikely to be helpful. There are several other most important industries in a similar condition. The house-building industry has only been kept going by immense subsidies. Iron and steel works have been closed down in large numbers. Shipbuilding is in low water. Retail trades are suffering severely. In short, the whole nation is suffering, more or less, from the same disease. What we need is an inquiry, not into the special difficulties of a single industry, but into the whole question of Trade Depression and Unemployment.

It is obvious that, apart from the special conditions of particular trades, there must be a great and potent cause for these evils—one that affects them all. The politicians who make it their business to study national economy are fully aware of that. Yet they fob the nation off with a special inquiry into a particular industry. They know only too well the inevitable result of an unlimited inquiry into the causes of unemployment. The party at present in a majority in the House of Commons not only knows it, but is pledged to oppose the only remedy which goes to the root of the evil.

The present bankruptcy of British statesmanship is well illustrated in the coal crisis. The average politician's idea of a policy is to spend more and more of the taxpayers' money. One section proposes to spend 70 millions in buying up the coal-mining royalties. A much larger sum would be required to buy up the mines as well. But the Government dole is the worst policy of all, for it has nothing substantial to show in return for its millions—only a few months interlude in which to hold an inquiry, the result of which may be useless. The policy of doles and State interference is eating into the heart of our industrial life. The agricultural landowners have enjoyed an annual subsidy of about £1,350,000 since 1896, recently increased to £2,860,000. Clerical tithe-owners are receiving a smaller but increasing, annual benefit. The housing subsidies will amount to hundreds of millions. Large sums have been spent by the Ministry of Agriculture in settling ex-service men on the land; but nevertheless the number of small holdings has been reduced since 1908 by 18,846.

The great reduction in the demand for British coal from abroad and the increasing resort to oil for fuel, are no doubt responsible for bringing about the immediate crisis. Not much can be done to deal directly with these two changes, which have brought the coal difficulty to a head. The root cause lies deeper, and was in operation before the birth of the coal industry. We cannot stay the march of invention for the benefit of one particular form of fuel. Nor can foreigners be compelled to buy British coal; but they could be tempted to do so by reduced prices. Why is that course not followed? The colliery proprietors say they would gladly lower prices if they could. But their only idea of doing so is to reduce the wages, and

increase the working hours, of the miners. They apparently forget altogether the other charges on the industry—enormously increased since Government control of the mines ended. They leave out of account all the difficulties and drawbacks involved in the conditions of the mining leases. They fix their eyes on the item of "Wages," merely because it is the largest, and say, "Here, if anywhere, there is room for economy." How is it possible for the miners, under such circumstances, to do other than take their stand on the principle of the minimum wage?

The first charge upon the coal industry is the royalty. A man who claims to own the coal says to the man who wishes to work it: "Before I give you permission to begin, you must bind yourself to pay me sixpence for every ton of coal you raise." And these sixpences amount to six million pounds in a single year. A somewhat similar charge is that for "wayleaves." It often happens that it is economical, in bringing coal to bank, to pass through or under the land of another owner. It does that other owner no harm; but before he will allow it to be done, toll must be paid. The next charge is the cost of "proving" the coal. Several borings have often to be made before the seam is located, an expenditure for which there is no direct return. Then come the necessary charges for maintaining and renewing the shafts, machinery and other equipment of the mine, including the pumps to keep it free of water.

But the worst of the overhead charges are those which come under the head of taxation. At the current rates, Income Tax and Super Tax make a very large hole in colliery profits, and must inevitably reduce the sums that can be put aside for extensions and renewals. The effect of this is twofold. Not only is it made impossible to reduce the price of coal but the efficiency of the mine and its working must deteriorate, and the risk of danger to the miner be increased. It is significant that, according to the evidence given to the Macmillan Committee, the cost of workmen's compensation has increased since 1913 by over 200 per cent—the highest percentage of increase shown by any item of outgoing.

Income Tax and Super Tax, however, are not so damaging as local rates which, according to the same evidence, increased by 133·87 per cent since 1913. This is a more serious result than at first appears. For during the period from June 1924 to July 1925, no less than 508 mines were closed and not reopened, while only 96 were opened or reopened. There was thus a reduction of 412 in the number of mines, so that the average increase, *per mine*, must have exceeded 133·87 per cent. The amount of the increase does not appear to have been supplied, so that the extent of the rate burden cannot be estimated. We have, however, extracted from official reports some figures for two important coal-mining counties—Durham and Glamorgan—excluding all the rural districts. In 1924-5 the mean of all rates levied in Durham was 14s. 9d. in the £; in Glamorgan it was 18s. 10d. The average rate in England and Wales in that year was 12s. 5d. The latter figure is far too high; but it seems clear that in colliery districts the rates are much beyond even this high average. Moreover coal-mines (like railways) are not assessed on the usual rental value basis, but upon the result of a hypothetical calculation based on the net profits earned. Even when a mine is closed, it has recently been decided, rates are payable in respect of the machinery and pumps required to keep it free of water.

Now how would the rating and taxation of land values affect this most unsatisfactory state of affairs if it were put into operation? Let us see.

A national tax on land values would fall in the case

of coal-mines mainly upon royalty owners, and upon all owners of the surface. It would bring more of that unearned six millions into the national exchequer. It would bring all unused land into the market, thus increasing opportunities for employment other than coal-mining. A miner or any other worker dissatisfied with his wages or conditions could then easily find other employment in connection with the development of such land for any other purpose.

The immediate transfer of a large proportion of local rates to the unimproved value of land would have effects similar to those produced by taxing it. In addition it would be the means of reducing largely the amount of rates payable, both in respect of the colliery and of the miners' houses. Taken together, the two changes would make a great reduction in the overhead charges of coal-mining; and this saving would be available

- (1) to reduce prices, thus increasing demand;
- (2) to make good deficiencies in machinery and methods of working;
- (3) to introduce improvements which would accelerate output.

Land value rating, with the consequent reduction of rates on houses, would not only be equivalent to an increase of wages, but it would remove the great barrier that is holding up the building industry in all parts of the country.

The main object of the "Coal and Power" scheme is to buy up the royalties with a view to secure co-operation by State control. The Labour Party stands for nationalization: but we do not believe they wish to put the coal industry into the hands of a Government Department. Look at the colossal waste of money by Government Departments during the war. Look at the lamentable and costly failure of the house-building industry under the control of the Ministry of Health. Look at the reduction in the number of small holdings produced, at heavy cost, by the Ministry of Agriculture. After such experiences as these it would be folly to place the coal-mining industry under the control of a Government Department.

But the objects desired can be achieved, and without Government control, by the rating and taxation of land values. What are the difficulties to be overcome? The waste and loss that arise from multiple ownership are enumerated in a pamphlet issued last month by the Liberal Publication Department as follows: "All questions of sinking shafts, of barriers, of way-leaves, of the use of surface land, of the relation of one mine to another, and of amalgamation in suitable cases." If land values were rated and taxed, barrier coal would be worked. No owner could then afford to keep it unused. If a landowner refused to allow a shaft to be sunk at the most convenient spot the levy of rates and taxes on the value of that site, considered as the best place for a shaft, would soon bring him to his senses. The same treatment would settle the way-leave difficulty, the relations of adjacent mines and their amalgamation. Any action or policy which interfered with the best development of coal-mining would soon be corrected by rating and taxing the owners responsible upon the values they kept unused. Taxation is the most powerful weapon a Government can employ. No body of Royalty Commissioners, however expert, could secure results half so quickly or half so completely as the rating and taxation of land values. The Liberal publication just referred to practically admits all this, but throws up its hands in despair, saying: "There is no time for this. The case is desperate. There is only one practical way," etc., *i.e.*, purchase of royalties.

What a confession of impotence! What a surrender of principle! Because there is no time to do the right

thing, let us do something else. And that something else of course, is the policy of the spendthrift—spend 70 millions more of the taxpayers' money. Buy out the whole of one class of landowners, and so give all the others a powerful argument against the application of the principle of rating and taxing to all other land values. All followers of Henry George will oppose such a policy to the uttermost. They can do no other.

E. J. H.

"ECONOMICAL PRESSURE" IN CAMEROON

Mr. F. W. Migeol, in his interesting book *THROUGH BRITISH CAMEROON* published recently by Mr. Heath Cranton, says (p. 21):—

"They [the natives] complain that their Reservation is too small as it is. . . . The land question is difficult in view of the great area taken up by the plantations. If unlimited land were given to the natives, they might be disinclined to work on the plantations; whereas with the restricted farming accommodation, they are subject to a slight economical pressure which is a benefit to all concerned, as the plantation gets labour, the man gets a wage, and farms a patch of his own in his spare time."

"A benefit," perhaps, to the owners of the plantations! But why should the natives' access to land be restricted in order to make them work for wages on the plantations? "Slight economical pressure" is a pretty name for it: but it is only another instance of the way that restricting the available supply of land forces people into the labour market, to work for such wages as are offered.

J. D. W.

We have in type some of the "Extracts from the Henry George we Knew," a collection being compiled by Will Atkinson and to be published in book form by the Anti-Poverty Club, Capon Springs, W. Va., U.S.A.—advance subscriptions received at \$1, post paid. The book will consist of many tributes to the man and to the influence of his message. The extracts we expect to print next month (regrettably held over for lack of space) are the articles by John B. Sharpe, Bolton Hall, Herbert Quick, Dr. Edward McGlynn and Edwin Markham.

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IDEALS.—As you think, you travel; and as you love, you attract. You are to-day just where your thoughts have brought you; you will be to-morrow where your thoughts take you. You cannot escape the result of your thoughts, but you can endure and earn, can accept and be glad. You will realize the vision (not the idle wish) of your heart, be it base or beautiful, or a mixture of both, for you will always gravitate towards that which you, secretly, most love. Into your hands will be placed the exact results of your thoughts; you will receive that which you earn; no more, no less. Whatever your present environment may be, you will fall, remain, or rise with your thoughts, your vision, your IDEAL. You will become as small as your controlling desire; as great as your dominant inspiration.—*James Allen, in the BUFFALO TRUTH, 18th June.*

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